



FISCAL YEAR 2021-2022 BUDGET



moulton niguel water district

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FY 2021-22 Budget Document

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moulton niguel
water district

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The background features a white sky with a soft, grey, wispy cloud on the right side. In the top right corner, there is a purple circular shape. In the bottom left, there is a large blue circular shape. Two parallel grey lines run diagonally from the top left towards the center. Two short horizontal grey lines are positioned on the right side of the blue circle.

Introduction & OVERVIEW

Letter of Transmittal

Moulton Niguel Water District is proud to present the 2021-22 Fiscal Year Budget.

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

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

We are a resilient agency powered by our resilient workforce. All of this starts by maintaining the trust of our customers. By embracing technology, we enter this year as a stronger water and wastewater utility. We will continue to deliver on our commitment by enhancing services, investing in our infrastructure, and keeping rates as low as possible.

Upon approval by the Board of Directors, this budget will invest \$138.4 million in necessary programs, services, and infrastructure, while being cognizant of the broader economic challenges facing our community. Included in this budget: the District's 2021-22 Long-Range Financial Plan, which forecasts expenses and revenues for the next ten years.

As recent events demonstrate, no one can predict the future. However, this planning document provides our agency with a valuable tool for adjusting to changing conditions in order to maintain high-quality service at low rates. To ensure accountability and transparency, the District will provide monthly financial reports and seek Board direction to meet unanticipated needs.

Moulton Niguel has proven our ability to prepare for unforeseen events and adapt to changing conditions – while providing our customers with one of the lowest bills in Orange County.

I appreciate the thoughtful attention provided by our Board of Directors, staff, and the community as we all work together to provide safe and reliable water and wastewater services to our community.

Respectfully Submitted,



Joone Lopez, General Manager
MOULTON NIGUEL WATER DISTRICT

BOARD OF
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Executive Summary

Open and Transparent Budget Process

Moulton Niguel is committed to an open and transparent budget process. Last year's budget received the Government Finance Officers Association's Distinguished Budget Award for adhering to best practices for accountability, transparency, and public accessibility. Each year, the budget process begins with a strategic planning session that is open to the public. At this year's session, held on February 24, 2021, staff and the Board of Directors identified priority initiatives for the year ahead.

Helping Customers with Financial Hardships

We recognize that the last year has left many of our customers, families and businesses alike, with difficult financial decisions. During the COVID-19 public health emergency, the District helped our customers facing hardships by easing the bill adjustment process, expanding temporary bill adjustments for economic hardships, and implementing a policy of no customer shutoffs for non-payment prior to state Executive Orders. The proposed FY 2021-22 Budget includes additional outreach and customer noticing services to minimize shutoffs for non-payment.

Financial Responsibility: AAA-Credit Rating

The District enters the new fiscal year in a strong financial position with a reaffirmed AAA-rating from Fitch Ratings and S&P Global Ratings. Both agencies cited the District's financial resiliency, affordable customer bills, infrastructure investments, and risk mitigation strategies as key factors in awarding the District their highest possible credit rating. The 2021-22 Budget forecasts a \$60 million bond issuance to finance continued infrastructure investments.

\$2 Billion in District Infrastructure

System reliability is paramount. The District maintains more than \$2 billion in water infrastructure assets. The 2021-22 Budget anticipates \$49 million for the replacement or refurbishment of existing infrastructure. More than \$30 million has been dedicated toward water reliability. These projects expand the District's water reuse programs and evaluate emergency interconnection opportunities with the Orange County groundwater basin.

10-Year Capital Improvements: \$611 million

Moulton Niguel's 10-year Capital Improvement Plan (CIP) invests \$611 million in ongoing reservoir rehabilitation, rehabilitation of the District's pump stations, transmission main rehabilitation, valve replacements, and future water reliability projects. The District's capital financing plan accounts for unexpected cost impacts, such as updated condition assessments, delayed project starts, municipal permitting requirements, and delays due to regional projects. New projects included in the 10-year CIP this year include a pipeline replacement program and reliability investments in vertical assets, such as pump stations.

Technology to Improve Service, Reduce Costs

The District deploys new technologies to streamline operations and reduce the cost of service. Our technology upgrades include cloud-based software to provide customers with tools that explain ways to save money on their monthly bill, use water wisely, and adjust water use to changing weather conditions. This software helps shift paper-based service requests to web-based forms, saving both time and money. In-house data science and interdisciplinary collaboration have improved the District's financial planning, water reliability, and customer engagement.

MyWater MNWD: 38,000 Customers Enrolled

A leader in digital technology, Moulton Niguel has enrolled more than 38,000 customers in the District's customer portal. At MyWater MNWD, customers can access their water usage, sign up for leak alerts, pay their bill, and much more. Over the past year, more than 5,000 new customers have registered with the portal.

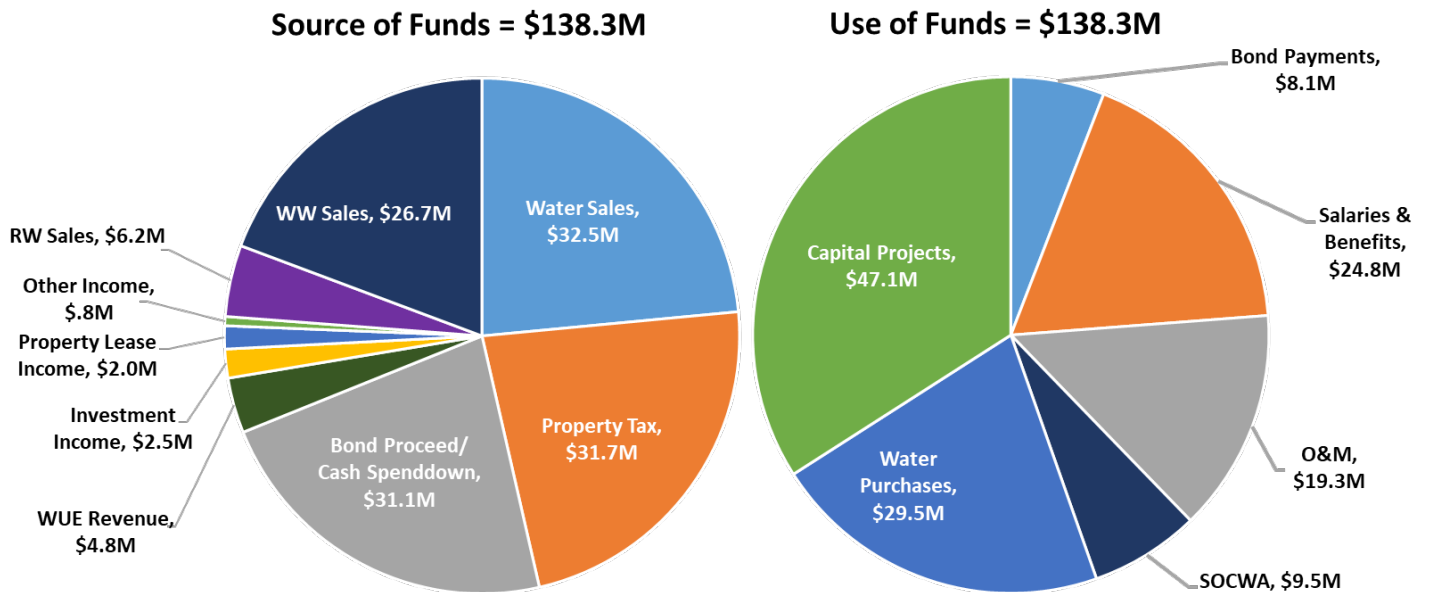
Budget Overview

The Operating & Maintenance and Capital expenditures for the Fiscal Year 2021-22 budget are included in the budget document and broken down by the fund in which expenditures are authorized. Fund 1 is the General Fund for the District, which is utilized for operating expenditures and small capital outlays. Fund 6 is the Water Efficiency Fund which is accounted for separately and utilized to fund water efficiency and reliability projects to offset inefficient water usage.

Funds 7, 12, and 14 make up the Capital Improvement Program funds which are replenished throughout the fiscal year via budget transfers authorized through the budget resolution to meet capital expenditures. The debt service funds are restricted bond accounts which, through transfers authorized by the budget resolution, are utilized to fund debt service payments. The total District’s overall sources and use of funds for FY 2021-22 is shown below in the Figure ES-1.

The largest portion of the District’s budget reflects spending down of existing cash reserves and anticipated bond proceeds to fund investments in Capital Improvements, per the Long-Range Financial Plan (LRFP). The following budget sections will detail the components that make up each of the expenditures for the FY 2021-22 budget. This budget continues the practice of evaluating the long-term implications of annual budget decisions by presenting the proposed budget alongside forecasts developed in the prior fiscal year.

Figure ES-1: FY 2021-22 Budget Summary



FY 2021-22 Budget Factors and Assumptions

The factors and assumptions that guided the development of this budget include:

- Asset management planning, tools, and data to inform the renewal and replacement of the District's infrastructure.
- Water supply and reliability investments based on the District's updated Long Range Water Reliability Plan adopted by the Board in March 2021.
- Projections for water purchases and sales are consistent with FY 2020-21 levels.
- Continued educational programs and resources to support customers interested in making landscape transformations.
- The two-year extension of the 2017 Memorandum of Understanding with employees.
- Total water purchases are budgeted at 24,177 acre-feet, to provide a conservative estimate of water purchases for FY 2021-22.
- Potable water deliveries from the Baker Water Treatment Plant for FY 2021-22 are budgeted at 8,908 AF, reflecting a full year of water deliveries. The remaining 15,268 AF of potable water deliveries will be supplied from imported sources by Metropolitan Water District of Southern California via the District's wholesaler, the Municipal Water District of Orange County.
- Recycled water production is budgeted at 6,199 acre-feet, consistent with the budget for FY 2020-21 recycled water use.
- The budget continues funding water efficiency programs, such as commercial site assessments and incentives, the direct install smart timer program, turf removal program, and customer portal to make efficient water use easier for customers.
- FY 2021-22 represents the third year of operating the Plant 3A wastewater treatment plant to ensure more direct oversight of the District's wastewater treatment costs. Rising wastewater treatment costs from the regional wastewater treatment provider had been the primary cost driver for the 2017 Rate Study and remain a key component of the 2021 Rate Study.
- Based on data and forecasts from the Orange County's Treasurer-Tax Collector and the District's property tax consultant, property tax revenue is expected to increase due to the appreciation of home values and the recapture of adjusted property values due to Proposition 8. Staff are actively monitoring property tax projections and will update as conditions change.
- Water and wastewater rate projections are consistent with forecasts presented to the Board since December 2017 and continue to be aligned with the District's Long-Range Financial Plan. Consistency with the District's financial plan will be a primary consideration during the 2021 Rate Study.

Long-Range Financial Plan

The objective of the LRFP is to identify strategies and actions which ensure sufficient financial resources are available for the District to achieve its mission, and to ensure those resources are utilized effectively. The LRFP projects the annual operating budget and incorporates the ten-year capital financing plan to determine the financial impact of future operating and capital needs and develops strategies to address those needs. Hence, the District's annual budget serves as a key input into the long-range financial outlook for the District.

The long-range financial planning model (Ten-Year Cash Flow Model or Model) is District-built, owned, and operated. Updates are regularly made to the model to reflect changes in existing assumptions and future outlooks to create adaptive financial management strategies. The long-range planning and annual operating and capital budgeting processes are interrelated and form a single planning and budgeting system.

The availability of funds required to finance the capital improvement program and day-to-day operations of the District is tracked through the model. Capital typically spans across a long-time horizon; hence, a ten-year plan enables the District to plan out the financing needs for future capital expenditures through internal reserves, grants, state loans, property tax and rate revenues, or proceeds from bond issuances. The long-range financial plan identifies the projected rate revenue adjustments and bond issuances needed to maintain the long-term financial health of the District.

The District has historically maintained a strong financial position based upon conservative planning and budgeting, maintenance of adequate cash balances, and solid debt service coverage. A major objective of the LRFP is to ensure that this strong performance continues through timely and thoughtful financial analysis, budgeting, and planning. The District's debt obligations were recently reaffirmed at "AAA" by Fitch Ratings and remain "AAA" by Standard & Poor's, each with a "Stable" Rating Outlook.

As the District transitions its focus from developing new infrastructure to maintaining and replacing existing infrastructure, the LRFP, in conjunction with other long-term planning efforts, provides a roadmap for future resource needs and actions. Currently, the District is

implementing a \$611 million Capital Improvement Plan (CIP), implementing the strategies outlined in the 2020 Urban Water Management Plan (UWMP), and evaluating local and regional supply reliability projects and programs to meet the goals outlined in the 2020 Long-Range Water Reliability Plan. The Model provides the ability to evaluate the outputs of these planning processes in addition to changes in financial determinants such as water usage.

The District's Operations and Engineering staff annually develop the ten-year CIP based on prioritization of needed projects and potential replacement costs for large projects over the ten-year planning horizon. Potential future projects are identified by remaining useful asset life and consequence of failure; however, actual costs will vary based on condition assessments and better data. Recognizing that actual costs will differ from projections, the District's Finance staff and Engineering staff work collaboratively to develop a Capital Financing Plan which identifies funding amounts for future years based on historical trends of capital budgets to actuals and expectations of future project costs. The \$435 million Capital Financing Plan can be seen below in the shaded blue area plot in the lower left quadrant of Figure ES-2.

The dates of previous outputs of the Ten-Year Cash Flow Model are shown alongside the current projections:

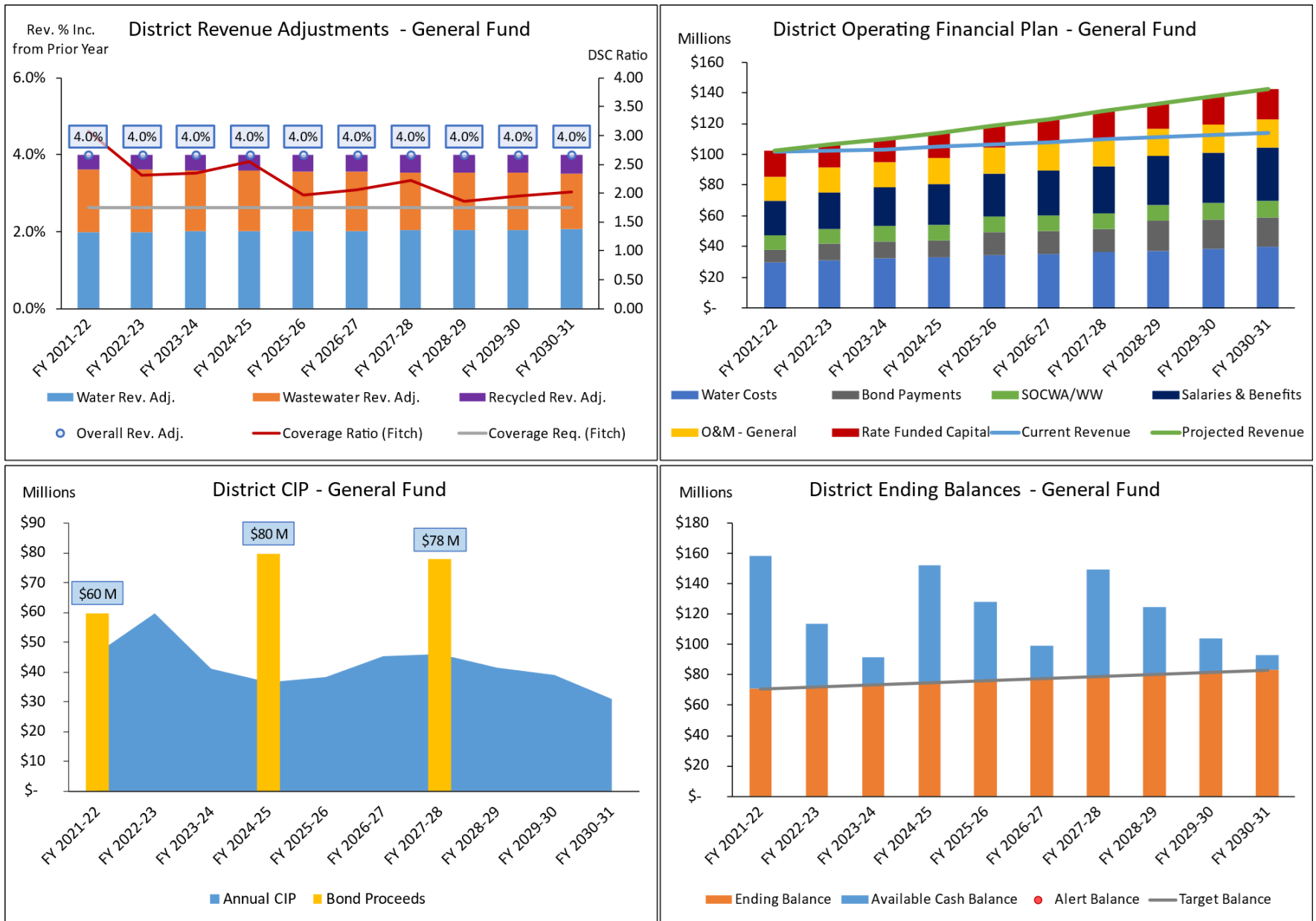
Table ES-1: Ten-Year Cashflow Model Outputs Comparison

LRFP Update	Forecasted Rate Adjustments				Projected Bond Issuances	
	2021-22	2022-23	2023-24	2024-25	Fiscal Year	Amount
May 2020	4.0%	4.0%	4.0%	4.0%	2022-23 2025-26 2027-28	\$50 million \$50 million \$60 million
Jan 2021	4.0%	4.0%	4.0%	4.0%	2022-23 2025-26 2028-29	\$60 million \$80 million \$80 million
Mar 2021	4.0%	4.0%	4.0%	4.0%	2021-22 2024-25 2027-28	\$60 million \$80 million \$78 million

Overall, the District’s ten-year financial outlook for rate increases has remained consistent across updates to the Long-Range Financial Plan. The increased bond issuances shown are primarily driven by project-timing revisions to the 10-Year Capital Improvement Plan. The District’s projected bond issuances have increased in FY 2021-22 as updated information on asset needs was incorporated, in particular: updated regional wastewater capital plans, improvements to the District’s Plant 3A, and significant updates to the District’s pipeline replacement program. The District’s high bond rating and strong financial position, aided by the Ten-Year Cash Flow Model, will serve as tools to aid in appropriately sizing future issuances to mitigate volatile rate increases and maintain a consistent financial plan.

On January 1, 2021, the District implemented the last of its approved rate adjustments. In FY 2020-21, the District commenced a new Cost of Service study that will be presented to the ratepayers and Board of Directors for approval in December 2021. The District has, and will continue to, maintain its debt-service coverage and reserve targets as set by policy and bond covenants.

Figure ES-2: Ten Year Cashflow with Proposed Budget



District Revenue Adjustments – General Fund [upper left graph]

The forecast revenue adjustments (4% aggregate) for water, wastewater, and recycled water will keep debt service coverage ratios at or above the Board policy requirement of 1.75 and well above the 1.25 required by bond covenants.

District CIP – General Fund [lower left graph]

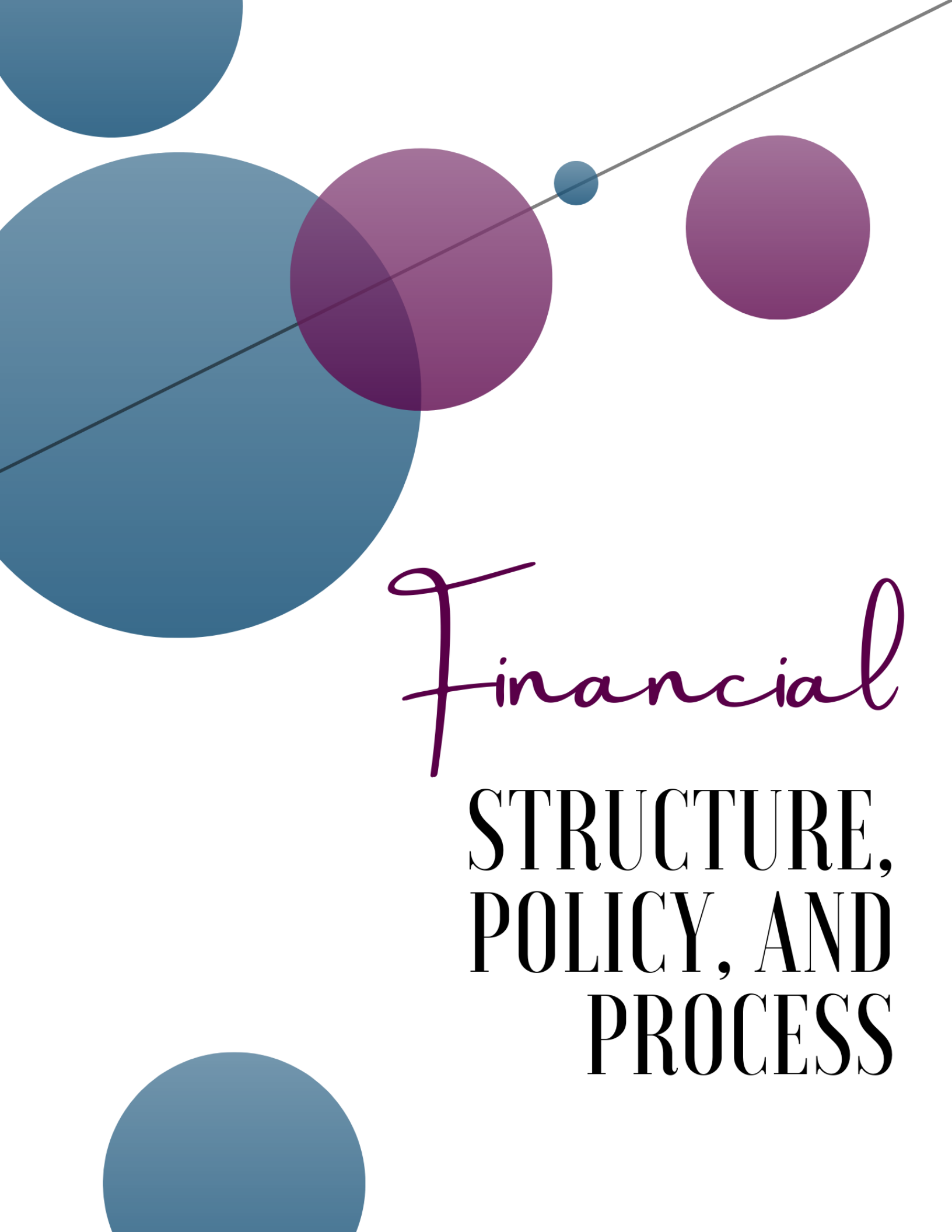
The identified debt issuances are timed to align with the retirement of existing debt and anticipated capital expenditures. By utilizing the District’s strong debt service coverage ratio and timing future issuances as the District’s capacity to issue debt increases, the proposed financial plan supports the consistently forecast 4% annual rate adjustments, while providing for inter-generational equity amongst today’s customers and the rate payers of tomorrow.

District Operating Financial Plan – General Fund [upper right graph]

The Operating Financial Plan breaks down the major component costs and compares the proposed revenue stream to the status quo. Rate Funded Capital is total revenue net operating and debt service-related expenses that is used to cash-fund capital expenses. These funds can also be used to replenish reserve funds if they drop below reserve targets. The proposed revenue requirements equate to a 4% revenue adjustment on January 1 of each year.

District Ending Balances – General Fund [lower right graph]

The proposed revenue adjustments and bond issuances provide adequate cash balances to meet current reserve policy requirements. Projected available cash balances and reserve cash balances are shown in the lower right graph. Available cash balances can be used to fund capital projects and provide additional policy options and the ability to meet unforeseen risks.



Financial

STRUCTURE,
POLICY, AND
PROCESS

Fund Descriptions & Fund Structure

The overall flow of funds is shown in Figure 1: Flow of Funds. This section is divided by the primary purpose of each fund: operating funds used for operating and capital outlays where appropriate, capital funds utilized entirely for capital expenses, and debt service funds to pay annual debt payments as well as fund restricted debt service reserves. Classification of expenditures into operating or capital expenses is provided in more detail in the description of the Capitalization Policy (Appendix FP-D).

OPERATING FUNDS

Fund 1 – General Fund

The District’s General Fund, identified as Fund 1, accounts for the programs and activities related to providing service for the efficient use of its potable and recycled water systems, and the management of its wastewater collection and treatment systems. It also includes the Operating Reserves and Emergency Reserves used to meet the cashflows of the District and unplanned operating repairs that may be necessary due to an emergency or natural disaster. Expenses from the annual operating budget and capital outlays are paid from the General Fund.

Fund 6 – Water Efficiency Fund

The District’s rate structure allocates a water budget to each customer based on individual parameters to promote the efficient use of water. Customers who use water inefficiently (i.e. in excess of their calculated water budgets) place greater demands on the District’s water and recycled water systems and supplies. Inefficient water use is therefore subject to higher water use rates to offset the costs created as a result of the higher demand placed on the District’s water and recycled water systems. Expenses for water supply reliability projects and planning as well as programs to improve water efficiency are paid for from the Water Efficiency Fund. Both capital expenses as well as operating expenses that meet the test of improving water supply reliability for the District are budgeted and expended from this fund.

Fund 52 – Rate Stabilization Fund

The District maintains a Rate Stabilization Reserve to provide for unanticipated losses of revenue, significant increases in water purchase costs, and other extraordinary financial impacts to revenues or expenses. This helps to mitigate the risk and impact on rates in the event of reduced or eliminated property tax revenues and helps avoid large fluctuations in customer water and wastewater rates. The target balance of the Rate Stabilization Reserve is equal to fifty percent (50%) of the District’s budgeted 1% ad valorem property tax revenue.

Fund 4 – Self Insurance Fund

The Self Insurance Fund is a reserve used to meet the insurance claims by the District.

CAPITAL FUNDS

Fund 7 – Replacement and Refurbishment Fund

The Replacement and Refurbishment (R&R) Fund is used for: (1) capital expenditures to replace existing assets, (2) expenditures that refurbish or materially extend the useful life of existing assets, and (3) expenditures that upgrade assets. Funding for the R&R Fund will be from new debt issuances or fund transfers as part of the budget process.

Fund 12 – Water Supply Reliability Fund

The Water Supply Reliability Fund is used to pay expenditures associated with projects which enhance the system reliability of the water and recycled water systems as identified in the District Capital Improvement Plan. Funding for the Water Supply Reliability Fund will be from bond proceeds or fund transfers as part of the budget process.

Fund 14 – Planning and Construction Fund

The Planning and Construction Fund funds the development of new capital facilities that do not result in new water or recycled water supplies as identified in the District Capital Improvement Plan. Funding for the Planning and Construction Fund will be from new debt issuances or fund transfers as part of the budget process.

Fund 15 – Capital Facilities Fund

The Capital Facilities Fund serves as a restricted fund to collect capacity fees paid by developers for connecting to the water and wastewater systems. As part of the annual budget process, funds are deposited into Fund 7 to pay for capital projects in the upcoming year.

DEBT FUNDS

Fund 12 – 2019 Revenue Bond ('09 Refunding) Fund

On March 1, 2019, the District issued \$60,000,000 of 2019 Revenue Refunding Bonds ("2019 Refunding Bonds"). Proceeds from the issuance were used to refund the 2009 Certificates of Participation ("COP") federally taxable "Build America Bonds" and pay the cost of issuing the 2019 Refunding Bonds. The refunded COPs were originally issued to construct projects that provide greater water system reliability for the distribution of potable and recycled water.

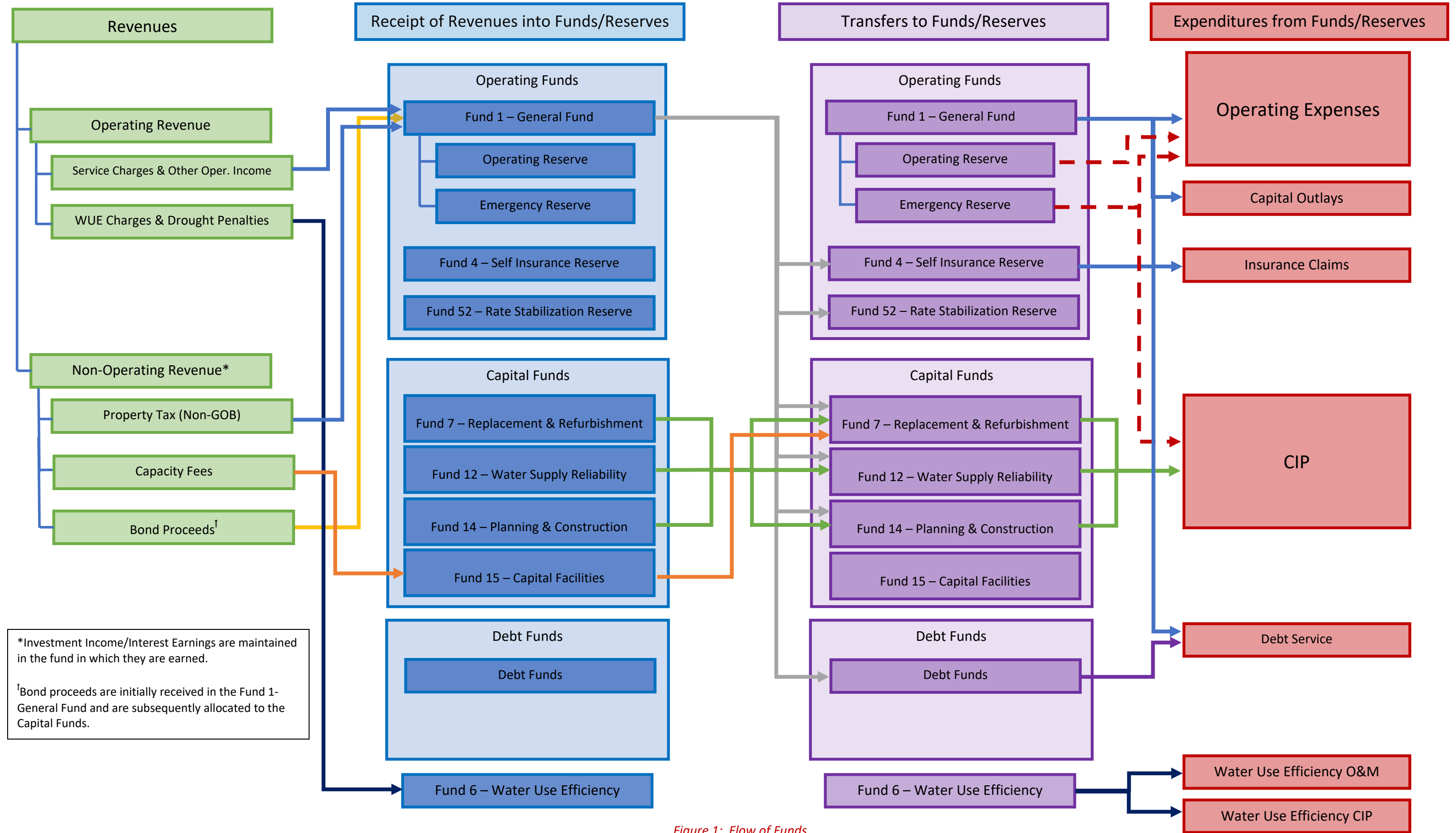
Fund 71 – 2015 Revenue Bond ('03 Refunding) Fund

On June 1, 2015, the District issued \$12,265,000 of 2015 Revenue Refunding Bonds. Proceeds from the issuance were used to refund the 2003 Refunding Certificates of Participation, fund a debt service reserve fund for the Bonds, and pay the costs of issuing the Bonds. The Bonds are special obligations of the District and are payable exclusively from Tax Revenues and Net Revenues of the District, and from amounts on deposit in certain funds and accounts established under the Indenture.

Fund 73 – 2019 Certificates of Participation Fund

On November 6, 2019, the District issued \$64,570,000 of 2019 Revenue Refunding Bonds. Due to favorable market conditions, the District issued at a premium and received approximately \$68 million in proceeds from the issuance which were being used to finance construction and other project costs related to the replacement and upgrade of the District's reservoir management system and pump stations, lift station enhancements, pipeline improvements, and other projects that have been identified as part of the District's adopted Capital Improvement Program.

Fund Relationship



*Investment Income/Interest Earnings are maintained in the fund in which they are earned.
[†]Bond proceeds are initially received in the Fund 1- General Fund and are subsequently allocated to the Capital Funds.

Figure 1: Flow of Funds

Financial Policies & Basis of Budgeting

All financial policies are set by the Board of Directors and authorize the General Manager to execute the policies as part of day-to-day operations to ensure the District's financial goals are being achieved. Financial policies are reviewed annually by the Board of Directors and as needed to provide timely updates as public agency laws or conditions change. This section includes a summary of the District's financial policies. Each policy can be found in its entirety between Appendix FP-A to Appendix FP-F. All District's accounting and financial reporting systems will be maintained in conformance with all state and federal laws, Generally Accepted Accounting Principles (GAAP), standards of the Governmental Accounting Standards Board (GASB), as well as the stringent requirements of the Government Finance Officers Association (GFOA) Award for Excellence in Financial Reporting requirements.

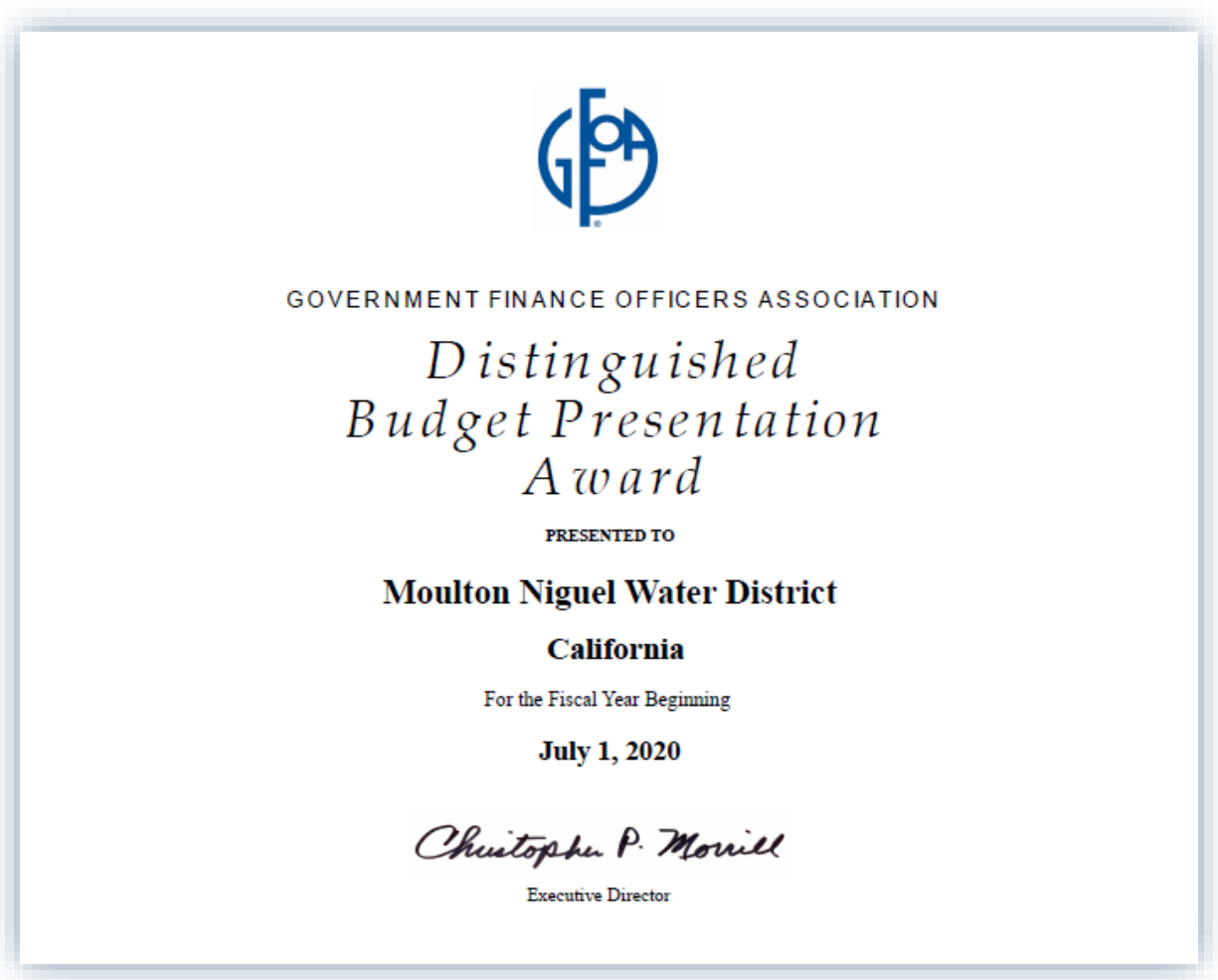


Figure 2: GFOA's Budget Presentation Award

Financial Plans

The District will continue to effectively utilize internally developed short-term financial planning tools, while emphasizing long-range financial planning. District staff maintains a monthly cashflow model to forecast temporal distributions of cash inflows and outflows to ensure sufficient liquid funds are available for anticipated expenses as needed throughout the year. District finance staff receives monthly capital expense projections from the engineering department and updates the monthly cashflow model to identify anticipated cashflow shortfalls and coordinate portfolio restructuring with the District's asset management group as needed. This regular and proactive communication between departments has allowed the District to maximize its investment earnings as cash reserves are drawn and expended between planned bond issuances.

The objective of the LRF is to identify strategies and actions to ensure sufficient financial resources to enable the District to achieve its mission and to utilize those financial resources effectively. The plan projects the operating budget and incorporates the capital improvement program to determine the financial impact of future operating and capital needs and develops strategies to address those needs. Hence, the District's operating budget serves as a key input into the long-range financial outlook for the District. Additionally, the District's ten-year cashflow summary serves as key contextual information to aid in making near-term financial decisions.

Basis of Budgeting

The basis of budgeting is kept on a modified-accrual basis. The use of funds is carefully balanced with identified funding sources, consistent with the District's definition of a balanced budget. Revenues and expenses are recognized in the period they are earned and incurred. Depreciation and amortization are not included; payment of debt service is included. The modified-accrual basis of accounting provides a better match of revenues and expenses for budgeting and reporting.

Budget Appropriations

The District maintains a balanced operating budget for all funds, with total recurring revenues equal to or greater than total recurring expenditures, such that at year-end, all funds maintain a positive fund balance and reserves are replenished.

Enterprise Funds - Rates

The District will set water, recycled water, and wastewater rates at levels which, in addition to other revenues and available cash balances, fully recover the total direct and indirect costs of providing these services – including operations and maintenance, capital expenses, and debt service requirements.

The District will review and adjust enterprise fees and rate structures as required to ensure that they remain appropriate, equitable and reflect the cost of service.

Article XIII D of Proposition 218 in California, requires that fees for water and wastewater services meet strict cost of service requirements including:

1. Revenues for the fee cannot exceed the cost to provide the service
2. Revenues for the fee cannot be used for something other than what the fee was imposed for
3. Property owner must be able to use or have service immediately available to them

In addition to meeting the requirements of Prop. 218, the District's budget-based water rate structure is designed to encourage the beneficial uses of water and prevent the unreasonable use of water, consistent with California Constitution Article X Section 2: *"It is hereby declared that because of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that 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 for the public welfare. [...]."*

Debt Management

The District maintains debt as a tool to provide intergenerational equity between past, present, and future customers as well as to smooth out future rate adjustments to provide customers with predictable and incremental adjustments. The District maintains a strong financial position and a key strategy is maintaining a policy to have a debt service coverage ratio above 1.75. The District's Debt Management Policy was last updated in June 2020 and is attached as Appendix FP-A. There are no changes proposed as the Board considers re-adopting all the financial policies in June 2021.

Capital Management – Infrastructure Capitalization

The District maintains a long-range perspective of fiscal needs by incorporating the 10-year Capital Improvement Plan (CIP) to ensure the reliability of District water and wastewater infrastructure. The CIP is updated annually in conjunction with the District's budget preparation, including anticipated funding sources. In June 2019, the Board adopted updates to the District's Capitalization & Surplus Policy to include regulated assets, consistent with GASB 62, as well as a revision to the capitalization threshold for assets. The adopted revision established that expenses must have an initial estimated useful life of five or more years and an initial value of at least \$3,000 to be eligible for capitalization. The Policy is attached as Appendix FP-D.

Risk Management

The District identifies and quantifies all areas of financial and operating risk and prepares contingencies for those risks, including: legal liabilities, infrastructure maintenance, refurbishment and replacement, emergency response, and contractual obligations.

Investments

Investments and cash management are the responsibility of the District Treasurer or designee. The District's primary investment objective is to achieve a reasonable rate of return while minimizing the potential for capital losses arising from market changes or issuer default. Accordingly, the following factors will be considered in determining individual investment placements: (1) safety, (2) liquidity, and (3) yield. The priorities of these factors are further established by the adopted Statement of Investment Policy. The Policy is attached as Appendix FP-B.

Procurement

The purchasing and procurement system encourages transparency and sufficient fiscal controls on all purchases and sales to the extent required by law for Special Districts or by District policy. The District's Purchasing Policy is attached as Appendix FP-C.

Federal Grant Management

In 2014, the Federal Office of Management and Budget approved the Uniform Guidance with specific requirements for the procurement of goods and services reimbursed from federal funds. This policy requires procurement for services and materials included in Federal Grants to comply with the Uniform Guidance documented as Appendix FP-F, initially adopted in June 2019 and for Board consideration in June 2021 to meet these requirements solely for the procurement of goods and services subject to Federal Grant funding.

Reserves

The District has adopted reserves to mitigate potential revenue and expense volatility and reduce the risk of requiring unplanned, large rate adjustments. The reserve policies help to maintain the District's creditworthiness by adequately providing for:

- Economic uncertainties, extraordinary costs, and other financial impacts;
- Revenue uncertainties, such as loss of property tax receipts;
- Disasters or catastrophic events;
- Losses not covered by insurance;
- Compliance with bond covenants; and
- Funding designated infrastructure replacement and refurbishment.

The District currently maintains four types of reserves:

1. General Operating Reserve

This reserve is used to provide sufficient liquidity for day-to-day operating expenses and District cashflow needs during normal operations due to normal delays between the payment of expenses and the receipt of revenues. The target balance in the General Operating Reserve is equal to three months of operating expenses, consistent with best practices in the industry for agencies with monthly rate revenue. The General Operating Reserve is maintained in the General Fund (Fund 1).

2. Self-Insurance Reserve

This reserve is used to provide for expenses incurred by the District for the deductible amounts on insurance claims for repairs to facilities by outside contractors and expenses related to the State Unemployment Insurance for unemployment claims made against the District. The target level of the Self-Insurance Reserve is equal to five times the current Joint Powers Insurance Authority (JPIA) property insurance deductible (the current deductible is up to \$50,000). The Self-Insurance Reserve is maintained in the Self-Insurance Fund (Fund 4).

3. Rate Stabilization Reserve

This reserve is used to provide funds to smooth out potential fluctuations in water service rates of the District that may result from changes in wholesale water rates. The Rate Stabilization Reserve target level is set equal to 50 percent of the District's property tax revenue. The Rate Stabilization Reserve is maintained in the Rate Stabilization Fund (Fund 52).

4. Emergency Reserve

This reserve enables the District to quickly repair critical assets in the event of a natural disaster or facility failure. The target balance of the Emergency Reserve is equal to two percent of the replacement costs of the District's assets as outlined in current guidelines from the Federal Emergency Management Agency (FEMA). The Emergency Reserve is maintained in the General Fund (Fund 1).

The District's Reserve Policy was last updated in June of 2019 and is attached in FP-E.

Budget Process

Budget Development, Review, and Adoption

The budget process is initiated by District staff in mid-December of each year. The Financial Planning Department works with each District department to develop a budget based on expected resource needs to meet overall District goals. Requests for new personnel are submitted to executive management for thorough review. Additionally, in mid-December the Engineering Department coordinates with District staff to collect new capital projects to integrate into the Ten-Year Capital Improvement Program.

In February 2021, the District held a strategic planning session to discuss the District's goals and strategic objectives that drive resource needs to best serve ratepayers. The District budgets on an annual basis to integrate the long-range planning developed in the internal Ten-Year Cashflow Model and Ten-Year Capital Financing Plan. Over the years, the District has identified eight core functional areas that substantially define the scope of activities executed by the District Board of Directors. The District develops a management strategy for each goal along with objectives. The FY 2021-22 Strategic Plan can be found in Appendix A.

At a public Board Workshop on May 3, 2021, staff presented the proposed Ten-Year Capital Improvement Program, Capital Financing Plan, and Operations & Maintenance Budget for FY 2021-22. Opportunities for Board discussion and public comment are an integral part of the budget process, and as such the proposed budgets were agendaized for discussion at multiple Committee and Board meetings prior to consideration for adoption. District staff integrated feedback and present here the proposed Fiscal Year 2021-22 budget, which is scheduled for Board consideration and action on June 10, 2021.

Budget Amendments and Transfers between Funds

Through adoption of the annual budget resolution, the District's Board of Directors authorize the expenditure and appropriation of funds for the fiscal year and place fiscal controls on the use and transfer of budgeted funds.

As outlined in Sections 4 and 5 of the annual budget resolution, attached as Appendix B, any unexpected expenses that require additional funding beyond the annual authorized budgeted expenses and fund transfers requires a budget amendment via resolution by the District's Board of Directors.

The budget resolution also outlines the fiscal controls placed on the use and transfer of budgeted funds. All transfers of amounts from category to category within the same fund may be authorized by the General Manager, who may subsequently delegate authority to Director level staff, the Assistant General Manager and/or the Controller to transfer amounts between categories as necessary. The transfer and expenditure of amounts between the funds may be authorized by the General Manager, or her designee, only to the extent of the specific funds and maximum amounts set forth in the budget resolution. Transfers may be made at one or more times during the fiscal year so long as the total amounts do not exceed the maximum amounts for the specific funds identified in the budget resolution.

Budget Timeline



Figure 3: FY 2021-22 Budget Timeline



Financial

SUMMARIES



Consolidated Financial Schedule

The All Funds Budget section presents the annual flow of funds consolidated across all District functions. The operating expenses are presented consistent with the Monthly Financials reported by the Accounting Department at each Board meeting.

The All Funds presentation breaks out the overall annual operating revenues, operating expenses, non-operating revenues, non-operating expenses, capital expenses, and bond expenses. Table AF-1, shown below, includes historical and budgeted activity in Funds 1, 4, 6, 7, 12, 14, and 15. Transfer activities that occur across funds are captured in Table AF-2. Categories of revenue and expense types can be found after Table AF-1.

Detailed summaries of the revenue and expense line items presented in Table AF-1 are provided in the subsequent sections. The totals shown in Table AF-1 are consistent with the account mapping used for the development of the respective budget or fiscal year the costs were incurred, whereas the detailed tables reflect the historical trends of the individual expenses that make up today's accounts.

Table AF-1: Budgetary Statement of Revenues, Expenses, and Changes in Net Position for All Funds

MOULTON NIGUEL WATER DISTRICT - ALL FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	FY 2019-20			FY 2020-21		FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference	Approved Budget	Proposed Budget	Forecasted Budget*	Difference	% Δ	
OPERATING REVENUES									
Water Services	31,512,227	29,148,255	(2,363,972)	31,438,154	32,471,606	32,471,606	1,033,452	3%	
Recycled Water Services	6,438,316	5,049,306	(1,389,010)	5,941,355	6,222,975	6,222,975	281,620	5%	
Sewer Services	24,065,352	26,695,247	2,629,895	25,446,037	26,718,392	26,718,392	1,272,356	5%	
Water Efficiency Revenue	4,764,604	3,832,688	(931,916)	4,587,175	4,770,662	5,452,843	183,487	4%	
Other Operating Income	911,436	498,377	(413,059)	1,079,522	581,020	557,100	(498,502)	-46%	
Total Operating Revenue	67,691,936	65,223,873	(2,468,063)	68,492,243	70,764,656	71,422,917	2,272,412	3%	
NON-OPERATING REVENUES									
Property Tax Revenue	28,599,883	29,907,153	1,307,270	30,744,255	31,671,356	31,683,161	927,102	3%	
Investment Income	2,108,233	3,073,008	964,775	2,469,486	2,486,866	1,829,709	17,380	1%	
Property Lease Income	1,800,265	1,914,481	114,216	1,943,911	2,016,093	2,016,093	72,182	4%	
Misc. Non-Operating Income	933,436	2,002,214	1,068,778	245,312	245,202	245,202	(110)	0%	
Capacity Fees	384,339	105,673	(278,666)	324,305	45,630	45,630	(278,675)	-86%	
Demand Offset Fees	36,000	91,280	55,280	96,079	5,378	5,378	(90,701)	-94%	
Bond Proceeds	67,750,000	68,634,112	884,112	-	59,750,000	-	59,750,000	-	
Total Non-Operating Revenues	101,612,156	105,727,921	4,115,765	35,823,348	96,220,525	35,825,173	60,397,178	169%	
TOTAL REVENUES	169,304,092	170,951,794	1,647,702	104,315,591	166,985,181	107,248,090	62,669,590	60%	
OPERATING EXPENSES									
Salaries	14,419,876	13,668,529	(751,348)	16,159,959	17,250,709	16,887,157	1,090,750	7%	
PERS Employer Contributions	2,547,924	4,398,345	1,850,421	2,824,211	3,469,009	3,125,396	644,798	23%	
Defined Contribution 401A	265,601	245,290	(20,311)	294,546	311,475	325,958	16,929	6%	
Educational Courses	80,934	45,506	(35,428)	81,360	99,575	82,987	18,215	22%	
Travel & Meetings	387,140	263,900	(123,240)	391,501	333,416	399,331	(58,085)	-15%	
Employee Relations	93,813	9,049	(84,764)	98,055	101,700	100,016	3,645	4%	
General Services	490,292	462,381	(27,911)	528,874	481,834	536,111	(47,040)	-9%	
Annual Audit	62,500	40,272	(22,228)	55,000	52,500	56,100	(2,500)	-5%	
Member Agencies O&M	541,714	379,553	(162,161)	515,520	598,632	571,200	83,112	16%	
Dues & Memberships	253,082	235,832	(17,250)	208,647	231,275	212,820	22,628	11%	
Election Expenses	-	-	-	180,000	-	-	(180,000)	-100%	
Consulting Services	3,543,300	2,592,959	(950,341)	3,277,000	3,448,700	3,210,320	171,700	5%	
Equipment Rental	66,500	34,476	(32,024)	63,010	47,000	64,270	(16,010)	-25%	
District Fuel	315,000	267,854	(47,146)	330,000	340,000	336,600	10,000	3%	
Insurance - District	532,850	523,231	(9,619)	558,300	558,300	569,466	-	0%	
Insurance - Personnel	778,255	514,288	(263,966)	402,638	449,154	424,784	46,516	12%	
Insurance - Benefits	3,534,775	3,965,167	430,391	3,535,028	3,728,128	3,735,832	193,100	5%	
Legal Services - Personnel	50,000	15,538	(34,462)	50,000	50,000	51,000	-	0%	
Legal Services - General	570,000	252,542	(317,458)	620,000	520,000	632,400	(100,000)	-16%	
District Office Supplies	840,305	861,785	21,480	1,093,053	1,098,400	1,110,574	5,347	0%	
District Operating Supplies	1,445,269	1,388,300	(56,970)	1,159,250	1,069,900	1,182,435	(89,350)	-8%	
Repairs & Maint. - Equipment	1,074,550	1,193,673	119,123	1,406,595	1,319,152	1,161,827	(87,443)	-6%	
Repairs & Maint. - Facilities	3,950,249	3,637,944	(312,305)	4,359,324	4,121,663	4,281,810	(237,661)	-5%	
Safety & Compliance	364,548	325,989	(38,558)	363,787	379,471	371,063	15,684	4%	
SOCWA	9,471,915	8,548,084	(923,831)	9,374,975	9,507,471	10,197,941	132,496	1%	
Special Outside Assessments	133,600	139,508	5,908	153,967	156,602	157,046	2,636	2%	
Utilities	2,992,102	2,476,262	(515,840)	3,079,533	3,132,890	3,141,124	53,357	2%	
Water Purchases	28,747,811	26,526,566	(2,221,245)	28,637,921	28,897,373	29,496,715	259,452	1%	
Meter Purchases	-	3,657	3,657	-	-	-	-	-	
Water Efficiency	1,883,000	1,220,697	(662,303)	1,850,000	1,367,000	1,856,400	(483,000)	-26%	
TOTAL OPERATING EXPENSES	79,436,905	74,237,178	(5,199,727)	81,652,053	83,121,329	84,278,682	1,469,276	1.8%	
CHANGE IN OPERATING POSITION	89,867,187	96,714,616		22,663,538	83,863,852	22,969,408		270%	
Debt Service Expense	7,672,124	10,293,689	2,621,565	8,150,081	8,112,831	8,142,456	(37,250)	0%	
CAPITAL EXPENSES									
General Fund	1,652,552	501,375	1,151,177	1,690,404	386,000	400,000	(1,304,404)	-77%	
R&R Fund	37,711,841	31,320,592	6,391,249	32,529,800	40,231,141	40,611,076	7,701,341	24%	
Water Supply Reliability Fund	-	-	-	80,000	900,000	400,000	820,000	1025%	
Planning & Construction Fund	18,626,834	22,031,304	(3,404,470)	16,838,803	4,670,000	4,780,000	(12,168,803)	-72%	
WUE Fund	4,280,939	3,046,042	1,234,897	3,350,000	910,000	1,944,000	(2,440,000)	-73%	
TOTAL CAPITAL EXPENSES	62,272,166	56,899,313	5,372,853	54,489,007	47,097,141	48,135,076	(7,391,866)	-14%	
PROJECTED CHANGE IN FUNDS (loss)	19,922,898	29,521,615		(39,975,550)	28,653,880	(33,308,125)		-172%	

*Forecasted values based on projections developed for FY 2020-2021 Budget

Revenue & Expense Categories

ACCOUNT CATEGORIES	CATEGORY COMPONENTS
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Operating Revenues:

Water Sales	potable water usage charges, wholesale, and service charges
Recycled Water Sales	recycled water usage charges and service charges
Wastewater Sales	wastewater service charges
Other Operating Income	meter sales, user fees (reconnect, tag, back flow notice, service installation, site visits, meter removal/re-set, returned checks), FOG fees, plan check & inspection fees, reimbursements for operating costs at jointly owned facilities
Water Efficiency Revenue	charges for inefficient potable and recycled water usage

Non-Operating Revenues:

Property Tax Revenue	secured property taxes, secured taxes paid to SCWD, supplemental and miscellaneous taxes, unsecured taxes
Investment Income	interest earned on reserve balances and investments
Property Lease Income	lease agreements with cell carriers for placement of cell towers on district property
Misc. Non-Operating Income	board room rental fees, sale of scrap, cash discounts, general obligation property tax, AMP RPOI, tax credit subsidy (historical), intergovernmental revenue, secured-unsecured-supplemental-miscellaneous I/R taxes
Capacity Fees	charges on new development to buy-in to existing assets
Demand Offset Fees	capacity fees collected to offset impacts to existing supply reliability from new potable irrigation
Bond Proceeds	proceeds received from anticipated bond issuance

ACCOUNT CATEGORIES	CATEGORY COMPONENTS
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Operating Expenses:

Salaries	Directors' fees, full/part/over time, compensatory time expense, standby, merit
PERS Employer Contributions	District share of annual CalPERS contribution requirements
Defined Contribution 401A	401a employer contribution
Educational Courses	educational courses, certifications
Travel & Meetings	seminar, conferences, training, travel costs
Employee Relations	employee relations (recognition, medical, safety), pre-employment costs
General Services	billing services, accounting services, tax collection charges, bad debt write-offs, mapping updates, uniform service, employee support services
Annual Audit	financial audit and other agreed-upon procedures
Member Agencies O&M	San Juan Basin Authority (SJBA), Upper Chiquita Reservoir (UCR), 5b reservoir, R6 reservoir, IRWD emergency interconnection, Upper Oso reservoir system
Dues & Memberships	district dues and memberships, staff dues and memberships
Election Expenses	election costs estimate from registrar of voter's office
Consulting Services	cost related to consultants and contractors needed to support district initiatives
Equipment Rental	office equipment rentals (multifunction printers), overall tools & equipment rentals (forklifts, generators, equipment, etc.)
District Fuel	unleaded fuel – vehicles, diesel fuels – generators & vehicles, vehicle oil
Insurance – District	automobile and general liability, property insurance
Insurance – Personnel	Federal Insurance Contributions Act, Medicare insurance, State unemployment, workers compensation
Insurance – Benefits	life and health insurance, dental insurance, vision insurance, disability insurance, auto allowance, Other Post-Employment Benefits costs, wellness benefit, sick accrual, vacation accrual
Legal Services – Personnel	personnel-related legislation and other HR policy inquiries
Legal Services – General	legal counsel, contracts and agreement review
District Office Supplies	billing supplies, community relations, general office supplies, shipping costs, advertising, sales tax expense, freight expense
District Operating Supplies	chemicals, warehouse stock
Repairs & Maintenance - Equipment	computer support contracts, field & office equipment, infrastructure technology hardware, vehicle maintenance and repair, hardware/software equipment
Repairs & Maintenance - Facilities	contract & maintenance agreements, waste disposal, electrical & instrumentation, landscape and tree maintenance, paving repairs, pest control, system maintenance, system repairs, janitorial services, underground service alerts, permits, raising valves and manholes
Safety & Compliance	regulatory compliance, safety equipment/supplies, safety shoes, safety training
SOCWA	PC 2 – JB Latham Treatment Plant, PC 17 – Regional Treatment Plant, 3A Treatment Plant (historical), PC 21 – Effluent Transmission Main, PC 5 – San Juan Creek Ocean Outfall, PC 24 – Aliso Creek Ocean Outfall, PC 2SO – Recycled Water Permit, pretreatment program, PC 15 – Coastal Treatment Plant,
Special Outside Assessments	Department of Health Services (DoHS) Fees, Local Area Formation Commission Fees, Property Tax Assessment (historical)
Utilities	electric utilities (SCE and SDG&E), gas utility (Southern CA Gas), water utility, overall telephone, mobile communication
Water Purchases	MWD water purchases (treated & untreated), MWDOC charges (capacity, connection, and readiness-to-serve), MWDOC reclaimed water rebate, Baker Water Treatment Plant, Joint Regional Water Supply System (JRWSS), Santiago Aqueduct Commission (SAC), East Orange County Feeder #2 (EOCF2), South County Pipeline (SCP)
Meter Purchases	replacement meters and warehouse inventory (historical)
Labor (Fund 6 only)	personnel costs attributed to water efficiency/reliability programs & management
Conservation Supplies	community relations and outreach supplies attributed to water efficiency/reliability programs and management
Water Efficiency	rebates and administration of rebate programs attributed to water efficiency/reliability programs and management

All Funds – Detailed Summary

OPERATING REVENUES

Rate Revenue

In December 2017, the Board adopted a four-year rate schedule for potable, recycled, and wastewater service charges based on recommendations from the 2017 Cost of Service Study. The FY 2021-22 budget utilizes the last rate adjustment from the 2017 rate study for the first half of the year and projections from the LRFP for the second half of the year. As shown in Table AF-1, a 3% rate revenue increase for the potable and recycled water rates, with the remainder of the recycled rate revenue increase attributable to the slight increase in projected demand, and a 5.5% increase for wastewater service rates are included. The system specific revenue requirements will be studied in detail as part of the District's 2021 Cost of Service Study.

The projected decrease in *Water Efficiency Revenue* from forecast is due to the 2017 COS study's financial plan anticipating a one-time 45% increase in water efficiency rates to fund a portion of a water reliability project. Though the project is still under evaluation, its costs are no longer expected to be recovered from Fund 6 and the prior assumption will be revised as part of the 2021 COS study's financial plan.

Other Operating Income

Other operating income includes many of the user fees customers pay to utilize specific services such as turn on/turn off, late bill payments, and other user fees. Revenues from permitting related activities, such as the Fat, Oils, and Grease (FOG) program and Plan Check and Inspection (PCI) process are also captured here. The 46% decrease in budgeted revenues for FY 2021-22 are attributable to decreased revenues from PCI fees. The District completed plan review for the planned development associated with a multi-family housing development and shopping center during FY 2020-21. The remaining revenue sources that comprise Other Operating Income are not proposed to increase above FY 2020-21 levels.

NON-OPERATING REVENUES

Property Tax Revenue

The District receives an apportionment of Ad Valorem property taxes from the County of Orange. Property tax revenue has accounted for more than 25% of the District's total revenue over the past four years. This has been a key component of the District's revenue base and has provided customers with the lowest average monthly bills in South Orange County. Property tax revenue budgeted for FY 2021-22 represents about a 3% increase over the budget for FY 2020-21. Finance staff work with the District's property tax consultants to develop the forecasts for property tax revenues based on current housing values and recapture of Prop. 8 adjustments from prior years. It is not currently anticipated that property tax payments will decline during FY 2021-22; however, staff actively monitors property tax receipts during the year to track performance.

Additionally, in 1997 a portion of the South Coast Water District (SCWD), an area called Laguna Sur/Monarch Pointe, was annexed into the District service area. SCWD continues to provide wastewater service to the area. Consistent with the terms of the annexation agreement, the District maintains the SCWD procedure of collecting wastewater service charges on the property tax bill as supplementary tax collected by the County and remits payments to SCWD. Any increases are reflective of the rate increase passed through from South Coast Water District. SCWD is proposing a two-year rate adjustment effective July 1, 2021 which the District is obligated to pass through per the terms of the annexation agreement.

Investment Income

The District currently holds a diverse portfolio of investments to meet both short term liquidity, midterm cash funded Capital Improvement Programs, and long-term earnings. The goals for the District's investments are safety, liquidity, and earning a total rate of return commensurate with the first two goals.

The average investment earnings rate projected for FY 2021-22 is 1% which yields the projected \$2.5M based on the expected level of capital invested throughout the fiscal year. The District continues to adhere to the financial plan and policies outlined in the 2015 Long Range Financial Plan, updated in the 2017 Long Range Financial Plan, and has effectively leveraged its available unrestricted cash balances to minimize rate impacts to customers during the transition to regular rate revenue adjustments. The planned spenddown of unrestricted cash balances has necessarily reduced the District's investment income; however, increased coordination between the District's Financial Planning, Accounting, and Engineering departments has increased the accuracy of short-term and long-term cashflow forecasts, which has allowed the District's Investment Advisor to confidently restructure the District's investment portfolio to meet short-term liquidity needs and mid-term cash funded Capital Improvement Program costs, while maintaining long-term earnings. The assumed 1% factor was developed in coordination with the District's Investment Advisor and reflects realistic expectations of portfolio performance over the fiscal year.

Property Lease Income

The sole source of revenue for the Property Lease Income line item is from leasing District facilities to cell carriers to place cell towers and equipment on reservoirs and other District locations. The District developed the Communications License Program with a primary objective to provide economic benefit to District ratepayers through a monthly license program. The District's first responsibility is to provide water and wastewater service to its customers, and development of the Program can not interfere with District's ability to provide quality service. With those objectives in place, the Board of Directors approved a Communications Lease Agreement and Lease Policy, which was implemented on January 1, 2001, and updated to a Communication License Agreement and License Policy on March 15, 2012. On December 14, 2015, the Board of Directors adopted an update to the Communication License Agreement and License Policy. Since implementation of the Communications Lease Agreement and Lease Policy, the Program has grown to include 48 agreements with various amendments. These communications facilities are distributed among approximately 20 District sites. Revenues are projected 4% above FY 2020-21 levels at \$2.0M for the FY 2021-22 budget. The increase is due to annual rent increases on existing agreements.

Misc. Non-Operating Income

The line item for Miscellaneous Non-Operating Income includes Board Room rental fees (historical), sale of scrap, GOB property tax revenue (historical), 2009 COP tax credit (historical), and other revenues sources that are not directly related to the operations of the District. There is no change for this item in FY 2021-22.

Capacity Fees

The District assesses charges on new development to buy into the system assets existing customers have paid to develop and maintain. The District's private development group actively works with the local cities to produce a ten-year private development forecast which is regularly updated to reflect changes in planned development. This forecast is utilized to inform the District's long-range supply planning efforts, in particular the Urban Water Management Plan (UWMP). The proposed budget for FY 2021-22 of \$45,630 represents an 86% decrease from FY 2020-21 budget which is consistent with reductions in planned development between fiscal years.

Demand Offset Fees

In FY 2016-17, the Board of Directors amended the existing Water and Wastewater Capacity Charges to include Demand Offset Fees, consistent with California Government Code Section 66000 et. seq., to fund as-yet unknown, future water reliability and water use efficiency projects, programs, and capital improvement projects, in order to offset additional potable outdoor demand from new development that would otherwise impact existing supply reliability.

Consistent with the rationale used to establish the District's Water Efficiency Fund (Fund 6), revenues from Demand Offset Fees are received and maintained in Fund 6 as the fees are intended to offset the impact of incremental increases in potable water demands associated with new demands. As the new demands are highly correlated with new development, budgeted revenues from Demand Offset Fees are expected to decrease 94%, reflecting the decrease in development.

OPERATING EXPENSES

In 2011, the District's Board of Directors recognized two distinct cost centers beginning to develop: costs related to providing continued service to customers for the efficient use of water and costs related to conservation. Though presented in the aggregate in Table AF-1, operating expenses are classified according to these two categories with the costs of conservation and water efficiency efforts reported and budgeted in Fund 6 – Water Efficiency Fund while the remaining costs of providing continued services are reported and budgeted in Fund 1 – General Fund. Operating expenses for each of the funds are described in detail in the Fund 1 – General Fund and Fund 6 – Water Efficiency Fund sections.

CAPITAL EXPENDITURES

Discussed in detail in the Capital Improvement Program Budget for Fiscal Year 2021-22 anticipated capital expenses represent the largest cost category for the proposed FY 2021-22 budget, accounting for more than one third of total District expenses.

Table AF-2: Change in Fund Balances – Summary of Revenues, Expenditures, and Transfers

Moulton Niguel Water District FY 2021-22 Change in Fund Balances – Summary of Revenues, Expenditures, and Transfers												
Fund No.	Fund	Projected Cash / Fund Balance 6/30/2021	Designated / Reserved	Net Available	Increases		Total Available	Decreases		Total Decreases	Projected Ending Balance 06/30/2022	Fund Balance Change
					Revenue	Transfer ³		Expense	Transfer			
1	General ¹	91,889,484	54,676,112	37,213,372	162,169,121	-	199,382,493	77,887,803	36,688,029	114,575,833	139,482,773	52%
6	Water Efficiency	3,510,035	-	3,510,035	4,776,040	-	8,286,075	6,529,526	-	6,529,526	1,756,549	-50%
Capital Improvement Funds												
7	Replacement & Refurbishment	12,920,590	-	12,920,590	-	27,310,551	40,231,141	40,231,141	-	40,231,141	-	-100%
12	Water Supply Reliability ²	98,244	-	98,244	-	801,756	900,000	900,000	-	900,000	-	-100%
14	Planning & Construction	3,136,026	-	3,136,026	-	1,533,974	4,670,000	4,670,000	-	4,670,000	-	-100%
Miscellaneous Funds												
15	Capital Facilities	40,423	-	40,423	45,630	-	86,053	-	40,423	40,423	45,630	13%
4	Self Insurance	239,361	250,000	(10,639)	-	16,249	5,610	5,610	-	5,610	250,000	4%
52	Rate Stabilization	15,372,127	15,835,678	(463,551)	-	463,551	-	-	-	-	15,835,678	3%
Debt Service Funds												
12	2019 Revenue Bonds ²	964,732	-	964,732	-	1,465,518	2,430,250	2,430,250	-	2,430,250	-	-100%
71	2015 COPS ('03 Refunding)	1,203,228	657,500	545,728	-	1,815,897	2,361,625	2,361,625	-	2,361,625	657,500	-45%
73	2019 COPS	-	-	-	-	3,320,956	3,320,956	3,320,956	-	3,320,956	-	-

¹ Operating Reserves and Emergency Reserves are included in General Fund Designated/Reserved in the amounts of \$35,300,000 and \$19,376,215, respectively.

² Though Water Supply Reliability and 2019 Revenue Bonds comprise Fund 12, they are shown separately to differentiate debt service payments from Capital Improvement Funds.

³ Transfers for Funds 7, 12, and 14 include proceeds from an anticipated issuance in FY 2021-22. All proceeds are received into the General Fund and transferred to the respective Capital Fund. The remaining proceeds allocated to each fund are consistent with anticipated CIP expenses.

Table AF-2 summarizes anticipated cashflow activity for each of the District’s major funds for FY 2021-22. The discussion below provides rationale for changes in each fund, greater than ±10%.

General Fund – Fund 1

The projected increase in General Fund balance at the end of FY 2021-22 is largely attributable to the anticipated bond proceeds received in the General Fund prior to being transferred to the Capital Improvement Funds. The individual revenues and expenses that make up the aggregate totals reported in Table AF-2 are presented in detail in Fund 1 – General Fund. In addition to the \$77.9M budgeted operating and capital outlay expenses, total use of funds for the General Fund includes \$36.7M in transfers to the Capital, Miscellaneous, and Debt Service Funds for total cash outflows of \$114.6M in FY 2021-22.

Total source of funds for the General Fund includes proceeds from an anticipated \$60M bond issuance, of which an estimated \$10.8M is expected to be retained in the General Fund as a reimbursement for qualifying capital expenses paid from the General Fund prior to the issuance. It should be noted that actual reimbursements to the General Fund will be determined at the time of issuance in accordance with applicable tax law and may differ from estimates reported in Table AF-2. It should also be noted that the General Fund ending balance includes \$19.3M in remaining proceeds that will be distributed to the Capital Funds in FY 2022-23 in accordance with applicable tax law.

Water Efficiency – Fund 6

The District's Water Efficiency Fund receives revenue from the customers who use water in excess of their individually calculated water budgets. Revenues fund investments which improve customer water efficiency and water supply reliability. The District has identified a spenddown of the Water Efficiency Fund with investments in new water supply and developing new water efficiency programs as detailed in Fund 6 – Water Efficiency Fund. The spenddown of \$6.5M in the fund balance is consistent with the overall plan.

CAPITAL IMPROVEMENT & MISC. FUNDS

The capital expenses shown in Table AF-2 are included in the District's overall Capital Financing Plan. The following discussions provide a high-level summary of major project categories and highlights significant non-recurring capital expenses. The large decreases in fund balance shown for fiscal year end is consistent with the District's practice of annually transferring sufficient funds for the fiscal year budget and drawing that amount down through the year.

Annual funding for these funds consists of bond issuance proceeds and transfer in from Fund 1.

Replacement and Refurbishment (R&R) – Fund 7

Major projects for the proposed \$40.2M capital expenditures for Fund 7 includes: \$6.0M for the regional lift station force main replacement and \$5.0M for the Reservoir Management System Replacement, Phase 3. Wastewater treatment related expenses continue to account for a large share of total Fund 7 costs: SOCWA treatment facilities are budgeted at \$7.4M, while \$3.6M is budgeted for improvements to Plant 3A.

Water Supply Reliability – Fund 12

Initial project designs for the South County Pipeline (SCP) Takeout Facility (\$150K) will improve potable water supply reliability should the SCP have a shutdown. In addition, the OCWD Basin Emergency Interconnection (\$750K) would provide an emergency interconnection to the OCWD groundwater basin.

Planning and Construction – Fund 14

The major projects for the proposed \$4.7M capital expenditures include: \$3.3M for secondary feeder pump station and transmission main and \$1.25M for regional lift station enhancements.

Capital Facilities – Fund 15

The Capital Facilities Fund serves as a restricted fund to collect capacity fees paid by developers for connecting to the water and wastewater systems. Activity for the fund is projected based on private development activity provided through coordination from the Cities within the District's service area. The decrease in the fund balance reflects decreased infill projects as areas within the District are primarily built-out which is consistent with the ten-year projected activity in the District's 2020 Urban Water Management Plan.

DEBT SERVICE FUNDS

The District has established debt service funds to ensure the timely payment of debt and to hold as restricted debt service reserve funds consistent with bond covenants.

Fund 1 – General Fund Detailed Summary

The District's General Fund, identified as Fund 1, accounts for the programs and activities related to providing service for the efficient use of its potable and recycled water systems and the management of its wastewater collection and treatment systems.

Summary Statement

The difference between the \$77.9M in operating and capital outlay expenses budgeted for FY 2021-22 and \$66.0M in projected sales and operating income the District expects is met by property tax receipts and other non-operating revenues. As shown in Table F1 – 1, the District is projecting a net increase of \$24.5M to its General Fund, prior to any bond proceed receipts, transfers to other funds for capital projects and debt service-related costs, or as needed to replenish reserves to comply with bond covenants and financial policy requirements.

Table F-1: Budgetary Statement of Revenues, Expenses, and Changes in Net Position for Fund 1

MOULTON NIGUEL WATER DISTRICT – GENERAL FUND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	FY 2019-20			FY 2020-21		FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference	Approved Budget	Proposed Budget	Forecasted Budget*	Difference	% Δ	
OPERATING REVENUES									
Water Services	31,512,227	29,148,255	(2,363,972)	31,438,154	32,471,606	32,471,606	1,033,452	3%	
Recycled Water Services	6,438,316	5,049,306	(1,389,010)	5,941,355	6,222,975	6,222,975	281,620	5%	
Sewer Services	24,065,352	26,695,247	2,629,895	25,446,037	26,718,392	26,718,392	1,272,356	5%	
Other Operating Income	911,436	498,377	(413,059)	1,079,522	581,020	557,100	(498,502)	-46%	
Total Operating Revenue	62,927,332	61,391,185	(1,536,147)	63,905,068	65,993,994	65,970,074	2,088,926	3%	
NON-OPERATING REVENUES									
Property Tax Revenue	28,599,883	29,907,153	1,307,270	30,744,255	31,671,356	31,683,161	927,102	3%	
Investment Income	2,108,233	2,864,875	756,642	2,464,629	2,486,866	1,890,218	22,237	1%	
Property Lease Income	1,800,265	1,914,481	114,216	1,943,911	2,016,093	2,016,093	72,182	4%	
Misc. Non-Operating Income	250,812	120,000	(130,812)	250,812	250,812	250,812	-	0%	
Total Non-Operating Revenues	32,759,193	34,806,509	2,047,316	35,403,607	36,425,127	35,840,284	1,021,520	3%	
TOTAL REVENUES	95,686,525	96,197,694	511,169	99,308,675	102,419,121	101,810,358	3,110,446	3%	
OPERATING EXPENSES									
Salaries	13,073,384	12,525,884	(547,500)	14,531,475	15,686,168	15,185,392	1,154,693	8%	
PERS Employer Contributions	2,374,048	4,207,820	1,833,771	2,610,595	3,200,847	2,888,999	590,252	23%	
Defined Contribution 401A	240,739	223,642	(17,097)	263,876	281,323	292,017	17,447	7%	
Educational Courses	79,934	36,312	(43,622)	80,360	96,075	81,967	15,715	20%	
Travel & Meetings	347,140	237,988	(109,152)	340,301	285,016	347,107	(55,285)	-16%	
Employee Relations	93,813	9,049	(84,764)	98,055	101,700	100,016	3,645	4%	
General Services	490,292	462,381	(27,911)	528,874	481,834	536,111	(47,040)	-9%	
Annual Audit	62,500	40,272	(22,228)	55,000	52,500	56,100	(2,500)	-5%	
Member Agencies O&M	541,714	379,553	(162,161)	515,520	598,632	571,200	83,112	16%	
Dues & Memberships	189,857	137,102	(52,755)	131,147	124,425	132,316	(6,722)	-5%	
Election Expenses	-	-	-	180,000	-	-	(180,000)	-100%	
Consulting Services	1,603,300	1,810,932	207,632	1,799,000	2,008,700	1,702,760	209,700	12%	
Equipment Rental	66,500	34,476	(32,024)	63,010	47,000	64,270	(16,010)	-25%	
District Fuel	315,000	267,854	(47,146)	330,000	340,000	336,600	10,000	3%	
Insurance - District	532,850	523,231	(9,619)	558,300	558,300	569,466	-	0%	
Insurance - Personnel	489,306	487,576	(1,730)	371,257	418,524	391,676	47,267	13%	
Insurance - Benefits	3,267,475	3,745,994	478,519	3,216,962	3,401,187	3,401,014	184,225	6%	
Legal Services - Personnel	50,000	15,538	(34,462)	50,000	50,000	51,000	-	0%	
Legal Services - General	550,000	237,470	(312,530)	600,000	500,000	612,000	(100,000)	-17%	
District Office Supplies	493,680	692,755	199,075	706,803	713,650	716,599	6,847	1%	
District Operating Supplies	1,444,654	1,381,522	(63,132)	1,158,250	1,066,400	1,181,415	(91,850)	-8%	
Repairs & Maint. - Equipment	969,300	1,161,479	192,179	1,381,595	1,299,152	1,136,327	(82,443)	-6%	
Repairs & Maint. - Facilities	3,950,249	3,637,944	(312,305)	4,359,324	4,121,663	4,281,810	(237,661)	-5%	
Safety & Compliance	364,548	324,920	(39,627)	361,137	374,371	368,360	13,234	4%	
SOCWA	9,471,915	8,548,084	(923,831)	9,374,975	9,507,471	10,197,941	132,496	1%	
Special Outside Assessments	133,600	139,508	5,908	153,967	156,602	157,046	2,636	2%	
Utilities	2,992,102	2,476,262	(515,840)	3,079,533	3,132,890	3,141,124	53,357	2%	
Water Purchases	28,747,811	26,526,566	(2,221,245)	28,637,921	28,897,373	29,496,715	259,452	1%	
Meter Purchases	-	3,657	3,657	-	-	-	-	-	
TOTAL OPERATING EXPENSES	72,935,711	70,275,774	(2,659,937)	75,537,236	77,501,803	77,997,348	1,964,566	3%	
CHANGE IN OPERATING POSITION	22,750,814	25,921,920		23,771,439	24,917,318	23,813,009		5%	
CAPITAL EXPENSES									
TOTAL CAPITAL EXPENSES	1,652,552	501,375	1,151,177	1,690,404	386,000	400,000	(1,304,404)	-77%	
PROJECTED CHANGE IN FUNDS (loss)	20,098,262	25,420,546		22,081,035	24,531,318	23,413,009		11%	

*Forecasted values based on projection developed for FY 2020-2021 Budget

FUND 1 REVENUES

Table F1 – 2: District Revenues

DESCRIPTION	FY 2019-20			FY 2020-21	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference	Approved Budget	Proposed Revenue	Forecasted Revenue	Difference	% Change
OPERATING REVENUE								
Water Service	31,512,227	29,148,255	(2,363,972)	31,438,154	32,471,606	32,471,606	1,033,452	3%
Recycled Water Service	6,438,316	5,049,306	(1,389,010)	5,941,355	6,222,975	6,222,975	281,620	5%
Sewer Service	24,065,352	26,695,247	2,629,895	25,446,037	26,718,392	26,718,392	1,272,356	5%
Other Operating Income	911,436	498,377	(413,059)	1,079,522	581,020	557,100	(498,502)	-46%
TOTAL OPERATING REVENUE	62,927,332	61,391,185	(1,536,147)	63,905,068	65,993,994	65,970,074	2,088,926	3%
NON-OPERATING REVENUE								
Property Tax Summary								
Secured Property Taxes	27,083,230	28,519,948	1,436,718	28,990,945	29,931,791	29,876,307	940,846	3%
Unsecured Taxes	805,485	859,423	53,938	998,654	1,002,263	1,029,152	3,609	0%
Supplemental and Miscellaneous Taxes	1,069,911	909,799	(160,113)	1,117,232	1,110,951	1,151,352	(6,281)	-1%
Secured Taxes paid to SCWD	(358,743)	(382,016)	(23,274)	(362,576)	(373,649)	(373,649)	(11,073)	3%
Total Property Tax Revenue	28,599,883	29,907,153	1,307,270	30,744,255	31,671,356	31,683,161	927,102	3%
OTHER NON-OPERATING REVENUE								
Investment Income	2,108,233	2,864,875	756,642	2,464,629	2,486,866	1,890,218	22,237	1%
Property Lease Income	1,800,265	1,914,481	114,216	1,943,911	2,016,093	2,016,093	72,182	4%
Misc. Non-Operating Income	250,812	120,000	(130,812)	250,812	250,812	250,812	-	0%
Total Other Non-Operating Revenue	4,159,310	4,899,356	740,046	4,659,352	4,753,771	4,157,123	94,418	2%
TOTAL REVENUE	95,686,525	96,197,694	511,169	99,308,675	102,419,121	101,810,358	3,110,446	3%

OPERATING REVENUES

Water Service

As water sales are seasonal by nature, water utilities are particularly susceptible to financial stress from reduced sales if they are recovering even a small portion of their fixed costs on a volumetric basis. As part of the 2015 Long Range Financial Plan and update in the 2017 Long Range Financial Plan, an analysis of demand reduction was conducted to determine what financial impact the District could expect from increased conservation and efficiency. The District’s rates are structured so that any incremental revenue collected from the higher tiers is allocated to the Water Use Efficiency fund for water efficiency and water reliability expenditures. As a result, the decrease in sales from the higher tiered water does not affect the District’s General Fund or daily operating revenues, which means that the District does not have to increase rates as a result of decrease water sales. This result was validated empirically during the last drought, as the District’s financial position improved while meeting the 20% reduction target implemented by the State. This flexibility in financial structure allows the District to focus on water efficiency efforts without concern for the financial impacts of decreased water sales; however, the success of a marginal cost-based price structure depends on maintaining alignment between fixed and variable revenues and fixed and variable expenses.

The District’s Finance Planning Department began a comprehensive in-house cost of service rate study during FY 2020-21 and has retained a utility rate consultant as an auditor to independently validate the results of the study. The department actively monitors any potential changes in wholesale or utilities rates to ensure the District will continue to fully recover its operating costs.

Water Service revenues are projected at \$32.5M for FY 2021-22, a 3% increase from FY 2020-21 projected revenues. Potable water supply is projected at 24,176 AF for FY 2021-22, a 0.2% decrease from potable water supply assumed in the FY 2020-21 budget. The methodology used to develop water supply projections is consistent with the methodology used to develop the long-term demand projections reported in the District’s 2020 Urban Water Management Plan and reflect maintained low usage through most of the current fiscal year. Projected water sales revenue for FY 2021-22 includes a forecasted 3% rate increase which, if adopted, would be effective January 1, 2022. The FY 2021-22 budget assumes that the relative increase in system-specific rates for Water Service determined in the 2017 study are maintained. The system specific revenue requirements will be studied in detail as part of the District’s 2021 Cost of Service Study.

Recycled Water Service

Recycled Water revenues are projected at \$6.2M as forecasted and 5% above FY 2020-21 projected values. Recycled water customers have maintained their water efficiency and the proposed FY 2021-22 recycled water sales are projected to remain at current year levels. Recycled water supply is projected at 6,199 AF, an increase of 0.8% of the projected recycled water supply used in developing the FY 2020-21 recycled water sales budget. Projected recycled water sales revenue for FY 2021-22 includes a forecasted 3% rate increase which, if adopted, would be effective January 1, 2022. The FY 2021-22 budget assumes that the relative increase in system-specific rates for Recycled Water Services that were determined in the 2017 study are maintained. The system specific revenue requirements will be studied in detail as part of the District’s 2021 Cost of Service Study.

Sewer Service

Sewer Service revenues are projected at \$26.7M, 5% above FY 2020-21 projected revenues and consistent with forecasted values for the budget year. Projections for FY 2021-22 includes a forecasted 5.5% rate revenue adjustment which, if adopted, would be effective January 1, 2022. The FY 2021-22 budget assumes that the relative increase in system-specific rates for Sewer Service that were determined in the 2017 study are maintained. The system specific revenue requirements will be studied in detail as part of the District’s 2021 Cost of Service Study. Discussed further in the Wastewater Treatment section of Operating Expenses, continued escalation of administration and operating costs from the District’s regional wastewater treatment provider is a major reason for the Wastewater System rate increases to meet revenue requirements.

Other Operating Income

As noted in All Funds – Consolidated Financial Schedule, Other Operating Income includes many of the user fees customers pay to utilize specific services such as turn on, turn off, late bill payments, and other service fees. Revenues from permitting related activities such as the Fats, Oils, and Grease (FOG) program and Plan Check and Inspection (PCI) process are also captured here. Added to this category in FY 2019-20 are payments received for wastewater treatment services at the District’s Wastewater Treatment Plant 3A. The 46% decrease in budgeted revenues for FY 2021-22 are attributable to decreased revenues from PCI fees. Discussed in detail in Capacity Fees, the District’s private development group works closely with local cities to develop forecasts of planned building activity. The remaining revenue sources that comprise Other Operating Income are not proposed to increase above FY 2020-21 levels.

NON-OPERATING REVENUES

Property Tax

The District receives an apportionment of the one percent Ad Valorem property taxes from the County of Orange. Property tax revenue has accounted for more than 25% of the District's total revenue over the past four years. This has been a key component of the District's revenue base and provided customers with the lowest average monthly bills in South Orange County. Property tax revenue budgeted for FY 2021-22 represents about a 3% increase over the budget for FY 2020-21. Finance staff work with the District's property tax consultants to develop the forecasts for property tax revenues based on current housing values and recapture of Prop. 8 adjustments from prior years. It is not currently anticipated that property tax payments will decline during FY 2021-22; however, staff actively monitors property tax receipts during the year to track performance.

Additionally, in 1997 a portion of the South Coast Water District (SCWD), an area called Laguna Sur/Monarch Pointe, annexed into the MNWD service area. However, SCWD continues to provide wastewater service to the area. Consistent with the terms of the annexation, the District maintains the SCWD procedure of collecting wastewater service charges on the property tax bill as supplementary tax collected by the County and remits payment to SCWD. For FY 2021-22, SCWD is proposing a two-year rate adjustment effective July 1, 2021. Therefore, the District will pass those adjustments on to the area's ratepayers.

OTHER NON-OPERATING REVENUE

Investment Income

The District currently holds a diverse portfolio of investments to meet both short term liquidity, midterm cash funded Capital Improvement Programs, and long-term earnings. The goals for the District's investments are:

- Safety
- Liquidity
- Earning a total rate of return commensurate with the first two goals

The average investment earnings rate projected for FY 2021-22 is 1% which yields the projected \$2.5M based on the expected level of capital invested throughout the fiscal year. The 31.6% increase above forecasted levels of Investment Income is attributable to updated bond issuance timing and subsequent reimbursement of bond proceeds that were not expected to occur this year when forecasts were developed as part of last year's budgeting process. Had the issuance timing not been advanced, Investment Income would have been expected to be lower to reflect the planned spenddown of unrestricted cash balances. The District continues to adhere to the financial plan and policies outlined in the 2015 Long Range Financial Plan, updated in the 2017 Long Range Financial Plan, and has effectively leveraged its available unrestricted cash balances to minimize rate impacts to customers during the transition to regular rate revenue adjustments. The planned spenddown of unrestricted cash balances will necessarily reduce the District's investment income; however, increased coordination between the District's Financial Planning, Accounting, and Engineering departments has increased the accuracy of short-term and long-term cashflow forecasts, which has allowed the District's Investment Advisor to confidently restructure the District's investment portfolio to meet short-term liquidity needs and mid-term cash funded Capital Improvement Program costs, while maintaining long-term earnings. The assumed 1% factor was developed in coordination with the District's Investment Advisor and reflects realistic expectations of portfolio performance over the fiscal year.

Property Lease Income

The main source of revenue for the Property Lease Income line item is from leasing District facilities to cell carriers to place cell towers and equipment on reservoirs and other District locations. In the 1990s, the District approved the first communication facility to be constructed at one of the District's sites. As the communication industry grew, the District was approached about use of District sites for cell tower equipment installations. The District developed the Communications License Program with a primary objective to provide economic benefit to District ratepayers through a monthly license program. The District's first responsibility is to provide water and wastewater service to its customers, and development of the Program can not interfere with District's ability to provide quality service. With those objectives in place, the Board of Directors approved a Communications Lease Agreement and Lease Policy, which was implemented on January 1, 2001, and updated to a Communication License Agreement and License Policy on March 15, 2012. On December 14, 2015, the Board of Directors adopted an update to the Communication License Agreement and License Policy.

Since implementation of the Communications Lease Agreement and Lease Policy, the Program has grown to include 48 agreements with various amendments on several of those agreements. These communications facilities are distributed among approximately 20 District sites. Revenues are projected 4% above FY 2020-21 levels at \$2.0M for the FY 2021-22 budget. The increase is due to annual rent increases on existing agreements and a new agreement that commenced during FY 2019-20.

Misc. Non-Operating Income

The line item for Miscellaneous Non-Operating Income includes Board Room rental fees (historical), sale of scrap, GOB property tax revenue (historical), 2009 COP tax credit (historical), and other revenues sources that are not directly related to the operations of the District. There is no change for this item in FY 2021-22.

FUND 1 EXPENSES

Salaries and Benefits

Table F1 – 3: Salaries and Benefits

DESCRIPTION	FY 2019-20			FY 2020-21	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference	Approved Budget	Proposed Budget	Forecasted Budget	Difference	% Change
SALARIES								
Staff Salaries	11,998,338	11,566,989	(431,348)	13,217,797	14,338,215	13,812,598	1,120,418	8%
Directors Fees	194,040	150,383	(43,657)	203,742	213,929	212,910	10,187	5%
Overtime	690,802	527,608	(163,194)	899,598	923,198	940,080	23,600	3%
Standby	185,704	217,221	31,518	210,339	210,826	219,804	487	0%
Compensatory Time Expense	4,500	63,682	59,182	-	-	-	-	-
TOTAL SALARIES	13,073,384	12,525,884	(547,500)	14,531,475	15,686,168	15,185,392	1,154,692	8%
CalPERS BUDGET								
PERs Employer Contributions	2,374,048	4,207,820	1,833,771	2,610,595	3,200,847	2,888,999	590,252	23%
Defined Contribution 401A	240,739	223,642	(17,097)	263,876	281,323	292,017	17,447	7%
TOTAL CalPERS	2,614,788	4,431,462	1,816,674	2,874,471	3,482,170	3,181,016	607,699	21%
INSURANCE – BENEFITS								
Life and Health Insurance	2,267,126	1,937,154	(329,972)	2,156,140	2,276,343	2,274,727	120,203	6%
Dental Insurance	196,351	158,830	(37,521)	202,582	230,066	213,724	27,484	14%
Vision Insurance	27,825	28,465	640	27,485	31,214	28,997	3,729	14%
Disability Insurance	87,827	92,357	4,530	95,904	101,113	101,178	5,209	5%
OPEB Costs	253,441	240,063	(13,378)	259,028	255,611	286,652	(3,417)	-1%
Auto Allowance	54,975	38,700	(16,275)	59,975	61,096	61,174	1,121	2%
Wellness	41,295	20,546	(20,749)	42,480	43,830	44,392	1,350	3%
Sick Leave Accrual	186,374	358,996	172,622	205,538	222,070	214,787	16,532	8%
Vacation Accrual	152,261	870,884	718,623	167,831	179,844	175,383	12,013	7%
TOTAL INSURANCE – BENEFITS	3,267,475	3,745,994	478,519	3,216,962	3,401,187	3,401,014	184,225	6%
TOTAL SALARIES & BENEFITS	18,955,646	20,703,340	1,747,694	20,622,908	22,569,525	21,767,422	1,946,615	9%

Total Salaries and Benefits costs for Fund 1 are budgeted at \$22.6M: a 9% increase from FY 2020-21 budget and a 3.7% increase above the forecasted total for FY 2021-22. Relative to all fund expenditures, Salaries and Benefits (inclusive of labor costs budgeted in Fund 6) make up approximately 18% of District FY 2021-22 proposed budgeted expenses.

The proposed budget includes the addition of four full time staff members: two Customer Account Representatives, a Computerized Maintenance Management System (CMMS) Administrator, and a Mechanic. Forecasted totals for FY 2021-22 were developed as part of the FY 2020-21 approved budget and did not consider these new positions.

As part of this budget, staff reviewed the functional allocation of labor and through the efforts and collaboration across departments, staff identified approximately \$2.2 M in labor costs associated with capital projects that are proposed for FY 2021-22. Including the capitalized labor costs, the total FY 2021-22 budget for Salaries and Benefits (inclusive of labor costs budgeted in Fund 6) would have increased to \$27.0 M. Though it aligns with industry best practices, it is important to note that this change in reporting does not reduce actual personnel costs and that proposed staffing increases consider the full long-term cash impacts to the District.

The District recognizes the long-term financial commitment additional staffing represents and incorporates ten-year cashflow impacts from its LRF into its staffing decisions. Consistent with its overall cost-alignment approach, the District utilizes consultants to meet temporary or project specific resource needs and carefully matches increases in staffing to identified long-term needs. A detailed discussion of the District's planned use of consultants for FY 2021-22 can be found in the Consulting Services section. It is important to note that the cashflow impacts of staffing decisions also consider potential cost savings from bringing resources in-house. The decision to rely on outside resources for the management of a particular project, program, or other cost center of the District, is continually reevaluated. Should the District determine it is no longer cost-effective to outsource, a plan will be developed to bring in resources to shift management in-house. The FY 2021-22 proposed Staffing Plan was developed cooperatively by the District's supervisory and management staff and is presented to the District's Board of Directors for approval.

Salaries

In March 2021, the District and its employees agreed to extend the term of the current Memorandum of Understanding (MOU) by two years that continues to invest in a quality workforce to meet the public's expectations on performance and transparency while protecting the financial health of the District by mitigating long term liabilities. The proposed budget includes a 2% Cost of Living Adjustment during year one of the MOU extension.

CalPERS Budget

In 2009, the Board took action to reduce the District's outstanding retirement benefits liabilities through the creation of a new CalPERS tier and a plan to gradually move employees towards a retirement benefit cost-sharing partnership with the District. This fiscal year is the sixth year of full cost-sharing between the District and its employees. Based on recent CalPERS actuarial valuations, the District has a funded ratio of 74.3% of the present-value of its projected benefits. The District's current funding ratio is above average in the industry. Retirement costs represent 2.7% of the District's total FY 2021-22 budget. It should be noted that the District is no longer capitalizing CalPERS costs based on updated guidance from our auditors. This change in assumptions alone accounts for almost 72% of the increase from the FY 2020-21 adopted budget.

Medical Insurance

Initial health insurance increases proposed for the FY 2021-22 HMO and PPO plans was at 14.5%. As it has done in the past, the District responded to rising premiums by preparing to issue a Request for Proposals to ensure its health insurance costs remain competitive. As a result of this process, health plan premiums will only increase an average of 5% above current rates. Employees share any health plan cost increases with the District 50/50 as part of the current MOU. A 6% rate increase for the dental, vision, life and disability insurance programs in FY 2021-22 is assumed for the respective categories.

Other Postemployment Benefits (OPEB) Costs

Cognizant of the long-term liabilities the District faces as a result of changing market conditions, the Board of Directors has prioritized reducing the District's outstanding retirement health benefit commitments. Along with the restructuring of its CalPERS tiers, the District restructured its post-employment health benefits for employees by:

1. reducing the benefit once a retiree is eligible for Medicare at age 65;
2. eliminating the retiree health benefit for employees hired on or after July 1, 2017; and,
3. making annual payments to the California Employer's Retiree Benefit Trust (CERBT) to prefund health benefits and reduce outstanding liabilities.

This plan has had a significant impact on budgeted OPEB costs for FY 2021-22. Because of the Board's commitment to reducing outstanding benefits liabilities, the proposed budget has decreased by 1% from FY 2020-21 budget totals.

Table F1 – 4: Education & Training, Travel & Meetings, and Employee Relations

DESCRIPTION	FY 2019-20			FY 2020-21	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference	Approved Budget	Proposed Budget	Forecasted Budget	Difference	% Change
EDUCATIONAL COURSES								
Educational Courses	54,280	20,985	(33,295)	58,850	67,010	60,027	8,160	14%
Certifications	25,654	15,327	(10,327)	21,510	29,065	21,940	7,555	35%
TOTAL EDUCATIONAL COURSES	79,934	36,312	(43,622)	80,360	96,075	81,967	15,715	20%
TRAVEL & MEETINGS								
Travel and Expenses	132,200	74,441	(57,759)	139,506	114,796	142,296	(23,690)	-17%
Seminars, Conferences, and Meetings	214,940	163,547	(51,393)	200,795	170,220	204,811	(29,555)	-15%
TOTAL TRAVEL & MEETINGS	347,140	237,988	(109,152)	340,301	285,016	347,107	(53,245)	-16%
EMPLOYEE RELATIONS								
Pre-Employment Costs	25,343	1,173	(24,170)	23,950	25,700	24,429	1,750	7%
Employee Relations	68,470	7,876	(60,594)	74,105	76,000	75,587	1,895	3%
TOTAL EMPLOYEE RELATIONS	93,813	9,049	(84,764)	98,055	101,700	100,016	3,645	4%

The District places considerable value in its staff’s ability to adapt to a changing operating environment, not only from a regulatory compliance standpoint but also from a technological and risk management standpoint. While the total costs reported in Table F1 – 4 represent a small fraction of the proposed FY 2021-22 budget, they include provisions for ongoing training and education as well as the costs for maintaining the environmental, distribution, collections, backflow, and safety certifications necessary for the continued operation of the District. These costs vary from year to year with certification and license cycles and are adjusted annually as the upcoming year’s budget is developed. The proposed Educational Courses and Certifications budget for FY 2021-22 has been increased by 20% above FY 2020-21 budget amounts primarily due to staff having delayed certification exams as testing sites were closed to the public last year due to COVID-19. Trade organizations and testing companies have since evolved to support remote or socially-distanced testing and the proposed Certifications budget effectively represents more than one year’s worth of staff certification needs. In addition to providing for the known education and training needs of its staff, the District also encourages staff to attend regional seminars and keep themselves apprised of developing technologies that could make the District more efficient or of potential legislation that could affect operations or management practices.

Even during COVID, the District has been hosting many of its own regional workshops and meetings, albeit virtually, on a variety of topics from water reliability to smart watershed planning. Budgets for Travel and Expenses and Seminars, Conferences, and Meetings are reduced in FY 2021-22 to recognize the potential for remote attendance. It should be noted that the proposed budgets for these cost areas were developed based on a return to “normal” operations and an end to the restrictions in place due to the COVID-19 pandemic emergency, but recognize virtual attendance options.

Table F1 – 5: Election Expenses, Annual Audit, and General Services

DESCRIPTION	FY 2019-20			FY 2020-21	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference	Approved Budget	Proposed Budget	Forecasted Budget	Difference	% Change
ELECTION EXPENSES								
Registrar of Voters	-	-	-	180,000	-	-	(180,000)	-100%
ANNUAL AUDIT								
Annual Financial Records Audit	62,500	40,272	(22,228)	55,000	52,500	56,100	(2,500)	-5%

GENERAL SERVICES	FY 2019-20			FY 2020-21	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference	Adopted Budget	Proposed Budget	Forecasted Budget	Difference	% Change
FINANCIAL SERVICES								
Billing Services	167,000	115,378	(51,622)	167,000	110,000	167,000	(57,000)	-34%
Accounting Services	92,500	115,608	23,108	95,000	110,000	96,900	15,000	16%
Tax Collection Charges	73,192	86,752	13,559	74,974	77,334	76,473	2,360	3%
Unpaid Accounts Write-Off	95,100	83,882	(11,218)	132,500	122,500	135,150	(10,000)	-8%
ENGINEERING SERVICES								
Mapping Updates	17,500	2,421	(15,079)	14,400	2,000	14,688	(12,400)	-86%
OVERALL SERVICES								
Uniform Services	45,000	58,341	13,341	45,000	60,000	45,900	15,000	33%
TOTAL GENERAL SERVICES	490,292	462,381	(27,911)	528,874	481,834	536,111	(47,040)	-9%

The costs in Table F1 – 5 represent administrative, records keeping, and reporting activities for the District. As with other less-capital intensive items in the proposed FY 2021-22 budget, the expenses captured in Table F1 – 5 do not make up a significant portion of the District’s total costs; however, they provide for critical District functions, without which, operations could not function efficiently.

As there are no elections planned for FY 2021-22, cost estimates for Election Expenses are not applicable. Annual Audit costs are proposed to decrease 5% for FY 2021-22. The District came to the end of the 5-year term with its previous audit firm and has contracted with a new audit firm, consistent with best practices. It is important to note that the decrease in Annual Audit costs is due to the fact that in the first year of working with a new audit firm, District staff will focus resources on development of the annual audit as the volume of procedural and control information required is significant and defer any work on additional agreed upon procedures for future years.

Though the consolidation of the District’s bill printing and payment processing platforms that began in FY 2017-18 have continued to drive engagement with our customer portal and have continued to show cost savings, proposed costs for Billing Services are expected to decrease by 34% due to previously anticipated costs of a bill redesign being removed for the time being due to resources being directed towards other activities in FY 2021-22. The 16% increase for Accounting Services is attributed to increased utilization of online bill pay options through the District’s customer portal.

Proposed costs for Mapping Updates have been decreased by 86% below FY 2020-21 as most of the field sectional map books have been completed.

Uniform services has always been under budgeted and the 33% increase reflects current staffing levels and updated demand.

Table F1 – 6: Member Agency Operations & Maintenance

DESCRIPTION	FY 2019-20			FY 2020-21	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference	Approved Budget	Proposed Budget	Forecasted Budget	Difference	% Change
POTABLE WATER FACILITIES								
San Juan Basin Authority (SJBA)	141,714	2,343	(139,371)	116,743	101,561	163,200	(15,182)	-13%
Upper Chiquita Reservoir (UCR)	47,821	169,630	121,809	48,777	58,010	50,369	9,233	19%
5B Reservoir	6,806	-	(6,806)	10,000	7,000	10,326	(3,000)	-30%
R6 Reservoir	22,687	19,756	(2,931)	20,000	20,000	20,653	-	0%
IRWD Emergency Interconnection	22,687	-	(22,687)	20,000	20,000	20,653	-	0%
TOTAL POTABLE WATER FACILITIES	241,715	191,729	(49,985)	215,520	206,571	265,200	(8,949)	-4%
RECYCLED WATER FACILITIES								
Upper Oso Reservoir System	299,999	187,824	(112,176)	300,000	392,061	306,000	92,061	31%
TOTAL MEMBER AGENCIES O&M	541,714	379,553	(162,161)	515,520	598,632	571,200	83,112	16%

To maintain efficiencies, the District participates in many shared facilities operated under regional agreements. The District is a member of the San Juan Basin Authority, a joint powers authority created in 1971 for the purpose of carrying out water resources development of the San Juan Basin. The members of the San Juan Basin Authority (SJBA) are the District, Santa Margarita Water District (SMWD), South Coast Water District (SCWD), and the City of San Juan Capistrano (SJC). The San Juan Basin is located in south Orange County within the San Juan Creek Watershed. The San Juan Basin is comprised of four sub-basins: Upper San Juan, Middle San Juan, Lower San Juan, and Lower Trabuco and is bound on the west by the Pacific Ocean and by tertiary semi-permeable marine deposits. Budgeted expenses for FY 2021-22 include the District’s share of the administration of the SJBA and salinity management for the Basin to support the continued use of recycled water. The 13% decrease in costs is largely attributable to realignment of participation percentage for cost allocation among member agencies that occurs as part of the SJBA budget process.

The District has an emergency interconnection agreement with Irvine Ranch Water District (IRWD) to supply treated water at 10.6 million gallons per day (MGD) with a maximum flow rate of 15.6 cfs for 30 days. The maximum incident volume IRWD will supply is 1,768 AF. The agreement also provides emergency water to the City of San Clemente, Laguna Beach County Water District, SMWD, and SCWD. Under the agreement, IRWD and the participating agencies jointly constructed various projects to transfer water to the Aufdenkamp Transmission Main and Joint Transmission Main.

The District has capacity rights of 55 percent in the IRWD Emergency Interconnection and is responsible for the same percentage of project costs and ongoing operations and maintenance. Upper Chiquita Reservoir is operated by SMWD and the budgeted expenses for FY 2021-22 are based on SMWD staff’s estimates of costs for the operations and maintenance of the joint facilities.

In 2002, the District entered into an agreement with El Toro Water District to purchase 13 MG of capacity in the El Toro R6 Reservoir. Additionally, the District owns approximately 900,000 gallons of capacity in the SCWD 5B Reservoir. The budgeted expenses are based on MNWD staff’s estimates of costs for FY 2021-22 for the District’s share of the operations and maintenance of the R6 Reservoir and 5B Reservoir facilities operated by El Toro Water District and SCWD, respectively.

Lastly, the District owns a capacity share in the Upper Oso Reservoir operated by SMWD. SMWD’s Upper Oso Reservoir, one of the largest recycled water reservoirs in Orange County, has been in operation since 1979. It is located near the 241 Toll Road in the cities of Mission Viejo and Rancho Santa Margarita. The reservoir holds up to 1.3 billion gallons of recycled and runoff water used for outdoor irrigation in the surrounding communities, therefore conserving over a billion gallons of drinking water each year through multiple use of every drop. The benefit received from Upper Oso Reservoir will continue to increase as the cost of water purchased from the MWDSC continues to rise. The proposed budget for FY 2021-22 is for the District’s 25% share of the operations and maintenance costs of the reservoir.

Table F1 – 7: Dues and Memberships

DESCRIPTION	FY 2021-22 Proposed Budget
DISTRICT DUES & MEMBERSHIPS – FUND 1	
Aliso Viejo Chamber of Commerce	1,200
Association of California Cities Orange County (ACC-OC)	5,000
Association of California Water Agencies (ACWA)	32,000
Association of Women in Water, Energy and Environment (AWWEE)	600
California Association Sanitation Agencies (CASA)	7,000
Smart Water Networks Forum (SWAN)	500
Dana Point Chamber of Commerce	1,000
Laguna Hills Chamber of Commerce	2,500
Laguna Niguel Chamber of Commerce	2,500
Mission Viejo Chamber of Commerce	1,000
San Juan Capistrano Chamber of Commerce	575
South Orange County Economic Coalition (SOCEC)	5,000
South Orange County Watershed Management Area (SOCWMA)	8,000
Southern California Water Alliance of POTW (SCAP)	9,000
Southern California Water Coalition (SCWC)	10,000
Technology Approval Group (TAG)	14,000
Water Information Sharing and Analysis Center (WaterISAC)	3,150
WaterReuse Association of California	6,000
Staff Development Dues & Memberships	15,400
TOTAL FUND 1 – DISTRICT DUES & MEMBERSHIPS	124,425

The District controls Dues and Membership expenses by comparing the cost of District-wide membership and individual membership costs for specific groups. The detailed proposed dues and membership budget for FY 2021-22 is presented without historical comparison because annual participation decisions are not made on the basis of past participation, see Table F1 – 1 for historical budget and actual expenses. The District participates in groups which either serve a professional function of its operations, provide insight into opportunities for technological innovation or provide opportunities for regional coordination.

Table F1 – 8: Consulting Services

DESCRIPTION	FY 2021-22 Proposed Budget
FUND 1 – CONSULTING	
General Outreach	300,000
Govt. Affairs	96,000
Finance Consultants	138,500
Contract & Document Management	34,200
IT Support	116,000
Engineering Support	250,000
RW Supply Meters AMI Upgrade Assessment	50,000
Collection System Assessment: I&I Assessment Phase 3	375,000
Eastern Transmission Main Assessment	210,000
Inspection Services	100,000
Cell Site Management	82,100
FOG Program	130,000
GIS Support	31,900
Plant 3A	55,000
Human Resources Support	20,000
Electrical Services	20,000
TOTAL FUND 1 – CONSULTING SERVICES	2,008,700

As discussed in the Salaries and Benefits section, the District utilizes consultants or contractors to meet temporary or project specific resource needs. The proposed Consulting Services budget for FY 2021-22 is presented without historical comparison as annual contract costs are based on specific projects and resource needs requiring multi-year contracts may be more appropriately met with additional staff, see Table F1 – 1 for a comparison of historical budgets and actual expenses.

The proposed Consulting Services budget for FY 2021-22 includes provisions for several engineering and operations studies, enterprise and software development, document management system development, external financial review, and to support the District’s outreach, communication, and marketing efforts.

General Outreach

The District has expanded the outreach function of its operations significantly over recent years and established itself as a trusted and customer service-oriented industry leader through communications tools such as newsletters, community events, website, news media, and social media. The District’s Outreach Department has identified a need for marketing materials that are specific to the local service area and District activities. The proposed Consulting Services budget includes provisions for as-needed graphic design, website maintenance, and development of District videos and other media.

Government Affairs

Discussed in greater detail in the Strategic Plan for FY 2021-22, there has been a dramatic increase in the volume of proposed local, regional, and federal legislative initiatives that potentially impact the District and its customers. The Board has expressed the need to be more engaged in local, regional, and statewide issues that impact its communities, and District staff has supported that effort. The proposed Consulting Services budget includes provisions for local advocacy services to maintain awareness of regional opportunities as well as for grant applications and administration services to ensure that the District can secure as much funding for its projects as is possible.

Finance Consultants

The Financial Planning Department will continue to utilize financial consultants as needed for specialized and non-routine processes, such as gathering parcel data for property tax assessments and compiling bond disclosure information. Finance consultant costs also include funds for a peer review of the Cost-of-Service rate study that began during FY 2020-21. The Financial Planning Department will continue to utilize financial advisors for counsel as it prepares to issue debt, as identified in the LRFP.

Contract & Document Management Software

Consistent with the approach outlined in the Salaries and Benefits section, the District utilizes consultants or contractors to meet its project specific or highly specialized repair and maintenance needs. Additionally, the District relies on contracts or agreements with external vendors to supply the equipment and materials it needs when repairs are handled in-house. As a result, the number of contractual vehicles that are issued and tracked by staff continue to remain above historical averages. The selection of vendors and services occurs through a competitive and transparent procurement process as outlined in the District’s Purchasing Policy. The proposed Consulting Services budget includes provisions for a contract management software to

support both the selection of vendors and the management of contracts after they are awarded. Additionally, the proposed budget includes provisions for continued utilization of E-Sign software and other document management services.

IT Support

The proposed Consulting Services budget includes provisions for the District to retain consultants to assist with cloud hosting of its enterprise system, as well as other services, such as AWS and SharePoint, as the District continues to pursue cloud-based software solutions as appropriate. As with all consulting contracts, the District will re-evaluate the use of consultants for these services as staffing resources are developed and based on continued utilization of these services.

Engineering Support

The proposed Consulting Services budget includes provisions for the District to support the planning needs of its Engineering department. As discussed in the Salaries and Benefits section, because of the one-time or project specific nature of these costs, staff has recommended that these needs be fulfilled by consultants.

Eastern Transmission Main Assessment

This project will assess the condition of the 30 and 33-inch diameter cement mortar lined and coating steel water transmission main, which supplies water to several District takeout facilities, as well as the City of San Juan Capistrano. The assessment will include in-pipe assessment of the pipeline using a consultant-recommended technology. The result of the assessment will be to recommend the nature, extent, and timing of any required repair, rehabilitation, and/or replacement activities for the pipeline.

Inspection Services

The proposed Inspection Services budget includes provisions for the District to support the inspection needs of its Engineering department, especially with split shifts. There has been an increase of inspection work for construction projects and Underground Service Alerts for utility projects.

Cell Site Management

The proposed Consulting Services budget includes provisions to support the management of the District’s cell site carriers that are projected to generate over \$2 million in annual revenue.

FOG Program

The proposed Consulting Services budget includes provisions to support the regular inspection of over 400 restaurants throughout the District to ensure their compliance with maintaining grease interceptors or other devices as part of the District’s Fats, Oils, and Grease (FOG) program.

GIS Support

The GIS Department has dedicated significant staff time and resources to cataloguing the District’s assets and developing a comprehensive asset registry as part of the planned deployment of a Computerized Maintenance Management System (CMMS). The proposed Consulting Services budget includes provisions for the District to support enhancements to its Geocortex platform, GIS data modifications to support the CMMS implementation, and an IT-recommended Disaster Recovery Enterprise GIS system.

Equipment Rental and District Fuel

Table F1 – 9: Equipment Rental and District Fuel

DESCRIPTION	FY 2019-20			FY 2020-21 Approved Budget	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference		Proposed Budget	Forecasted Budget	Difference	% Change
EQUIPMENT RENTAL								
Office Equipment	65,000	34,476	(30,524)	62,010	47,000	63,250	(14,500)	-23%
Misc. Field Equipment	1,500	-	(1,500)	1,000	-	1,020	(1,000)	-100%
TOTAL EQUIPMENT RENTAL	66,500	34,476	(32,024)	63,010	47,000	64,270	(15,500)	-25%
DISTRICT FUEL								
Unleaded Fuel	185,000	147,261	(37,739)	190,000	190,000	193,800	-	0%
Diesel Fuel	120,000	115,946	(4,054)	130,000	140,000	132,600	10,000	8%
Vehicle Oil	10,000	4,647	(5,353)	10,000	10,000	10,200	-	0%
TOTAL DISTRICT FUEL	315,000	267,854	(47,146)	330,000	340,000	336,600	10,000	3%

Equipment Rental costs consist of leases for multifunction printers and other as-needed field equipment. Costs are determined on a contract basis and are expected to decrease below budgeted amounts for FY 2020-21 and forecasts for FY 2021-22 as District administration and operations facilities are consolidated. Though costs have been declining historically due to improved fleet and fuel storage management by the Utilities Maintenance Department, District fuel costs for FY 2021-22 are expected to increase 3% from budget FY 2020-21 amounts due to increases in gasoline taxes.

Insurance

Table F1 – 10: District Insurance

DESCRIPTION	FY 2019-20			FY 2020-21 Approved Budget	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference		Proposed Budget	Forecasted Budget	Difference	% Change
INSURANCE – DISTRICT								
Property Insurance	100,000	83,084	(16,916)	100,000	100,000	102,000	-	0%
Automobile and General Liability	425,000	432,017	7,017	450,000	450,000	459,000	-	0%
Misc. Insurance General	7,850	8,131	281	8,300	8,300	8,466	-	0%
TOTAL INSURANCE - DISTRICT	532,850	523,231	(9,619)	558,300	558,300	569,466	-	0%
INSURANCE – PERSONNEL								
State Unemployment	36,052	28,031	(8,021)	25,000	25,000	26,375	-	0%
Workers Comp	180,380	182,270	1,890	136,002	160,213	143,483	24,211	18%
Medicare Insurance	253,181	266,166	12,985	193,545	209,730	204,190	16,185	8%
Employer FICA	19,692	11,109	(8,583)	16,709	23,581	17,628	6,872	41%
TOTAL INSURANCE - PERSONNEL	489,306	487,576	(1,730)	371,257	418,524	391,676	47,267	13%

The District maintains several broad insurance policies through its membership with Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA). District related insurance costs have been decreased by slightly less than 2% from forecasted levels to reflect updated liability assumptions based on staff-level data and changing historical trends. Budgeted Property Insurance, Misc. Insurance General Automobile, and General Liability costs have been held at previously budgeted levels for FY 2021-22. The Insurance – Personnel costs have increased 13% from FY 2020-21 levels. Workers Compensation increased the most at 18% while Medicare Insurance increases by 8%. Additionally, the District has continued to expand its internship program and the Employer FICA has increased by \$6.8K to account for this expanded pool of part-time and internship-based resources.

Legal Services

Table F1 – 11: Legal Services

DESCRIPTION	FY 2019-20			FY 2020-21 Approved Budget	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference		Proposed Budget	Forecasted Budget	Difference	% Change
LEGAL SERVICE								
Legal Service – General	550,000	237,470	(312,530)	600,000	500,000	612,000	(100,000)	-17%
Legal Service – Personnel	50,000	15,538	(34,462)	50,000	50,000	51,000	-	0%
TOTAL LEGAL SERVICES	600,000	253,009	(346,991)	650,000	550,000	663,000	(100,000)	-15%

The District separately accounts for its general and personnel related legal expenses to more accurately account for costs. The District has retained Best, Best, and Krieger (BBK) for its general legal services, Alvarado Smith as special counsel and Liebert Cassidy Whitmore for its personnel related legal services. The proposed budget for FY 2021-22 for Legal Services-General is lower than FY 2020-21 budget to reflect current expenditure trends.

Table F1 – 12: District Supplies

DESCRIPTION	FY 2019-20			FY 2020-21	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference	Approved Budget	Proposed Budget	Forecasted Budget	Difference	% Change
DISTRICT OFFICE SUPPLIES								
General Office	139,680	289,943	150,263	122,303	121,650	124,749	(653)	-1%
Billing Supplies	196,000	208,329	12,329	217,000	222,000	217,000	5,000	2%
Community Relations	135,000	172,795	37,795	345,000	345,000	351,900	-	0%
Shipping	23,000	21,688	(1,312)	22,500	25,000	22,950	2,500	11%
TOTAL DISTRICT OFFICE SUPPLIES	493,680	692,755	199,075	706,803	713,650	716,599	6,847	1%
DISTRICT OPERATING SUPPLIES								
Operating Supplies	535,442	957,588	422,145	437,250	469,900	445,995	32,650	7%
Chemicals	909,212	423,935	(485,277)	721,000	596,500	735,420	(124,500)	-17%
TOTAL DISTRICT OPERATING SUPPLIES	1,444,654	1,381,522	(63,132)	1,158,250	1,066,400	1,181,415	(91,850)	-8%

Table F1 – 12 provides a detailed accounting of the District’s office and operating supplies. In addition to everyday supplies such as paper, ink, envelopes, postage for monthly bills, keys, small tools, and cleaning supplies, the FY 2021-22 proposed budget for District Supplies includes provisions for community education materials and other promotional items. Educational and outreach efforts to engage communities including direct mail pieces, customer information packet distribution, smart meter awareness, and virtual community events will remain the same. Chemicals costs have decreased in line with projected reduced volume of wastewater influent from outside agencies at Plant 3A wastewater treatment plant.

Repairs & Maintenance and Meter/Vault Purchases

Table F1 – 13: Repairs & Maintenance and Meter/Vault Purchases

DESCRIPTION	FY 2019-20			FY 2020-21	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference	Approved Budget	Proposed Budget	Forecasted Budget	Difference	% Change
REPAIRS & MAINTENANCE - EQUIPMENT								
Office Equipment	12,050	4,206	(7,844)	279,000	107,800	11,680	(171,200)	-61%
Field Equipment	28,250	91,275	63,025	29,500	32,000	30,090	2,500	8%
Infrastructure Technology Hardware	114,700	282,914	168,214	165,600	183,000	168,912	17,400	11%
Computer Support Contracts	584,300	521,676	(62,624)	667,495	736,352	680,845	68,857	10%
Vehicle Maintenance and Repair	230,000	261,408	31,408	240,000	240,000	244,800	-	0%
TOTAL REPAIRS & MAINT. - EQUIPMENT	969,300	1,161,479	192,179	1,381,595	1,299,152	1,136,327	(82,443)	-6%
REPAIRS & MAINTENANCE – FACILITIES								
System Maintenance	809,744	774,926	(34,818)	676,554	905,500	690,085	228,946	34%
System Repairs	944,500	1,451,987	507,487	1,735,500	1,182,500	1,605,510	(553,000)	-32%
Janitorial Services	29,460	27,695	(1,765)	42,000	145,000	42,840	103,000	245%
Landscape and Tree Maintenance	341,742	316,473	(25,269)	372,988	385,541	380,448	12,553	3%
Waste Disposal	361,814	235,160	(126,654)	330,000	280,000	336,600	(50,000)	-15%
Contract & Maintenance Agreements	315,307	205,084	(110,223)	222,600	257,500	227,052	34,900	16%
Pest Control	34,682	28,226	(6,456)	34,682	38,422	35,376	3,740	11%
Paving Repairs, Raising Valves and Manholes, and Permits	878,000	279,888	(598,112)	758,000	730,200	773,160	(27,800)	-4%
Electrical & Instrumentation	115,000	127,875	12,875	67,000	67,000	68,340	-	0%
Permits	120,000	190,631	70,631	120,000	130,000	122,400	10,000	8%
TOTAL REPAIRS & MAINT. – FACILITIES	3,950,249	3,637,944	(312,305)	4,359,324	4,121,663	4,281,810	(237,661)	-5%
METER/VAULT PURCHASES								
Meter/Vault Replacement	-	3,657	3,657	-	-	-	-	-

The ongoing repair and maintenance of equipment and facilities is one of the largest components of the Fund 1 operating budget. Controlling these costs requires efficient management of activities within each department as well as extensive coordination and collaboration across departments. All aspects of District operations have improved as a result of increased coordination and collaboration across departments; however, the repair and maintenance of the District’s facilities, equipment, and other assets provide one of the most tangible examples of the potential cost savings cross-department coordination can yield.

REPAIRS AND MAINTENANCE – EQUIPMENT

Office Equipment

As noted in the FY 2020-21 Budget document, much of the District's office equipment had not been replaced in over a decade and were well past their useful lives. The majority of these one-time costs have been incurred and the FY 2021-22 proposed budget has been reduced 61% to reflect those purchases; however, the proposed budget remains above forecast to reflect that many of these purchases had yet to occur on account of the unanticipated shift to remote work due to COVID-19. The proposed FY 2021-22 Budget includes resources for both typical expenditures as well as planned, but not yet expended items.

Infrastructure Technology Hardware

This budget includes the IT Department's continued maintenance of the District's on-site and cloud servers, SCADA system, enterprise billing, technology support services contracts, computer hardware, and existing software licenses, as well as planned upgrades of many of the District's workstations and laptops. The prices and rates for the equipment, infrastructure, hardware, and software are largely determined through contracts with individual vendors. The increase in Infrastructure technology hardware and Computer Support Contracts costs reflects an evolving approach to the District's utilization of cloud-based services for supplementing its daily operations and long-range planning efforts.

Computer Support Contracts

This includes provisions for the District's Microsoft Office 365 licenses, GIS license, managed services for the District's ERP system which include technical services, cloud hosting, and proactive monitoring. In addition, annual support for the new CMMS and expanded utilization of AWS cloud services are budgeted from this account. Expenses related to Computer Support Contracts are expected to increase 10% above the prior year budget based on increased utilization and annual rate increases.

REPAIRS AND MAINTENANCE – FACILITIES

The proposed budget for FY 2021-22 includes provisions for the maintenance and repair of District facilities. The costs are delineated by type to accurately track budgets throughout the year as well as identify where the District is maintaining or reinvesting in its facilities and systems.

System Maintenance and System Repairs

System Maintenance costs include the maintenance and upkeep of District facilities and pump refurbishments, while System Repairs costs include planned reservoir cleaning, reservoir or pipeline repair, collection system shortlining, and manhole repairs, as well as emergency repairs for the District's three utility systems. Budgeted costs are determined on an annual basis and reflect identified needs and provisions for emergency repairs based on historical spending.

Paving Repairs, Raising Valves and Manholes, and Permits

The Inspections and Street crews coordinate regularly with planning departments from the six cities the District serves to ensure uninterrupted access to District valves and manholes after streets have been repaved and to minimize the cost of repaving streets after system repairs have been made by the District. The District continues to benefit from the improved timing of system repairs and increased coordination between District staff and their City counterparts. The proposed 36% increase from FY 2020-21 budget for Raising Valves and Manholes was developed based on planned street paving projects provided by City staff. The 67% decrease in Paving Repairs budget is due to a majority of paving projects being capitalized, not a decrease in planned activity.

Janitorial Services, Landscape and Tree Maintenance, & Waste Disposal

The District maintains approximately 50 facilities between its potable and recycled pump stations, reservoirs, and wastewater lift stations throughout the service area. Over the past year, the District has increased expenditures on irrigation repairs due to system age and vandalism. This trend is expected to continue due to the age of the irrigation systems and proximity to public access points. The proposed budgets for Janitorial Services, Landscape and Tree Maintenance, and Waste Disposal now include costs associated with maintaining the District's permanent facilities that were previously captured under contract related line items while District staff were housed at temporary facilities to facilitate construction.

Contract and Maintenance Agreements

Consistent with the approach outlined in the Salaries and Benefits and Consulting Services sections, the District utilizes consultants or contractors to meet its project specific or highly specialized repair and maintenance needs. Additionally, the District relies on contracts or agreements with external vendors to supply the equipment and materials it needs when repairs are handled in-house. Annual budget expenses are determined based on contract or agreement terms with vendors that have been selected through a competitive procurement process.

Meter/Vault Replacement

The costs for meter replacements are now classified as Regulated Assets per GASB 62 and are included in the capital budget. The District will upgrade to ultrasonic smart water meters which more accurately capture low-volume water flows. The decision to upgrade these meters is based on both analysis of potential sources of the District's water loss and the age of the meters. This line item is expected to be removed for the FY 2022-23 budget as the last accrued operating expenses will have fallen off.

Table F1 – 14: Safety Programs and Regulatory Compliance

DESCRIPTION	FY 2019-20			FY 2020-21 Approved Budget	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference		Proposed Budget	Forecasted Budget	Difference	% Change
SAFETY PROGRAM & REGULATORY COMPLIANCE								
Safety Equipment and Supplies	100,600	85,862	(14,738)	98,340	93,350	100,307	(4,990)	-5%
Safety Shoes	38,323	28,693	(9,629)	39,557	40,681	40,348	1,124	3%
Safety Training	35,000	22,808	(12,192)	35,700	35,700	36,414	-	0%
Regulatory Compliance	190,625	187,557	(3,068)	187,540	204,640	191,291	17,100	9%
TOTAL SAFETY PROGRAM & REGULATORY COMPLIANCE	364,548	324,920	(39,627)	361,137	374,371	368,360	13,234	4%

Table F1 – 14 provides a detailed accounting of the District’s Safety Program and Regulatory Compliance costs. The Safety and Compliance Department oversees the development of the District’s safety programs and ensures continued compliance with all regulatory safety requirements. The proposed budget for equipment and supply purchases reflects maintaining well-stocked inventory as well as the replacement of existing or purchase of new training equipment based on a multi-year schedule maintained by the Safety and Compliance department. The District has kept the safety equipment costs controlled even in uncertain times of the COVID-19 pandemic.

Assessments

Table F1 – 15: Assessments

DESCRIPTION	FY 2019-20			FY 2020-21 Approved Budget	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference		Proposed Budget	Forecasted Budget	Difference	% Change
SPECIAL OUTSIDE ASSESSMENTS								
Department of Health Services (DHS)	19,881	-	(19,881)	5,000	5,000	5,100	-	0%
LAFCO Fees	113,719	27,290	(86,429)	28,382	32,434	28,949	4,052	14%
Property Tax Assessment	-	112,218	112,218	120,585	119,169	122,997	(1,416)	-1%
TOTAL SPECIAL OUTSIDE ASSESSMENTS	133,600	139,508	5,908	153,967	156,602	157,046	2,636	2%

The District pays fees to other government agencies as part of regulatory, or other governmental services provided to the District. Fees to the Local Area Formation Commission (LAFCO) and Department of Health Services (DOHS) are projected to remain relatively flat into the next Fiscal Year. Property Tax Assessment costs consist of fees paid to the County of Orange for collection of Property Taxes. The Property Tax Assessment budget for FY 2019-20 had been removed as those costs were to be captured in Fund 70 where the GOB property tax revenues and bond payments are budgeted; however, after working with the District’s property tax consultant it was determined that these costs are more accurately captured here.

Utilities

Table F1 – 16: Utilities

DESCRIPTION	FY 2019-20			FY 2020-21 Approved Budget	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference		Proposed Budget	Forecasted Budget	Difference	% Change
UTILITIES								
Electric Utilities (SCE and SDG&E)	2,753,033	2,212,360	(540,673)	2,826,439	2,865,448	2,882,968	39,009	1%
Gas Utility (Southern CA Gas)	10,069	10,082	13	7,894	8,242	8,052	348	4%
Water Utility	9,000	-	(9,000)	-	-	-	-	-
Overall Telephone	140,000	154,008	14,008	153,000	148,000	156,060	(5,000)	-3%
Mobile Communication	80,000	99,812	19,812	92,200	111,200	94,044	19,000	21%
TOTAL UTILITIES	2,992,102	2,476,262	(515,840)	3,079,533	3,132,890	3,141,124	53,357	2%

Costs associated with the Utilities line item are expected to increase slightly based on general inflation for utilities. The continued trend of minimal year-over-year increases reflect continued operational efficiency monitoring by District staff. Through collaboration with other departments, the District’s Distribution Department has controlled this cost by pumping water to storage facilities at night when electricity rates are low and releasing the stored water to pressurize the system via gravity to meet daytime demands. Though potential cost reductions are not considered in the budget District staff are also engaged with academic researchers from UC Davis on an energy-optimization pilot which hopes to reduce the District’s energy costs by optimizing pump operations based on differing energy utility tariff schedules. Additionally, the utilization of the Central Intertie Pipeline saves the District over one million dollars per year in electricity costs, which would otherwise have to be recovered through higher rates to customers. Though only a small component of the overall Utilities costs, the proposed increase in Mobile Communication costs reflects the District’s increasing utilization of connected devices and hot spots in the field along with annual cellular carrier rate increases.

Wastewater Treatment

Table F1 – 17: Wastewater Treatments Operation & Maintenance

DESCRIPTION	FY 2019-20			FY 2020-21 Approved Budget	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference		Proposed Budget	Forecasted Budget	Difference	% Change
WASTERWATER TREATMENT								
PC 2 - JB Latham Treatment Plant	1,427,491	1,509,585	82,094	1,412,881	1,433,577	1,536,908	20,696	1.5%
Plant 3A - UAL OPEB*	-	(7,477)	(7,477)	-	144,983	-	144,983	-
PC 5 - San Juan Creek Ocean Outfall	117,388	61,365	(56,023)	116,187	154,543	126,386	38,356	33.0%
PC 2SO - Recycled Water Permit	28,463	116,589	88,126	28,172	34,582	30,645	6,410	22.8%
PC 15 - Coastal Treatment Plant	318,657	196,081	(122,577)	315,396	245,903	343,082	(69,493)	-22.0%
PC 17 - Regional Treatment Plant	7,301,025	6,467,964	(833,061)	7,226,303	7,006,245	7,860,652	(220,058)	-3.0%
PC 21 - Effluent Transmission Main	13,403	(12,617)	(26,020)	13,265	3,964	14,430	(9,301)	-70.1%
PC 24 - Aliso Creek Ocean Outfall	213,049	177,824	(35,224)	210,868	427,661	229,379	216,793	102.8%
Pretreatment Program	52,439	38,770	(13,669)	51,903	56,013	56,459	4,110	7.9%
TOTAL WASTEWATER TREATMENT	9,471,915	8,548,084	(923,831)	9,374,975	9,507,471	10,197,941	132,496	1.4%

*FY22 budget includes payments for UAL/OPEB costs accrued while SOCWA operated Plant 3A.

Given the significant annual financial contributions to wastewater treatment (approximately \$38.4M annually for both operating and capital expenses) there is a growing need to ensure the District’s ratepayers receive high-quality and cost-effective wastewater treatment services from its contract service providers. It is imperative that the treatment of wastewater be closely monitored to ensure compliance with all regulations, protection of public health and the local environment, and financial accountability and transparency for the benefit of the District’s ratepayers. The District intends to work with its contract service providers and partners to review opportunities to identify the most effective ways to treat wastewater and managing costs to do so.

The District will continue to evaluate options for increasing recycled water production, primarily from operational and site improvements at the District’s Plant 3A, while ensuring that any expansion of the recycled water program is cost-effective for the District’s ratepayers. Recycled water production is a critical component of the District’s water reliability strategies. As such, the District will continue to review the available recycled water production opportunities, available treatment technologies, and recycled water needs of its ratepayers.

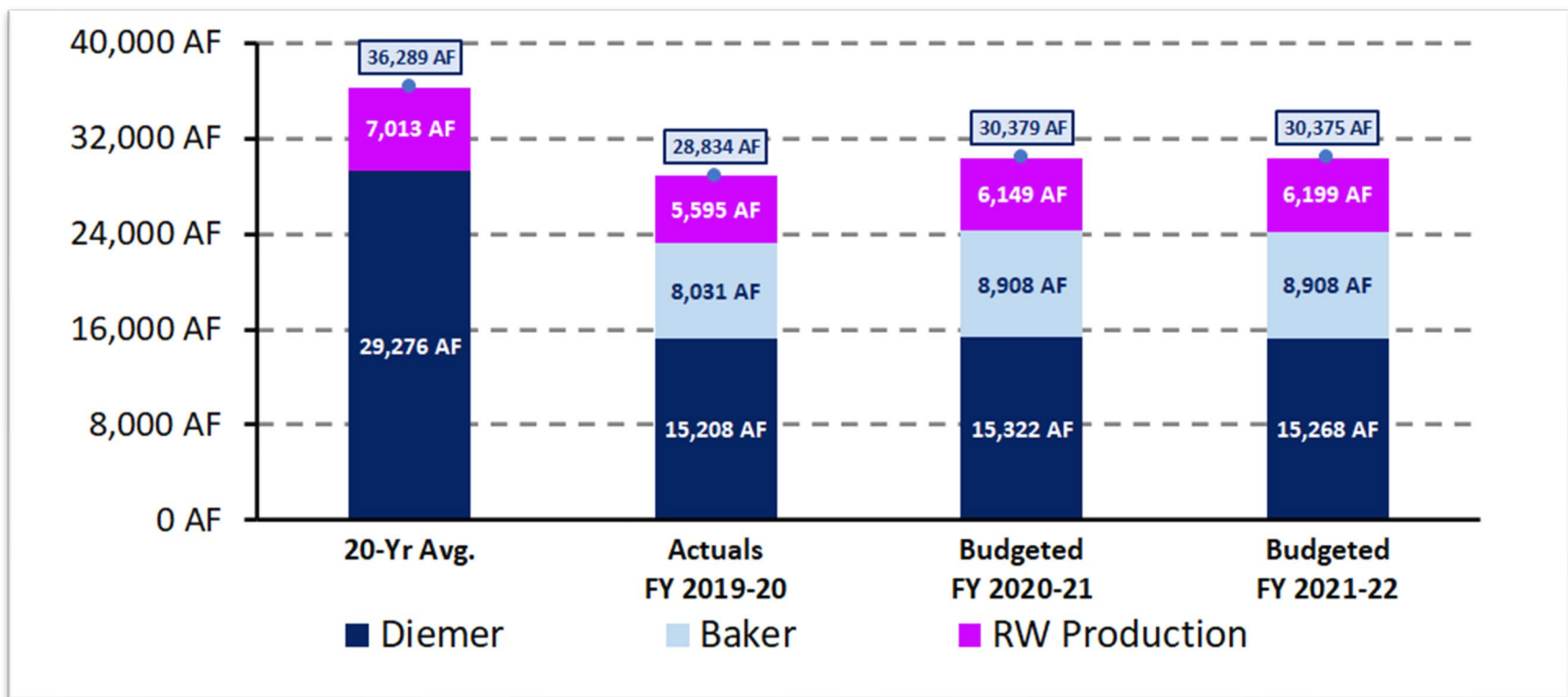
FY 2021-22 represents the third full year of operations of Plant 3A by District Staff. With the transition of operations to the District, costs are accounted for in their respective object account per the District’s chart of accounts.

Table F1 – 18: Water Purchases

DESCRIPTION	FY 2019-20			FY 2020-21	FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference	Approved Budget	Proposed Budget	Forecasted Budget	Difference	% Change
VARIABLE WATER PURCHASE COST								
MWD Full Service - Tier 1 Treated	17,266,688	16,004,338	(1,262,350)	16,707,334	16,845,370	17,140,376	138,036	1%
MWD Full Service - Tier 1 Untreated	6,556,717	5,891,739	(664,977)	6,819,029	6,831,777	7,015,005	12,748	0%
Baker Variable Cost	931,953	914,911	(17,042)	958,858	978,036	978,036	19,177	2%
TOTAL VARIABLE WATER COST	24,755,357	22,810,988	(1,944,369)	24,485,221	24,655,183	25,133,417	169,961	1%
FIXED WATER PURCHASE COST								
MWDOC Ready-to-Serve Charge	1,292,444	1,234,456	(57,988)	1,344,688	1,448,126	1,448,126	103,438	8%
MWDOC Capacity Charge	494,753	337,490	(157,263)	401,090	457,317	457,317	56,227	14%
MWDOC Connection Charge	643,361	652,814	9,453	650,882	685,139	666,694	34,257	5%
Joint Regional Water Supply System	496,254	513,573	17,318	479,087	486,130	488,669	7,043	1%
Santiago Aqueduct Commission (SAC)	25,826	8,824	(17,003)	26,344	23,961	26,871	(2,383)	-9%
East Orange County Feeder #2 (EOCF2)	118,859	212,684	93,824	308,953	178,490	315,132	(130,463)	-42%
South County Pipeline (SCP)	102,449	104,916	2,467	99,519	101,548	101,509	2,029	2%
SC2 Takeout O&M (SMWD)	-	-	-	-	2,500	-	2,500	-
Baker Fixed Cost	818,506	650,821	(167,685)	842,137	858,979	858,979	16,843	2%
TOTAL FIXED WATER COST	3,992,453	3,715,578	(276,876)	4,152,700	4,242,191	4,363,298	89,491	2%
TOTAL WATER PURCHASE COST	28,747,811	26,526,566	(2,221,245)	28,637,921	28,897,373	29,496,715	259,452	1%

The District has been proactive in its planning efforts to ensure water reliability. The Long-Range Water Reliability Plan was updated in 2021 and provides an adaptive management approach to planning for reliability. It is a working document that has been updated given the changes in customer demands and changes to the status of some of the local supply projects. Opportunities to expand recycled water, develop emergency interconnections, participate in groundwater exchange programs as well as potential for direct potable reuse are being evaluated by staff. Other local efforts such as ocean desalination are also being closely monitored to determine the District’s and South County interest.

Figure F1 – 1: Water Deliveries and Recycled Water Production



Total water purchases for FY 2021-22 are budgeted at 24,176 AF, which represents a 0.2% decrease from FY 2020-21 budgeted water purchases. The methodology used to develop water usage projections is consistent with the methodology used to develop the long-term demand projections reported in the District’s 2015 Urban Water Management Plan and reflect maintained low usage through most of the fiscal year as customers continue to use water efficiently.

As part of the Board policy to improve water supply reliability for the service area, the District participated in the construction of the Baker Water Treatment Plant (Baker), a 28.1 million gallon per day (MGD) potable water treatment facility that receives untreated water via the Baker pipeline. The plant came online in January 2017 and provides increased water supply reliability to southern Orange County as well as provides a reliable local potable water supply in the event of emergency conditions or scheduled maintenance on the MWDC treated water delivery system (Diemer Filtration Plant, Lower Feeder Pipeline, or Allen-McCullough Pipeline).

The District owns 13 cubic feet per second of capacity in the plant, representing approximately 9,400 AF in supply annually. Water deliveries from Baker for FY 2021-22 are budgeted below full-capacity volumes at 8,908 AF, reflecting planned downtime for maintenance and repairs at the treatment plant. The remaining 15,268 AF of water deliveries will be supplied by MWDC via the Municipal Water District of Orange County (MWDOC). Projected variable water rates for deliveries from both sources are inflated consistently with their input water type. Baker deliveries are based on the MWDC untreated tier 1 rate and MWDC deliveries to the District are based on the MWDC treated tier 1 rate, which are expected to increase on January 1, 2021 by 5.8 percent and 3.5 percent, respectively. The total water purchase costs reported in the budget also include fixed costs from wholesalers and other partner agencies for service or facilities operation related to delivering water into the District.

Table F1 – 19: Capital Outlays

CAPITAL OUTLAYS	FY 2021-22
1. Replacement of Truck Unit #15 [Engineering] 2007 Chevy C-1500 to 2021/22 Ford F-150	36,000
2. Replacement of Truck Unit #17 [Support Services] 2000 Chevy C-3500 to 2021/22 Ford F-350	68,000
3. Replacement of Truck Unit #30 [Street Crew] 2000 Chevy C-3500 to 2021/22 Ford F-450	74,000
4. Replacement of Truck Unit #48 [Street Crew] 2002 Chevy C-3500 to 2021/22 Ford F-350	73,500
5. Replacement of Truck Unit #62 [Customer Service] 2004 Chevy C-3500 to 2021/22 Ford F-250	53,500
6. Replacement of Truck Unit #59 [Engineering] 2005 Chevy C-1500 to 2021/22 Ford F-150	35,000
7. Plant 3A Cart [Facility Maintenance] 2021 Taylor-Dunn Model MX-1600	12,000
8. Plant 3A Cart [Plant Operations] 2021 Bigfoot 36V Electric Burden Carrier	12,000
9. Field Tablets [Valve Crew]	10,000
10. Field Tablets [Collections]	12,000
TOTAL CAPITAL OUTLAYS	\$386,000

Capital outlays are small capital costs primarily for rolling stock, equipment, and electronics that meet the threshold for the District’s capitalization policy. Each item is tracked as an individual capital project. A ten-year projection of capital outlay expenses in Fund 1 is provided in the 10-year CIP.

Requested Capital Outlays for FY 2021-22 have decreased compared to the amounts in FY 2020-21. The same “needs-based” budgeting used to develop the non-capital components of the Fund 1 budget are used when developing annual capital outlay requests. The proposed FY 2021-22 Capital Outlays budget includes provisions for the replacement of a number of trucks, carts, and technology services.

Vehicles

The District actively monitors the age and mileage of its fleet of vehicles. All of the requested replacement trucks have reached the end of their useful lives and are beginning to experience maintenance and reliability issues. The trucks to be replaced are two Chevrolet C-1500 and four C-3500 class trucks. Plant 3A will have two new carts. The Taylor-Dunn cart will be used to carry heavy equipment, parts, and tools. The Bigfoot will be used to perform rounds, samples, and small maintenance tasks.

Technology Services

The requested technology capital outlay consists of two field tablets for valve turning crew and four field tablets for the collections crew, including chargers, additional batteries, and accessories.

Fund 6 – Water Efficiency Fund Detailed Summary

Overview and Purpose of the Water Efficiency Fund

The District's rate structure calculates a water budget for each customer based on individual needs and certain parameters to promote the efficient use of water. Customers who use water inefficiently (i.e., in excess of their calculated water budgets) place greater demands on the District's water and recycled water systems and supplies. Inefficient customers are therefore subject to higher water use rates to offset the costs that are created as a result of the higher demand they place on the District's water and recycled water systems. The District invests the incremental rate difference in alternative water supply programs, rebates, and water conservation and/or demand management measures to increase the efficient use of water and offset their demand.

The District has earned a reputation across the state for its resourceful approach to implementing demand management programs and using data to drive decision making and innovation. We work closely with agencies throughout the State to inform policy decisions that will have immediate and long-term effects on the public and regulatory frameworks. The Water Efficiency Fund programs and our water budget-based rate structure are critical to the District's contribution and impact to the statewide discussions and the District has been recognized by the State and our peers in the water community as being a leader in demand management. Our conservation programs, partnerships with academic institutions, coordination of the statewide California Data Collaborative, and budget-based rate structure are major contributors to our success. Developing strategies and tools which achieve further efficiency and conservation while ensuring reliable service and economic health of our communities will be paramount going forward.

Table F6 – 1: Budgetary Statement of Revenues, Expenses, and Changes in Net Position

MOULTON NIGUEL WATER DISTRICT – WATER EFFICIENCY FUND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	FY 2019-20			FY 2020-21		FY 2021-22		FY22 PROPOSED vs FY21 APPROVED	
	Approved Budget	Actuals	Difference	Approved Budget	Proposed Budget	Forecasted Budget*	Difference	% Δ	
OPERATING REVENUES									
Water Efficiency Revenue	4,764,604	3,832,688	(931,916)	4,587,175	4,770,662	5,452,843	183,487	4%	
NON-OPERATING REVENUES									
Investment Income	-	208,133	208,133	4,857	-	(60,509)	(4,857)	-100%	
Demand Offset Fees	36,000	91,280	55,280	96,079	5,378	5,378	(90,701)	-94%	
TOTAL REVENUES	4,800,604	4,132,101	(830,980)	4,688,111	4,776,040	5,397,712	87,929	2%	
OPERATING EXPENSES									
Labor	2,101,479	1,881,989	219,490	2,222,217	2,220,426	2,340,028	(1,791)	0%	
Educational Courses	1,000	9,194	(8,194)	1,000	3,500	1,020	2,500	250%	
Travel & Meetings	40,000	25,911	14,089	51,200	48,400	52,224	(2,800)	-5%	
Dues & Memberships	63,225	98,730	(35,505)	77,500	106,850	80,504	29,350	38%	
Consulting Services	1,940,000	782,027	1,157,973	1,478,000	1,440,000	1,507,560	(38,000)	-3%	
Legal Services	20,000	15,072	4,928	20,000	20,000	20,400	-	0%	
Conservation Supplies	347,240	175,808	171,432	387,250	388,250	394,995	1,000	0%	
Repairs & Maintenance - Equipment	105,250	32,194	73,056	25,000	20,000	25,500	(5,000)	-20%	
Safety & Compliance	-	1,069	(1,069)	2,650	5,100	2,703	2,450	92%	
Water Efficiency	1,883,000	1,220,697	662,303	1,850,000	1,367,000	1,856,400	(483,000)	-26%	
TOTAL OPERATING EXPENSES	6,501,194	4,242,690	2,258,504	6,114,817	5,619,526	6,281,334	(495,291)	-8%	
CHANGE IN OPERATING POSITION	(1,700,590)	(110,589)		(1,426,706)	(843,486)	(883,622)		-41%	
CAPITAL EXPENSES									
Capital Outlays	297,049	-	297,049	-	-	-	-	-	
RW Retrofits	8,476	-	8,476	10,000	10,000	8,000	-	0%	
AMI – Potable	3,585,501	2,979,183	606,318	3,000,000	500,000	1,000,000	(2,500,000)	-83%	
Supply Reliability	-	-	-	-	-	600,000	-	-	
RWOS – System Improvements	389,913	66,859	323,054	340,000	400,000	336,000	60,000	18%	
TOTAL CAPITAL EXPENSES	4,280,939	3,046,042	1,234,897	3,350,000	910,000	1,944,000	(2,440,000)	-73%	
PROJECTED CHANGE IN FUNDS (loss)	(5,981,529)	(3,156,631)		(4,776,706)	(1,753,486)	(2,827,622)		-63%	

*Forecasted values based on projections developed for FY 2020-2021 Budget

Table F6 – 2: Consulting Services

DESCRIPTION	FY 2021-22 Proposed Budget
FUND 6 – CONSULTING	
Residential/Commercial Landscape Assessments	135,000
Large Landscape Program	75,000
Commercial Indoor Assessment Program	37,500
Customer Portal	60,000
Conservation Outreach	150,000
Form Builder	20,000
Laguna Niguel Lake Study	360,000
Smart Watershed Project	150,000
Storm Water Projects	50,000
Data Analytics	95,000
Pressure Management Pilot	75,000
Water Loss Audit	25,000
Water Efficiency Studies	125,000
Misc. Consulting Services	82,500
TOTAL FUND 6 – CONSULTING SERVICES	1,440,000

The budget presented for Fund 6 includes programs and projects continuing the District’s success in demand management and planning for future water reliability investments. The proposed budget for FY 2021-22 is presented in the above table and includes the projects and programs discussed below. Due to COVID-19 the District has been adapting in-person programs and resources to online. This budget assumes a return to “normal operations” with an expanded suite of in-person and virtual options available to customers for the full year. Though District staff are confident with the assumptions used to develop the proposed FY 2021-22 budget, all District program offerings will be conducted within public health guidelines in response to the COVID-19.

Several of these programs are based on the final results from the UC Riverside study and focus group meetings, which highlighted the need to simplify the rebate process and make program participation easier for the District’s customers. The NatureScape Turf-to-Native Garden and Smart Timer Direct Installation programs are key outdoor water efficiency efforts that were developed to significantly improve the customer’s program experience by providing instant rebates and direct installation by landscape professionals; both programs are proposed in the Water Efficiency line item in FY 2021-22. A key priority for FY 2021-22 is to expand outreach on the District’s smart meter upgrade, customer portal, and leak alert notifications to residential, commercial, and irrigation customers. Other key projects include programs and resources for commercial, irrigation, and homeowner association (HOA) customers, including the Enterprise Portfolio View, HOA Large Landscape Program, and annual H2O for HOAs workshop. The FY 2021-22 budget provides funding for the District’s landscape workshops, which provides customers with landscaping and design resources, and the form builder, which helps streamline the application and program administration processes.

The District will continue to grow its online programs and resources to give customers options throughout the pandemic. The new resources will stay in place after the pandemic is over and customers will have the options to attend in-person events and/or use the online options when it is convenient

for them. This will include an initial increase in the budget to create these new programs and resources. The District will also increase Social Media and Digital Marketing to reach more customers through those media channels and will need additional support.

Over the past five years, the District successfully implemented Advanced Metering Infrastructure (AMI) for all 2,650 dedicated landscape meters (both potable and recycled water), all 4,500 multi-family and commercial meters, and approximately 26,000 of the District’s 47,000 residential meters by the end of FY 2020-2021. Customers with smart metering technology can log into the SEW Customer Portal and gain access to near real time water usage information and receive alerts for potential leaks. The proposed FY 2021-22 budget for Consulting Services also includes resources for data analytics development that leverages AMI data for operational insights and targeted water loss efforts. For FY 2021-22, the District is looking to complete smart meter deployment to all remaining residential customers as it finalizes Phase III of its smart meter program deployment.

The proposed FY 2021-22 budget also includes resources for several of the District’s Water Reliability efforts and partnerships. In particular, the Laguna Niguel Lake Project evaluates options for direct potable reuse, while the Smart Watershed Projects (through MOU with the cities, County of Orange, and neighboring agencies) seeks to leverage data-driven strategies for urban runoff reduction and stormwater capture.

To support the District’s rebate programs and to ensure consistent program implementation as program interest scales up and down, consultants are utilized to mitigate the volatility and keep customer wait times low, which is shown in the consulting support for Residential/Commercial Landscape Assessments, Large Landscape Program, and Commercial Indoor Assessment. With the addition of the new leak detection program, staff will work on inspection of the 650 miles of District pipelines and service connections to proactively find leaks. This builds on the leadership efforts by the District in piloting projects in water loss control.

Table F6 – 3: Dues and Memberships

DESCRIPTION	FY 2021-22 Proposed Budget
FUND 6 – DISTRICT DUES & MEMBERSHIPS	
California Water Efficiency Partnership (CalWEP)	3,000
ImagineH2O	5,000
Industry – University Cooperative Research Centers Program (IUCRC)	50,000
Sustain SoCal	5,000
Water Research Foundation (WRF)	19,000
Water Energy Education Alliance (WEEA)	2,500
UC Davis Center for Water & Energy Efficiency	10,000
Staff Development Dues & Memberships	12,350
TOTAL FUND 6 – DISTRICT DUES & MEMBERSHIPS	106,850

The District is a statewide leader in demand management and participates in a number of memberships to support sharing the lessons learned. Additionally, these efforts expose staff to new research and innovations from other agencies, professional organizations, and innovation startups, which help us find ways to better serve our customers. Staff are continuously looking for ways to improve water reliability and water efficiency programs, and these memberships provide an opportunity to continue to learn and share for the benefit of the entire community.



Capital

& DEBT

Capital Program

Overview

The Moulton Niguel Water District (District) Capital Improvement Program (CIP) outlines the projected future capital projects for the next decade and provides a CIP budget for the upcoming Fiscal Year (FY). The 10-year look-ahead should best be viewed as a projection of capital needs based on all identified projects. Many of the identified projects are ultimately refined in scope or deferred following additional investigations or condition assessments. Project costs are planning estimates and are reviewed and further refined each year. Spending authorization is given only at the time the District's Board of Directors formally adopts the proposed FY budget, and, at that time, funds are only appropriated for the FY. Information is shown in subsequent years to provide a snapshot of the facilities the District plans to construct or existing infrastructure requiring replacement, refurbishment, or potentially a condition assessment. The District's Board of Directors authorized the General Manager to approve contractual expenses up to \$75,000. Contracts and agreements above that level require specific Board of Directors action on a contract-by-contract basis.

The CIP will be funded from five sources:

1. General (G) Fund 1
2. Water Efficiency (WE) Fund 6
3. Replacement and Refurbishment (R&R) Fund 7
4. Water Supply Reliability (WSR) Fund 12
5. Planning and Construction (P&C) Fund 14.

The development of the CIP is an on-going process. Facilities that need replacement and refurbishment (R&R) are identified through a continuous process of inspections and assessments. In addition, staff develops and refines annual R&R programs such as reservoir recoating, valve replacement, pump and lift station rehabilitation, pipeline rehabilitation and replacement, manhole rehabilitation, meter replacement, service line replacement, and fire hydrant replacement. Through various planning processes staff also identifies projects to enhance water reliability and system performance. All the projects are compiled into one document to provide as complete a picture as possible of projected CIP projects. The projects are spread out over the next ten years via a prioritization process that looks at such factors as criticality, operational efficiency, and potential liability. Engineering and Operations staff conduct a series of annual budget development workshops to individually review and discuss all on-going and new projects based on each of these factors. These workshops help prioritize projects within the ten-year program and are used as a basis for selecting specific projects for implementation in the upcoming Fiscal Year.

10-Year Capital Improvement Program

The 10-year CIP represents potable, recycled, wastewater, and multi-system projects that are required to maintain and operate the District’s infrastructure. Appendix CIP-A lists the projects in the 10-year CIP. The budgets are planning level costs based on similar completed projects and engineering estimates and are refined as new information becomes available. The planning efforts that contributed to the list of projects include the staff knowledge of replacement, repair and improvement needs; staff- and consultant-led planning studies and assessments; and both local and regional water reliability needs identified through various planning efforts.

The 10-year CIP contains projected CIP projects totaling \$611 million for FY 2021-22 through FY 2030-31. About 22 percent (\$134 million) of these projected CIP projects are associated with the District’s participation in regional activities such as Joint Power Authorities (JPAs). Figure CIP - 1 shows the breakdown of costs for the 10-year CIP between the various systems:

- Multi-System – projects associated with facilities that provide benefits to the entire District such as vehicle replacements, geographic information systems, operational software enhancements geographic information systems, and any project that covers more than one system
- Potable – projects associated with rehabilitation, replacement, and improvement of the potable water system
- Recycled – projects associated with rehabilitation, replacement, and improvement of the recycled water system
- Wastewater – projects associated with rehabilitation, replacement, and improvement of the wastewater collection system and wastewater treatment plants including Plant 3A and facilities operated by South Orange County Wastewater Authority (SOCWA).
- Regional – projects in which there is more than one agency participating, such as: Joint Regional Water Supply System (JRWSS), Upper Oso Reservoir, Upper Chiquita Reservoir, R6 Reservoir, Baker Pipeline, and Baker Water Treatment Plant.

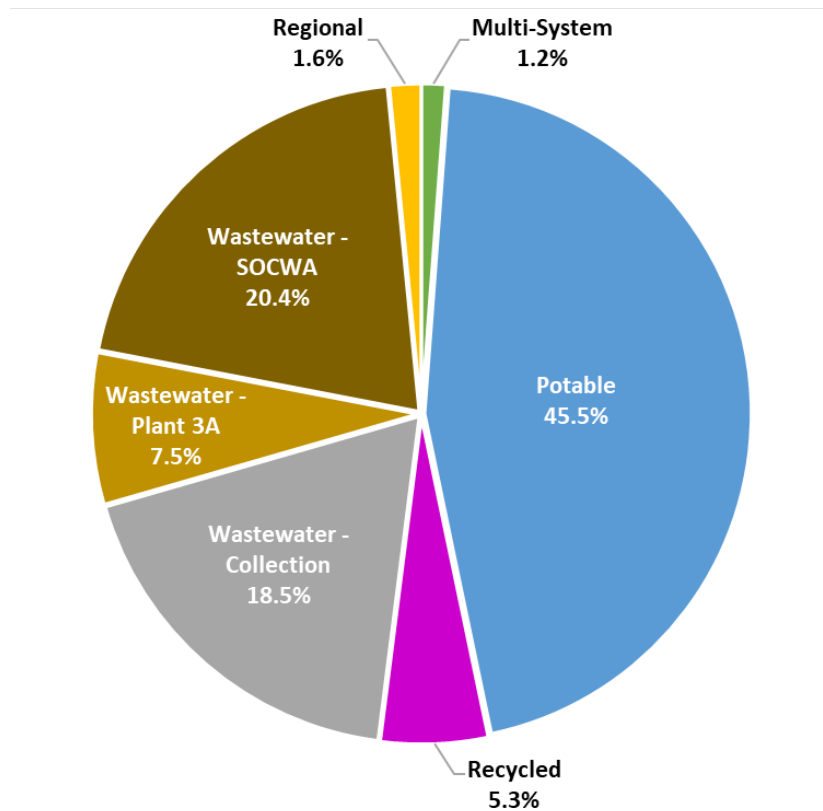
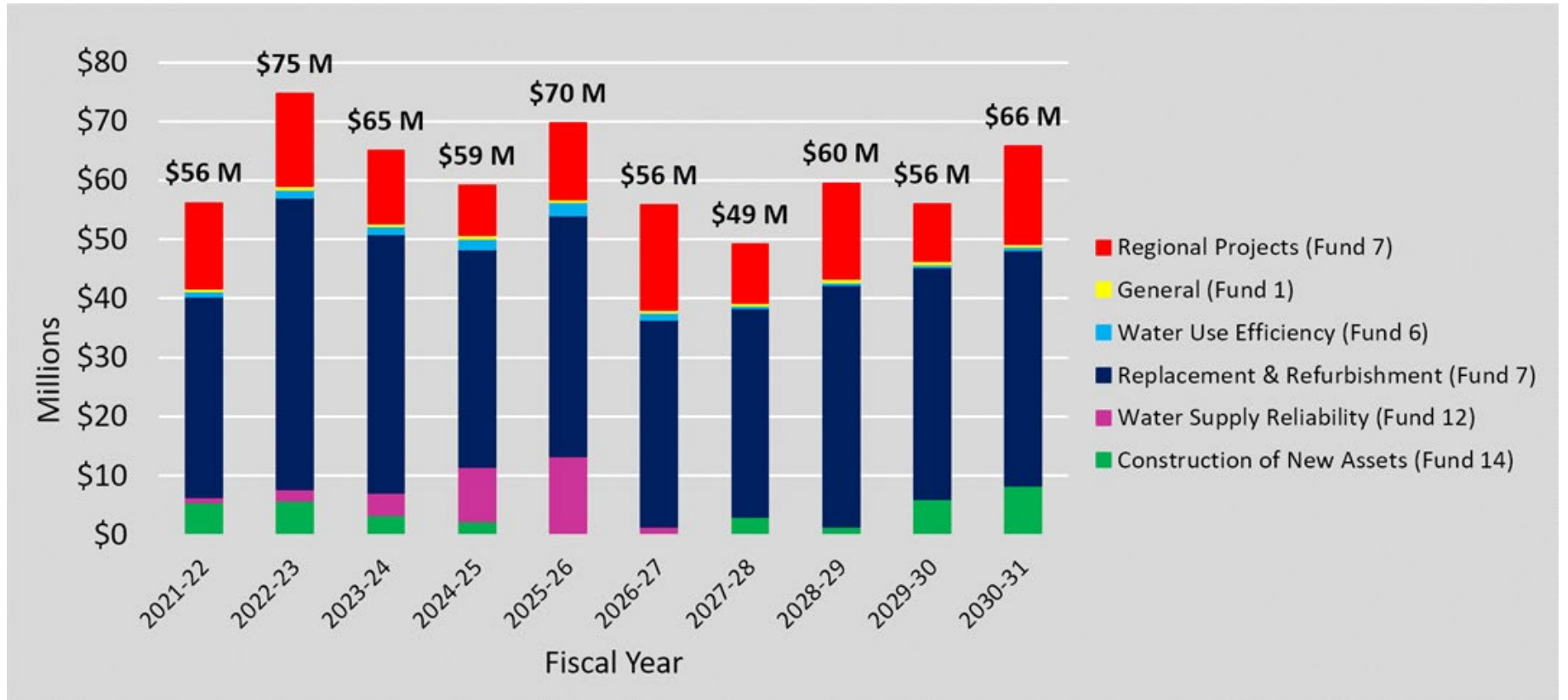


Figure CIP – 1: Distribution of the 10-Year Capital Improvement Program

Figure CIP - 2: Proposed Budget Distribution over 10-Year Planning Horizon



Fiscal Year 2020-21 CIP Adopted Budget

The CIP for the FY 2020-21 as adopted by the Board of Directors in June of 2020 had a budget of \$67.6 million. The FY 2020-21 budget contained 86 individual projects, along with regional projects. District Engineering staff anticipates that at fiscal year-end, 48 projects will have been completed, 20 projects will be in construction and 18 projects will be in various stages of design. Staff estimates that by fiscal year-end, \$76 million will be contracted or otherwise committed (includes multi-year projects with expenditures beyond the end of FY 2020-21) and approximately \$55 million will have been expended. Table CIP - 1 summarizes the FY 2020-21 adopted budget.

Table CIP - 1: FY 2020-21 Adopted Capital Improvement Program Budget

ITEM/FUND	FY 2020-21 Adopted Budget ⁽¹⁾
General - Fund 1	\$1,690,404
Water Efficiency - Fund 6	\$3,350,000
Replacement and Refurbishment - Fund 7	\$19,493,605
SOCWA, JRWSS, SMWD, ETWD, & IRWD - Fund 7	\$10,972,505
Water Supply Reliability - Fund 12	\$100,000
Planning and Construction - Fund 14	\$31,975,987
Total	\$67,582,501
Projected Expenditures for FY 2020-21 ⁽²⁾	\$55,456,316
Projected Committed Funds/Contracts ⁽³⁾	\$75,566,779

⁽¹⁾ Includes transfer between Funds 7 and 14 authorized by General Manager.

⁽²⁾ Based on actual expenditures through March 31, 2021 and projected expenditures through the end of FY 2020-21.

⁽³⁾ Includes multi-year projects with expenditures beyond the end of FY 2020-21.

Fiscal Year 2021-22 Proposed Budget

The FY 2021-22 CIP outlines \$56.2 million in appropriations to continue funding of existing projects and provide funding for new projects. Projects carried forward from FY 2020-21 account for about \$30.5 million of the FY 2021-22 CIP budget - \$13.9 million is currently in construction and \$16.6 million is in various design phases. Appropriations for new projects are about \$11.1 million, primarily for design and bidding. Construction of the new projects will occur during later fiscal years and is projected in the ten-year CIP. Regional projects, totaling \$14.6 million, include projects proposed by SOCWA for wastewater treatment; South Coast Water District (SCWD) for JRWSS; Santa Margarita Water District (SMWD) for jointly-owned facilities such as Upper Oso and Upper Chiquita Reservoirs; El Toro Water District (ETWD) for R6 Reservoir Cover Replacement; Santiago Aqueduct Commission (SAC) for Baker Pipeline Relocation; and Irvine Ranch Water District (IRWD) for Baker Water Treatment Plant. Appendix CIP-B lists the projects proposed for the FY 2021-22 budget. These projects are described individually in Appendix CIP-C.

Table CIP - 2 summarizes the proposed budget for each of the various Funds while Figure CIP - 3 shows the percentage allocation. Rehabilitation and replacement of infrastructure generally drive budget requirements and account for approximately 87 percent of the fiscal year budget. This is in line with the age of the District and its transition from growth to maintenance. Staff expects that replacement and refurbishment activities of the District will increase as the District's assets reach their useful-life expectancies and/or annual operating costs dictate replacement. The proposed funding for water supply reliability in the FY 2021-22 CIP budget will support further evaluation of identified projects and programs as considered in the District's LRWRP, specifically further evaluation of an emergency interconnection with Orange County Water District, continued expansion of the recycled water system, and on-going review of additional water reuse opportunities. As viable projects are identified and the regulatory picture becomes clearer, there could be a high degree of variability in these types of projects that would be considered and addressed as part of future budgets.

Table CIP - 3 summarizes the proposed expenditure by system while Figure CIP - 4 displays the percentage distribution across systems. The Wastewater and Potable systems account for approximately 50 and 40 percent, respectively, of the fiscal year budget due in large part to regional projects, Regional Lift Station Force Main Replacement, Plant 3A Solids Handling Facilities Improvements and Subsidence Mitigation, Reservoir Management System Replacements, 1050-Zone Secondary Feed Pump Station and Transmission Main, Reservoir Seismic Retrofits, Saddleback Auxiliary Pump and Engine Replacement, as well as ongoing replacement of valves, services lines, and meters.

Capital Financing Plan

The District maintains a capital financing plan to better account for the difference between actual expenses and projected costs for future capital projects. This approach aligns with best practices to account for the unexpected impacts to the timing of capital projects such as condition assessments identifying assets that may have more remaining useful life than expected or permitting delays to ensure a more accurate projection of cash needs for the near future. Staff meets annually to revise these assumptions for capital spending projections based on new asset data and current trends. This past year saw one of the highest internal execution of capital projects in the District's 60-year history, with nearly 90 percent of internal project budgets projected to be spent. However, external execution rates for projects at regional facilities have been closer to 50 percent. Recognizing this discrepancy, the District's Finance and Engineering staff have jointly developed a ten-year capital financing plan which identifies budgeted funding levels for next fiscal year assuming the high internal execution rate is maintained while conservatively assuming a medium external execution rate for projects at regional facilities. The ten-year capital financing plan total of \$435 million is utilized in the ten-year cashflow modeling to forecast revenue requirements in the future.

Table CIP - 2: Proposed Budget for FY 2021-22 by Fund

ITEM/FUND	FY 2021-22
	Proposed Budget
General - Fund 1	\$386,000
Water Efficiency - Fund 6	\$991,250
Replacement and Refurbishment - Fund 7	\$34,090,000
SOCWA, JRWSS, SMWD, ETWD, SAC, & IRWD - Fund 7	\$14,561,850
Water Supply Reliability - Fund 12	\$900,000
Planning and Construction - Fund 14	\$5,248,594
Total FY 2021-22 Proposed Budget	\$56,177,694

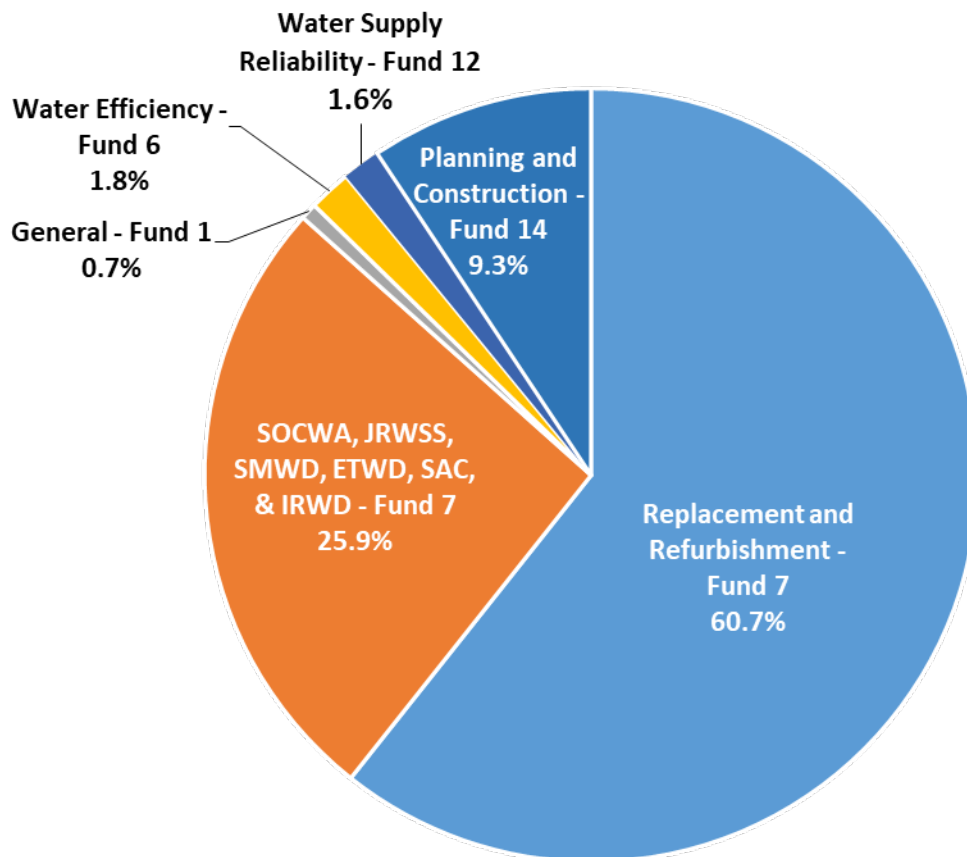


Figure CIP – 3: Percent Distribution of Proposed Budget for FY 2021-22 by Fund

Table CIP - 3: Proposed Budget for FY 2021-22 by System

SYSTEM	FY 2021-22 Proposed Budget
Multi-System	\$1,806,000
Potable Water	\$21,435,000
Recycled Water	\$1,911,250
Wastewater	
Collection	\$12,205,000
Treatment (Plant 3A)	\$4,258,594
Treatment (SOCWA)	\$12,450,591
Regional JRWSS, Upper Oso/Upper Chiquita, R6 Reservoir, Baker Pipeline, Baker WTP, etc.	\$2,111,259
Total FY 2021-22 Proposed Budget	\$56,177,694

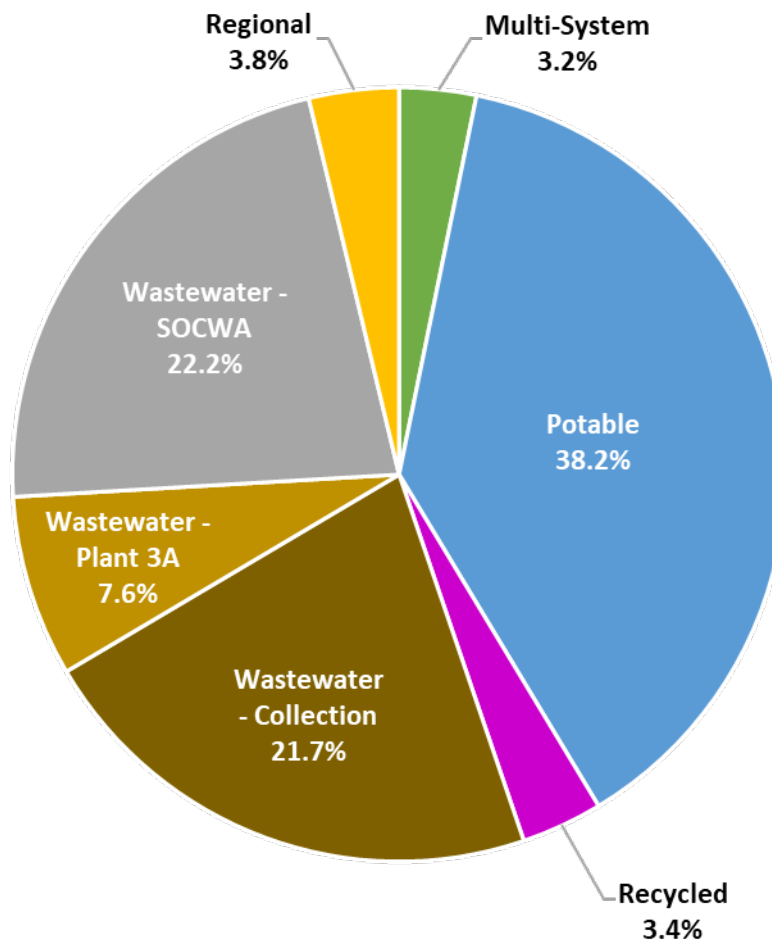


Figure CIP – 4: Percent Distribution of Proposed Budget for FY 2021-22 by System

Impact of Capital on Operating Budget

Some aspects of the CIP will result in impacts to the operating budget. The anticipated impacts to the operating budget associated with the FY 2021-22 proposed CIP budget are outlined below.

Salaries:

Approximately \$2.4M of staff's salary from working on CIP will be capitalized.

Debt/Funding:

Approximately \$43.4M of eligible capital expenses are anticipated to be funded by bond proceeds while the remaining balance is funded by cash balance. Actual disbursements will be based on eligible expenses.

Maintenance:

The FY 2021-22 proposed CIP budget includes 75 individual projects, in addition to regional projects. The vast majority of these projects involve replacing existing assets such as pipelines and related appurtenances where the new assets are expected to result in a negligible change to the maintenance requirements associated with those assets. However, projects that involve the replacement of mechanical equipment with moving parts that are susceptible to wear such as pumps and generators are expected to result in reduced maintenance frequency associated with those assets.

Utilities:

Similar to maintenance impacts, the vast majority of projects in the FY 2021-22 proposed CIP budget involve replacing existing assets such as pipelines and related appurtenances where the new assets are expected to result in a negligible change to utility requirements (e.g. electricity consumption) associated with that asset. However, projects that involve the replacement of mechanical equipment where the new equipment will have a higher efficiency than the existing equipment such as pumps and generators are expected to result in reduced electricity consumption associated with those assets.

Debt Management

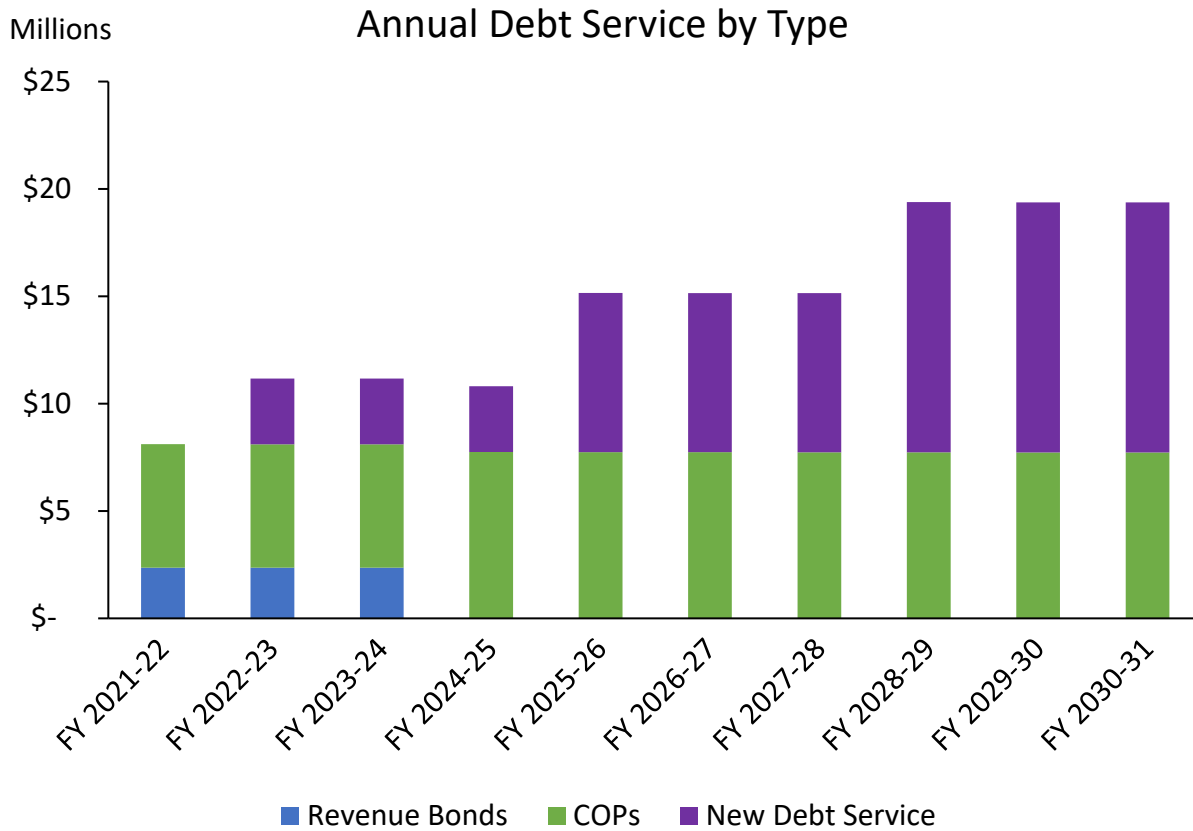
As the District has developed over the past 60 years, issuing bonds has been a key strategy to expanding infrastructure across the service area while also keeping rates and charges affordable. Currently, the District has a portfolio of bonds. In 2009, the District issued Certificates of Participation to fund reliability improvements including Upper Chiquita Reservoir, expansion of the recycled water system, an interconnection to Irvine Ranch Water District, and to fund the District’s portion of the Baker Water Treatment Plant. These projects in total increased the District’s system reliability, or ability to maintain service in the event of an outage at the Deimer Water Treatment Plant, from 2 days to almost 31 days on average, when coupled with the District’s demand management programs. Additionally, the District actively works with its Financial Advisor to identify potential refunding opportunities to make sure that the debt portfolio is at optimal interest rates. The 2019 Revenue Bonds and 2015 Revenue bonds were all refinanced in the last six years to save ratepayers on debt service payments. Table Debt - 1 presents the scheduled debt service payments for FY 2021-22 for each of the District’s existing bonds, certificates, and loans.

The District currently holds a AAA rating from Fitch and a AAA rating from Standard and Poor’s, which enables the District to obtain the lowest possible rates from the public finance markets when needing to borrow to fund future infrastructure projects. A key component of funding the Ten-Year Capital Improvement Program is to issue debt to smooth out rate increases. This is also presented in the District’s internally created LRFP which is updated every year as part of the Budget process. Figure Debt – 1 presents the expected debt service over the next ten years and includes three bond issuances: one in FY 2021-22, one in FY 2024-25, and one in FY 2027-28. This is to maintain a consistent 4% rate increase over the next ten years. Additionally, this strategy meets the District’s guiding financial policies to be above a 1.75 debt service coverage ratio and meets the Reserve Policy targets.

Table Debt – 1: Summary of Debt Service Payments for Fiscal Year 2021-22

DESCRIPTION	FY 2021-22		
	Principal	Interest	Total
2019 Certificate of Participation – Fund 73	\$1,215,000	\$2,105,956	\$3,320,956
2019 Revenue Bonds (Refunding of 2009 COPs) – Fund 12	\$ -	\$2,430,250	\$2,430,250
2015 Revenue Bonds (Refunding of 2003 COPs) – Fund 71	\$2,085,000	\$276,625	\$2,361,625
TOTAL FY 2021-22 DEBT SERVICE EXPENSE	\$3,300,000	\$4,812,831	\$8,112,831

Figure Debt – 1: Ten-Year Summary of Forecasted Debt Service



Debt Limits

Pursuant to Section 18 of Article XVI of the California Constitution (the “Constitutional Debt Limit”), no county, city, town, township, board of education, or school district may incur any indebtedness or liability for any purpose exceeding in any year the income and revenue provided for such a year without the consent of two-thirds of the voters voting at an election to be held for that purpose. Special districts, like the District, are not subject to the Constitutional Debt Limit because they are not one of the entities described in Section 18 of Article XVI.

Though not subject to the Constitutional Debt Limit, as a California water agency, the District is subject to certain restrictions relating to its debt under the Water Code and covenants governing its outstanding obligations relating to the District’s ability to issue additional parity and other lien obligations.

SUMMARY OF DEBT LIMITS APPLICABLE TO CALIFORNIA WATER DISTRICTS:

Revenue Bonds:

1. Discussion: Revenue bonds can be issued pursuant to the Water Code. They are not a general debt, liability or obligation of the district. The bonds may be subject to call and redemption before maturity, at the option of the district, at such price or prices as may be fixed in the resolution, not exceeding a premium of 6% of the par value of the revenue bonds so subject to Redemption. Generally, revenue bonds shall bear interest at a rate not in excess of 8% per annum. The maturity shall not be more than 40 years from the date of issuance.

2. Procedural Requirements: An estimate must be provided, including every expense of the district that may be incurred for and limited to the purpose of acquiring or constructing works for irrigation, domestic, municipal, and industrial water supply and more. This estimate is required by Water Code Section 35950 to determine the amount of money necessary to raise for the purpose for which bonds may be issued.
3. Statutory Law: Water Code Sections 35950 - 36064 (relating to all bonds) and Water Code Sections 36300 - 36393 (relating to revenue bonds specifically).

GO Bonds:

1. Discussion: GO bonds can be issued pursuant to the Water Code. They constitute a general obligation of the District. GO Bonds may not bear interest in excess of 8% per annum. The maturity shall not be more than 40 years from the date of issuance. Under 36252, GO bonds may be issued for the purposes of acquiring or constructing works for irrigation, domestic, municipal and industrial water supply and to furnish facilities and services within or without the district to the extent provided for in Section 35500 for the collection, treatment and disposal of sewage, waste and storm water including the acquisition of necessary property for these works, acquiring funds to fulfill contractual commitments to carry out the powers and purposes of the district contained in contracts with other agencies, acquiring all or part of the operating funds for the district, the total amount of such funds so acquired not to exceed at any time an amount equal to the total operating costs of the district for a two-year period as estimated by its board, acquiring any property necessary for the purposes of the district, and otherwise carrying out the provisions of this division.
2. Procedural Requirements: If a general obligation bond issue is contemplated, there shall be included in the estimate required by Section 35950 every expense of the district that it is probable will be incurred and become payable before the expiration of one year from the completion of the irrigation works, including the interest on any bonds of the district due and payable prior to that date, for which the money of the district then in the treasury or

thereafter to be received from an assessment previously levied is inadequate.

3. Statutory Law: Water Code Sections 35160 - 36215; 36251- 36262

Short Term Borrowings:

1. Discussion: A district may borrow money/incur indebtedness evidenced by warrants or negotiable notes by action of board without holding an election (except as provided in section 36402.1) for any purpose for which the district is authorized to expend funds, including provisions for payment of current expenses of the district and funding/refunding of outstanding warrants. Indebtedness must be evidenced by warrants or negotiable notes of district payable at stated times fixed by the board and bearing interest at a rate not exceeding 8% per annum, payable annually or semiannually. This debt must be paid back within five years (pursuant to section 36407.1)

36402.1 states that no warrants or negotiable notes issued pursuant to the code shall be valid unless their issuance is authorized by a majority of the voters voting at an election called by the board, except as provided in 36407.1 (warrants/negotiable notes payable in five years or less from date of issuance may be issued without approval of voters and shall constitute obligations of the district payable from annual max property tax rates contained in Rev and Taxation Code).

Warrants or negotiable notes payable at a future date or time may also be issued to obtain funds or property for any lawful purpose of the district; provided, the total amount of the warrants or negotiable notes payable in any one year shall not exceed one-fourth of one percent of the total valuation of the land in the district according to the last equalized assessment roll.

A district may additionally borrow money in anticipation of, but not in excess of the principal amount of, bonds authorized but not yet issued.

2. Procedural Requirements: Specified in sections 36403 - 35407 of the Water Code.

3. Statutory Law: Water Code Sections 36400 - 36509.

Lease and Installment Sale Financing:

1. Discussion: By statute, a district may acquire by purchase, condemnation, or other legal means all property or rights in property necessary or proper for the district works and to supply the land with sufficient water for all district purposes. A district may also lease, sell or contract for the sale of any property of the district whenever it may be necessary or for the best interests of the district.
2. Procedural Requirements: None specified.
3. Statutory Law: Water Code Sections 35600 - 35604.

SUMMARY OF COVENANTS GOVERNING FUTURE DEBT ISSUANCES:

2015 Refunding Bonds

SECTION 3.05. Issuance of Parity Obligations.

- (a) No Superior Obligations. In order to further protect the availability of Net Revenues and the security for the Bonds and Parity Obligations, the District hereby agrees that the District shall not, so long as any Bonds or Parity Obligations are outstanding, issue or incur any obligations payable from the Net Revenues which are superior to the Bonds or Parity Obligations.
- (b) Issuance of Parity Obligations. The District further covenants that, except for obligations issued or incurred to refund the Bonds, or to otherwise prepay or refund Parity Obligations which are presently outstanding, District shall not issue or incur any Additional Obligations unless, except as set forth in Section 3.07 below:
 - (i) The District is not in default under the terms of this Indenture or outstanding Parity Obligation Instruments;
 - (ii) Either (A) the Net Revenues, as shown by the books and records of the District for the latest Fiscal Year or for any 12 consecutive month period within the last complete 18-

month period ended not more than one month before the issuance of or incurrence of such Additional Obligations, as set forth in a certificate of an Independent Consultant or (B) the estimated Net Revenues for the first complete Fiscal Year when the improvements to the water, recycled water or sewer system financed with the proceeds of the Additional Obligations shall be in operation, as estimated by and set forth in a certificate of an Independent Consultant, plus, at the option of the District, any or all of the items set forth hereinafter in this covenant designated under subsection (c) below, shall have amounted to not less than 1.10 times Maximum Annual Debt Service in any Fiscal Year thereafter; and

- (c) Adjustments to Net Revenues. For purposes of the calculations required in (b)(ii) above, Net Revenues may be adjusted to include:
 - (i) the estimated annual amount expected to be received from any increase in District rates or charges, calculated on the basis of any percentage or dollar increase authorized by the Board of Directors either during or subsequent to the reporting period, but in no event later than the date of the Parity Obligation Instrument authorizing the Additional Obligations for which the calculation is made; and
 - (ii) to the extent not included in (c)(i), an amount equal to 75% of the anticipated Net Revenues expected to be derived from each addition, betterment, extension or improvement to the water, recycled water or sewer system which may be acquired or constructed from proceeds of the Additional Obligations for which the calculation is made. Such estimates are required to be based upon rates and charges which are in effect on or prior to the date of the Parity Obligation Instrument authorizing the Additional Obligations for which the calculation is made.

(d) Credit For Certain Funds. For purposes of the calculations required in (b)(ii) above, Maximum Annual Debt Service shall exclude: (i) amounts on deposit in the Debt Service Fund under this Indenture and debt service funds created under Parity Debt Instruments for Parity Obligations; and (ii) amounts on deposit in any debt service funds created under Governmental Loan Instruments for Governmental Loans.

SECTION 3.06. Government Loans; Limitations on Additional Governmental Loans.

(a) Additional Governmental Loans. The District covenants that, except for obligations issued or incurred to prepay or refund Governmental Loans which are presently outstanding, the District shall not issue or incur any Additional Governmental Loans unless:

- (i) The District is not in default under the terms of this Indenture or outstanding Governmental Loan Instruments;
- (ii) Either (A) the Governmental Loans Pledged Revenues, as shown by the books and records of District for the latest Fiscal Year or for any 12 consecutive month period within the last complete 18-month period ended not more than one month before the issuance of or incurrence of such Additional Governmental Loan, as set forth in a certificate of an Independent Consultant, or (B) the estimated Governmental Loans Pledged Revenues for the first complete Fiscal Year when the improvements to the water, recycled water or sewer system financed with the proceeds of the Additional Governmental Loan shall be in operation, as estimated by and set forth in a certificate of an Independent Consultant, plus, at the option of the District, any or all of the items set forth hereinafter in this covenant designated under subsection (c) below, shall have amounted to not less than 1.10 times

Maximum Annual Debt Service in any Fiscal Year thereafter.

(b) Adjustments to Governmental Loan Pledged Revenues. For purposes of the calculations required in (b)(ii) above, Governmental Loan Pledged Revenues may be adjusted to include:

- (i) the estimated annual amount expected to be received from any increase in District rates or charges, calculated on the basis of any percentage or dollar increase authorized by the Board of Directors either during or subsequent to the reporting period, but in no event later than the date of the Governmental Loan Instrument authorizing the Additional Governmental Loan for which the calculation is made; and
- (ii) to the extent not included in (b)(i), an amount equal to 75% of the anticipated Governmental Loan Pledged Revenues expected to be derived from each addition, betterment, extension or improvement to the water, recycled water or sewer system which may be acquired or constructed from proceeds of the Additional Governmental Loan for which the calculation is made. Such estimates are required to be based upon rates and charges which are in effect on or prior to the date of the Governmental Loan Instrument authorizing the Additional Governmental Loan for which the calculation is made.

(c) Credit For Certain Funds. For purposes of the calculations required in (a)(ii) above, Maximum Annual Debt Service shall exclude: (i) amounts on deposit in any debt service funds created under Governmental Loan Instruments for Governmental Loans; and (ii) amounts on deposit in the Installment Payment Fund under the Trust Indenture and debt service funds created under Parity Debt Instruments for Parity Obligatio



Departmental

INFORMATION

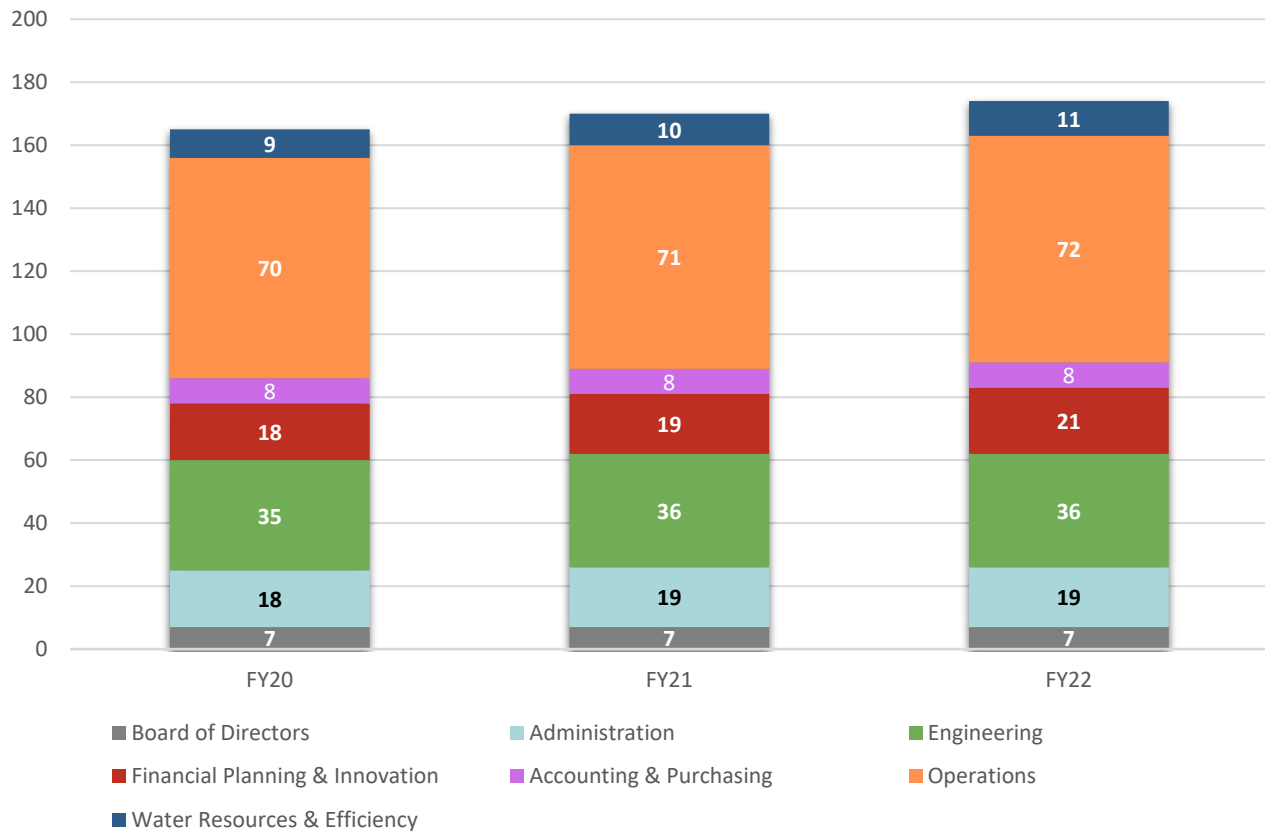
Authorized Positions

The District prides itself on cross-departmental collaboration and each employee is taught to be a Moulton H.E.R.O. which stands for Honesty, Effort, Respect and One team. These guiding principles create a number of operational efficiencies as crews and departments cross-train, share resources and provide support to one another.

Table DI – 1: Trend of Position Count by Division

Divisions	FY20	FY21	FY22
Board of Directors	7	7	7
Administration	18	19	19
Engineering	35	36	36
Financial Planning & Innovation	18	19	21
Accounting & Purchasing	8	8	8
Operations	70	71	72
Water Resources & Efficiency	9	10	11
District Department Totals	165	170	174

Figure DI – 1: Trend of Position Count by Division



Organization Chart

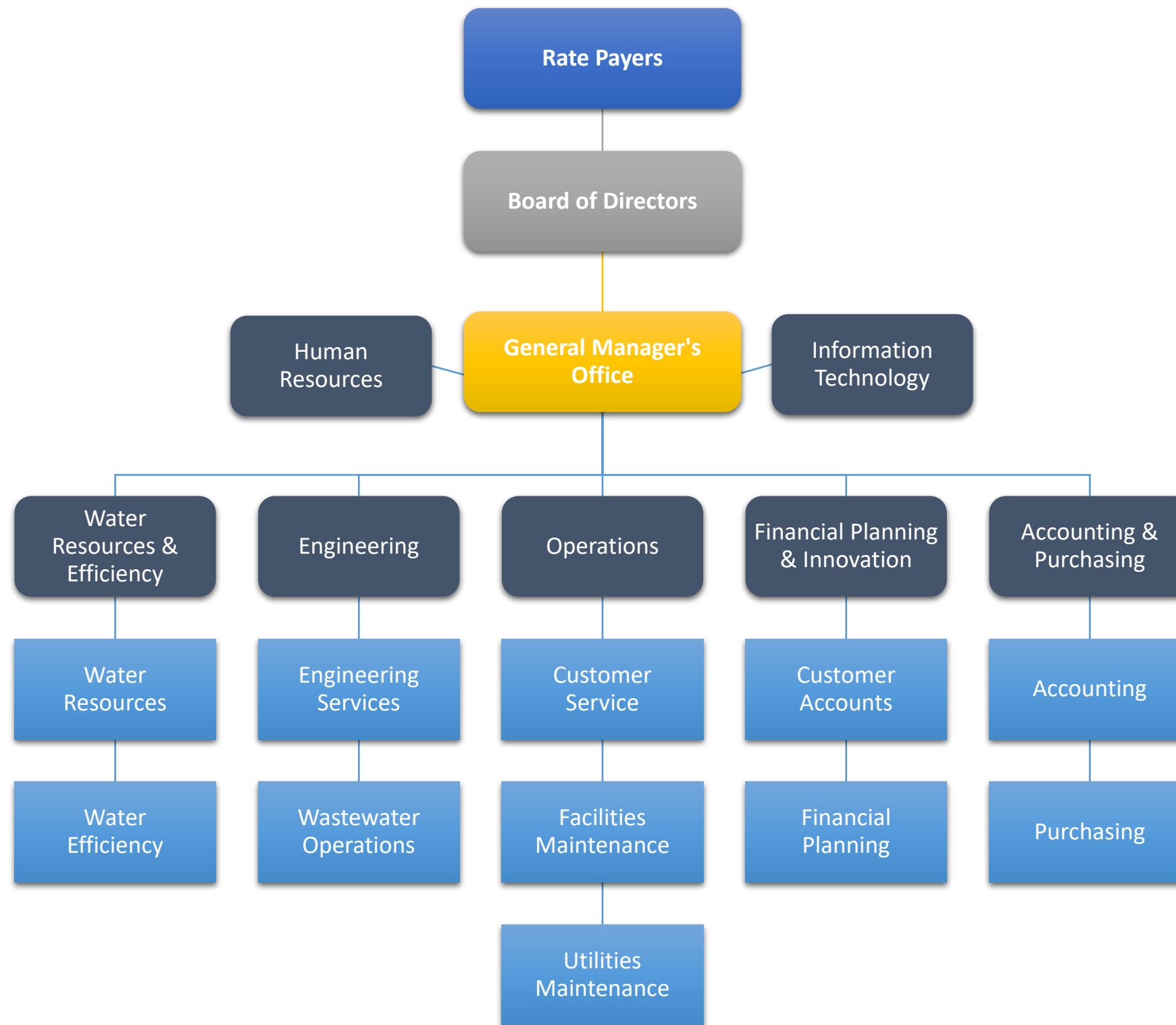


Figure DI – 2: District Organization Chart

Board of Directors

The District's elected Board of Directors is dedicated to providing our community with safe and reliable water services and wastewater treatment, along with the latest water efficiency and conservation programs. The Board of Directors is responsible for providing policy guidance to meet the District's mission and provide a forum for stakeholders to provide input. The Board actively encourages the local community to participate in the ongoing conversation about water policy and programs in our area.

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

Figure DI – 3: Board of Directors' President and Vice Presidents



President Brian S. Probolsky has served on the Board since 2008. Under his leadership, the District continues to provide its customers with safe and reliable water service at the lowest average monthly bill in South Orange County.



Vice President Duane D. Cave joined the Board in 2014. In his capacity as chair of the Board's Technical Committee, Mr. Cave has worked to build a robust infrastructure, approve balanced budgets, and maintain prudent emergency reserves. He serves as a delegate for the San Juan Basin Authority.



Vice President Donald R. Froelich has served on the Board since 2008. During his previous term as president of the Board, Mr. Froelich helped develop the District's ten-year capital improvement plan, investing millions of dollars into upgrading Moulton Niguel's extensive water infrastructure system.

Figure DI – 4: Board of Directors



Director Richard S. "Dick" Fiore was first elected to the Board in 1977. Mr. Fiore has held numerous leadership positions at Moulton Niguel, including serving as President of the Moulton Niguel Board of Directors and Chairman of the District's Finance, Legal, Engineering, Outreach, and Community Relations committees. He currently chairs the Administrative Committee.



Director William "Bill" Moorhead serves as an elected Director of the Moulton Niguel Water District and was first elected to the Board in 2018. Mr. Moorhead serves as Moulton Niguel's representative on the South Orange County Watershed Management Area (SOCWMA) and an alternate for the California Association of Sanitation Agencies (CASA).



Director Sherry Wanninger serves as an elected Director of the Moulton Niguel Water District. Elected to her first term in 2020, Ms. Wanninger believes in prioritizing long-term water resiliency to build on the District's success at delivering safe, reliable and affordable water services. A Certified Professional Contract Manager, Director Wanninger has experience negotiating and managing multi-million-dollar contracts and preparing budgets, forecasts, long-range plans, and capital reviews. She is also a Commissioner for the Santiago Aqueduct Commission.



Director Diane Rifkin serves as a Director of the Moulton Niguel Water District. On the strength of her impressive professional background, interest in local water and infrastructure issues, and long-term community service and leadership in the District, she was appointed unanimously by her colleagues on January 14th, 2021 to a vacant seat on the Board of Directors.



ADMINISTRATION

Table DI – 2: Trend of Position Count in Administration Division

	FY20	FY21	FY22	Changes/Trends
General Manager’s Office				
Assistant General Manager	1	1	1	
Board Secretary/Executive Assistant	1	1	1	
Communications Coordinator	1	1	0	Transferred to Water Resources Department
Communications Manager	0	1	1	
Director of Regional & Legal Affairs	1	0	0	
General Manager	1	1	1	
Government Affairs Officer	1	1	1	
Senior Administrative Analyst	1	1	1	
Senior Communications Coordinator	1	1	1	
	8	8	7	
Human Resources				
Director of Human Resources	1	1	1	
Human Resources Analyst	1	1	1	
Human Resources Manager	1	1	1	
	3	3	3	
Information Technology				
CMMS Administrator	0	0	1	New Proposed Position
Information Systems Administrator	3	3	3	
Information Systems Analyst	2	3	3	
Information Systems Manager	1	1	1	
Information Systems Officer	1	1	1	
	7	8	9	
Total Administration Personnel	18	19	19	

The Administration Division is responsible for the overall day-to-day management and support of the District. Therefore, the division is comprised of three departments: (1) General Manager’s Office, (2) Human Resources, and (3) Information Technology.

General Manager’s Office

The General Manager’s Office oversees and provides administrative support for the other Divisions and Departments in the District. In addition, the department supports the Board of Directors (posting meeting notices/agendas, conducting Board and Committee meetings, etc.) and assures that Board policies, resolutions, and ordinances are properly administered. The General Manager’s office is also responsible for public outreach, internal and external communications activities, governmental affairs, and intergovernmental relations.

Government Affairs expand the District’s engagement and influence on local, county, state, and federal issues associated with water, wastewater, and recycled water. The District engages with relevant stakeholders, including elected officials and agency staff, to advance District priorities and projects.

Human Resources

The Human Resources Department strives to maintain strong employee morale and enhance organizational performance through recruiting top talent personnel, enhancing existing labor force’s skillsets, complying with all labor regulations, and enforcing District labor policies and Memorandum of Understandings.

Information Technology

The Information Technology Department supports District strategic business requirements by providing technology services. The department is responsible for managing all technology assets including SCADA, telecommunications, mobile communications, hardware and infrastructure, and software applications. In addition, I.T. also manages all cloud services including applications, data storage and backup, and integration with third party service providers.

The department implements and maintain software applications and related processes to ensure current and future business needs and regulatory compliance obligations are met while protecting the District’s information assets.

“

We wouldn't be the #1 Top Workplace in Orange County and the #5 Top Workplace in the USA without each and every one of our dedicated employees.

Every day, our employees live the values of honesty, effort, and respect as we work together as one team.

”

Joone Lopez
General Manager



MOULTON NIGUEL WATER DISTRICT NAMED #5 TOP WORKPLACE IN THE USA!



Photo Taken Feb 2020



THE ORANGE COUNTY
REGISTER

Moulton Niguel Water District
is a 2020 Top Workplace!
4 Years Running

The District is honored to be named the **#1 Top Workplace in Orange County** by the Orange County Register in 2020! In addition, the District has been honored with the **2021 Top Workplace USA** award. The District was ranked as the #5 overall Top Workplace in the USA for employers with 150-499 employees as well as third in the innovation category. Even during this global pandemic, under the Board's leadership, the District have been resilient and innovative in delivering safe, clean water to the communities it serves and keeping the employees and customers safe. The District is proud to serve today, tomorrow, and for years to come.



ENGINEERING

Table DI – 3: Trend of Position Count in Engineering Division

	FY20	FY21	FY22	Changes/Trends
Engineering Administrative Services				
Administrative Analyst	1	2	2	
Administrative Assistant	1	0	0	
Contracts Analyst	1	1	1	
Director of Engineering	1	1	1	
	4	4	4	
Engineering & Inspection Services				
Cross Connection Inspector	3	3	2	Transferred 1 to RW Inspector
Cross Connection Supervisor	1	1	0	Reorganized Vacancy used for Senior Engineer
Development Services Specialist	1	1	1	
Engineering Manager	1	2	2	
GIS Administrator	1	1	1	
GIS Analyst	1	1	1	
GIS Technician	1	1	1	
Inspection Supervisor	1	1	1	
Inspector	4	5	5	
Principal Engineer	4	3	3	
Records and Mapping Technician	1	1	1	
Recycled Water Inspector	3	3	4	Transferred from Cross Connection Inspector
Senior Engineer	2	2	3	Reorganized from Cross Connection Supervisor
Superintendent of Engineering	1	1	1	
	25	26	26	
Wastewater Treatment Plant Operations				
Operations Engineer	0	0	1	Promoted WTP Operator
Superintendent of Wastewater Operations	1	1	1	
Wastewater Treatment Plant Operator	5	5	4	1 Promoted to Operations Engineer
	6	6	6	
Total Engineering Personnel	35	36	36	

The Engineering Division consists of the Engineering Administrative Services (including Contracts Management) that supports the Engineering & Inspection Services and Wastewater Treatment Plant Operations departments. The Engineering Division manages the day-to-day implementation of the District's 10-Year Capital Improvement Program and works collaboratively with the Financial Planning & Innovation group in the Development of the CIP Budget.

Engineering & Inspection Services

This department provides project management and engineering leadership related to executing the District's Capital Improvement Program (i.e. facilities that are planned, designed, constructed, and funded by the District).

The department executes permits for customers and private development projects, assuring that all new and existing development projects meet current District Standards - including applications for service, site plan checks, hydraulic analysis for project demands and fire flow analysis, securing of easements, collection of District charges and fees, reviewing of engineer's estimates, securing of insurance and bonding, projecting 10-year demand growth and fee collection, establishing construction meter accounts, managing the Fats Oils and Grease program, and issuing Will Serve Letters to the city Community Development departments.

The GIS/Mapping sector provide GIS services, including asset management, data updates, exhibit creation, spatial analysis supporting engineering/operations business decisions, technical reporting support (Urban Water Management Plan, System Planning, Water Reliability Studies, etc.), field GIS applications to support field workflows and data collection (Underground Service Alert response, Valve Exercising, Sewer Line Cleaning), management of linkages and synchronization processes between the GIS and other District business systems, and sectional map book generation. Selection, installation, configuration, and support of related applications to support the workflows above.

Engineering also provides Document Management for Engineering and Operations, including archival scanning of all Capital Improvement and Private Development project documents (Agreements, Easements, Record Drawings, Communications, Technical Studies, etc.), indexing of these same documents for retrieval through document management software, assisting in document retrieval, fulfilling internal and external document

requests, publishing/distributing sectional books, processing of staff redlines, and tracking of bond releases.

The field inspection group is responsible for the development, management, administration, and execution of the District's Cross Connection Control/Backflow Protection Programs including oversight of approximately 5400 backflows. The group also conducts inspections and manages the District's 1,300+ recycled water use site accounts. They facilitate and oversee the installation of new recycled water irrigation retrofits and construction of new recycled water use sites.

Lastly, the department implements and manages the District's Pretreatment and Source Control Program and the Cell Site Program.

Wastewater Treatment Plant Operations

This department successfully operates and maintains Plant 3A facilities while protecting the public health, environment, and remaining in compliance with regulatory and public health agencies. Staff facilitates all capital work in delivering District objectives and regulatory performance standards. In addition, staff performs sampling, monitoring, and testing of wastewater treatment processes and responds to treatment plant upsets and emergency situations.

This group also optimized operational performance and efficiency of Plant 3A including the disposal of solid waste in an environmentally safe manner while minimizing nuisance of odors.

ACCOMPLISHMENTS of FY 2020-21

- As of 2/1/21, completed 169 documents (agreements/task orders/amendments) support of the District and implemented DocuSign with 250+ documents signed so far, a majority within 24-hours.
- Complete implementation of Docutrax for insurance document tracking.
- Updated language to purchase order terms and conditions, including language covering insurance requirements, indemnification, and public works.
- Updated public works contract front end documents in coordination with the Engineering Department and Legal Counsel.
- CIP execution through FY 2020-21 Quarter 2 is approximately 40%. This is the highest Quarter 2 expended in terms of both % and dollars in the history of the District.
- Continued to develop and advance a comprehensive capital improvement program for the Plant 3A Wastewater Treatment Plant.
- Continued to perform analyses and coordinate with potential partnering agencies for the proposed South County Pipeline Takeout Facility.
- Completed Pipeline Replacement at I-5 and Oso Creek (microtunnel) project.
- Completed Reservoir Management Systems Phase 2 project.
- Completed construction of the Plant 2A Upgrades projects.
- Completed Collection System Inflow and Infiltration Assessment Phase 2.
- Completed design of Regional Lift Station Force Main Replacement project.
- Completed several key studies associated with major planned lift station rehabilitation and replacement projects.
- Completed preparations and issued solicitations for the planned Eastern Transmission Main Condition Assessment.
- Commenced design of the Plant 3A Solids Handling Facilities Improvements project.
- Commenced design of the Crown Valley Pipeline Replacement project, consisting of the Lower Salada Lift Station Force Main Replacement, Crown Valley Parkway Transmission Main Lower Reach Replacement, and I.D. No. 1 Master Meter Replacement.
- Awarded approximately \$2.8M in grant funding from Cal OES for PW Steel Reservoir Seismic Retrofits project.
- Developed GIS-centric software applications to support District crews with leak detection and fire hydrant maintenance; supported additional enhancements on the software application to support water loss tracking.
- Supported asset management initiatives, including implementation of a new Computerized Maintenance Management System (CMMS), and management of the potable, recycled and wastewater main repair and replacement prioritization tool.
- Continued to systematically upgrade existing facilities to current standards through the Will Serve Letter program (91 Will Serve Letters issued).
- Processed significant Private Development Projects throughout the year, including the new commercial property at Alicia and Bentley in Laguna Hills.
- Coordinated multiple Public Agency projects through District permitting, including: the Caltrans I-5 phased widening projects and the City of Laguna Niguel Crown Valley Parkway widening project.
- Continued to work on the digitization of easement areas in the GIS, and link easement documents in the GIS to increase accessibility of these legal documents.
- Began developing exhibits that will display multi-agency owned facilities, depicting facility ownership, capacity ownership, and maintenance responsibilities.
- Managed the hydraulic modeling function of the District, including the receipt and evaluation of a new potable water hydraulic model from the UC Davis Energy Project, and upgrading our software to the new Innovyze InfoWater Pro platform.
- Completed testing of 5,400 backflow prevention assemblies that protect the District's water system from potential contamination.
- Successfully inspected over 311 recycled water use sites and replaced over 346 deteriorated recycled water signs.

GOALS for FY 2021-22

- Continue high rate of execution of the District's Capital Improvement Program.
- Continue to support implementation of CMMS/Asset Management.
- Continue to support leak detection program to reduce real system water losses.
- Continue planning and support for wastewater treatment plants.
- Continue CIP planning at Plant 3A, including potential expansion of Plant 3A Advanced Water Treatment Facility.
- Continue support for operation and maintenance activities at Plant 3A and throughout the District.
- Continue pursuit of grant opportunities, including for Regional Lift Station Force Main Replacement project.
- Substantially complete the MNWD Reuse and Reservoir Conversion Study at Laguna Niguel Lake.
- Complete Eastern Transmission Main Condition Assessment.
- Complete assessment of recycled water supply meters to determine necessary scope and cost to upgrade the meters to utilize automated metering infrastructure (AMI).
- Complete Collection System Inflow and Infiltration Assessment Phase 3.
- Complete Fire Risk Assessment Phase 1, focusing on closed zone pump stations and major lift stations.
- Advance Plant 3A Solids Handling Facilities Improvements project to construction.
- Commence construction of the Regional Lift Station Force Main Replacement project.
- Commence construction of the Reservoir Management Systems Phase 3 project.
- Evaluate asset management tools within the new CMMS.
- Develop new GIS viewer functionality: water outage tracing, sewer main upstream/ downstream tracing, backflow and grease interceptor data linkages.
- Advance the electronic water outage notification project.
- Develop processes to allow for multiple record drawing callouts per asset in the GIS; Determine record drawings that are not yet linked to GIS and correct as appropriate.
- Develop an interactive GIS map for the multi-agency owned facilities exhibit and relevant information, including a link to related governing documents.
- Significant private development projects expected or continuing in the coming year: the SunPointe development and Forbes Road Senior Living Facility in Laguna Niguel, Marguerite Senior Living Facility and Mission Hospital facility upgrades in Mission Viejo, and the ActivCare facility and commercial center at Alicia Parkway and Bentley in Laguna Hills.
- Assist cross-connection in their backflow inventory project, benefiting mapping of these facilities in GIS, and upgrading these facilities in Permitting.
- Complete the easement documentation project in the GIS, including indexing of all easements, development of easement polygons in the GIS geodatabase, and the linking of easement documents.
- Perform preliminary work in support of a new enterprise Document Management solution, including an inventory of existing documents within Engineering and Operations departments, and assessment of existing/needed document attributes.
- Evaluate the practicality of implementing a contract management platform, and if feasible, executing the platform.
- Continue to collaborate with other departments to streamline processes and improve contract efficiencies.
- Continue training staff on purchasing/contract procedures.



FINANCIAL PLANNING & INNOVATION

Table DI – 4: Trend of Position Count in Financial Planning & Innovation Division

	FY20	FY21	FY22	Changes/Trends
Financial Planning & Innovation				
Data Scientist	0	0	1	Reorganized from Financial Data Analyst
Director of Financial Planning & Innovation	1	1	1	
Financial Data Analyst	1	2	1	Reorganized 1 to Data Scientist
Financial Planning Manager	1	1	1	
	3	4	4	
Customer Accounts				
Customer Account Representative	13	12	14	2 New Positions Proposed
Customer Account Supervisor	1	2	2	
Customer Engagement Coordinator	1	1	1	
	15	15	17	
Total Financial Planning & Innovation Personnel	18	19	21	

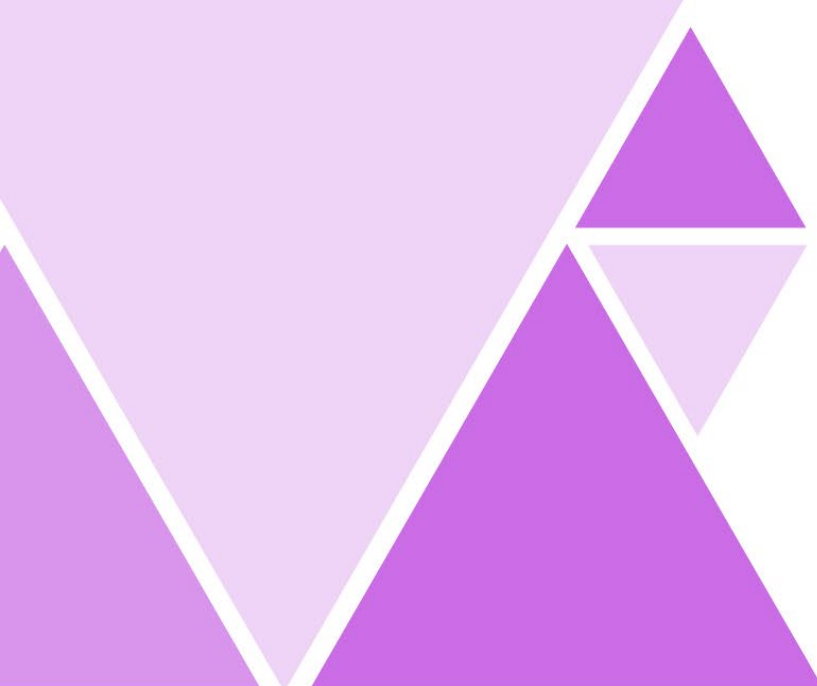
The Financial Planning & Innovation Division consists of Financial Planning and Customer Accounts departments. The Financial Planning sector oversees the management of the District's existing debt and planning to support potential future debt issuances, setting rates, oversight of the District's investment portfolio. The data team provides analytical support to all departments through data analysis and programming. The Customer Accounts department is the first point of contact for customers, especially for the resolution of customer questions and concerns on a wide variety of service-related issues. This group provides reception services, call center activity, walk-up counter payment service, internet payment service, ACH and credit card payment processing, customer billing, new account processing, service order generation, and delinquent account processing, including collection processing.

ACCOMPLISHMENTS of FY 2020-21

- Updated Long-Range Financial Plan and 10-year cash flow model.
- Evaluated rate increase projections; implemented rate recommendations.
- Conducted short-term cash forecasting & coordinated restructuring of investment portfolio with advisors to fund capital improvements.
- Performed annual review of investment policy, reserve policy, debt management policy, capitalization & surplus policy, purchasing policy, and grant management policy.
- Achieved the Distinguished Budget Award from the Government Finance Officers Association.
- Maintained AAA rating from S&P and Fitch.
- Adopted new policy for discontinuation of residential water service for non-payment in compliance with SB 998.
- Monitored customer bill delinquencies during moratorium on shut-offs.
- Implemented new payment kiosk allowing customers to pay in-person with credit cards for the first time.
- Initiated 2021 Cost of Service and Rate Study.
- Moved Customer Accounts staff to support all Customer Experience related functions from off-site.
- Designed and developed a tool with consultants at Water UX which captures the stringent requirements of SB998. This tool will be instrumental in assisting staff in processing payment plan requests and adhering to SB998 requirements.
- Created reporting on Contact Center metrics and staff utilization to drive staffing and marketing decisions.
- Successfully migrated to JDE 9.2 with enhanced Tools capabilities to augment Customer Accounts' Utility functions.
- Hired and successfully onboarded talented employees for Customer Accounts in a COVID environment.
- Successfully implemented the 2021 customer billing rate adjustment.
- Provided continued opportunities for staff's professional development.

GOALS for FY 2021-22

- Complete 2021 Cost of Service and Rate Study.
- Adopt a Reimbursement Resolution for a forecasted bond issuance in FY 2021-22.
- Review and update financial policies as part of the annual review.
- Achieve the Distinguished Budget Award from the Government Finance Officers Association.
- Maintain AAA rating from Fitch & S&P.
- Issue late bill payment collections RFP and select vendor.
- Launch Payment Plan Application and Tracking Tool for administration and reporting related to SB 998.
- Launch proactive payment plan outreach to at-risk customers.
- Plan and participate in the administrative office move from Aliso Viejo to Laguna Hills.
- Continue to implement SB998 – Service Interruption Noticing
- Continue to support the expansion of the AMI Pilot program to all commercial and residential accounts.
- Successfully implement the 2021-2022 rate change.
- Enhance Customer Experience through the addition of new and updated programs.
- Continue to support development and training opportunities for staff. This will include cross-training with other departments as available, to enhance employee subjective and objective decision-making processes.



ACCOUNTING & PURCHASING

Table DI – 5: Trend of Position Count in Accounting & Purchasing Division

	FY20	FY21	FY22	Changes/Trends
Accounting				
Accountant	4	4	4	
Accounting Supervisor	1	1	1	
Controller	1	1	1	
	6	6	6	
Purchasing				
Buyer	1	1	1	
Inventory Clerk	1	1	1	
	2	2	2	
Total Finance Personnel	8	8	8	

The Accounting and Purchasing Department works collaboratively with the Financial Planning & Innovation Department in support of the District’s financial functions. The department oversees payroll, accounts receivable, accounts payable, capital expenses, purchasing/warehouse inventory, and both the Comprehensive Annual Financial Report and Popular Annual Financial Report.

ACCOMPLISHMENTS of FY 2020-21

- Successfully implemented GASB 87, Leases two years prior to the required implementation date
- Received a clean audit opinion with no internal control deficiencies for the FY 19-20 financial audit
- Issued a request for proposal for new audit services, starting with the FY 20-21 audit

GOALS for FY 2021-22

- Receive an unmodified (clean) opinion on the financial statement audit
- Submit the District’s first Popular Annual Financial Report
- Receive the “Triple Crown” Award from GFOA for successfully receiving the Certificate of Excellence in Financial Reporting, the Distinguished Budget Presentation Award, and the Popular Annual Financial Report for the FY 20-21 documents
- Present at GFOA’s national conference in July 2021 on implementing GASB 87
- Complete redesign and safety improvements at warehouse



OPERATIONS

Table DI – 6: Trend of Position Count in Operations Division

	FY20	FY21	FY22	Changes/Trends
Administrative Services				
Director of Operations	1	1	1	
Regulatory Compliance Coordinator	0	1	1	
Safety and Compliance Coordinator	1	1	1	
	2	3	3	
Facilities Maintenance				
Electrical/Instrumentation Services Supervisor	1	1	1	
Electrical/Instrumentation Technician	4	4	4	
Maintenance Worker – Facilities	8	9	9	
Station Maintenance Supervisor	1	1	1	
Superintendent of Operations	1	1	1	
Water Distribution Supervisor	1	1	1	
Water Systems Operator	4	4	4	
	20	21	21	
Utilities Maintenance				
Collection System Supervisor	1	1	1	
Maintenance Worker – Collection System	6	6	6	
Maintenance Worker – Streets	14	14	14	
Mechanic	3	3	4	New Position Proposed
Street Crew Supervisor	2	2	2	
Superintendent of Operations	1	1	1	
Support Services Supervisor	1	1	1	
	28	28	29	
Customer Service				
Customer Service Field Technician	14	13	13	
Customer Service Supervisor	2	2	2	
Leak Detection Technician	3	3	3	
Superintendent of Customer Service	1	1	1	
	20	19	19	
Total Operations Personnel	70	71	72	

The Operations Division consists of the Utilities Maintenance Department, the Facilities Maintenance Department, and the Customer Service – Field Department. The Operations Division is responsible for the day-to-day operation of the water, wastewater collection, and recycled water systems to meet service expectations of the District’s customers. Additionally, staff provide best-in-class customer service to the public.

Facilities Maintenance

This department performs routine maintenance and repairs to the District's facilities, including reservoirs, pressure reducing stations, potable pump stations, recycling pump stations, and sewer lift stations. The Department is also responsible for all pump refurbishments and keeping the District’s 3 three oxygen generation systems online.

The facilities maintenance crew responds to emergencies at all hours. The emergencies range from simple communication failures to motor/pump failures. The water systems operators are responsible for monitoring, maintaining, and operating the District’s potable drinking water reservoirs, recycled water reservoirs, flow control facilities, master meter takeout facilities, potable and recycled pressure reducing stations, and the reservoir management chlorination systems. The operators are also responsible for the planning and execution of complex mainline isolations that are necessary to support various projects. This is done through computer-based telemetry control (SCADA) and direct field control and monitoring. The department is also charged with monitoring the District’s water quality and reporting programs.

Utilities Maintenance

This department is responsible for the maintenance and repair of the District’s potable water and recycled water systems, as well as, inspects, cleans, and maintains the District’s collection system. The system consists of 11,000+ manholes and 500 miles of pipeline. Some of the workload consists of:

- responding to multiple issues associated with a gravity sewer system, including odor concerns, pest control, root/grease issues and blockages.
- responding to private sewer and lateral overflows, in accordance with County and State mandated regulations and notification requirements.
- repairing the District’s potable, reclaim and wastewater infrastructure.
- 24/7 response and repair of line breaks, hit hydrants, and customer inquiries.
- managing the completion of concrete and asphalt repairs resulting from district repairs and projects.
- replacing and exercising District owned valves.

Customer Service - Field

Customer Service – Field staff supports the District’s customers in the field and investigates any concerns or complaints from District customers, state and local officials, private citizens, and surrounding agencies regarding District operations. They work with the Administration Department and Legal regarding claims and District policies. Each month, staff reads the 55,000+ meters and implement the meter maintenance and replacement program. Customer service also handles work order investigations, turn on/off service requests, and responds to leaks, breaks, odors, and overflows.

ACCOMPLISHMENTS of FY 2020-21

- Facilitated and supported numerous complex shutdowns throughout the District in support for numerous projects including the Valve Replacement Project, the Reservoir Management System (RMS) Refurbishments, and various isolations due to emergency leaks and line breaks.
- Continued to support the design and construction of the Districts RMS facilities.
- Completed water quality sampling as dictated by the EPA's UCMR 4 program.
- Successfully prepared the potable water distribution system for the JRWSS shutdown and the AMP shutdown. This included manually overriding the system to provide water to neighboring agencies during the shutdowns.
- Completed 75% of Phase III of AMI radio retrofit project (installation on all residential accounts).
- Completed 300 random water meter tests for water loss reporting.
- Upgrade Starview Lift Station by replacing pumps, check valves, air relief valves, a three-way valve, and gauges.
- Upgrade Plant 3A by replacing pumps/motors, check valves, isolation valves.
- Video inspected 62 miles, which includes Lower Salada Lift mainlines.
- Conducted Inflow & Infiltration study for the Regional Lift and Lower Salada Sub-Basins.
- Replaced over 125 service lines.
- Developed backhoe and loader safety training video
- Completed AMI meter installations on all commercial and multi-family meters, as well as a significant portion of residential meters.

GOALS for FY 2021-22

- Continue to ensure that our Potable water meets and exceeds all State and Federal water quality standards.
- Continue to support Engineering and the numerous improvement projects scheduled to be completed in the coming fiscal year.
- Continue to support reservoir condition assessments, warranty inspections, and recoating projects. This will include staying on top of making spot repairs to any coating issues identified at all reservoirs.
- Conduct Lead and Copper testing as required by the EPA's Lead and Copper Rule.
- Installation and implementation of the Grundfos Demand Driven Distribution System at PID 3 Pump Station.
- Convert and transition data management system to District's new CMMS system.
- Perform identified maintenance activities for Plant 3A, including pump replacement at the influent pump station, RAS isolation valve replacement, on-going electrical system review and improvements.
- Complete the Flying Cloud Lift Station refurbishment project.
- Perform proactive leak detection focused on customer service lines and initiate main line leak detection.
- Continue implementation of the District's Sanitary Sewer Management Plan with on-going sewer cleaning and video inspection.
- Continue Programmable Logic Controller upgrades at various facilities.
- Complete implementation AMI smart meter installation, and initiate low-resolution meter replacement.
- Continue valve exercising activities and replace valves as identified, including specific recycled water system valves planned during the upcoming year.
- Continue to replace service lines and repair main lines as leaks are identified.
- Continue to implement safety training with a focus on confined space entry, forklift safety, and other general safety programs.



WATER RESOURCES & EFFICIENCY

Table DI – 7: Trend of Position Count in Water Resources & Efficiency Division

	FY20	FY21	FY22	Changes/Trends
Water Resources				
Senior Water Resources Analyst	1	1	1	
Senior Water Resources Planner	1	1	1	
Water Resources Manager	0	0	1	Replaced Communication Coordinator from Admin Dept
	2	2	3	
Water Efficiency				
Senior Water Efficiency Specialist	1	1	1	
Water Efficiency Analyst	1	1	1	
Water Efficiency Manager	1	1	1	
Water Efficiency Representative	3	4	4	
Water Efficiency Supervisor	1	1	1	
	7	8	8	
Total Water Resources & Efficiency Personnel	9	10	11	

The Water Resources and Efficiency Division manages the District's water efficiency and rebate programs, assists customers with questions related to water efficiency programs and inefficient water usage, provides reliability and demand management analysis, and is responsible for water, energy, and water loss reporting to the State. The division ensures the efficient use of water by all customer classes within the District by confirming that each customer's budget billing factors are accurate and providing budget modifications when additional water need is justified due to medical needs, changes to occupancy, larger irrigated area, increase in business, change in business type, or additional employees. The division is also responsible for updating the District's long-range water resources planning functions including the LRWRP and the UWMP, and supporting review, evaluation and potential development of water resources projects and programs.

Water Efficiency Department

The department has developed many water efficiency programs and other resources including, but not limited to:

Offering virtual and in-person assistance to all customer classes by conducting commercial site assessments, landscape assessments, and residential home savings surveys to identify causes of high consumption and inefficient use.

Implementing outreach and educational campaigns and materials, garden tours, landscape and irrigation workshops, professional landscaper trainings, regional educational workshops for HOAs, and targeted and seasonal water efficiency messaging.

Overseeing the District's educational programs, engaging with MWDOC and MWDSC to partner on regional educational programs, building relationships with local school officials and educators, supporting the District's FLOW initiative, participating in statewide and regional educational conferences, and developing and maintaining educational related webpages and content.

Managing the District's water efficiency programs, engaging with MWDOC and MWDSC to partner on regional rebate and water efficiency programs, engaging with professional associations, consultants, landscape professionals, business, and others to develop and support local, regional, and statewide water efficiency programs and initiatives.

Evaluating the effectiveness of water efficiency programs and implementing refinements based on customer feedback and water savings estimates.

Supporting the District's water loss control program by compiling monthly water loss data, performing the annual water loss audit and validation, supporting component analyses of the water loss program, implementing water loss pilot programs, introducing new software and technologies to streamline and manage the water loss and leak detection programs, and coordinating with Operations as needed to implement the District's water loss control program.

Providing customers with communications and outreach materials about their water consumption, conservation education, water efficiency programs, and local events.

Promoting the District's water efficiency and recycled water programs and services to our customers and general public in a positive and cost-effective manner.

Developing focused customer marketing and education programs to reinforce our policies and programs.

Water Resources Department

This department manages the District's long-range water resources planning documents and activities to meet the goals and objectives of the Board of Directors by:

Implementing the District's Long Range Water Reliability Plan and exploring new opportunities to increase water reliability and savings. Supporting the development and implementation of new projects or pilot programs to enhance the District's water reliability.

Reviewing and updating the District's water supply and water demand forecasts. Coordinating with MWDC and MWDOC on future supply conditions. Reviewing and engaging with MWDC and MWDOC on the update of the MWDC Integrated Resources Planning Document

Tracking and reviewing federal, state, and local legislative and regulatory activities that impact water supply and water demands for the District's customers.

Engaging with local cities and the County of Orange on partnerships to enhance education and communication on watershed protection and reduction of urban runoff. Continue to identify programs or projects to partner with local stormwater management agencies to enhance water supply and reduce urban runoff.

ACCOMPLISHMENTS of FY 2020-21

- Received grant awards in the amount of \$425,240 from MWD's Member Agency Administered program, including \$155,422 to reimburse the funds expended during FYs 18-20 for Watershed Education Field trips, Proactive Leak Detection, Project WET, and the School Device Retrofit programs and \$269,818 funds for dollars expended during FYs 20-22 to fund Proactive Leak Detection, NatureScape, and the Smart Timer Direct Installation program.
- Coordinated with UC Davis and Operations to develop a plan to pilot the "WaterWatch" Energy Demand Management System – a software program to test whether the District can shift operations according to time-of-use rates to reduce energy consumption and associated costs.
- Coordinate with Operations on the AMI meter installations to allow staff to view customers hourly usage for diagnostic purposes and provide customers with leak alert notifications for continual usage.
- Due to the COVID-19 pandemic this past year, Water Efficiency pivoted several of its in-person assistance programs, such as home savings surveys, educational programs, and landscape workshops to a virtual environment.
- In 2019, we coordinated with the California Data Collaborative to develop custom software to process bill adjustments; in 2020, we launched a full scale implementation of our Bill Adjustment Tool (BAT), which cut our bill adjustment processing time down from 45 minutes to 5 minutes per bill adjustment application.
- The bill adjustment policy was temporarily amended in April 2020 to assist customers with financial and health hardships related to COVID-19. As a result, bill adjustment requests soared and the Water Efficiency team processed over 3000 bill adjustments in 2020, more than double our typical volume.
- Completed 4 plumbing retrofits under the District's School Device Retrofit Program in coordination with Saddleback Valley Unified School District at Glen Yermo Elementary, De Portola Elementary, La Paz Intermediate, and Esperanza Special Education schools.
- Completed the first ever school plumbing retrofit under the District's School Device Retrofit Program with Capistrano Unified School District at Aliso Viejo Middle School.
- Facilitated the UC Santa Barbara Water-Energy Study, in which graduate students and advisory faculty from the Bren School of Environmental Science and Management evaluated the water and energy use of the District's operational life cycle to determine energy savings associated with the District's demand management programs.

- Continued to implement our Smart Timer Direct Install program, which is a no-cost, turn-key program for residential customers with high water use and large landscapes.
- Pivoted from conducting our second annual NatureScape Garden Tour to developing an online, interactive NatureScape Garden Tour (mnwd.com/naturescape-garden-tour). Presented the online NatureScape Garden Tour to residential customers at the District's first Earth Day themed landscape workshop and at MWDSC's regional water use efficiency meeting.
- Due to COVID-19, schools transitioned in-person education to distance learning and needed digital materials to support the transition. Moulton Niguel's website became the host of an online education center with fun and interactive content for students of all ages to learn about water. Additionally, the District worked with its educational partners, to transition its Project WET (Water Education Today) workshops and Watershed Education Field Trips to virtual and video-based formats. This digital transition enabled students and educators to benefit from this important curriculum despite the challenging circumstances of the pandemic.
- Continued our partnership with the Water Education Foundation, the state coordinator of Project WET, and were able to strengthen relationships with local science coordinators and educators. In coordination with the OC Department of Education and CUSD, the District offered its first virtual Project WET workshop in fall 2020, and due to its virtual nature, we were able to accommodate 53 educators, considerably more than in-person workshops, which are typically limited to 15 attendees. Two more virtual trainings were offered to teachers in late 2020 and early 2021.
- Collaborated with the Water Resources, Data, and Financial Planning teams to develop the 2020 Urban Water Management Plan and performed the analysis to support an update to the Water Shortage Contingency Plan.
- Successfully signed an MOU with the Southern California Gas Company to jointly administer the Energy Savings Assistance Program, an initiative to provide low income residential customers with free water and energy efficiency devices and free professional installation.
- Continued our partnership with the Pacific Institute to develop the Sustainable Water Management for water retailers evaluation criteria and worked with consultant to evaluate the District's performance against these criteria.
- Collaborated to adapt and promote programs, resources, and services from in-person to online (e.g., landscape workshops, home savings surveys, online troubleshooting guide).
- Completed a comprehensive Crisis Communication Plan, a document to guide outreach and messaging in the event of a catastrophic water shortage.
- Participated in Water Sense's annual Fix-a-Leak week by developing a direct mailer campaign that contained toilet dye strips for single family and multi-family residents to test their toilets for leaks.
- Supported the development of the Customer Classification Explorer tool and the Commercial Mixed Use Meter tool.
- Completed the update to the District's Long Range Water Reliability Plan.

GOALS for FY 2020-21

- Continue a balanced evaluation of supply and demand strategies to meet board policy for water reliability.
- Continue to support the District's water loss control program and engage in stakeholder meetings hosted by SWRCB as they formalize and adopt new regulations to manage water loss and the urban water use objective.
- Continue to engage in stakeholder meetings and studies hosted by DWR and SWRCB as they develop residential, commercial, and dedicated irrigation standards and track regulatory recommendations related to the urban water use objective proposed for formal adoption; provide regular updates to the executive team and Board, as needed, on significant developments.
- Continue to coordinate with SVUSD and CUSD to complete more school plumbing retrofits under the School Device Retrofit Program.
- Work with energy IOUs and Operations team to implement the WaterWatch software pilot in collaboration with UC Davis.
- Assist the District in implementing the FLOW initiative and continue to operate the District's educational programs.
- Update the District's landscape and irrigation workshops and develop an associated marketing strategy.
- Develop actionable, data-driven strategies to work through our MOU with cities, the County of Orange and neighboring agencies to minimize runoff towards aiding our mutual ratepayers by evaluating potential use of stranded wastewater assets and demand management strategies.
- Develop partnerships to support water storage exchange agreements to support Board water reliability policy objectives.
- Consider a new MWD Local Resources Program application for expansion of the recycled water system.
- Advance study of potential conversion of Laguna Niguel Lake for seasonal recycled water storage to support a possible Direct Potable Reuse project.
- Pursue local/regional/state/federal funding opportunities for demand management and recycled water program expansion.
- Continue a comprehensive outreach strategy to educate teachers and students about water efficiency, including the benefits to local watersheds.
- Develop regular metrics and analysis to track water efficiency programs and effectiveness; launch a peer effect study of the District's turf removal programs.
- Develop water efficiency programs, web materials, and marketing in support of the District's Homeowner Association Assistance Program.
- Host annual regional H2O for HOAs event focused on targeting HOA Board Members, Property Managers and Landscapers.
- Utilize AMI smart meter data and the Recycled Water Masterplan to target customers to shift their peak recycled water usage.
- Use AMI data and other water loss data to support the development of a zonal water loss dashboard and continue to support the District's water loss control program.
- Phased rollout of the Water Efficiency Marketplace, an online marketplace in the customer portal where residents can purchase water efficient devices with an instant rebate and have those devices delivered directly to their home.
- Phased rollout of the Commercial Enterprise View in the customer portal to help commercial, HOA, and institutional customers develop portfolios, share account access, manage water use, pay bills using enhanced features, and sign up for leak alerts.
- Expand portfolio of communication channels including social media, online advertising campaigns and videos to reach our customers and stakeholders in a cost-effective manner.
- Host annual NatureScape Garden Tour focused on educating customers about the benefits of the watershed friendly, California native landscapes installed through the NatureScape Turf-to-Native Garden Program.
- Coordinate with Stanford University's Marketing Department to develop and study the effectiveness of marketing materials designed to promote the customer portal and leak alerts to residents.
- Continue to work with Orange County Water District and the City of Santa Ana on a potential emergency interconnection project.
- Evaluate potential pilot program to provide water storage with the Orange County Water District.

- Implement the “Smart Watershed Network Project” through our MOU with cities, the County of Orange and neighboring agencies to minimize urban runoff and storm flows utilizing data-driven approaches to

evaluate mutually beneficial demand management strategies and potential use of wastewater assets.

- Continue to monitor and review local water supply options, i.e. ocean desalination and storm water capture.

Glossary of Terms

Accrual Basis of Accounting	The basis of accounting under which transaction are recognized when they occur, regardless of the timing of cash receipts and disbursements.
Acre-Foot	The volume of water necessary to cover one acre to a depth of one foot, equal to 435.6 units/ccf or 325,850 gallons.
Appropriation	A funding authorization made by the Board of Directors, which permits the District to incur obligations and to make expenditures of resources.
Aquifer	The geologic formation of sand and gravel where groundwater is stored and can be easily pumped out by wells.
Assets	Resources owned or held by the District that have monetary value.
Balanced Budget	Budgeted revenues are sufficient to cover all budgeted expenditures, principle payments on long-term debt, and minimum funding of all reserve requirements as required by the District's reserve policy.
Bond	A written promise to pay a sum of money on a specific date or dates at a specified interest rate. The interest payments and the repayment of the principal are authorized in a District bond resolution. Common types of bonds are General Obligation (GO) bonds and Certificates of Participation (COPs). These are frequently used for construction of large capital projects such as buildings, reservoirs, pipelines and pump stations.
Brown Act	Ralph M. Brown Act, enacted by the State Legislature governing all meetings of legislative bodies of local agencies
Capital Budget	The portion of the annual budget that appropriates funds for the purchase of capital equipment items and capital improvements. These expenditures are separated from regular operating items, such as salaries and office supplies.
Capital Expenditures	Expenditure on an item that meets the District's \$5,000 threshold for capitalization. Also referred to in the Budget as Vehicle and Equipment.
Capital Improvement	Expenses related to the construction, rehabilitation and modernization of District owned and operated infrastructure.
Capital Replacement	Expenses related to major replacements of existing facilities or systems.
Certificates of Participation	A long-term debt instrument authorized for construction or acquisition of facilities and equipment.
Debt	An obligation resulting from the borrowing of money or from the purchase of goods and services. These include bonds and accounts payables.
Debt Service	The District's obligation to pay the principal and interest of bonds and other debt instruments according to a predetermined payment schedule.
Depreciation	An expense recorded to allocate a tangible asset's cost over its useful life.
Designated	A term that describes assets or equity set aside by action of the Board; as distinguished from assets or equity set aside in conformity with requirements of donors, grantors, or creditors.
Enterprise Fund	Fund established to account for the financing of self-supporting enterprises, such as a utility fund, which render services primarily to the public.
Evapotranspiration	Evaporation of water from the land surface and the transpiration of water through plants into the atmosphere.
Expenditures/Expenses	A charge incurred, whether paid or unpaid, for operation, maintenance, interest, and other charges presumed to benefit the current fiscal period.
Fiscal Year	A 12-month period of time to which the annual budget applies and at the end of which a government determines its financial position and the results of its operations. The District has specified July 1 to June 30 as its fiscal year.
Fund Balance/Fund Equity	See "Net Assets"
Geographic Information System	A system combining computer hardware, software, and geographic data for collecting, storing, analyzing and displaying geographically referenced information.
Generally Accepted Accounting Principles	Accounting and financial reporting standards, conventions, and practices that have authoritative support from standards-setting bodies such as the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).
Government Finance Officers Association	National organization whose purpose is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education, training, facilitation of member networking, and leadership.

Infrastructure	The accumulated pipelines and storage facilities of the District, including meters, valves, pumps, filters and other appurtenances, whether constructed by the District or dedicated by private entities.
Interest Income	Earnings from the investment portfolio.
Liabilities	Present obligations of the District arising from past events.
Net Assets	The difference between total assets and total liabilities. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is strengthening or weakening.
Non-Capital Equipment	Hand tools, furniture and equipment costing \$5,000 or less.
Operating Budget	The portion of the budget that pertains to daily operations that provide basic district services. The operating budget contains appropriations for such expenditures as personnel, supplies, utilities, materials, travel and fuel, and does not include purchases of major capital plant or equipment which is budgeted separately in the Capital Budget.
Operating Expenses	All costs associated with the day-to-day business of the District, which are not considered capital improvements or debt repayments.
Purchased Import Water	All imported water obtained from Metropolitan Water District of Southern California (MWD) through the Municipal Water District of Orange County (MWDOC).
Refunding Revenue Bond	A revenue bond is a long-term municipal debt instrument that is secured by a specified revenue source. A refunding revenue bond is a revenue bond that retires another bond before the first bond matures.
Reserve Fund	The District maintains Reserve Funds per the District's policy for both designated and restricted balances. Designated Reserve Funds are "general use" funds designated by the Board. Restricted Reserve Funds are those that are legally set aside for a particular purpose due to a legal or contractual commitment and cannot be used for any other purpose.
Revenue	Monies that the District receives as income. It includes such items as water sales and sewer fees. Estimated revenues are those expected to be collected during the fiscal year.
Supervisory Control and Data Acquisition	The system that collects operational data from remote units to monitor and control water and wastewater systems and facilities throughout the District service area.
Special District	An independent unit of local government organized to perform a single governmental function or a restricted number of related functions. Yorba Linda Water District is organized as a special district.
Uncollectible Accounts	Includes the write-off of unpaid water and sewer charges.
User Charge	A charge levied against users of a service or purchasers of a product.
Variable Water Costs	Water costs based on a set price per unit but that varies on the quantity of units bought or produced. Variable water costs for the District are related to the quantity of import water that the District purchases and the quantity of ground water pumped from the wells.
Vehicle and Equipment Outlay	Purchases of assets, such as vehicles, equipment and furniture, which cost over \$5,000 each and are depreciated over their useful life.

List of Acronyms

ACWA/JPIA	Association of California Water Agencies/Joint Powers Insurance Authority	JPA	Joint Powers Authority
AF	Acre-Foot	JRTP	SOCWA's Joint Regional Treatment Plant
AFY	Acre-feet per Year	JRWSS	Joint Regional Water Supply System
Allocation	Personalized Water Budget per Customer	LAFCO	Local Area Formation Commission
AMI	Advanced Metering Infrastructure	LRFP	Long-Range Financial Plan
AMP	Allen-McColloch Pipeline	MAF	Million Acre-Feet
AWE	Alliance for Water Efficiency	MG	Million Gallons
AWS	Amazon Web Services	MGD	Million Gallons per Day
AWT	Advanced Wastewater Treatment	MNWD	Moulton Niguel Water District
AWWA	American Water Works Association	MOU	Memorandum of Understanding
BMP	Best Management Practices	MWDOC	Municipal Water District of Orange County
Board	District Board of Directors	MWDSC	Metropolitan Water District of Southern California
BU	Billing Unit = 748 gallons or 100 Cubic Feet of Water	O&M	Operations and Maintenance
ccf	hundreds of cubic feet	OPEB	Other Post-Employment Benefits
CDR	Center for Demographic Research	R&R	Replacement and Refurbishment
CEC	California Energy Commission	SBX7-7	Senate Bill 7, Water Use Reduction Target
CERBT	California Employers' Retiree Benefit Trust	SCADA	Supervisory Control and Data Acquisition
cfs	Cubic Feet per Second	SCP	South County Pipeline
CIP	Capital Improvement Plan	SCWD	South Coast Water District
CMMS	Computerized Maintenance Management System	SJBA	San Juan Basin Authority
COP	Certificates of Participation (debt instrument)	SJC	San Juan Capistrano
CPI	Consumer Price Index	SMWD	Santa Margarita Water District
CY	Calendar Year	SOCWA	South Orange County Wastewater Authority
DOHS	Department of Health Services	SWP	State Water Project
DPR	Direct Potable Reuse	SWRCB	State Water Resources Control Board
DWR	Department of Water Resources	USBR	U.S. Department of the Interior, Bureau of Reclamation
EOCF #2	East Orange County Feeder No.2	USEPA	U.S. Environmental Protection Agency
ET	Evapotranspiration	UWMP	Urban Water Management Plan
ETM	Eastern Transmission Main	WBBRS	Water Budget Based Rate Structure
ETWD	El Toro Water District	WBIC	Weather Based Irrigation Controller
FEMA	Federal Emergency Management Agency	WEF	Water Environment Federation
FLOW	Future Leaders of Water Initiative	WUE	Water Use Efficiency
FOG	Fats, Oils & Grease		
FY	fiscal year ending June 30		
GAAP	Generally Accepted Accounting Principals		
GASB	Governmental Accounting Standards Board		
GFOA	Government Finance Officers Association		
GIS	Geographic Information System Mapping		
GMFP	Groundwater Management & Facility Plan		
GO or GOB	General Obligation (bond type)		
GPCD	Gallons Per Capita per Day		
GPM	Gallons per Minute		
GWRP	San Juan Groundwater Recovery Project		
HCF	Hundred Cubic Feet		
IPR	Indirect Potable Reuse		
IRP	Integrated Resources Plan		
IRWD	Irvine Ranch Water District		
IT	Information Technology		

APPENDIX - A:
FY 22 Strategic Plan



moulton niguel
water district



STRATEGIC PLAN

FY 2021-22

“

A leader in
conservation and
environmental
protection while
providing high-
quality drinking
water, wastewater,
and recycled water
services.

”



moulton niguel water district



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- 29 Water Reliability

01

ASSET MANAGEMENT

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





Asset Management

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

COMPLETED FY21

- Developed a comprehensive register and hierarchy of assets for District facilities.
- Substantially completed construction of the Plant 2A Upgrades Projects.
- Completed construction of Pipeline Replacements at I-5 and Oso Creek (Microtunnel) Project.
- Completed construction of Phase 2 of Reservoir Management Systems Replacement Program.
- Refined and advanced a comprehensive capital improvement program for Plant 3A.
- Commenced design of the Plant 3A Solids Handling Facilities Improvements Project.
- Commenced design of the Crown Valley Pipelines Replacement Project.
- Completed several key studies associated with major planned lift station rehabilitation and replacement projects.
- Developed new model for potable water system and performed multiple critical hydraulic analyses of recycled and wastewater systems.
- Developed additional GIS integrations to track fire hydrant maintenance, proactive leak detection activities, and historical rehabilitation/replacement prioritization scores of buried pipeline assets.

PLANNED FY22

- Complete implementation of the Computerized Maintenance Management System
- Continue refinement and advancement of programs (e.g. Valve Replacement and Maintenance; Reservoir Management Systems; Electrical Systems; Reservoir Recoating; Manhole Rehabilitation; Hydrants, Meters, and Service Line Replacements; Pipeline/Station Rehabilitation and Replacements)
- Continue assessment of Collection System Inflow and Infiltration
- Complete construction of the Regional Lift Station Enhancements Project
- Commence construction of the following significant projects:
 - i. Plant 3A Solids Handling Facility Improvements
 - ii. Regional Lift Station Force Main Replacement
 - iii. Southerly Influent Sewer Improvements at the Joint Regional Treatment Plant
 - iv. Phase 3 of the Reservoir Management Systems Replacement Program
 - v. Crown Valley Pipelines Replacement
- Complete condition assessment of the Eastern Transmission Main
- Complete update to the 10-year Capital Improvement Program

COMMUNITY ENGAGEMENT & OUTREACH

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





Community Engagement & Outreach

The District has developed a comprehensive public outreach program which includes an integrated approach to customer communications, community engagement, public outreach, and education programs. We have seen the value of outreach and community programs as we have a record number of interactions with the public, new local and regional partners, and a data-driven multichannel outreach approach to maximize engagement with customers. Based on the feedback from our customers and member cities, they appreciate the increased engagement and our participation at community events, especially with the transition to virtual events during the past year.

COMPLETED FY21

- Adapted the District's outreach in response to COVID-19. Reassuring our customers and community partners that our drinking water is safe and reliable and the District remained fully operational throughout the global pandemic.
- Adapted programs, resources, and services from in-person to online (e.g., community forum, landscape workshops).
- Converted the District's Watershed Education Field Trips and Project WET workshops from in-person to virtual learning formats and expanded the District's education center to include interactive online resources.
- Completed a Customer Communications Survey to inform the District's customer communication and outreach strategies.
- Completed District/community leader campaign commemorating the District's 60th anniversary.
- Produced District 2020 Year-in-Review brochure to highlight information about Moulton Niguel, key facts, and achievements.
- Completed a comprehensive Crisis Communication Plan, a document to guide outreach and messaging to customers in the event of a catastrophic water shortage.

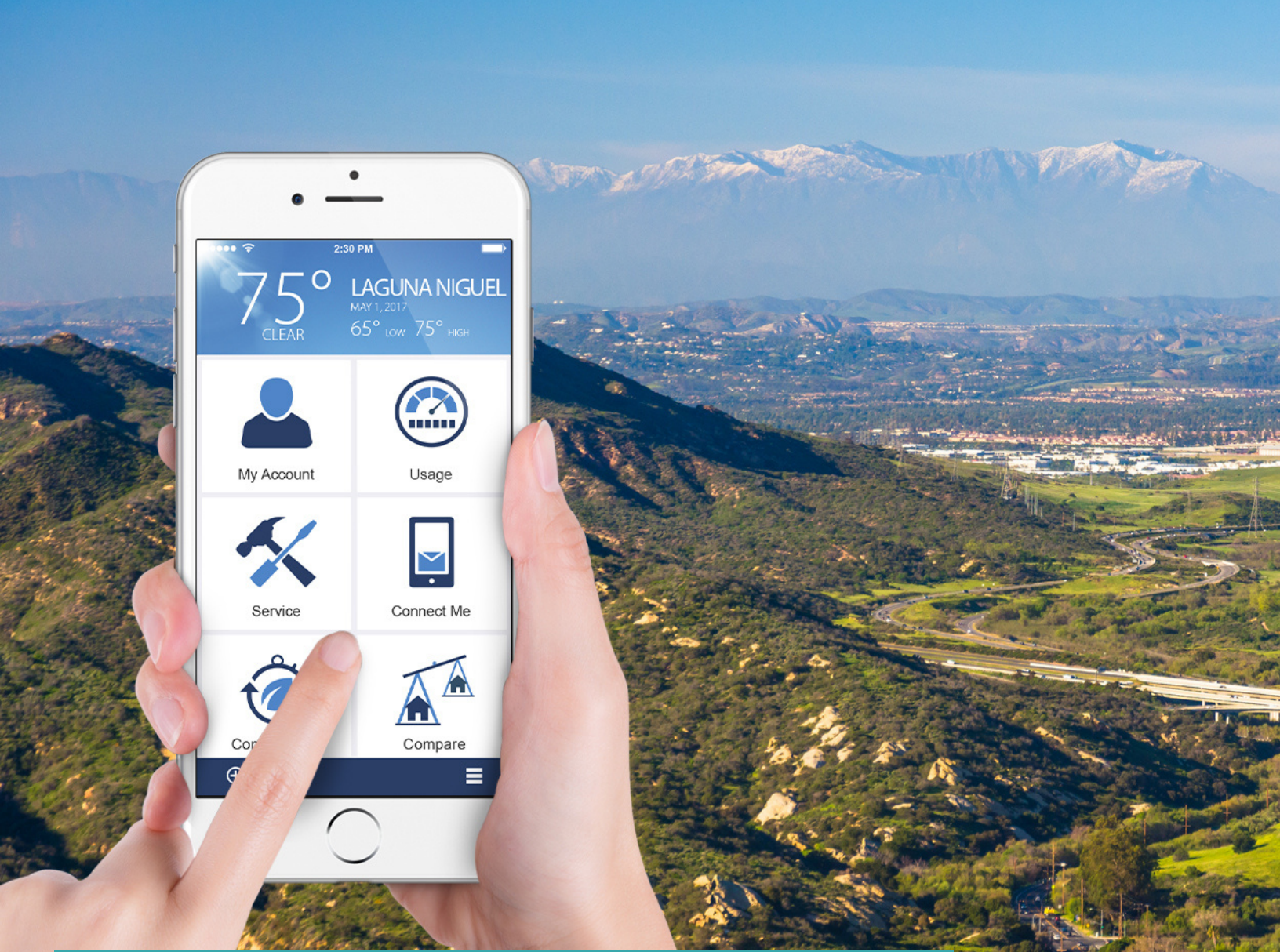
PLANNED FY22

- Reformat the customer information packets to be available in both print and digital versions.
- Continue multi-faceted customer communications surrounding smart meter technology.
- Evaluate the need for a follow-up Customer Communications Survey and/or improve customer programs, services and communications and implement accordingly.
- Continue to expand on online resources and videos to give our customers options on programs and services during the pandemic and beyond.

DEMAND MANAGEMENT

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





Demand Management

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

COMPLETED FY21

- Conducted fourth annual, first virtual H2O for HOA workshops and took steps to form a full-scale HOA Assistance Program by contracting for landscape assessment and water management support services for HOAs.
- Continued to expand leak alert notifications to commercial and residential customers as AMI smart meters are installed across the service area.
- Continued our partnership with local school districts and successfully retrofitted four schools in the SVUSD system including La Paz Intermediate, Glen Yermo Elementary, De Portola Elementary, Esperanza Educational Center; also, completed our first pilot school retrofit with CUSD at Aliso Viejo Middle School.
- Awarded \$425,239.66 in grant funding from MWD's Member Agency Administered Program toward education, leak detection, and water efficiency programs.
- Completed a joint pilot program with San Diego Gas & Electric to provide commercial kitchens with direct installation of high efficiency water and energy devices and appliances.
- Executed a new partnership with Southern California Gas Company to provide low-income residential customers with direct installation of free high efficiency water and energy devices.
- Transitioned traditional in-person home savings surveys to virtual home savings surveys and developed an online trouble-shooting guide for customers.
- Launched a virtual NatureScape Garden Tour complete with photo libraries, interactive features, landscape design examples, and testimonials from NatureScape customers. Expanded NatureScape Program to provide enhanced customer and educational support services.
- Implemented incremental efficiency improvements over the past few years culminating with the implementation of the Bill Adjustment Tool, allowing Water Efficiency staff to reduce bill adjustment processing time from 30+ minutes to 5 minutes per adjustment.

PLANNED FY22

- Complete Phase 3 to expand AMI to remaining residential customers.
- Continue acoustic leak detection program to reduce real system water losses.
- Pursue additional state/federal funding opportunities for demand management and recycled water program expansion.
- Host garden tour in coordination with the California Native Plant Society in South Orange County and continue to build on the online NatureScape Garden Tour.
- Host 5th H2O for HOAs workshop.
- Partner with California Data Collaborative on 6th Annual Water Data Summit.
- Implement full-scale HOA Assistance Program and launch program website.
- Continue to stay engaged with DWR, SWRCB and other California water agencies and professional organizations to monitor regulatory rulemaking processes as the various water efficiency and water loss standards are developed and adopted.

04

FINANCIAL PLANNING

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





Financial Planning

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

COMPLETED FY21

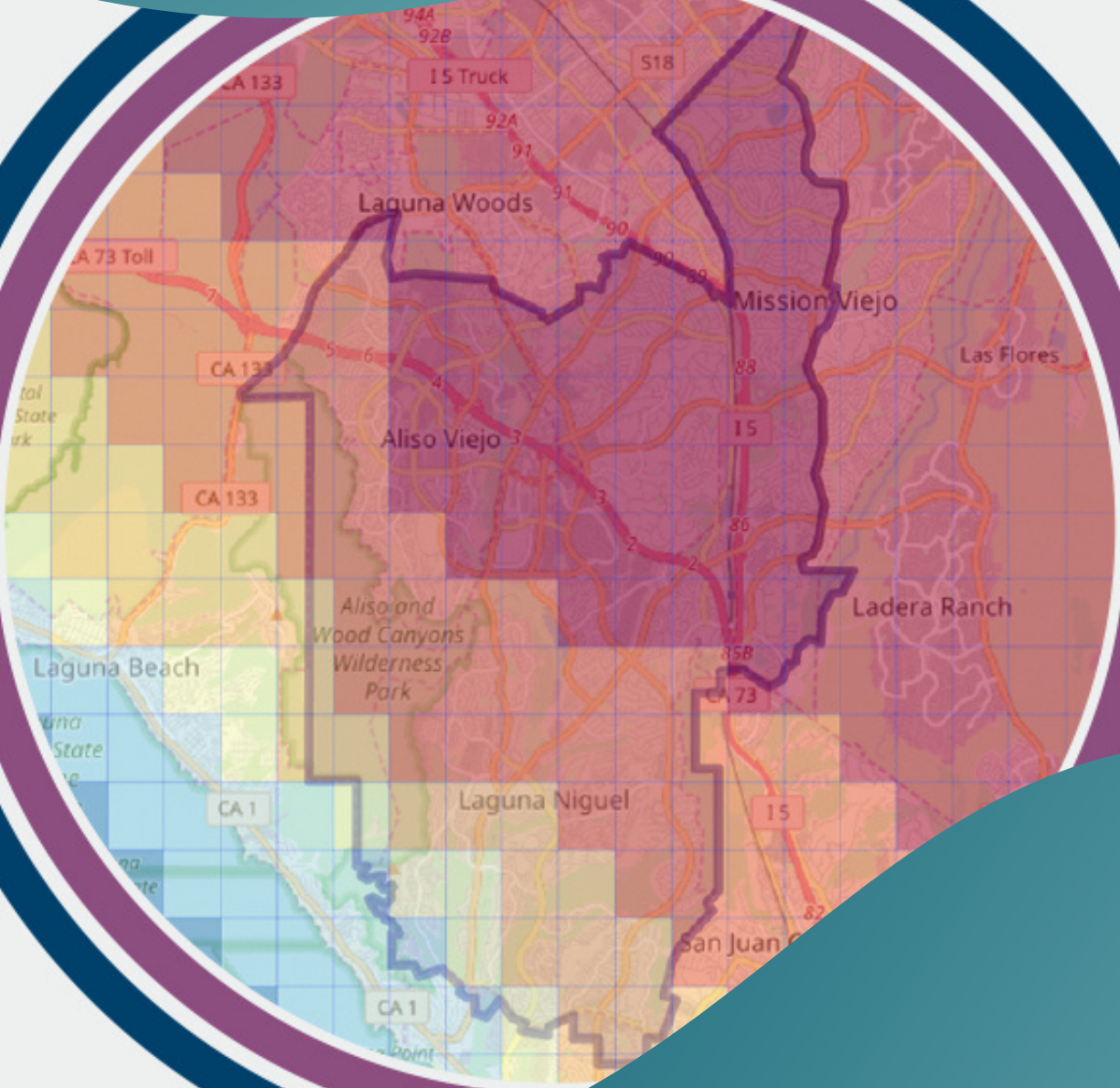
- Updated Long-Range Financial Plan and 10-year cash flow model.
- Successfully completed the audit; and achieved a clean financial audit.
- Evaluated rate increase projections; implemented rate recommendations.
- Conducted short-term cash forecasting & coordinated restructuring of investment portfolio with advisors to fund capital improvements.
- Performed annual review of investment policy, reserve policy, debt management policy, capitalization & surplus policy, purchasing policy, and grant management policy.
- Achieved the Distinguished Budget Presentation & Comprehensive Annual Financial Report awards from the Government Finance Officers Association (GFOA).
- Maintained AAA rating from Fitch and S&P.
- Adopted new policy for discontinuation of residential water service for non-payment in compliance with SB 998.
- Monitored customer bill delinquencies during moratorium on shut-offs.
- Implemented new payment kiosk allowing customers to pay in-person with credit cards for the first time.
- Initiated 2021 Cost of Service and Rate Study.

PLANNED FY22

- Complete 2021 Cost of Service and Rate Study.
- Adopt a Reimbursement Resolution for a forecasted bond issuance in FY 2021-22.
- Review and update financial policies as part of the annual review.
- Achieve the Distinguished Budget Presentation & Comprehensive Annual Financial Report awards from the GFOA.
- Apply for the Popular Annual Financial Report award from GFOA.
- Maintain AAA rating from Fitch and S&P.
- Issue late bill payment collections RFP and select vendor.
- Launch Payment Plan Application and Tracking Tool for administration and reporting related to SB 998.
- Launch proactive payment plan outreach to at-risk customers.
- Engage with a new audit firm and have a successful financial and Single Audit.

GOVERNMENT AFFAIRS

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





Government Affairs

The Board has identified the need to be informed and engaged in local, regional, state, and federal issues that impact our communities and the District's services. The District has recognized tremendous value in pursuing interagency partnerships and grant funding opportunities. In order to identify and pursue these opportunities, the District staff are complemented by government affairs consultants. District representatives meet with policymakers and agency staff on a regular basis to establish and strengthen relationships, as well as discuss water and other issues of mutual interest. Staff will continue to evaluate opportunities to influence policy and funding at every level.

COMPLETED FY21

- Involved local, state, federal and other policy makers and their staff in several District events and activities (e.g., email updates, online community forums and events, and staff briefings).
- Monitored regional, state, and federal discussions related to key issues that may directly impact the District (e.g., COVID-19 regulations and issues, Delta Conveyance, MET and MWDOC issues, rates and charges, water grant programs, and the federal property in Laguna Niguel).
- Participated in several SOCWA member agency meetings to discuss the Joint Powers Authority and service expectations/options going forward.
- Awarded \$2.8 million grant for the Potable Water Steel Reservoir Seismic Retrofits project through the California Governor's Office of Emergency Services. Three other grant applications are under review from the funding agencies.

PLANNED FY22

- Evaluate upcoming District projects and programs and identify possible new grant funding opportunities.
- Meet with newly elected Congress Member and State Assembly Member in our District area and their staff and continue to involve local, state, federal and other policy makers and their staff in several District events and activities (e.g., community forums, online events, state and federal agency official briefings).
- Continue to work with the South Orange County Wastewater Authority (SOCWA) member agencies on the evaluation of the strategic direction for SOCWA going-forward and potentially any associated amendments to the Joint Powers Authority Agreement.
- Continue to work closely with Orange County Water District (OCWD) Board members and staff and other interested parties to develop an MOU for a potential emergency interconnection.
- Continue to discuss a potential pilot storage program with OCWD Board members and staff for dry-year storage.

LABOR RELATIONS

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



RESUME



PROFILE

Name
Date of Birth
Address
Phone

JOB EXPERIENCES

2011-2008 Great Media Productions, Agency
Art Director / Creative Strategy
2005-2008 Market Study, Advertising Agency, NY
Senior Creative Strategist

EDUCATION

2001-2003 National Institute of Technology
Master of Art
1997-2001 University of Southern California
Bachelor of Science



Labor Relations

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

COMPLETED FY21

- Responded to the COVID-19 pandemic by: implementing the Families First Coronavirus Response Act; monitoring CDC and CalOSHA guidance; assisting employees affected by COVID19; conducting contact tracing to prevent the spread of the virus in the workplace; tracking COVID leave usage; installing temperature read stations; providing appropriate PPE to staff; developing temperature & symptom check, emergency travel, telecommuting and paid administrative leave policies; formalizing and implementing a COVID-19 Prevention Plan (CPP)
- Won the Top Workplace in Orange County designation for the fourth year in a row. Won the Top Workplace USA designation.
- Continued to maintain a close working relationship with employees and OCEA.
- Filled 154 of 163 budgeted full-time positions (94% staffed). Hired 18 employees (15 FTE + 3 Temp) January 2020 to January 2021.
- Monitored labor relations legislation and took appropriate action.
- Negotiated 3.4% increase in Anthem health insurance rates (initial renewal rate equated to an increase of 16.3%).
- Implemented new Deferred Compensation plans.

PLANNED FY22

- Update the MNWD Employees Association Memorandum of Understanding.
- Continue to monitor legislation relative to the COVID-19 pandemic and take appropriate action; monitor vaccine availability to ensure our employees have access if they desire vaccination.
- Continue to deliver upon the objectives of the Future Leaders Of Water Initiative by: encouraging future talent to consider a career in the water industry and equipping existing water professionals with the necessary leadership skills; building upon collaborative partnerships with educational institutions, such as Santiago Canyon College and UC Irvine, and professional groups, such as the Water Energy Education Alliance.
- Review and update the Substance Abuse Policy-draft under review; met with supervisors to discuss new Federal Motor Carrier Safety Administration clearinghouse requirements and trained all safety sensitive drivers on how to register.
- Review and update the Personal Computer Purchase Plan Policy.

SYSTEM OPERATIONS

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



1.78
AIT/AE #347
MATHIS

1.77
OUT1: 3.4mA OUT2: 4.0mA
AIT/AE #347
MATHIS

1.82

HACH
AGsc

HACH
AGsc



System Operations

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

COMPLETED FY21

- Implemented COVID-19 safety protocols for staff and customers while maintaining the effective operation of the District's systems while ensuring employees, including developing practices to limit water shutdowns for customers to perform system repairs.
- Continued successful operation and maintenance of Plant 3A. Completed several maintenance and rehabilitation efforts at Plant 3A.
- Completed and certified the Risk Assessment and Emergency Response Plan as part of the American Water Infrastructure Act's Risk and Resiliency Assessment.
- Completed the first phase of the targeted inflow and infiltration review of the District's collection system.
- Implemented Survey 123 and proactive leak detection team as part of water loss reduction efforts.
- Substantial completion of recommendations from the District-wide electrical system assessment.
- Continued implementation of the District's meter replacement program.

PLANNED FY22

- Substantial completion of initial targeted inflow and infiltration efforts.
- Continue replacement of high frequency radios (18GHz) of our SCADA communication network, including relocating the Moulton Peak tower.
- Replace Board agenda management system.
- Initiate Fire Risk Assessment of closed zone pump stations and major lift stations.
- Substantial completion of initial targeted operational items at Plant 3A, such as pump rehabilitations, aeration systems, lighting systems, electrical, tertiary treatment system, and SCADA.
- Continue to implement water loss control programs, including proactive leak detection team, 1050 zone pilot pressure management project, and zonal water loss control dashboard to inform proactive leak detection routing and operations.
- Pilot machine health and monitoring program identified lift station.
- Replace electrical drives and upgrade the Programmable Logic Control panels at identified lift stations.
- Replace package lift station pumps at Flying Cloud and Crystal Sands lift stations.
- Integrate new shops and south maintenance yard at 3A into daily operations.

WATER RELIABILITY

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





Water Reliability

The District has been proactive in its water resources planning efforts to meet water reliability objectives. The 2020 Long-Range Water Reliability Plan (LRWRP) was updated to provide an adaptive management approach to plan for future uncertainties in reliability. Staff has reviewed regional water supply projections and compared against our water demand model projections to identify recommendations to maintain water reliability. Staff will continue to evaluate options for increasing water reliability and implementing the Board approved recommendations in the 2020 LRWRP and the associated Water Reliability Policy objectives for cost effective emergency and dry-year storage water supplies.

COMPLETED FY21

- Prepared the Draft 2020 Long Range Water Reliability Plan Update, including the Board resolution outlining the District's Goals for Potable Water System and Supply Reliability.
- Provided several Board workshops on System Reliability and Supply Reliability.
- Implemented Phase 1 of the Smart Watershed Network, which included installing monitoring equipment in Aliso Creek Watershed.
- Completed the development of the Urban Drool Tool to help inform customers on the effects of outdoor overwatering and provide resources to reduce water waste.
- Completed two key studies with Orange County Water District to evaluate potential exchange program costs and infrastructure needs to meet District water reliability objectives.
- Prepared the Draft Crisis Communication Plan to help provide guidance to staff on engaging with the public during an emergency and support the implementation of the Water Shortage Contingency Plan during a supply shortage.
- Prepared draft update to the Water Shortage Contingency Plan in compliance with the new regulations in the Water Code.
- Prepared the Draft 2020 Urban Water Management Plan.

PLANNED FY22

- Continue to participate in the Met 2020 IRP Update.
- Board workshops and adoption the 2020 Urban Water Management Plan.
- Board workshops and adoption of the updated Water Shortage Contingency Plan and Ordinance.
- Continue to evaluate opportunities to extend the Emergency Services Program with Orange County Water District for conveyance of groundwater during an emergency outage.
- Continue to develop potential pilot program to provide water storage with the Orange County Water District for use during droughts.
- Continue preparation of the Reuse and Reservoir Conversion Feasibility Study, implement the multi-year water quality monitoring program and continue to engage with regulatory agencies to provide water storage at the Regional Treatment Plant.
- Complete the "Smart Watershed Project" Phase 2 with the County of Orange to evaluate opportunities to minimize overwatering and dry weather flows utilizing data-driven approaches to evaluate mutually beneficial demand management strategies and potential use of wastewater assets.
- On-going evaluation of potential project opportunities to improve the District's water reliability and resiliency.



moulton niguel water district

APPENDIX - B:
Budget Resolution

RESOLUTION NO. 21-12

**RESOLUTION OF THE BOARD OF DIRECTORS OF
MOULTON NIGUEL WATER DISTRICT
APPROVING A BUDGET APPROPRIATION AND ADOPTING THE OPERATIONS
AND MAINTENANCE BUDGET AND CAPITAL IMPROVEMENT PROGRAM
BUDGET FOR FISCAL YEAR 2021-22**

WHEREAS, the Financial Policies of the District provide that the Board shall hold public meetings and adopt the District's budget and may modify appropriations with a majority approval throughout the Fiscal Year. Said budget consists of the estimated and anticipated expenditures and revenues for the Fiscal Year for all funds; and

WHEREAS, the Capital Improvement Program ("CIP") outlines the expenditure plan for future capital projects for the next decade and provides a CIP Budget for the upcoming Fiscal Year. CIP projects are funded from five sources: General ("G") Fund 1, Water Efficiency ("WE") Fund 6, Replacement and Refurbishment ("R&R") Fund 7, Water Supply Reliability ("WSR") Fund 12, and Planning and Construction ("P&C") Fund 14. All of the funds described herein and as further set forth in the budget adopted by this Resolution shall be referred to herein as "Funds;" and

WHEREAS, the Board held multiple public meetings to review and discuss the proposed Fiscal Year 2021-22 Operations and Maintenance Budget and Capital Improvement Budget. In addition, a public meeting of the Board was duly noticed and conducted under the Brown Act on June 10, 2021 during which this Resolution and the budget were considered; and

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

SECTION 1. A certain document now on file in the Finance Division of the Moulton Niguel Water District entitled, "Moulton Niguel Water District FY 2021-22 Budget," is hereby made part of this Resolution.

SECTION 2. Said Operations and Maintenance Budget and Capital Improvement Budget are hereby adopted for the Fiscal Year beginning July 1, 2021, and ending June 30, 2022, and consists of the estimated and anticipated expenditures and revenues for the Fiscal Year for all Funds.

SECTION 3. Except as provided for in SECTION 4, the appropriations for each Fund may only be increased or decreased by the Board during the Fiscal Year by passage of a resolution amending the Budget.

SECTION 4. The following controls are hereby placed on the use and transfers of budgeted Funds:

- A. No expenditure of funds shall be authorized unless sufficient amounts have been appropriated by the Board or General Manager as described herein. The General Manager may authorize all transfers of amounts from category to category within the same Fund. The General Manager may delegate authority to director level staff, the Assistant General Manager and/or Controller to transfer amounts between categories as necessary.
- B. The General Manager may authorize the transfer and expenditure of amounts between the Funds only to the extent of the specific Funds and maximum amounts set forth below. Said transfers may be made at one or more times during the Fiscal Year so long as the total amounts do not exceed the maximum amounts for the specific Funds set forth below. The General Manager may delegate authority to Director level staff, the Assistant General Manager and/or Controller to transfer amounts between categories as necessary.
1. The maximum amount which may be transferred by the General Manager from Fund 1 to Funds 7, 12, and/or 14 shall be \$67,582,501.
 2. The maximum amount which may be transferred by the General Manager between and among Funds 7, 12, and 14 shall be \$67,582,501.
 3. The maximum amount which may be transferred by the General Manager from the Capacity Fee Fund 15 to Fund 7 shall be \$50,000 to be spent on the identified projects in Table 1.

Table 1.

Description	FY 2021-22 Budget
Regional Lift Station Force Main Replacement	\$6,000,000
Lower Salada Lift Station Force Main Replacement	\$200,000
North Aliso Lift Station Reconstruction 2019007	\$300,000
IRWD Baker Water Treatment Plant Capital Projects	\$150,000
Total	\$6,650,000

4. The maximum amount which may be transferred by the General Manager from Fund 1 to Funds 12, 71, and 73 shall be \$8,112,831 to be spent on debt service payments.
5. The maximum amount which may be transferred by the General Manager from Fund 70 to Funds 1 shall be \$75,000.

6. The maximum amount which may be transferred by the General Manager from Fund 1 to Fund 4 shall be \$16,249 to be spent on insurance deductibles and claims.
 7. The maximum amount which may be transferred by the General Manager from Fund 1 to Fund 52 shall be \$463,551 to align Fund 52 (Rate Stabilization Reserve) with its designated target per the District's Reserve Policy.
- C. The General Manager is authorized to employ during the fiscal year(s) covered by this Budget, the number of such full-time employees as are shown in the Budget, all subject to the total number of authorized positions. The General Manager may also authorize the hiring of temporary or part time staff as authorized in the Budget.

SECTION 5. All appropriations for the Capital Improvement Projects remaining unexpended on June 30, 2021, are hereby appropriated for such Capital Projects for the 2021-22 Fiscal Year.

SECTION 6. All appropriations and outstanding encumbrances for non-Capital Projects as of June 30, 2021, expire as of said date.

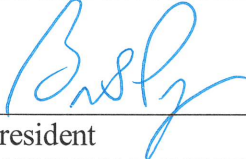
SECTION 7. The Board of Directors does hereby approve and adopt the General Manager, General Unit, Supervisory Unit and Exempt Employees' Job Classification Salary Schedules effective June 19, 2021, for Fiscal Year 2021-2022.

SECTION 8. If any section, subsection, clause or phrase in this Resolution is for any reason held invalid, the validity of the remainder of this Resolution shall not be affected thereby. The Board hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof be held invalid.

SECTION 9. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.

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

MOULTON NIGUEL WATER DISTRICT



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



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

APPENDIX - C:
Salary Schedules

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
GENERAL UNIT**

JOB CLASSIFICATION	RANGE
Accountant	G30
Accounting Assistant I	G2
Accounting Assistant II	G7
Accounting Assistant III	G17
Administrative Assistant I	G9
Administrative Assistant II	G19
Buyer	G29
Cross Connection Inspector I	G12
Cross Connection Inspector II	G24
Cross Connection Inspector III	G34
Customer Account Representative I	G1
Customer Account Representative II	G4
Customer Account Representative III	G14
Customer Service Field Technician I	G3
Customer Service Field Technician II	G8
Customer Service Field Technician III	G18
Electrical/Instrumentation Technician I	G26.1
Electrical/Instrumentation Technician II	G36
Electrical/Instrumentation Technician III	G46.1
Facilities Coordinator	G32
GIS Analyst	G39
GIS Technician	G20
Information Systems Analyst I	G44
Information Systems Analyst II	G48
Inspector I	G12
Inspector II	G23
Inspector III	G34
Inventory Clerk	G3
Leak Detection Technician I	G10
Leak Detection Technician II	G21
Leak Detection Technician III	G32
Maintenance Worker I - Collections	G6
Maintenance Worker I - Facilities	G10
Maintenance Worker I - Streets	G5
Maintenance Worker II - Collections	G16
Maintenance Worker II - Facilities	G21
Maintenance Worker II - Streets	G15
Maintenance Worker III - Collections	G28

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
GENERAL UNIT**

JOB CLASSIFICATION	RANGE
Maintenance Worker III - Facilities	G32
Maintenance Worker III - Streets	G27
Mechanic I	G11
Mechanic II	G22
Mechanic III	G33
Permit Technician	G20
Purchasing Agent	G47
Records & Mapping Technician	G20
Recycled Water Inspector I	G12
Recycled Water Inspector II	G24
Recycled Water Inspector III	G34
Senior Cross Connection Inspector	G42
Senior Customer Account Representative	G26
Senior Customer Service Field Technician	G31
Senior Electrical/Instrumentation Technician	G48.1
Senior Inspector	G42
Senior Leak Detection Technician	G40
Senior Maintenance Worker - Collections	G38
Senior Maintenance Worker - Facilities	G40
Senior Maintenance Worker - Streets	G37
Senior Mechanic	G41
Senior Recycled Water Inspector	G42
Senior Wastewater Treatment Plant Operator	G47.1
Senior Water Efficiency Representative	G31
Senior Water Systems Operator	G45
Wastewater Treatment Plant Operator I	G33.1
Wastewater Treatment Plant Operator II	G41.1
Wastewater Treatment Plant Operator in Training	G22.1
Water Efficiency Analyst	G39
Water Efficiency Representative I	G3
Water Efficiency Representative II	G8
Water Efficiency Representative III	G18
Water Systems Operator I	G13
Water Systems Operator II	G25
Water Systems Operator III	G35

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
GENERAL UNIT**

These job classifications are Non-Exempt
2.5% Increase Between Each Step

JOB CLASSIFICATION	Range	Frequency	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11
Customer Account Representative I	G1	Monthly	3,896.53	3,993.60	4,094.13	4,196.40	4,300.40	4,407.87	4,518.80	4,631.47	4,747.60	4,865.47	4,988.53
		Hourly	22.48	23.04	23.62	24.21	24.81	25.43	26.07	26.72	27.39	28.07	28.78
		Annually	46,758.40	47,923.20	49,129.60	50,356.80	51,604.80	52,894.40	54,225.60	55,577.60	56,971.20	58,385.60	59,862.40
Accounting Assistant I	G2	Monthly	4,132.27	4,236.27	4,342.00	4,449.47	4,560.40	4,674.80	4,792.67	4,912.27	5,035.33	5,160.13	5,290.13
		Hourly	23.84	24.44	25.05	25.67	26.31	26.97	27.65	28.34	29.05	29.77	30.52
		Annually	49,587.20	50,835.20	52,104.00	53,393.60	54,724.80	56,097.60	57,512.00	58,947.20	60,424.00	61,921.60	63,481.60
Customer Service Field Technician I Inventory Clerk Water Efficiency Representative I	G3	Monthly	4,135.73	4,239.73	4,345.47	4,452.93	4,565.60	4,680.00	4,796.13	4,915.73	5,038.80	5,165.33	5,293.60
		Hourly	23.86	24.46	25.07	25.69	26.34	27.00	27.67	28.36	29.07	29.80	30.54
		Annually	49,628.80	50,876.80	52,145.60	53,435.20	54,787.20	56,160.00	57,553.60	58,988.80	60,465.60	61,984.00	63,523.20
Customer Account Representative II	G4	Monthly	4,383.60	4,492.80	4,605.47	4,719.87	4,839.47	4,959.07	5,083.87	5,210.40	5,340.40	5,473.87	5,610.80
		Hourly	25.29	25.92	26.57	27.23	27.92	28.61	29.33	30.06	30.81	31.58	32.37
		Annually	52,603.20	53,913.60	55,265.60	56,638.40	58,073.60	59,508.80	61,006.40	62,524.80	64,084.80	65,686.40	67,329.60
Maintenance Worker I - Streets	G5	Monthly	4,449.47	4,560.40	4,674.80	4,790.93	4,910.53	5,033.60	5,160.13	5,288.40	5,421.87	5,557.07	5,695.73
		Hourly	25.67	26.31	26.97	27.64	28.33	29.04	29.77	30.51	31.28	32.06	32.86
		Annually	53,393.60	54,724.80	56,097.60	57,491.20	58,926.40	60,403.20	61,921.60	63,460.80	65,062.40	66,684.80	68,348.80
Maintenance Worker I - Collections	G6	Monthly	4,458.13	4,569.07	4,683.47	4,801.33	4,920.93	5,044.00	5,170.53	5,298.80	5,432.27	5,567.47	5,706.13
		Hourly	25.72	26.36	27.02	27.70	28.39	29.10	29.83	30.57	31.34	32.12	32.92
		Annually	53,497.60	54,828.80	56,201.60	57,616.00	59,051.20	60,528.00	62,046.40	63,585.60	65,187.20	66,809.60	68,473.60
Accounting Assistant II	G7	Monthly	4,650.53	4,766.67	4,886.27	5,007.60	5,134.13	5,262.40	5,392.40	5,527.60	5,666.27	5,808.40	5,952.27
		Hourly	26.83	27.50	28.19	28.89	29.62	30.36	31.11	31.89	32.69	33.51	34.34
		Annually	55,806.40	57,200.00	58,635.20	60,091.20	61,609.60	63,148.80	64,708.80	66,331.20	67,995.20	69,700.80	71,427.20
Customer Service Field Technician II Water Efficiency Representative II	G8	Monthly	4,654.00	4,770.13	4,889.73	5,011.07	5,137.60	5,265.87	5,397.60	5,532.80	5,669.73	5,811.87	5,957.47
		Hourly	26.85	27.52	28.21	28.91	29.64	30.38	31.14	31.92	32.71	33.53	34.37
		Annually	55,848.00	57,241.60	58,676.80	60,132.80	61,651.20	63,190.40	64,771.20	66,393.60	68,036.80	69,742.40	71,489.60
Administrative Assistant I	G9	Monthly	4,671.33	4,787.47	4,907.07	5,030.13	5,156.67	5,284.93	5,416.67	5,553.60	5,692.27	5,834.40	5,980.00
		Hourly	26.95	27.62	28.31	29.02	29.75	30.49	31.25	32.04	32.84	33.66	34.50
		Annually	56,056.00	57,449.60	58,884.80	60,361.60	61,880.00	63,419.20	65,000.00	66,643.20	68,307.20	70,012.80	71,760.00
Leak Detection Technician I Maintenance Worker I - Facilities	G10	Monthly	4,726.80	4,844.67	4,966.00	5,090.80	5,217.33	5,347.33	5,480.80	5,619.47	5,759.87	5,903.73	6,051.07
		Hourly	27.27	27.95	28.65	29.37	30.10	30.85	31.62	32.42	33.23	34.06	34.91
		Annually	56,721.60	58,136.00	59,592.00	61,089.60	62,608.00	64,168.00	65,769.60	67,433.60	69,118.40	70,844.80	72,612.80
Mechanic I	G11	Monthly	4,738.93	4,856.80	4,978.13	5,102.93	5,231.20	5,361.20	5,496.40	5,633.33	5,773.73	5,917.60	6,066.67
		Hourly	27.34	28.02	28.72	29.44	30.18	30.93	31.71	32.50	33.31	34.14	35.00
		Annually	56,867.20	58,281.60	59,737.60	61,235.20	62,774.40	64,334.40	65,956.80	67,600.00	69,284.80	71,011.20	72,800.00

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
GENERAL UNIT**

These job classifications are Non-Exempt
2.5% Increase Between Each Step

JOB CLASSIFICATION	Range	Frequency	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11
Cross Connection Inspector I Inspector I Recycled Water Inspector I	G12	Monthly	4,815.20	4,934.80	5,059.60	5,186.13	5,314.40	5,447.87	5,584.80	5,723.47	5,867.33	6,012.93	6,163.73
		Hourly	27.78	28.47	29.19	29.92	30.66	31.43	32.22	33.02	33.85	34.69	35.56
		Annually	57,782.40	59,217.60	60,715.20	62,233.60	63,772.80	65,374.40	67,017.60	68,681.60	70,408.00	72,155.20	73,964.80
Water Systems Operator I	G13	Monthly	4,882.80	5,004.13	5,130.67	5,258.93	5,388.93	5,524.13	5,662.80	5,804.93	5,948.80	6,097.87	6,250.40
		Hourly	28.17	28.87	29.60	30.34	31.09	31.87	32.67	33.49	34.32	35.18	36.06
		Annually	58,593.60	60,049.60	61,568.00	63,107.20	64,667.20	66,289.60	67,953.60	69,659.20	71,385.60	73,174.40	75,004.80
Customer Account Representative III	G14	Monthly	4,933.07	5,056.13	5,182.67	5,312.67	5,444.40	5,581.33	5,720.00	5,863.87	6,011.20	6,160.27	6,314.53
		Hourly	28.46	29.17	29.90	30.65	31.41	32.20	33.00	33.83	34.68	35.54	36.43
		Annually	59,196.80	60,673.60	62,192.00	63,752.00	65,332.80	66,976.00	68,640.00	70,366.40	72,134.40	73,923.20	75,774.40
Maintenance Worker II - Streets	G15	Monthly	5,012.80	5,137.60	5,265.87	5,397.60	5,532.80	5,671.47	5,813.60	5,959.20	6,108.27	6,260.80	6,416.80
		Hourly	28.92	29.64	30.38	31.14	31.92	32.72	33.54	34.38	35.24	36.12	37.02
		Annually	60,153.60	61,651.20	63,190.40	64,771.20	66,393.60	68,057.60	69,763.20	71,510.40	73,299.20	75,129.60	77,001.60
Maintenance Worker II - Collections	G16	Monthly	5,021.47	5,146.27	5,276.27	5,408.00	5,543.20	5,681.87	5,824.00	5,969.60	6,118.67	6,271.20	6,427.20
		Hourly	28.97	29.69	30.44	31.20	31.98	32.78	33.60	34.44	35.30	36.18	37.08
		Annually	60,257.60	61,755.20	63,315.20	64,896.00	66,518.40	68,182.40	69,888.00	71,635.20	73,424.00	75,254.40	77,126.40
Accounting Assistant III	G17	Monthly	5,231.20	5,361.20	5,496.40	5,633.33	5,773.73	5,919.33	6,066.67	6,217.47	6,373.47	6,532.93	6,695.87
		Hourly	30.18	30.93	31.71	32.50	33.31	34.15	35.00	35.87	36.77	37.69	38.63
		Annually	62,774.40	64,334.40	65,956.80	67,600.00	69,284.80	71,032.00	72,800.00	74,609.60	76,481.60	78,395.20	80,350.40
Customer Service Field Technician III Water Efficiency Representative III	G18	Monthly	5,232.93	5,362.93	5,498.13	5,635.07	5,775.47	5,921.07	6,068.40	6,220.93	6,375.20	6,534.67	6,699.33
		Hourly	30.19	30.94	31.72	32.51	33.32	34.16	35.01	35.89	36.78	37.70	38.65
		Annually	62,795.20	64,355.20	65,977.60	67,620.80	69,305.60	71,052.80	72,820.80	74,651.20	76,502.40	78,416.00	80,392.00
Administrative Assistant II	G19	Monthly	5,271.07	5,402.80	5,538.00	5,676.67	5,818.80	5,964.40	6,113.47	6,266.00	6,422.00	6,583.20	6,747.87
		Hourly	30.41	31.17	31.95	32.75	33.57	34.41	35.27	36.15	37.05	37.98	38.93
		Annually	63,252.80	64,833.60	66,456.00	68,120.00	69,825.60	71,572.80	73,361.60	75,192.00	77,064.00	78,998.40	80,974.40
GIS Technician Permit Technician Records & Mapping Technician	G20	Monthly	5,305.73	5,439.20	5,574.40	5,713.07	5,856.93	6,002.53	6,153.33	6,307.60	6,465.33	6,626.53	6,791.20
		Hourly	30.61	31.38	32.16	32.96	33.79	34.63	35.50	36.39	37.30	38.23	39.18
		Annually	63,668.80	65,270.40	66,892.80	68,556.80	70,283.20	72,030.40	73,840.00	75,691.20	77,584.00	79,518.40	81,494.40
Leak Detection Technician II Maintenance Worker II - Facilities	G21	Monthly	5,314.40	5,447.87	5,583.07	5,723.47	5,865.60	6,012.93	6,163.73	6,318.00	6,475.73	6,636.93	6,803.33
		Hourly	30.66	31.43	32.21	33.02	33.84	34.69	35.56	36.45	37.36	38.29	39.25
		Annually	63,772.80	65,374.40	66,996.80	68,681.60	70,387.20	72,155.20	73,964.80	75,816.00	77,708.80	79,643.20	81,640.00
Mechanic II	G22	Monthly	5,330.00	5,463.47	5,600.40	5,739.07	5,882.93	6,030.27	6,181.07	6,335.33	6,494.80	6,656.00	6,822.40
		Hourly	30.75	31.52	32.31	33.11	33.94	34.79	35.66	36.55	37.47	38.40	39.36
		Annually	63,960.00	65,561.60	67,204.80	68,868.80	70,595.20	72,363.20	74,172.80	76,024.00	77,937.60	79,872.00	81,868.80

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
GENERAL UNIT**

These job classifications are Non-Exempt
2.5% Increase Between Each Step

JOB CLASSIFICATION	Range	Frequency	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11
Wastewater Treatment Plant Operator in Training	G22.1	Monthly	5,359.47	5,492.93	5,631.60	5,772.00	5,915.87	6,063.20	6,215.73	6,370.00	6,529.47	6,692.40	6,860.53
		Hourly	30.92	31.69	32.49	33.30	34.13	34.98	35.86	36.75	37.67	38.61	39.58
		Annually	64,313.60	65,915.20	67,579.20	69,264.00	70,990.40	72,758.40	74,588.80	76,440.00	78,353.60	80,308.80	82,326.40
Inspector II	G23	Monthly	5,416.67	5,551.87	5,690.53	5,832.67	5,978.27	6,129.07	6,281.60	6,439.33	6,600.53	6,765.20	6,933.33
		Hourly	31.25	32.03	32.83	33.65	34.49	35.36	36.24	37.15	38.08	39.03	40.00
		Annually	65,000.00	66,622.40	68,286.40	69,992.00	71,739.20	73,548.80	75,379.20	77,272.00	79,206.40	81,182.40	83,200.00
Cross Connection Inspector II Recycled Water Inspector II	G24	Monthly	5,460.00	5,596.93	5,735.60	5,879.47	6,026.80	6,177.60	6,331.87	6,489.60	6,652.53	6,818.93	6,988.80
		Hourly	31.50	32.29	33.09	33.92	34.77	35.64	36.53	37.44	38.38	39.34	40.32
		Annually	65,520.00	67,163.20	68,827.20	70,553.60	72,321.60	74,131.20	75,982.40	77,875.20	79,830.40	81,827.20	83,865.60
Water Systems Operator II	G25	Monthly	5,492.93	5,629.87	5,770.27	5,915.87	6,063.20	6,214.00	6,370.00	6,529.47	6,692.40	6,860.53	7,032.13
		Hourly	31.69	32.48	33.29	34.13	34.98	35.85	36.75	37.67	38.61	39.58	40.57
		Annually	65,915.20	67,558.40	69,243.20	70,990.40	72,758.40	74,568.00	76,440.00	78,353.60	80,308.80	82,326.40	84,385.60
Senior Customer Account Representative	G26	Monthly	5,550.13	5,688.80	5,830.93	5,976.53	6,125.60	6,279.87	6,435.87	6,597.07	6,761.73	6,931.60	7,104.93
		Hourly	32.02	32.82	33.64	34.48	35.34	36.23	37.13	38.06	39.01	39.99	40.99
		Annually	66,601.60	68,265.60	69,971.20	71,718.40	73,507.20	75,358.40	77,230.40	79,164.80	81,140.80	83,179.20	85,259.20
Electrical/Instrumentation Technician I	G26.1	Monthly	5,588.27	5,728.67	5,870.80	6,018.13	6,168.93	6,323.20	6,480.93	6,642.13	6,808.53	6,978.40	7,153.47
		Hourly	32.24	33.05	33.87	34.72	35.59	36.48	37.39	38.32	39.28	40.26	41.27
		Annually	67,059.20	68,744.00	70,449.60	72,217.60	74,027.20	75,878.40	77,771.20	79,705.60	81,702.40	83,740.80	85,841.60
Maintenance Worker III - Streets	G27	Monthly	5,629.87	5,770.27	5,914.13	6,063.20	6,214.00	6,370.00	6,529.47	6,692.40	6,858.80	7,030.40	7,207.20
		Hourly	32.48	33.29	34.12	34.98	35.85	36.75	37.67	38.61	39.57	40.56	41.58
		Annually	67,558.40	69,243.20	70,969.60	72,758.40	74,568.00	76,440.00	78,353.60	80,308.80	82,305.60	84,364.80	86,486.40
Maintenance Worker III - Collections	G28	Monthly	5,643.73	5,784.13	5,929.73	6,077.07	6,229.60	6,385.60	6,545.07	6,708.00	6,876.13	7,047.73	7,224.53
		Hourly	32.56	33.37	34.21	35.06	35.94	36.84	37.76	38.70	39.67	40.66	41.68
		Annually	67,724.80	69,409.60	71,156.80	72,924.80	74,755.20	76,627.20	78,540.80	80,496.00	82,513.60	84,572.80	86,694.40
Buyer	G29	Monthly	5,818.80	5,964.40	6,113.47	6,266.00	6,422.00	6,583.20	6,747.87	6,916.00	7,089.33	7,266.13	7,448.13
		Hourly	33.57	34.41	35.27	36.15	37.05	37.98	38.93	39.90	40.90	41.92	42.97
		Annually	69,825.60	71,572.80	73,361.60	75,192.00	77,064.00	78,998.40	80,974.40	82,992.00	85,072.00	87,193.60	89,377.60
Accountant	G30	Monthly	5,882.93	6,030.27	6,181.07	6,335.33	6,493.07	6,656.00	6,822.40	6,992.27	7,167.33	7,347.60	7,531.33
		Hourly	33.94	34.79	35.66	36.55	37.46	38.40	39.36	40.34	41.35	42.39	43.45
		Annually	70,595.20	72,363.20	74,172.80	76,024.00	77,916.80	79,872.00	81,868.80	83,907.20	86,008.00	88,171.20	90,376.00
Senior Customer Service Field Technician Senior Water Efficiency Representative	G31	Monthly	5,886.40	6,033.73	6,184.53	6,338.80	6,498.27	6,659.47	6,825.87	6,997.47	7,172.53	7,351.07	7,534.80
		Hourly	33.96	34.81	35.68	36.57	37.49	38.42	39.38	40.37	41.38	42.41	43.47
		Annually	70,636.80	72,404.80	74,214.40	76,065.60	77,979.20	79,913.60	81,910.40	83,969.60	86,070.40	88,212.80	90,417.60
Facilities Coordinator Leak Detection Technician III Maintenance Worker III - Facilities	G32	Monthly	5,980.00	6,129.07	6,283.33	6,439.33	6,600.53	6,765.20	6,935.07	7,108.40	7,285.20	7,468.93	7,654.40
		Hourly	34.50	35.36	36.25	37.15	38.08	39.03	40.01	41.01	42.03	43.09	44.16
		Annually	71,760.00	73,548.80	75,400.00	77,272.00	79,206.40	81,182.40	83,220.80	85,300.80	87,422.40	89,627.20	91,852.80

MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
GENERAL UNIT

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JOB CLASSIFICATION	Range	Frequency	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11
Mechanic III	G33	Monthly	5,997.33	6,148.13	6,300.67	6,458.40	6,619.60	6,786.00	6,955.87	7,129.20	7,307.73	7,489.73	7,676.93
		Hourly	34.60	35.47	36.35	37.26	38.19	39.15	40.13	41.13	42.16	43.21	44.29
		Annually	71,968.00	73,777.60	75,608.00	77,500.80	79,435.20	81,432.00	83,470.40	85,550.40	87,692.80	89,876.80	92,123.20
Wastewater Treatment Plant Operator I	G33.1	Monthly	6,028.53	6,179.33	6,333.60	6,491.33	6,654.27	6,820.67	6,990.53	7,165.60	7,345.87	7,529.60	7,716.80
		Hourly	34.78	35.65	36.54	37.45	38.39	39.35	40.33	41.34	42.38	43.44	44.52
		Annually	72,342.40	74,152.00	76,003.20	77,896.00	79,851.20	81,848.00	83,886.40	85,987.20	88,150.40	90,355.20	92,601.60
Cross Connection Inspector III Inspector III Recycled Water Inspector III	G34	Monthly	6,096.13	6,248.67	6,404.67	6,564.13	6,728.80	6,896.93	7,070.27	7,247.07	7,427.33	7,612.80	7,803.47
		Hourly	35.17	36.05	36.95	37.87	38.82	39.79	40.79	41.81	42.85	43.92	45.02
		Annually	73,153.60	74,984.00	76,856.00	78,769.60	80,745.60	82,763.20	84,843.20	86,964.80	89,128.00	91,353.60	93,641.60
Water Systems Operator III	G35	Monthly	6,181.07	6,335.33	6,494.80	6,656.00	6,822.40	6,994.00	7,167.33	7,347.60	7,531.33	7,718.53	7,912.67
		Hourly	35.66	36.55	37.47	38.40	39.36	40.35	41.35	42.39	43.45	44.53	45.65
		Annually	74,172.80	76,024.00	77,937.60	79,872.00	81,868.80	83,928.00	86,008.00	88,171.20	90,376.00	92,622.40	94,952.00
Electrical/Instrumentation Technician II	G36	Monthly	6,286.80	6,444.53	6,605.73	6,770.40	6,940.27	7,113.60	7,290.40	7,472.40	7,659.60	7,852.00	8,047.87
		Hourly	36.27	37.18	38.11	39.06	40.04	41.04	42.06	43.11	44.19	45.30	46.43
		Annually	75,441.60	77,334.40	79,268.80	81,244.80	83,283.20	85,363.20	87,484.80	89,668.80	91,915.20	94,224.00	96,574.40
Senior Maintenance Worker - Streets	G37	Monthly	6,337.07	6,494.80	6,657.73	6,824.13	6,995.73	7,169.07	7,349.33	7,533.07	7,720.27	7,914.40	8,112.00
		Hourly	36.56	37.47	38.41	39.37	40.36	41.36	42.40	43.46	44.54	45.66	46.80
		Annually	76,044.80	77,937.60	79,892.80	81,889.60	83,948.80	86,028.80	88,192.00	90,396.80	92,643.20	94,972.80	97,344.00
Senior Maintenance Worker - Collections	G38	Monthly	6,349.20	6,508.67	6,669.87	6,838.00	7,007.87	7,182.93	7,363.20	7,546.93	7,735.87	7,930.00	8,127.60
		Hourly	36.63	37.55	38.48	39.45	40.43	41.44	42.48	43.54	44.63	45.75	46.89
		Annually	76,190.40	78,104.00	80,038.40	82,056.00	84,094.40	86,195.20	88,358.40	90,563.20	92,830.40	95,160.00	97,531.20
GIS Analyst Water Efficiency Analyst	G39	Monthly	6,714.93	6,883.07	7,054.67	7,231.47	7,411.73	7,597.20	7,787.87	7,982.00	8,181.33	8,385.87	8,595.60
		Hourly	38.74	39.71	40.70	41.72	42.76	43.83	44.93	46.05	47.20	48.38	49.59
		Annually	80,579.20	82,596.80	84,656.00	86,777.60	88,940.80	91,166.40	93,454.40	95,784.00	98,176.00	100,630.40	103,147.20
Senior Leak Detection Technician Senior Maintenance Worker - Facilities	G40	Monthly	6,728.80	6,896.93	7,070.27	7,245.33	7,427.33	7,612.80	7,803.47	7,997.60	8,198.67	8,403.20	8,612.93
		Hourly	38.82	39.79	40.79	41.80	42.85	43.92	45.02	46.14	47.30	48.48	49.69
		Annually	80,745.60	82,763.20	84,843.20	86,944.00	89,128.00	91,353.60	93,641.60	95,971.20	98,384.00	100,838.40	103,355.20
Senior Mechanic	G41	Monthly	6,744.40	6,912.53	7,085.87	7,262.67	7,444.67	7,630.13	7,820.80	8,016.67	8,217.73	8,422.27	8,633.73
		Hourly	38.91	39.88	40.88	41.90	42.95	44.02	45.12	46.25	47.41	48.59	49.81
		Annually	80,932.80	82,950.40	85,030.40	87,152.00	89,336.00	91,561.60	93,849.60	96,200.00	98,612.80	101,067.20	103,604.80
Wastewater Treatment Plant Operator II	G41.1	Monthly	6,782.53	6,952.40	7,125.73	7,304.27	7,486.27	7,673.47	7,865.87	8,061.73	8,264.53	8,470.80	8,682.27
		Hourly	39.13	40.11	41.11	42.14	43.19	44.27	45.38	46.51	47.68	48.87	50.09
		Annually	81,390.40	83,428.80	85,508.80	87,651.20	89,835.20	92,081.60	94,390.40	96,740.80	99,174.40	101,649.60	104,187.20

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
GENERAL UNIT**

These job classifications are Non-Exempt
2.5% Increase Between Each Step

JOB CLASSIFICATION	Range	Frequency	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11
Senior Cross Connection Inspector	G42	Monthly	6,857.07	7,028.67	7,203.73	7,384.00	7,569.47	7,758.40	7,952.53	8,150.13	8,354.67	8,564.40	8,777.60
Senior Inspector		Hourly	39.56	40.55	41.56	42.60	43.67	44.76	45.88	47.02	48.20	49.41	50.64
Senior Recycled Water Inspector		Annually	82,284.80	84,344.00	86,444.80	88,608.00	90,833.60	93,100.80	95,430.40	97,801.60	100,256.00	102,772.80	105,331.20
	G43	Monthly	6,876.13	7,047.73	7,224.53	7,404.80	7,590.27	7,779.20	7,975.07	8,174.40	8,377.20	8,586.93	8,801.87
		Hourly	39.67	40.66	41.68	42.72	43.79	44.88	46.01	47.16	48.33	49.54	50.78
		Annually	82,513.60	84,572.80	86,694.40	88,857.60	91,083.20	93,350.40	95,700.80	98,092.80	100,526.40	103,043.20	105,622.40
Information Systems Analyst I	G44	Monthly	6,940.27	7,113.60	7,292.13	7,474.13	7,661.33	7,852.00	8,047.87	8,248.93	8,455.20	8,666.67	8,883.33
		Hourly	40.04	41.04	42.07	43.12	44.20	45.30	46.43	47.59	48.78	50.00	51.25
		Annually	83,283.20	85,363.20	87,505.60	89,689.60	91,936.00	94,224.00	96,574.40	98,987.20	101,462.40	104,000.00	106,600.00
Senior Water Systems Operator	G45	Monthly	6,952.40	7,125.73	7,304.27	7,486.27	7,673.47	7,865.87	8,063.47	8,264.53	8,470.80	8,682.27	8,898.93
		Hourly	40.11	41.11	42.14	43.19	44.27	45.38	46.52	47.68	48.87	50.09	51.34
		Annually	83,428.80	85,508.80	87,651.20	89,835.20	92,081.60	94,390.40	96,761.60	99,174.40	101,649.60	104,187.20	106,787.20
	G46	Monthly	7,068.53	7,245.33	7,425.60	7,612.80	7,801.73	7,997.60	8,196.93	8,401.47	8,612.93	8,827.87	9,048.00
		Hourly	40.78	41.80	42.84	43.92	45.01	46.14	47.29	48.47	49.69	50.93	52.20
		Annually	84,822.40	86,944.00	89,107.20	91,353.60	93,620.80	95,971.20	98,363.20	100,817.60	103,355.20	105,934.40	108,576.00
Electrical/Instrumentation Technician III	G46.1	Monthly	7,072.00	7,248.80	7,430.80	7,616.27	7,806.93	8,001.07	8,202.13	8,406.67	8,616.40	8,831.33	9,053.20
		Hourly	40.80	41.82	42.87	43.94	45.04	46.16	47.32	48.50	49.71	50.95	52.23
		Annually	84,864.00	86,985.60	89,169.60	91,395.20	93,683.20	96,012.80	98,425.60	100,880.00	103,396.80	105,976.00	108,638.40
Purchasing Agent	G47	Monthly	7,266.13	7,448.13	7,633.60	7,824.27	8,020.13	8,221.20	8,425.73	8,637.20	8,853.87	9,074.00	9,301.07
		Hourly	41.92	42.97	44.04	45.14	46.27	47.43	48.61	49.83	51.08	52.35	53.66
		Annually	87,193.60	89,377.60	91,603.20	93,891.20	96,241.60	98,654.40	101,108.80	103,646.40	106,246.40	108,888.00	111,612.80
Senior Wastewater Treatment Plant Operator	G47.1	Monthly	7,631.87	7,822.53	8,018.40	8,219.47	8,424.00	8,635.47	8,850.40	9,072.27	9,299.33	9,531.60	9,769.07
		Hourly	44.03	45.13	46.26	47.42	48.60	49.82	51.06	52.34	53.65	54.99	56.36
		Annually	91,582.40	93,870.40	96,220.80	98,633.60	101,088.00	103,625.60	106,204.80	108,867.20	111,592.00	114,379.20	117,228.80
Information Systems Analyst II	G48	Monthly	7,805.20	8,001.07	8,200.40	8,404.93	8,614.67	8,831.33	9,051.47	9,278.53	9,509.07	9,748.27	9,990.93
		Hourly	45.03	46.16	47.31	48.49	49.70	50.95	52.22	53.53	54.86	56.24	57.64
		Annually	93,662.40	96,012.80	98,404.80	100,859.20	103,376.00	105,976.00	108,617.60	111,342.40	114,108.80	116,979.20	119,891.20
Senior Electrical/Instrumentation Technician	G48.1	Monthly	7,956.00	8,155.33	8,358.13	8,567.87	8,782.80	9,001.20	9,226.53	9,457.07	9,692.80	9,935.47	10,185.07
		Hourly	45.90	47.05	48.22	49.43	50.67	51.93	53.23	54.56	55.92	57.32	58.76
		Annually	95,472.00	97,864.00	100,297.60	102,814.40	105,393.60	108,014.40	110,718.40	113,484.80	116,313.60	119,225.60	122,220.80
	G49	Monthly	8,781.07	9,001.20	9,224.80	9,457.07	9,692.80	9,935.47	10,183.33	10,438.13	10,698.13	10,966.80	11,240.67
		Hourly	50.66	51.93	53.22	54.56	55.92	57.32	58.75	60.22	61.72	63.27	64.85
		Annually	105,372.80	108,014.40	110,697.60	113,484.80	116,313.60	119,225.60	122,200.00	125,257.60	128,377.60	131,601.60	134,888.00

**MOULTON NIGUEL WATER DISTRICT
 JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
 SUPERVISORY UNIT**

JOB CLASSIFICATION	RANGE
Accounting Supervisor	S6
Collection System Supervisor	S4
Cross Connection Supervisor	S10
Customer Account Supervisor	S13
Customer Service Field Supervisor	S5
Electrical/Instrumentation Supervisor	S15
Inspection Supervisor	S10
Records and Mapping Coordinator	S1
Senior Accountant	S2
Senior GIS Analyst	S7
Station Maintenance Supervisor	S8
Street Crew Supervisor	S3
Support Services Supervisor	S9
Wastewater Treatment Plant Supervisor	S14
Water Distribution Supervisor	S11
Water Efficiency Supervisor	S5

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JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
SUPERVISORY UNIT**

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JOB CLASSIFICATION	Range	Frequency	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11
Records and Mapping Coordinator	S1	Monthly	5,969.60	6,118.67	6,271.20	6,428.93	6,590.13	6,754.80	6,922.93	7,096.27	7,273.07	7,455.07	7,642.27
		Hourly	34.44	35.30	36.18	37.09	38.02	38.97	39.94	40.94	41.96	43.01	44.09
		Annually	71,635.20	73,424.00	75,254.40	77,147.20	79,081.60	81,057.60	83,075.20	85,155.20	87,276.80	89,460.80	91,707.20
Senior Accountant	S2	Monthly	6,617.87	6,782.53	6,952.40	7,127.47	7,304.27	7,488.00	7,675.20	7,865.87	8,063.47	8,264.53	8,470.80
		Hourly	38.18	39.13	40.11	41.12	42.14	43.20	44.28	45.38	46.52	47.68	48.87
		Annually	79,414.40	81,390.40	83,428.80	85,529.60	87,651.20	89,856.00	92,102.40	94,390.40	96,761.60	99,174.40	101,649.60
Street Crew Supervisor	S3	Monthly	7,129.20	7,307.73	7,489.73	7,676.93	7,869.33	8,065.20	8,268.00	8,474.27	8,685.73	8,904.13	9,126.00
		Hourly	41.13	42.16	43.21	44.29	45.40	46.53	47.70	48.89	50.11	51.37	52.65
		Annually	85,550.40	87,692.80	89,876.80	92,123.20	94,432.00	96,782.40	99,216.00	101,691.20	104,228.80	106,849.60	109,512.00
Collection System Supervisor	S4	Monthly	7,143.07	7,321.60	7,505.33	7,692.53	7,884.93	8,082.53	8,283.60	8,491.60	8,703.07	8,921.47	9,143.33
		Hourly	41.21	42.24	43.30	44.38	45.49	46.63	47.79	48.99	50.21	51.47	52.75
		Annually	85,716.80	87,859.20	90,064.00	92,310.40	94,619.20	96,990.40	99,403.20	101,899.20	104,436.80	107,057.60	109,720.00
Customer Service Field Supervisor Water Efficiency Supervisor	S5	Monthly	7,276.53	7,458.53	7,645.73	7,836.40	8,032.27	8,233.33	8,437.87	8,649.33	8,866.00	9,087.87	9,314.93
		Hourly	41.98	43.03	44.11	45.21	46.34	47.50	48.68	49.90	51.15	52.43	53.74
		Annually	87,318.40	89,502.40	91,748.80	94,036.80	96,387.20	98,800.00	101,254.40	103,792.00	106,392.00	109,054.40	111,779.20
Accounting Supervisor	S6	Monthly	7,446.40	7,631.87	7,822.53	8,018.40	8,219.47	8,425.73	8,635.47	8,852.13	9,072.27	9,299.33	9,531.60
		Hourly	42.96	44.03	45.13	46.26	47.42	48.61	49.82	51.07	52.34	53.65	54.99
		Annually	89,356.80	91,582.40	93,870.40	96,220.80	98,633.60	101,108.80	103,625.60	106,225.60	108,867.20	111,592.00	114,379.20
Senior GIS Analyst	S7	Monthly	7,552.13	7,741.07	7,935.20	8,132.80	8,335.60	8,545.33	8,758.53	8,976.93	9,202.27	9,431.07	9,666.80
		Hourly	43.57	44.66	45.78	46.92	48.09	49.30	50.53	51.79	53.09	54.41	55.77
		Annually	90,625.60	92,892.80	95,222.40	97,593.60	100,027.20	102,544.00	105,102.40	107,723.20	110,427.20	113,172.80	116,001.60
Station Maintenance Supervisor	S8	Monthly	7,569.47	7,758.40	7,952.53	8,151.87	8,354.67	8,564.40	8,777.60	8,997.73	9,223.07	9,453.60	9,689.33
		Hourly	43.67	44.76	45.88	47.03	48.20	49.41	50.64	51.91	53.21	54.54	55.90
		Annually	90,833.60	93,100.80	95,430.40	97,822.40	100,256.00	102,772.80	105,331.20	107,972.80	110,676.80	113,443.20	116,272.00
Support Services Supervisor	S9	Monthly	7,588.53	7,777.47	7,973.33	8,172.67	8,375.47	8,585.20	8,800.13	9,020.27	9,245.60	9,477.87	9,713.60
		Hourly	43.78	44.87	46.00	47.15	48.32	49.53	50.77	52.04	53.34	54.68	56.04
		Annually	91,062.40	93,329.60	95,680.00	98,072.00	100,505.60	103,022.40	105,601.60	108,243.20	110,947.20	113,734.40	116,563.20
Cross Connection Supervisor Inspection Supervisor	S10	Monthly	7,716.80	7,909.20	8,106.80	8,309.60	8,517.60	8,730.80	8,949.20	9,172.80	9,401.60	9,637.33	9,878.27
		Hourly	44.52	45.63	46.77	47.94	49.14	50.37	51.63	52.92	54.24	55.60	56.99
		Annually	92,601.60	94,910.40	97,281.60	99,715.20	102,211.20	104,769.60	107,390.40	110,073.60	112,819.20	115,648.00	118,539.20
Water Distribution Supervisor	S11	Monthly	7,824.27	8,020.13	8,221.20	8,425.73	8,637.20	8,852.13	9,074.00	9,301.07	9,533.33	9,770.80	10,015.20
		Hourly	45.14	46.27	47.43	48.61	49.83	51.07	52.35	53.66	55.00	56.37	57.78
		Annually	93,891.20	96,241.60	98,654.40	101,108.80	103,646.40	106,225.60	108,888.00	111,612.80	114,400.00	117,249.60	120,182.40

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
SUPERVISORY UNIT**

These job classifications are Non-Exempt
2.5% Increase Between Each Step

JOB CLASSIFICATION	Range	Frequency	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11
	S12	Monthly	7,954.27	8,153.60	8,356.40	8,566.13	8,779.33	8,999.47	9,224.80	9,455.33	9,691.07	9,933.73	10,181.60
		Hourly	45.89	47.04	48.21	49.42	50.65	51.92	53.22	54.55	55.91	57.31	58.74
		Annually	95,451.20	97,843.20	100,276.80	102,793.60	105,352.00	107,993.60	110,697.60	113,464.00	116,292.80	119,204.80	122,179.20
Customer Account Supervisor	S13	Monthly	7,988.93	8,188.27	8,392.80	8,602.53	8,817.47	9,039.33	9,264.67	9,496.93	9,734.40	9,977.07	10,226.67
		Hourly	46.09	47.24	48.42	49.63	50.87	52.15	53.45	54.79	56.16	57.56	59.00
		Annually	95,867.20	98,259.20	100,713.60	103,230.40	105,809.60	108,472.00	111,176.00	113,963.20	116,812.80	119,724.80	122,720.00
Wastewater Treatment Plant Supervisor	S14	Monthly	8,585.20	8,800.13	9,020.27	9,245.60	9,476.13	9,713.60	9,956.27	10,205.87	10,460.67	10,722.40	10,989.33
		Hourly	49.53	50.77	52.04	53.34	54.67	56.04	57.44	58.88	60.35	61.86	63.40
		Annually	103,022.40	105,601.60	108,243.20	110,947.20	113,713.60	116,563.20	119,475.20	122,470.40	125,528.00	128,668.80	131,872.00
Electrical/Instrumentation Supervisor	S15	Monthly	8,950.93	9,174.53	9,403.33	9,639.07	9,880.00	10,127.87	10,380.93	10,639.20	10,906.13	11,178.27	11,457.33
		Hourly	51.64	52.93	54.25	55.61	57.00	58.43	59.89	61.38	62.92	64.49	66.10
		Annually	107,411.20	110,094.40	112,840.00	115,668.80	118,560.00	121,534.40	124,571.20	127,670.40	130,873.60	134,139.20	137,488.00

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
EXEMPT EMPLOYEES**

JOB CLASSIFICATION	RANGE
Administrative Analyst	E1
Assistant Director of Operations	E14
Assistant General Manager	E18
Board Secretary/Executive Assistant	E4.1
Communications Coordinator	E4.1
Communications Manager	E11
Contracts Analyst	E2
Controller	E13
Customer Engagement Coordinator	E3
Data Scientist	E2
Development Services Specialist	E1
Director of Engineering	E16
Director of Engineering & Operations	E17
Director of Financial Planning & Innovation	E16
Director of Human Resources	E16
Director of Operations	E16
Engineering Manager	E15
Financial Data Analyst	E2
Financial Planning Manager	E11
GIS Administrator	E5
Government Affairs Officer	E15.1
Human Resources Analyst	E1
Human Resources Manager	E6
Information Systems Administrator	E5
Information Systems Manager	E6
Information Systems Officer	E15
Marketing & Social Media Coordinator	E4.1
Operations Engineer	E5
Principal Engineer	E13
Regulatory Compliance Coordinator	E5
Safety & Compliance Coordinator	E4.1
Senior Administrative Analyst	E3
Senior Communications Coordinator	E5
Senior Engineer	E8
Senior Human Resources Analyst	E3
Senior Water Efficiency Specialist	E3
Senior Water Resources Analyst	E4
Senior Water Resources Planner	E8

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
EXEMPT EMPLOYEES**

JOB CLASSIFICATION	RANGE
Superintendent of Engineering	E12
Superintendent of Operations	E12
Superintendent of Wastewater Operations	E12
Water Efficiency Manager	E11
Water Resources Analyst	E2

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
EXEMPT EMPLOYEES**

These job classifications are Exempt
2% Increase Between Each Step

JOB CLASSIFICATION	Range	Frequency	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12	Step 13	Step 14	Step 15	Step 16
Administrative Analyst Development Services Specialist Human Resources Analyst	E1	Monthly	6,092.67	6,214.00	6,338.80	6,465.33	6,595.33	6,727.07	6,860.53	6,999.20	7,137.87	7,281.73	7,427.33	7,574.67	7,727.20	7,881.47	8,039.20	8,200.40
		Hourly	35.15	35.85	36.57	37.30	38.05	38.81	39.58	40.38	41.18	42.01	42.85	43.70	44.58	45.47	46.38	47.31
		Annually	73,112.00	74,568.00	76,065.60	77,584.00	79,144.00	80,724.80	82,326.40	83,990.40	85,654.40	87,380.80	89,128.00	90,896.00	92,726.40	94,577.60	96,470.40	98,404.80
Contracts Analyst Data Scientist Financial Data Analyst Water Resources Analyst	E2	Monthly	6,513.87	6,643.87	6,777.33	6,912.53	7,051.20	7,191.60	7,335.47	7,482.80	7,631.87	7,784.40	7,940.40	8,099.87	8,261.07	8,425.73	8,595.60	8,767.20
		Hourly	37.58	38.33	39.10	39.88	40.68	41.49	42.32	43.17	44.03	44.91	45.81	46.73	47.66	48.61	49.59	50.58
		Annually	78,166.40	79,726.40	81,328.00	82,950.40	84,614.40	86,299.20	88,025.60	89,793.60	91,582.40	93,412.80	95,284.80	97,198.40	99,132.80	101,108.80	103,147.20	105,206.40
Customer Engagement Coordinator Sr. Administrative Analyst Sr. Human Resources Analyst Sr. Water Efficiency Specialist	E3	Monthly	7,342.40	7,489.73	7,638.80	7,791.33	7,947.33	8,106.80	8,268.00	8,434.40	8,602.53	8,774.13	8,950.93	9,129.47	9,311.47	9,498.67	9,687.60	9,881.73
		Hourly	42.36	43.21	44.07	44.95	45.85	46.77	47.70	48.66	49.63	50.62	51.64	52.67	53.72	54.80	55.89	57.01
		Annually	88,108.80	89,876.80	91,665.60	93,496.00	95,368.00	97,281.60	99,216.00	101,212.80	103,230.40	105,289.60	107,411.20	109,553.60	111,737.60	113,984.00	116,251.20	118,580.80
Sr. Water Resources Analyst	E4	Monthly	7,572.93	7,723.73	7,879.73	8,035.73	8,196.93	8,361.60	8,528.00	8,699.60	8,872.93	9,049.73	9,231.73	9,415.47	9,604.40	9,796.80	9,992.67	10,192.00
		Hourly	43.69	44.56	45.46	46.36	47.29	48.24	49.20	50.19	51.19	52.21	53.26	54.32	55.41	56.52	57.65	58.80
		Annually	90,875.20	92,684.80	94,556.80	96,428.80	98,363.20	100,339.20	102,336.00	104,395.20	106,475.20	108,596.80	110,780.80	112,985.60	115,252.80	117,561.60	119,912.00	122,304.00
Board Secretary/Executive Assistant Communications Coordinator Marketing & Social Media Coordinator Safety and Compliance Coordinator	E4.1	Monthly	8,290.53	8,456.93	8,625.07	8,798.40	8,973.47	9,153.73	9,335.73	9,522.93	9,713.60	9,907.73	10,105.33	10,308.13	10,514.40	10,724.13	10,939.07	11,157.47
		Hourly	47.83	48.79	49.76	50.76	51.77	52.81	53.86	54.94	56.04	57.16	58.30	59.47	60.66	61.87	63.11	64.37
		Annually	99,486.40	101,483.20	103,500.80	105,580.80	107,681.60	109,844.80	112,028.80	114,275.20	116,563.20	118,892.80	121,264.00	123,697.60	126,172.80	128,689.60	131,268.80	133,889.60
GIS Administrator Information Systems Administrator Operations Engineer Regulatory Compliance Coordinator Sr. Communications Coordinator	E5	Monthly	9,042.80	9,223.07	9,408.53	9,595.73	9,788.13	9,984.00	10,183.33	10,387.87	10,595.87	10,807.33	11,022.27	11,244.13	11,467.73	11,698.27	11,932.27	12,169.73
		Hourly	52.17	53.21	54.28	55.36	56.47	57.60	58.75	59.93	61.13	62.35	63.59	64.87	66.16	67.49	68.84	70.21
		Annually	108,513.60	110,676.80	112,902.40	115,148.80	117,457.60	119,808.00	122,200.00	124,654.40	127,150.40	129,688.00	132,267.20	134,929.60	137,612.80	140,379.20	143,187.20	146,036.80
Human Resources Manager Information Systems Manager	E6	Monthly	9,394.67	9,581.87	9,774.27	9,970.13	10,169.47	10,372.27	10,580.27	10,791.73	11,006.67	11,226.80	11,452.13	11,680.93	11,914.93	12,152.40	12,396.80	12,644.67
		Hourly	54.20	55.28	56.39	57.52	58.67	59.84	61.04	62.26	63.50	64.77	66.07	67.39	68.74	70.11	71.52	72.95
		Annually	112,736.00	114,982.40	117,291.20	119,641.60	122,033.60	124,467.20	126,963.20	129,500.80	132,080.00	134,721.60	137,425.60	140,171.20	142,979.20	145,828.80	148,761.60	151,736.00

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
EXEMPT EMPLOYEES**

These job classifications are Exempt
2% Increase Between Each Step

JOB CLASSIFICATION	Range	Frequency	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12	Step 13	Step 14	Step 15	Step 16
	E6.1	Monthly	9,424.13	9,613.07	9,805.47	10,001.33	10,200.67	10,405.20	10,613.20	10,824.67	11,041.33	11,263.20	11,488.53	11,717.33	11,951.33	12,190.53	12,434.93	12,682.80
		Hourly	54.37	55.46	56.57	57.70	58.85	60.03	61.23	62.45	63.70	64.98	66.28	67.60	68.95	70.33	71.74	73.17
		Annually	113,089.60	115,356.80	117,665.60	120,016.00	122,408.00	124,862.40	127,358.40	129,896.00	132,496.00	135,158.40	137,862.40	140,608.00	143,416.00	146,286.40	149,219.20	152,193.60
	E7	Monthly	9,642.53	9,834.93	10,032.53	10,233.60	10,438.13	10,646.13	10,859.33	11,076.00	11,297.87	11,523.20	11,753.73	11,989.47	12,228.67	12,473.07	12,722.67	12,977.47
		Hourly	55.63	56.74	57.88	59.04	60.22	61.42	62.65	63.90	65.18	66.48	67.81	69.17	70.55	71.96	73.40	74.87
		Annually	115,710.40	118,019.20	120,390.40	122,803.20	125,257.60	127,753.60	130,312.00	132,912.00	135,574.40	138,278.40	141,044.80	143,873.60	146,744.00	149,676.80	152,672.00	155,729.60
Senior Engineer Senior Water Resources Planner	E8	Monthly	9,729.20	9,923.33	10,122.67	10,325.47	10,531.73	10,741.47	10,956.40	11,176.53	11,400.13	11,627.20	11,859.47	12,096.93	12,339.60	12,585.73	12,837.07	13,093.60
		Hourly	56.13	57.25	58.40	59.57	60.76	61.97	63.21	64.48	65.77	67.08	68.42	69.79	71.19	72.61	74.06	75.54
		Annually	116,750.40	119,080.00	121,472.00	123,905.60	126,380.80	128,897.60	131,476.80	134,118.40	136,801.60	139,526.40	142,313.60	145,163.20	148,075.20	151,028.80	154,044.80	157,123.20
	E9	Monthly	10,060.27	10,261.33	10,465.87	10,675.60	10,888.80	11,107.20	11,329.07	11,556.13	11,786.67	12,022.40	12,263.33	12,509.47	12,759.07	13,013.87	13,273.87	13,539.07
		Hourly	58.04	59.20	60.38	61.59	62.82	64.08	65.36	66.67	68.00	69.36	70.75	72.17	73.61	75.08	76.58	78.11
		Annually	120,723.20	123,136.00	125,590.40	128,107.20	130,665.60	133,286.40	135,948.80	138,673.60	141,440.00	144,268.80	147,160.00	150,113.60	153,108.80	156,166.40	159,286.40	162,468.80
	E10	Monthly	10,081.07	10,282.13	10,488.40	10,698.13	10,911.33	11,129.73	11,353.33	11,580.40	11,810.93	12,048.40	12,289.33	12,533.73	12,785.07	13,041.60	13,301.60	13,568.53
		Hourly	58.16	59.32	60.51	61.72	62.95	64.21	65.50	66.81	68.14	69.51	70.90	72.31	73.76	75.24	76.74	78.28
		Annually	120,972.80	123,385.60	125,860.80	128,377.60	130,936.00	133,556.80	136,240.00	138,964.80	141,731.20	144,580.80	147,472.00	150,404.80	153,420.80	156,499.20	159,619.20	162,822.40
Communications Manager Financial Planning Manager Water Efficiency Manager	E11	Monthly	10,112.27	10,315.07	10,521.33	10,731.07	10,946.00	11,164.40	11,388.00	11,615.07	11,847.33	12,084.80	12,327.47	12,573.60	12,824.93	13,081.47	13,343.20	13,610.13
		Hourly	58.34	59.51	60.70	61.91	63.15	64.41	65.70	67.01	68.35	69.72	71.12	72.54	73.99	75.47	76.98	78.52
		Annually	121,347.20	123,780.80	126,256.00	128,772.80	131,352.00	133,972.80	136,656.00	139,380.80	142,168.00	145,017.60	147,929.60	150,883.20	153,899.20	156,977.60	160,118.40	163,321.60
Superintendent of Engineering Superintendent of Operations Superintendent of Wastewater Operations	E12	Monthly	10,325.47	10,531.73	10,743.20	10,958.13	11,176.53	11,400.13	11,628.93	11,861.20	12,098.67	12,339.60	12,587.47	12,838.80	13,095.33	13,357.07	13,624.00	13,896.13
		Hourly	59.57	60.76	61.98	63.22	64.48	65.77	67.09	68.43	69.80	71.19	72.62	74.07	75.55	77.06	78.60	80.17
		Annually	123,905.60	126,380.80	128,918.40	131,497.60	134,118.40	136,801.60	139,547.20	142,334.40	145,184.00	148,075.20	151,049.60	154,065.60	157,144.00	160,284.80	163,488.00	166,753.60

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
EXEMPT EMPLOYEES**

These job classifications are Exempt
2% Increase Between Each Step

JOB CLASSIFICATION	Range	Frequency	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12	Step 13	Step 14	Step 15	Step 16
Controller Principal Engineer	E13	Monthly	10,831.60	11,048.27	11,268.40	11,493.73	11,724.27	11,958.27	12,197.47	12,441.87	12,691.47	12,944.53	13,202.80	13,468.00	13,736.67	14,012.27	14,291.33	14,577.33
		Hourly	62.49	63.74	65.01	66.31	67.64	68.99	70.37	71.78	73.22	74.68	76.17	77.70	79.25	80.84	82.45	84.10
		Annually	129,979.20	132,579.20	135,220.80	137,924.80	140,691.20	143,499.20	146,369.60	149,302.40	152,297.60	155,334.40	158,433.60	161,616.00	164,840.00	168,147.20	171,496.00	174,928.00
Assistant Director of Operations	E14	Monthly	11,018.80	11,238.93	11,464.27	11,693.07	11,927.07	12,166.27	12,408.93	12,656.80	12,909.87	13,168.13	13,431.60	13,700.27	13,974.13	14,253.20	14,539.20	14,830.40
		Hourly	63.57	64.84	66.14	67.46	68.81	70.19	71.59	73.02	74.48	75.97	77.49	79.04	80.62	82.23	83.88	85.56
		Annually	132,225.60	134,867.20	137,571.20	140,316.80	143,124.80	145,995.20	148,907.20	151,881.60	154,918.40	158,017.60	161,179.20	164,403.20	167,689.60	171,038.40	174,470.40	177,964.80
Engineering Manager Information Systems Officer	E15	Monthly	11,668.80	11,902.80	12,140.27	12,382.93	12,630.80	12,883.87	13,140.40	13,403.87	13,672.53	13,944.67	14,223.73	14,508.00	14,799.20	15,095.60	15,397.20	15,704.00
		Hourly	67.32	68.67	70.04	71.44	72.87	74.33	75.81	77.33	78.88	80.45	82.06	83.70	85.38	87.09	88.83	90.60
		Annually	140,025.60	142,833.60	145,683.20	148,595.20	151,569.60	154,606.40	157,684.80	160,846.40	164,070.40	167,336.00	170,684.80	174,096.00	177,590.40	181,147.20	184,766.40	188,448.00
Government Affairs Officer	E15.1	Monthly	12,448.80	12,698.40	12,951.47	13,211.47	13,474.93	13,745.33	14,019.20	14,300.00	14,586.00	14,877.20	15,175.33	15,478.67	15,788.93	16,104.40	16,425.07	16,754.40
		Hourly	71.82	73.26	74.72	76.22	77.74	79.30	80.88	82.50	84.15	85.83	87.55	89.30	91.09	92.91	94.76	96.66
		Annually	149,385.60	152,380.80	155,417.60	158,537.60	161,699.20	164,944.00	168,230.40	171,600.00	175,032.00	178,526.40	182,104.00	185,744.00	189,467.20	193,252.80	197,100.80	201,052.80
Director of Engineering Director of Financial Planning & Innovation Director of Human Resources Director of Operations	E16	Monthly	13,286.00	13,551.20	13,823.33	14,098.93	14,381.47	14,669.20	14,962.13	15,262.00	15,567.07	15,877.33	16,196.27	16,518.67	16,849.73	17,186.00	17,530.93	17,881.07
		Hourly	76.65	78.18	79.75	81.34	82.97	84.63	86.32	88.05	89.81	91.60	93.44	95.30	97.21	99.15	101.14	103.16
		Annually	159,432.00	162,614.40	165,880.00	169,187.20	172,577.60	176,030.40	179,545.60	183,144.00	186,804.80	190,528.00	194,355.20	198,224.00	202,196.80	206,232.00	210,371.20	214,572.80
Director of Engineering and Operations	E17	Monthly	14,294.80	14,580.80	14,872.00	15,170.13	15,473.47	15,782.00	16,097.47	16,419.87	16,749.20	17,083.73	17,425.20	17,773.60	18,128.93	18,491.20	18,862.13	19,238.27
		Hourly	82.47	84.12	85.80	87.52	89.27	91.05	92.87	94.73	96.63	98.56	100.53	102.54	104.59	106.68	108.82	110.99
		Annually	171,537.60	174,969.60	178,464.00	182,041.60	185,681.60	189,384.00	193,169.60	197,038.40	200,990.40	205,004.80	209,102.40	213,283.20	217,547.20	221,894.40	226,345.60	230,859.20
Assistant General Manager	E18	Monthly	16,035.07	16,355.73	16,683.33	17,016.13	17,357.60	17,704.27	18,057.87	18,418.40	18,787.60	19,163.73	19,546.80	19,936.80	20,337.20	20,742.80	21,157.07	21,581.73
		Hourly	92.51	94.36	96.25	98.17	100.14	102.14	104.18	106.26	108.39	110.56	112.77	115.02	117.33	119.67	122.06	124.51
		Annually	192,420.80	196,268.80	200,200.00	204,193.60	208,291.20	212,451.20	216,694.40	221,020.80	225,451.20	229,964.80	234,561.60	239,241.60	244,046.40	248,913.60	253,884.80	258,980.80

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 19, 2021
GENERAL MANAGER**

JOB CLASSIFICATION	FREQUENCY	RATE
General Manager	Annually	\$ 309,990

APPENDIX - D:
GANN Appropriations Limit Resolution

RESOLUTION NO. 21-11

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

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

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

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

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

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

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

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

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

MOULTON NIGUEL WATER DISTRICT



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



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

APPENDIX CIP - A:
10-year Capital Improvement Program

APPENDIX A
FY 2021-22 | 10-YEAR CAPITAL IMPROVEMENT PROGRAM

PROJECT NO.	FUND	PROJECT NAME	PROJECT STATUS/ PRIORITY	TOTAL PROJECT BUDGET	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25 to 2030-31	
MULTI-SYSTEM									
2011033	7	ASSET MANAGEMENT PROGRAM / CMMS IMPLEMENTATION	CONSTRUCTION	\$1,041,979	\$200,000				
2011077	14	MOULTON PEAK RADIO TOWER REPLACEMENT	CONSTRUCTION	\$732,504	\$60,000				
2019004	7	RISK AND RESILIENCY ASSESSMENT AND ENHANCEMENT	CONSTRUCTION	\$210,600	\$50,000	\$50,000	\$110,600		
2011024	7	DOCUMENT MANAGEMENT / AGENDA MANAGEMENT UPGRADE	DESIGN	\$389,000	\$50,000	\$100,000	\$150,000		
	1	CAPITAL OUTLAYS - FUND 1	PROGRAM	\$4,886,000	\$386,000	\$500,000	\$500,000	\$3,500,000	
	7	OPERATIONS-LED CAPITAL IMPROVEMENTS - MS	PROGRAM	\$90,000		\$10,000	\$10,000	\$70,000	
2020019	7	SCADA COMMUNICATIONS NETWORK IMPROVEMENTS		\$485,000	\$485,000				
	7	DOCUMENT STORAGE FACILITY IMPROVEMENTS		\$150,000	\$150,000				
	14	VIDEO SITE SURVEILLANCE SYSTEM		\$500,000	\$50,000	\$150,000	\$150,000	\$150,000	
2021000	7	2021-22 OPERATIONS-LED CAPITAL IMPROVEMENTS - MS	NEW	\$150,000	\$150,000				
	7	COMMUNICATIONS TOWER REPLACEMENT AT SADDLEBACK RECYCLED	NEW	\$50,000	\$50,000				
	7	WAREHOUSE STORAGE AND FUNCTIONAL IMPROVEMENTS	NEW	\$175,000	\$175,000				
Subtotal - Multi-System Projects						\$1,806,000	\$810,000	\$920,600	\$3,720,000
POTABLE									
2015015	7	SADDLEBACK AUXILIARY PUMP AND ENGINE REPLACEMENT	CONSTRUCTION	\$1,531,885	\$1,350,000				
2016014	14	SADDLEBACK PUMP STATION PORTABLE GENERATOR CONNECTION	CONSTRUCTION	\$30,000	\$10,000				
2017005	7	2017-18 ELECTRICAL DISTRIBUTION EQUIPMENT REPLACEMENTS	CONSTRUCTION	\$794,184	\$350,000				
2018007	7	RESERVOIR MANAGEMENT SYSTEM REPLACEMENT PHASE 3	CONSTRUCTION	\$8,219,756	\$5,000,000	\$2,750,000			
2019002	6	AMI PHASE 3	CONSTRUCTION	\$6,537,522	\$500,000				
2019030	7	PW STEEL RESERVOIR SEISMIC RETROFITS	CONSTRUCTION	\$4,400,000	\$2,000,000	\$2,100,000			
2020010	7	2020-21 PRESSURE REDUCING STATION REHABILITATION - PW	CONSTRUCTION	\$86,060	\$60,000				
2015006	7	I.D. NO. 1 MASTER METER RELOCATION	DESIGN	\$2,320,000	\$250,000	\$1,200,000	\$650,000		
2017010	7	PIPELINE ADJUSTMENTS FOR I-5 FREEWAY WIDENING	DESIGN	\$220,000	\$120,000				
2017019	14	1050-ZONE SECONDARY FEED PUMP STATION AND TRANSMISSION MAIN	DESIGN	\$6,160,000	\$3,300,000	\$2,300,000			
2018014	7	APPURTENANCE ADJUSTMENTS FOR CROWN VALLEY PARKWAY WIDENING	DESIGN	\$200,000		\$160,000			
2019029	7	RESERVOIR MANAGEMENT SYSTEM REPLACEMENT PHASE 4	DESIGN	\$4,750,000	\$250,000	\$2,250,000	\$2,250,000		
2019037	7	CROWN VALLEY PARKWAY TRANSMISSION MAIN LOWER REACH REPLACEMENT	DESIGN	\$5,490,000	\$250,000	\$3,000,000	\$2,000,000		
2020013	7	EAST ALISO CREEK RESERVOIR INLET AND OUTLET PIPING MODIFICATIONS	DESIGN	\$300,000	\$290,000				
2020018	7	RESERVOIR MANAGEMENT SYSTEM REPLACEMENT PHASE 5	DESIGN	\$8,500,000	\$450,000		\$2,750,000	\$5,300,000	
2021001	7	2021-22 VALVE REPLACEMENT - PW	DESIGN	\$1,670,000	\$1,670,000				
	7	FIRE HYDRANT REPLACEMENT PROGRAM	PROGRAM	\$900,000		\$100,000	\$100,000	\$700,000	
	7	METER REPLACEMENT PROGRAM - PW	PROGRAM	\$4,185,000		\$465,000	\$465,000	\$3,255,000	
	7	OPERATIONS-LED CAPITAL IMPROVEMENTS - PW	PROGRAM	\$4,500,000		\$500,000	\$500,000	\$3,500,000	
	7	PIPELINE REHABILITATION AND REPLACEMENT PROGRAM - PW	PROGRAM	\$100,000,000				\$100,000,000	
	7	RESERVOIR RECOATING PROGRAM - PW	PROGRAM	\$7,000,000				\$7,000,000	
	7	SERVICE LINE REPLACEMENT PROGRAM - PW	PROGRAM	\$16,200,000		\$1,800,000	\$1,800,000	\$12,600,000	
	7	VALVE REPLACEMENT PROGRAM - PW	PROGRAM	\$24,975,000			\$3,325,000	\$21,650,000	
	7	VERTICAL ASSETS REHABILITATION AND REPLACEMENT PROGRAM - PW	PROGRAM	\$37,000,000		\$100,000	\$100,000	\$8,750,000	
2017016	12	SOUTH COUNTY PIPELINE TAKEOUT FACILITY		\$10,200,000	\$150,000	\$500,000	\$500,000	\$9,000,000	
2018004	7	ELECTRICAL SYSTEM IMPROVEMENTS PHASE 2 - PW		\$1,500,000		\$200,000	\$1,300,000		
2018017	7	MIRA VISTA AND VISTA LADERA EASEMENT PIPELINE REHABILITATION/REPLACEMENT		\$400,000	\$75,000	\$300,000			
2018021	7	SHEEP HILLS PUMP STATION IMPROVEMENTS		\$1,400,000	\$200,000	\$1,200,000			
2018025	14	750-ZONE PW SYSTEM EXTENSION AT SALT SPRAY DRIVE		\$400,000		\$200,000	\$200,000		
2019003	7	BLACKBIRD AND SOLITAIRE EASEMENT PIPELINE REHABILITATION/REPLACEMENT		\$500,000	\$75,000	\$400,000			
2019005	7	EAST ALISO CREEK RESERVOIR SITE PAVING REPLACEMENT		\$275,000			\$275,000		
2020016	7	METER UPGRADES AND VALVE REPLACEMENTS AT TAKEOUT FACILITIES ON JRWSS JTM		\$350,000	\$150,000	\$200,000			
2020017	7	REHABILITATION OF THE MARGUERITE RESERVOIR		\$995,000		\$20,000	\$975,000		
2020020	7	SHEEP HILLS RESERVOIR FENCE REPLACEMENT		\$50,000	\$50,000				
	7	450-ZONE ALISO CREEK PW PIPELINE RELOCATION		\$420,000				\$420,000	
	14	750-ZONE BEACON-RANCHO IMPROVEMENTS		\$1,500,000				\$1,500,000	
	7	BEAR BRAND PUMP STATION PUMP REPLACEMENT		\$435,000				\$435,000	
	12	CIP TAKEOUT FACILITY AT MARGUERITE PUMP STATION		\$5,000,000					

APPENDIX A
FY 2021-22 | 10-YEAR CAPITAL IMPROVEMENT PROGRAM

PROJECT NO.	FUND	PROJECT NAME	PROJECT STATUS/ PRIORITY	TOTAL PROJECT BUDGET	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25 to 2030-31
		7 CROWN VALLEY AND MARGUERITE RESERVOIRS SITE PAVING REPLACEMENT		\$375,000	\$375,000			
		7 CROWN VALLEY PARKWAY TRANSMISSION MAIN UPPER REACH REHABILITATION		\$10,000,000				\$10,000,000
		7 CROWN VALLEY RESERVOIR NO. 3 ROOF PLATE REPLACEMENT AND INTERIOR RECOATING		\$1,020,000		\$20,000	\$1,000,000	
		7 ELECTRICAL SYSTEM IMPROVEMENTS PHASE 3 - PW		\$700,000			\$100,000	\$600,000
		7 HIDDEN HILLS AND LAGUNA SERRANO APARTMENTS PIPELINE REPLACEMENT		\$360,000				\$360,000
		12 OCWD BASIN EMERGENCY INTERCONNECTION		\$20,000,000	\$750,000	\$1,500,000	\$3,250,000	\$14,500,000
		14 PORTABLE GENERATOR CONNECTIONS AT PRIORITY POTABLE WATER PUMP STATIONS		\$160,000				\$160,000
		14 RANCHO CAPISTRANO 450-ZONE LOOP		\$540,000				\$540,000
		14 RANCHO CAPISTRANO 450-ZONE SERVICE		\$300,000				\$300,000
		14 ROLLING HILLS PUMP STATION AUXILIARY GENERATOR		\$850,000			\$100,000	\$750,000
		7 SADDLEBACK RESERVOIR SITE PAVING REPLACEMENT		\$125,000				\$125,000
		7 SOUTHWESTERN TRANSMISSION MAIN REHABILITATION		\$7,000,000		\$450,000	\$2,500,000	\$4,000,000
		7 2021-22 FIRE HYDRANT REPLACEMENT	NEW	\$100,000	\$100,000			
		7 2021-22 METER REPLACEMENT - PW	NEW	\$990,000	\$990,000			
2021100		7 2021-22 OPERATIONS-LED CAPITAL IMPROVEMENTS - PW	NEW	\$400,000	\$400,000			
		7 2021-22 SERVICE LINE REPLACEMENT - PW	NEW	\$1,800,000	\$1,800,000			
		7 2022-23 VALVE REPLACEMENT - PW	NEW	\$3,325,000	\$75,000	\$3,250,000		
		14 EASTERN TRANSMISSION MAIN ACCESS MANWAYS AND VALVES	NEW	\$1,200,000	\$1,150,000			
		14 EASTERN TRANSMISSION MAIN ACCESS MANWAYS AND VALVES - CSJC REIMBURSEMENT	REIMBURSEMENT	-\$840,000	-\$805,000			
		6 LOW RESOLUTION METER REPLACEMENT	NEW	\$2,000,000		\$1,000,000	\$1,000,000	
		7 SUBSIDENCE MITIGATION AT EAST ALISO, MARGUERITE, AND EL DORADO SITES	NEW	\$250,000	\$50,000	\$200,000		
Subtotal - Potable Projects					\$21,435,000	\$26,165,000	\$25,140,000	\$205,445,000
RECYCLED								
2010013		6 RWOS - LA PAZ ROAD BRIDGE CROSSING RW PIPELINE	CONSTRUCTION	\$706,250	\$481,250	\$170,000		
2020011		7 2020-21 PRESSURE REDUCING STATION REHABILITATION - RW	CONSTRUCTION	\$81,130	\$60,000			
		7 METER REPLACEMENT PROGRAM - RW	PROGRAM	\$495,000		\$55,000	\$55,000	\$385,000
		7 OPERATIONS-LED CAPITAL IMPROVEMENTS - RW	PROGRAM	\$3,150,000		\$350,000	\$350,000	\$2,450,000
		7 PIPELINE REHABILITATION AND REPLACEMENT PROGRAM - RW	PROGRAM	\$0				
		7 RESERVOIR RECOATING PROGRAM - RW	PROGRAM	\$2,310,000				\$2,310,000
		6 RWOS - RECYCLED WATER RETROFITS PROGRAM	PROGRAM	\$4,770,000		\$10,000	\$10,000	\$2,100,000
		7 SERVICE LINE REPLACEMENT PROGRAM - RW	PROGRAM	\$1,620,000		\$180,000	\$180,000	\$1,260,000
		7 VALVE REPLACEMENT PROGRAM - RW	PROGRAM	\$2,500,000				\$2,500,000
		7 VERTICAL ASSETS REHABILITATION AND REPLACEMENT PROGRAM - RW	PROGRAM	\$13,900,000		\$100,000	\$100,000	\$700,000
2018005		7 ELECTRICAL SYSTEM IMPROVEMENTS PHASE 2 - RW		\$1,000,000	\$250,000	\$750,000		
2020012		7 ALISO VIEJO RW RESERVOIR FENCE REPLACEMENT		\$50,000	\$50,000			
		7 CROWN POINT PUMP STATION PUMP REPLACEMENT AND VFD INSTALLATION		\$490,000			\$75,000	\$415,000
		7 ELECTRICAL SYSTEM IMPROVEMENTS PHASE 3 - RW		\$325,000			\$50,000	\$275,000
		14 GALIVAN BYPASS IMPROVEMENTS		\$175,000				\$175,000
		7 IMPROVEMENTS AT GALIVAN AND ALISO VIEJO RW PUMP STATIONS		\$600,000	\$75,000	\$525,000		
		7 LAGUNA NIGUEL REGIONAL PARK RW METER VAULT RECONFIGURATION		\$150,000				\$150,000
		7 OAKGROVE DRIVE RW PIPELINE REPLACEMENT		\$525,000				\$525,000
		7 REHABILITATION OF 20-INCH RW MAIN TO LAGUNA HEIGHTS RESERVOIR		\$910,000				\$910,000
		7 RW RESERVOIR DRAINAGE IMPROVEMENTS AT 3 SITES		\$725,000				\$725,000
		6 RWOS - RW MAIN REPLACEMENT FROM CABOT ROAD TO GALIVAN PS		\$850,000				\$850,000
		6 RWOS - RW MAIN REPLACEMENT FROM CROWN VALLEY RESERVOIR TO CABOT ROAD		\$1,725,000				\$1,725,000
		7 RWOS - RW MAIN REPLACEMENT FROM GALIVAN PS TO LA PAZ PS		\$10,000,000				\$10,000,000
		7 2021-22 METER REPLACEMENT - RW	NEW	\$125,000	\$125,000			
2021200		7 2021-22 OPERATIONS-LED CAPITAL IMPROVEMENTS - RW	NEW	\$380,000	\$380,000			
		7 2021-22 PRESSURE REDUCING STATION REHABILITATION - RW	NEW	\$200,000	\$200,000			
		6 2021-22 RECYCLED WATER RETROFITS	NEW	\$10,000	\$10,000			
		7 2021-22 SERVICE LINE REPLACEMENT - RW	NEW	\$180,000	\$180,000			
		7 ALICIA RW PUMP STATION SUCTION VALVES REPLACEMENT	NEW	\$100,000	\$100,000			
Subtotal - Recycled Projects					\$1,911,250	\$2,140,000	\$820,000	\$27,455,000

APPENDIX A
FY 2021-22 | 10-YEAR CAPITAL IMPROVEMENT PROGRAM

PROJECT NO.	FUND	PROJECT NAME	PROJECT STATUS/ PRIORITY	TOTAL PROJECT BUDGET	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25 to 2030-31	
WASTEWATER									
2012024	7	UPPER SALADA LIFT STATION AUXILIARY GENERATOR REPLACEMENT	CONSTRUCTION	\$1,266,318	\$980,000				
2017007	7	ALISO CREEK LIFT STATION AUXILIARY GENERATOR REPLACEMENT	CONSTRUCTION	\$797,060	\$125,000				
2017022	14	REGIONAL LIFT STATION ENHANCEMENTS	CONSTRUCTION	\$5,289,586	\$1,250,000				
2018023	7	SOUTHWING LIFT STATION AUXILIARY GENERATOR REPLACEMENT	CONSTRUCTION	\$843,040	\$125,000				
2018027	7	REGIONAL TREATMENT PLANT SOUTHERLY INFLUENT SEWER IMPROVEMENTS	CONSTRUCTION	\$1,764,114	\$800,000				
2013004	7	REGIONAL LIFT STATION FORCE MAIN REPLACEMENT	DESIGN	\$18,300,000	\$6,000,000	\$8,200,000	\$3,000,000		
2013005	7	LOWER SALADA LIFT STATION FORCE MAIN REPLACEMENT	DESIGN	\$8,410,000	\$200,000	\$5,000,000	\$3,000,000		
2018026	14	CAMINO CAPISTRANO LIFT STATION AND FORCE MAIN	DESIGN	\$15,000,000				\$14,900,000	
2018028	7	UPPER SALADA LIFT STATION BYPASS IMPROVEMENTS	DESIGN	\$300,000				\$250,000	
2019007	7	NORTH ALISO LIFT STATION RECONSTRUCTION	DESIGN	\$5,000,000	\$300,000	\$1,500,000	\$3,150,000		
2020009	7	2021-22 PIPELINE REHABILITATION AND REPLACEMENT - WW	DESIGN	\$1,500,000	\$250,000	\$1,250,000			
	7	MANHOLE REHABILITATION PROGRAM	PROGRAM	\$3,150,000		\$350,000	\$350,000	\$2,450,000	
	7	OPERATIONS-LED CAPITAL IMPROVEMENTS - WW	PROGRAM	\$3,600,000		\$400,000	\$400,000	\$2,800,000	
	7	PIPELINE REHABILITATION AND REPLACEMENT PROGRAM - WW	PROGRAM	\$12,500,000			\$1,000,000	\$11,500,000	
	7	VERTICAL ASSETS REHABILITATION AND REPLACEMENT PROGRAM - WW	PROGRAM	\$31,800,000			\$1,250,000	\$24,550,000	
2011043	14	3A OUTFALL LINE VALVES		\$450,000				\$450,000	
2011043	14	3A OUTFALL LINE VALVES - SMWD REIMBURSEMENT	REIMBURSEMENT	-\$225,000				-\$225,000	
2018024	7	VALENCIA LIFT STATION MANHOLE DIVERSIONS		\$475,000	\$475,000				
2020015	7	LIFT STATION VENTILATION SYSTEM IMPROVEMENTS		\$650,000	\$650,000				
	7	3A ETM CREEK BANK STABILIZATION		\$2,000,000				\$2,000,000	
	7	3A ETM REPLACEMENT AVENIDA DE LA VISTA		\$2,475,000				\$2,475,000	
	7	3A ETM REPLACEMENT CAMINO CAPISTRANO		\$3,500,000				\$3,500,000	
	7	3A ETM REPLACEMENT SAN JUAN CREEK COUNTY OF ORANGE PHASE VIII		\$900,000				\$900,000	
	7	3A ETM IMPROVEMENTS - SMWD REIMBURSEMENT	REIMBURSEMENT	-\$4,437,500				-\$4,437,500	
	7	ALISO CREEK LIFT STATION REHABILITATION		\$3,900,000	\$300,000	\$1,000,000	\$2,600,000		
	14	LOWER SALADA LIFT STATION OVERFLOW WETWELL		\$1,250,000			\$150,000	\$1,100,000	
	7	UPPER SALADA LIFT STATION FORCE MAIN REHABILITATION AND REPLACEMENT		\$6,000,000				\$6,000,000	
	7	2021-22 MANHOLE REHABILITATION	NEW	\$350,000	\$350,000				
2021400	7	2021-22 OPERATIONS-LED CAPITAL IMPROVEMENTS - WW	NEW	\$400,000	\$400,000				
	7	MANHOLE ADJUSTMENTS ON OSO-TRABUCO INTERCEPTOR SEWER	NEW	\$260,000			\$260,000		
	7	MANHOLE ADJUSTMENTS ON OSO-TRABUCO INTERCEPTOR SEWER - SMWD REIMBURSEMENT	REIMBURSEMENT	-\$155,662			-\$155,662		
Subtotal - Wastewater Projects						\$12,205,000	\$17,700,000	\$15,004,338	\$68,212,500
PLANT 3A									
2020305	7	PLANT 3A SLIDE GATES REPLACEMENT AT SECONDARY CLARIFIERS AND RAS PUMP STATION	CONSTRUCTION	\$150,000	\$150,000				
2020306	7	PLANT 3A GRIT CLASSIFIERS REPLACEMENT	CONSTRUCTION	\$250,000	\$250,000				
2020307	7	PLANT 3A DIGESTER GAS PIPING REPLACEMENT	CONSTRUCTION	\$500,000	\$350,000				
2019301	7	PLANT 3A SUBSIDENCE MITIGATION	DESIGN	\$4,350,000	\$3,600,000	\$650,000			
2019302	7	PLANT 3A SOLIDS HANDLING FACILITIES IMPROVEMENTS	DESIGN	\$23,450,000	\$800,000	\$12,000,000	\$9,850,000		
	7	OPERATIONS-LED CAPITAL IMPROVEMENTS - 3A	PROGRAM	\$2,700,000		\$300,000	\$300,000	\$2,100,000	
	7	PLANT 3A LIQUIDS HANDLING FACILITIES IMPROVEMENTS		\$20,945,000		\$500,000	\$1,250,000	\$18,945,000	
	7	PLANT 3A ODOR CONTROL SYSTEM EVALUATION AND REHABILITATION		\$725,000	\$50,000	\$100,000	\$575,000		
2021300	7	2021-22 OPERATIONS-LED CAPITAL IMPROVEMENTS - 3A	NEW	\$400,000	\$400,000				
	14	PLANT 3A EMERGENCY STANDBY GENERATOR	NEW	\$1,250,000				\$1,250,000	
	14	PLANT 3A SECURITY IMPROVEMENTS	NEW	\$125,000	\$75,000	\$50,000			
	14	PLANT 3A SOLIDS LOADOUT FACILITY	NEW	\$6,000,000	\$250,000	\$3,000,000	\$2,700,000		
	7	PLANT 3A IMPROVEMENTS FUNDS 7 AND 14 - SMWD REIMBURSEMENT	REIMBURSEMENT	-\$17,112,656	-\$1,666,406	-\$4,668,750	-\$4,127,344	-\$6,270,469	
	6	PLANT 3A TERTIARY TREATMENT EXPANSION		\$3,000,000		\$200,000	\$300,000	\$2,500,000	
Subtotal - Plant 3A Projects						\$4,258,594	\$12,131,250	\$10,847,656	\$18,524,531
REGIONAL									
IRWD	7	IRWD BAKER WATER TREATMENT PLANT CAPITAL PROJECTS	PROGRAM	\$1,500,000	\$150,000	\$150,000	\$150,000	\$1,050,000	
JRWSS	7	SCWD/JRWSS CAPITAL PROJECTS	PROGRAM	\$6,663,111	\$1,012,607	\$1,131,109	\$1,444,173	\$3,075,222	
SMWD	7	SMWD CAPITAL PROJECTS - JOINT FACILITIES	PROGRAM	\$667,537	\$628,162	\$39,375			

APPENDIX A
FY 2021-22 | 10-YEAR CAPITAL IMPROVEMENT PROGRAM

PROJECT NO.	FUND	PROJECT NAME	PROJECT STATUS/ PRIORITY	TOTAL PROJECT BUDGET	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25 to 2030-31
SOCWA	7	SOCWA CAPITAL PC 2	PROGRAM	\$18,781,661	\$2,011,863	\$1,414,000	\$2,197,000	\$13,158,798
SOCWA	7	SOCWA CAPITAL PC 5	PROGRAM	\$297,077	\$6,979	\$28,000	\$6,000	\$256,098
SOCWA	7	SOCWA CAPITAL PC 15	PROGRAM	\$13,158,639	\$2,697,239	\$2,759,000	\$1,210,000	\$6,492,400
SOCWA	7	SOCWA CAPITAL PC 17	PROGRAM	\$88,042,730	\$7,366,049	\$9,792,000	\$7,239,000	\$63,645,681
SOCWA	7	SOCWA CAPITAL PC 21	PROGRAM	\$467,260	\$252,260	\$0	\$0	\$215,000
SOCWA	7	SOCWA CAPITAL PC 24	PROGRAM	\$3,966,728	\$116,201	\$52,000	\$0	\$3,798,527
ETWD	7	ETWD R6 RESERVOIR COVER REPLACEMENT		\$585,300	\$210,000	\$375,300		
SAC	7	SAC BAKER PIPELINE RELOCATION	NEW	\$129,635	\$110,490			
Subtotal - Regional Projects								
TOTAL					\$14,561,850	\$15,740,784	\$12,246,173	\$91,691,726
					\$56,177,694	\$74,687,034	\$64,978,767	\$415,048,757

NOTE: TOTAL 10-YEAR CIP PROJECTION (FY 2021-22 THROUGH FY 2030-31) = \$610,892,252

APPENDIX CIP - B:
Proposed FY 2021-22 Budget

APPENDIX B
PROPOSED FY 2021-22 PROJECTS

PROJECT NO.	PROJECT NAME	TOTAL PROJECT BUDGET	EXPENDED FROM INCEPTION TO DATE	FY 2021-22 PROPOSED BUDGET	ESTIMATED COMPLETION DATE
GENERAL (G) (FUND 1)					
	CAPITAL OUTLAYS - FUND 1	\$4,886,000	\$0	\$386,000	6/30/22
Subtotal - Fund 1 Projects				\$386,000	
WATER EFFICIENCY (WE) (FUND 6)					
2010013	RWOS - LA PAZ ROAD BRIDGE CROSSING RW PIPELINE	\$706,250	\$54,573	\$481,250	12/31/22
2019002	AMI PHASE 3	\$6,537,522	\$5,345,941	\$500,000	12/31/21
	2021-22 RECYCLED WATER RETROFITS	\$10,000	\$0	\$10,000	6/30/22
Subtotal - Fund 6 Projects				\$991,250	
REPLACEMENT & REFURBISHMENT (R&R) (FUND 7)					
2011024	DOCUMENT MANAGEMENT / AGENDA MANAGEMENT UPGRADE	\$389,000	\$108,237	\$50,000	6/30/24
2011033	ASSET MANAGEMENT PROGRAM / CMMS IMPLEMENTATION	\$1,041,979	\$569,994	\$200,000	6/30/22
2012024	UPPER SALADA LIFT STATION AUXILIARY GENERATOR REPLACEMENT	\$1,266,318	\$170,035	\$980,000	6/30/22
2013004	REGIONAL LIFT STATION FORCE MAIN REPLACEMENT	\$18,300,000	\$1,009,166	\$6,000,000	12/31/23
2013005	LOWER SALADA LIFT STATION FORCE MAIN REPLACEMENT	\$8,410,000	\$122,958	\$200,000	12/31/23
2015006	I.D. NO. 1 MASTER METER RELOCATION	\$2,320,000	\$26,843	\$250,000	12/31/23
2015015	SADDLEBACK AUXILIARY PUMP AND ENGINE REPLACEMENT	\$1,531,885	\$227,583	\$1,350,000	3/31/22
2017005	2017-18 ELECTRICAL DISTRIBUTION EQUIPMENT REPLACEMENTS	\$794,184	\$221,390	\$350,000	12/31/21
2017007	ALISO CREEK LIFT STATION AUXILIARY GENERATOR REPLACEMENT	\$797,060	\$285,422	\$125,000	9/30/21
2017010	PIPELINE ADJUSTMENTS FOR I-5 FREEWAY WIDENING	\$220,000	\$89,594	\$120,000	6/30/22
2018005	ELECTRICAL SYSTEM IMPROVEMENTS PHASE 2 - RW	\$1,000,000	\$131	\$250,000	6/30/23
2018007	RESERVOIR MANAGEMENT SYSTEM REPLACEMENT PHASE 3	\$8,219,756	\$494,503	\$5,000,000	12/31/22
2018017	MIRA VISTA AND VISTA LADERA EASEMENT PIPELINE REHABILITATION/REPLACEMENT	\$400,000	\$2,029	\$75,000	6/30/23
2018021	SHEEP HILLS PUMP STATION IMPROVEMENTS	\$1,400,000	\$1,532	\$200,000	6/30/23
2018023	SOUTHWING LIFT STATION AUXILIARY GENERATOR REPLACEMENT	\$843,040	\$300,199	\$125,000	9/30/21
2018024	VALENCIA LIFT STATION MANHOLE DIVERSIONS	\$475,000	\$0	\$475,000	6/30/22
2018027	REGIONAL TREATMENT PLANT SOUTHERLY INFLUENT SEWER IMPROVEMENTS	\$1,764,114	\$192,223	\$800,000	12/31/21
2019003	BLACKBIRD AND SOLITAIRE EASEMENT PIPELINE REHABILITATION/REPLACEMENT	\$500,000	\$2,001	\$75,000	6/30/23
2019004	RISK AND RESILIENCY ASSESSMENT AND ENHANCEMENT	\$210,600	\$0	\$50,000	6/30/24
2019007	NORTH ALISO LIFT STATION RECONSTRUCTION	\$5,000,000	\$28,430	\$300,000	6/30/24
2019029	RESERVOIR MANAGEMENT SYSTEM REPLACEMENT PHASE 4	\$4,750,000	\$17,867	\$250,000	12/31/23
2019030	PW STEEL RESERVOIR SEISMIC RETROFITS	\$4,400,000	\$189,346	\$2,000,000	6/30/23
2019037	CROWN VALLEY PARKWAY TRANSMISSION MAIN LOWER REACH REPLACEMENT	\$5,490,000	\$69,375	\$250,000	12/31/23
2020009	2021-22 PIPELINE REHABILITATION AND REPLACEMENT - WW	\$1,500,000	\$3,262	\$250,000	6/30/23
2020010	2020-21 PRESSURE REDUCING STATION REHABILITATION - PW	\$86,060	\$21,490	\$60,000	9/30/21
2020011	2020-21 PRESSURE REDUCING STATION REHABILITATION - RW	\$81,130	\$21,490	\$60,000	9/30/21
2020012	ALISO VIEJO RW RESERVOIR FENCE REPLACEMENT	\$50,000	\$0	\$50,000	6/30/22
2020013	EAST ALISO CREEK RESERVOIR INLET AND OUTLET PIPING MODIFICATIONS	\$300,000	\$952	\$290,000	6/30/22
2020015	LIFT STATION VENTILATION SYSTEM IMPROVEMENTS	\$650,000	\$210	\$650,000	6/30/22
2020016	METER UPGRADES AND VALVE REPLACEMENTS AT TAKEOUT FACILITIES ON JRWSS JTM	\$350,000	\$116	\$150,000	12/31/22
2020018	RESERVOIR MANAGEMENT SYSTEM REPLACEMENT PHASE 5	\$8,500,000	\$945	\$450,000	6/30/25
2020019	SCADA COMMUNICATIONS NETWORK IMPROVEMENTS	\$485,000	\$283	\$485,000	6/30/22
2020020	SHEEP HILLS RESERVOIR FENCE REPLACEMENT	\$50,000	\$0	\$50,000	6/30/22
2021000	2021-22 OPERATIONS-LED CAPITAL IMPROVEMENTS - MS	\$150,000	\$0	\$150,000	6/30/22
2021001	2021-22 VALVE REPLACEMENT - PW	\$1,670,000	\$117	\$1,670,000	6/30/22
2021100	2021-22 OPERATIONS-LED CAPITAL IMPROVEMENTS - PW	\$400,000	\$0	\$400,000	6/30/22

Project expenditures based on March 31, 2021 accounting data

APPENDIX B
PROPOSED FY 2021-22 PROJECTS

PROJECT NO.	PROJECT NAME	TOTAL PROJECT BUDGET	EXPENDED FROM INCEPTION TO DATE	FY 2021-22 PROPOSED BUDGET	ESTIMATED COMPLETION DATE
2021200	2021-22 OPERATIONS-LED CAPITAL IMPROVEMENTS - RW	\$380,000	\$0	\$380,000	6/30/22
2021300	2021-22 OPERATIONS-LED CAPITAL IMPROVEMENTS - 3A	\$400,000	\$0	\$400,000	6/30/22
2021400	2021-22 OPERATIONS-LED CAPITAL IMPROVEMENTS - WW	\$400,000	\$0	\$400,000	6/30/22
	2021-22 FIRE HYDRANT REPLACEMENT	\$100,000	\$0	\$100,000	6/30/22
	2021-22 MANHOLE REHABILITATION	\$350,000	\$0	\$350,000	6/30/22
	2021-22 METER REPLACEMENT - PW	\$990,000	\$0	\$990,000	6/30/22
	2021-22 METER REPLACEMENT - RW	\$125,000	\$0	\$125,000	6/30/22
	2021-22 PRESSURE REDUCING STATION REHABILITATION - RW	\$200,000	\$0	\$200,000	6/30/22
	2021-22 SERVICE LINE REPLACEMENT - PW	\$1,800,000	\$0	\$1,800,000	6/30/22
	2021-22 SERVICE LINE REPLACEMENT - RW	\$180,000	\$0	\$180,000	6/30/22
	2022-23 VALVE REPLACEMENT - PW	\$3,325,000	\$0	\$75,000	6/30/23
	ALICIA RW PUMP STATION SUCTION VALVES REPLACEMENT	\$100,000	\$0	\$100,000	6/30/22
	ALISO CREEK LIFT STATION REHABILITATION	\$3,900,000	\$0	\$300,000	6/30/24
	COMMUNICATIONS TOWER REPLACEMENT AT SADDLEBACK RECYCLED	\$50,000	\$0	\$50,000	6/30/22
	CROWN VALLEY AND MARGUERITE RESERVOIRS SITE PAVING REPLACEMENT	\$375,000	\$0	\$375,000	6/30/22
	DOCUMENT STORAGE FACILITY IMPROVEMENTS	\$150,000	\$0	\$150,000	6/30/22
	IMPROVEMENTS AT GALIVAN AND ALISO VIEJO RW PUMP STATIONS	\$600,000	\$0	\$75,000	6/30/23
	SUBSIDENCE MITIGATION AT EAST ALISO, MARGUERITE, AND EL DORADO SITES	\$250,000	\$0	\$50,000	6/30/23
	WAREHOUSE STORAGE AND FUNCTIONAL IMPROVEMENTS	\$175,000	\$0	\$175,000	6/30/22
2019301	PLANT 3A SUBSIDENCE MITIGATION	\$4,350,000	\$95,534	\$3,600,000	12/31/22
2019302	PLANT 3A SOLIDS HANDLING FACILITIES IMPROVEMENTS	\$23,450,000	\$999,972	\$800,000	6/30/24
2020305	PLANT 3A SLIDE GATES REPLACEMENT AT SECONDARY CLARIFIERS AND RAS PUMP STATION	\$150,000	\$3,237	\$150,000	12/31/21
2020306	PLANT 3A GRIT CLASSIFIERS REPLACEMENT	\$250,000	\$2,182	\$250,000	12/31/21
2020307	PLANT 3A DIGESTER GAS PIPING REPLACEMENT	\$500,000	\$53,027	\$350,000	6/30/22
	PLANT 3A ODOR CONTROL SYSTEM EVALUATION AND REHABILITATION	\$725,000	\$0	\$50,000	6/30/24
	PLANT 3A IMPROVEMENTS FUND 7 - SMWD REIMBURSEMENT	-\$8,388,281	\$0	-\$1,575,000	Reimbursement
ETWD	ETWD R6 RESERVOIR COVER REPLACEMENT	\$585,300	NA	\$210,000	6/30/22
IRWD	IRWD BAKER WATER TREATMENT PLANT CAPITAL PROJECTS	\$1,500,000	NA	\$150,000	6/30/22
JRWSS	SCWD/JRWSS CAPITAL PROJECTS	\$6,663,111	NA	\$1,012,607	6/30/22
SAC	SAC BAKER PIPELINE RELOCATION	\$129,635	NA	\$110,490	6/30/22
SMWD	SMWD CAPITAL PROJECTS - JOINT FACILITIES	\$667,537	NA	\$628,162	6/30/22
SOCWA	SOCWA CAPITAL PC 2	\$18,781,661	NA	\$2,011,863	6/30/22
SOCWA	SOCWA CAPITAL PC 5	\$297,077	NA	\$6,979	6/30/22
SOCWA	SOCWA CAPITAL PC 15	\$13,158,639	NA	\$2,697,239	6/30/22
SOCWA	SOCWA CAPITAL PC 17	\$88,042,730	NA	\$7,366,049	6/30/22
SOCWA	SOCWA CAPITAL PC 21	\$467,260	NA	\$252,260	6/30/22
SOCWA	SOCWA CAPITAL PC 24	\$3,966,728	NA	\$116,201	6/30/22
Subtotal - Fund 7 Projects				\$48,651,850	
WATER SUPPLY RELIABILITY (WSR) (FUND 12)					
2017016	SOUTH COUNTY PIPELINE TAKEOUT FACILITY	\$10,200,000	\$30,843	\$150,000	12/31/26
	OCWD BASIN EMERGENCY INTERCONNECTION	\$20,000,000	\$0	\$750,000	6/30/26
Subtotal - Fund 12 Projects				\$900,000	
PLANNING & CONSTRUCTION (P&C) (FUND 14)					
2011077	MOULTON PEAK RADIO TOWER REPLACEMENT	\$732,504	\$194,723	\$60,000	9/30/21
2016014	SADDLEBACK PUMP STATION PORTABLE GENERATOR CONNECTION	\$30,000	\$1,565	\$10,000	3/31/22

Project expenditures based on March 31, 2021 accounting data

APPENDIX B
PROPOSED FY 2021-22 PROJECTS

PROJECT NO.	PROJECT NAME	TOTAL PROJECT BUDGET	EXPENDED FROM INCEPTION TO DATE	FY 2021-22 PROPOSED BUDGET	ESTIMATED COMPLETION DATE
2017019	1050-ZONE SECONDARY FEED PUMP STATION AND TRANSMISSION MAIN	\$6,160,000	\$229,989	\$3,300,000	6/30/23
2017022	REGIONAL LIFT STATION ENHANCEMENTS	\$5,289,586	\$1,759,241	\$1,250,000	12/31/21
	EASTERN TRANSMISSION MAIN ACCESS MANWAYS AND VALVES	\$1,200,000	\$0	\$1,150,000	3/31/22
	EASTERN TRANSMISSION MAIN ACCESS MANWAYS AND VALVES - CSJC REIMBURSEMENT	-\$840,000	\$0	-\$805,000	Reimbursement
	PLANT 3A SECURITY IMPROVEMENTS	\$125,000	\$0	\$75,000	12/31/22
	PLANT 3A SOLIDS LOADOUT FACILITY	\$6,000,000	\$0	\$250,000	6/30/24
	PLANT 3A IMPROVEMENTS FUND 14 - SMWD REIMBURSEMENT	-\$1,722,656	\$0	-\$91,406	Reimbursement
	VIDEO SITE SURVEILLANCE SYSTEM	\$500,000	\$0	\$50,000	6/30/25
Subtotal - Fund 14 Projects				\$5,248,594	
TOTAL				\$56,177,694	

APPENDIX CIP - C:
Project Descriptions for the 10-year CIP

Asset Management Program / CMMS Implementation

Project No: 2011.033

System: Multi-System

Fund: 7

Project Location: N/A

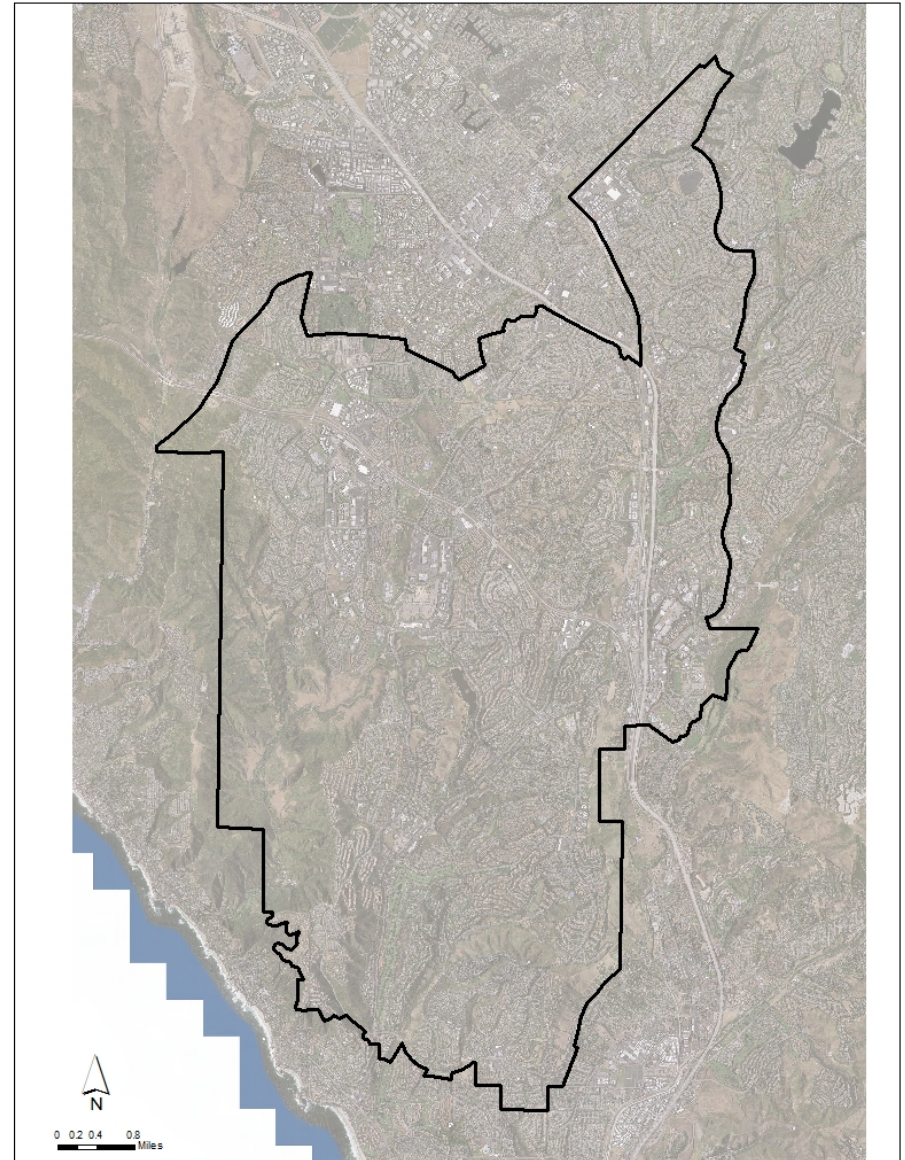
Project Description: The goal is to develop a comprehensive Asset Management Program that supports optimizing the lifecycle costs for the District's assets, providing improved maintenance tracking of horizontal and vertical assets, and prioritizing future capital costs as part of the Replacement and Refurbishment Fund (7) as well as the related operating costs.

Project Need: Tracking the District's infrastructure assets is critical to meeting the primary mission of the agency. Previously, the District was able to capture the horizontal assets (pipes) as part of the GIS Implementation, but the next step is to populate the Asset Register with vertical assets (facilities and components). The CMMS Planning phase documented the maintenance work flows and identified enhancement areas for a new Computerized Maintenance Management Systems (CMMS) to replace a twenty-year old outdated system. The CMMS Software Implementation phase will include selecting, procuring and transitioning the District to the new CMMS.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
CMMS Planning	\$136,898
Asset Register Population	\$229,913
CMMS Software Implementation	\$675,168
Total Project Budget	\$1,041,979



Moulton Peak Radio Tower Replacement

Project No: 2011.077

System: Multi-System

Fund: 14

Project Location: Moulton Peak Reservoir, Aliso Viejo

Project Description: Relocate a new tower to a location within the Moulton Peak reservoir site that is accessible by vehicle. The tower height will be taller than the existing tower. Modify the Moulton Peak fencing to include the new tower.

Project Need: The existing tower site was given to the District by COX Communication. The District has installed a vital communication system between the Main Office and Plant 2A on this site. There is no safe vehicle access to maintain and repair equipment.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$90,000
CEQA Compliance	Exempt
Construction Contract	\$632,504
Inspection/Other	\$10,000
Total Project Budget	\$732,504



Risk and Resiliency Assessment and Enhancement

Project No: 2019.004

System: Multi-System

Fund: 7

Project Location: All offices and remote locations.

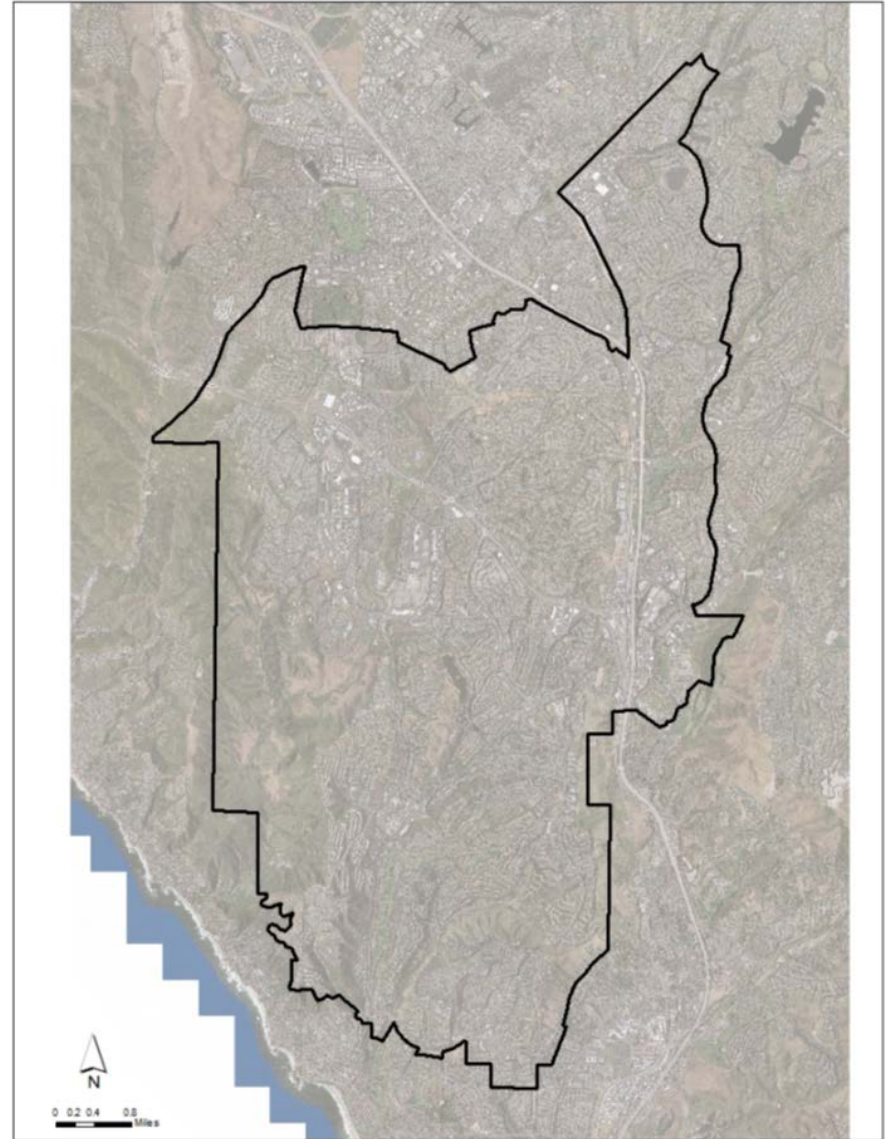
Project Description: In compliance with the American Water Infrastructure Act (AWIA), conduct a comprehensive risk assessment to identify the effectiveness and resiliency of the District including evaluating current cyber defense strategies and tactics. The project also includes identifying opportunities and initiatives for enhancing the District's physical and cyber defense strategy, and initial funds to pursue those that are determined to be immediately necessary.

Project Need: AWIA requires water districts to complete a Risk and Resiliency Assessment (RRA) and to develop a corresponding Emergency Response Plan (ERP) by December 2021. The United States Environmental Protection Agency (USEPA) will oversee the certification of the RRA and ERP, which will be required to be updated every five years. Cyberattacks continues to increase. To stay current with changing threats, it is recommended to perform continuous assessments and make continual improvements to cyber defense strategies.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Phase 1 – Crosswalk	\$15,100
Phase 2 – Risk and Resiliency Assessment	\$83,500
Phase 3 – Emergency Response Plan	\$62,000
Phase 4 – Initial Enhancements	\$50,000
Total Project Budget	\$210,600



Document Management / Agenda Management Upgrade

Project No: 2011.024

System: Multi-System

Fund: 7

Project Location: N/A

Project Description:

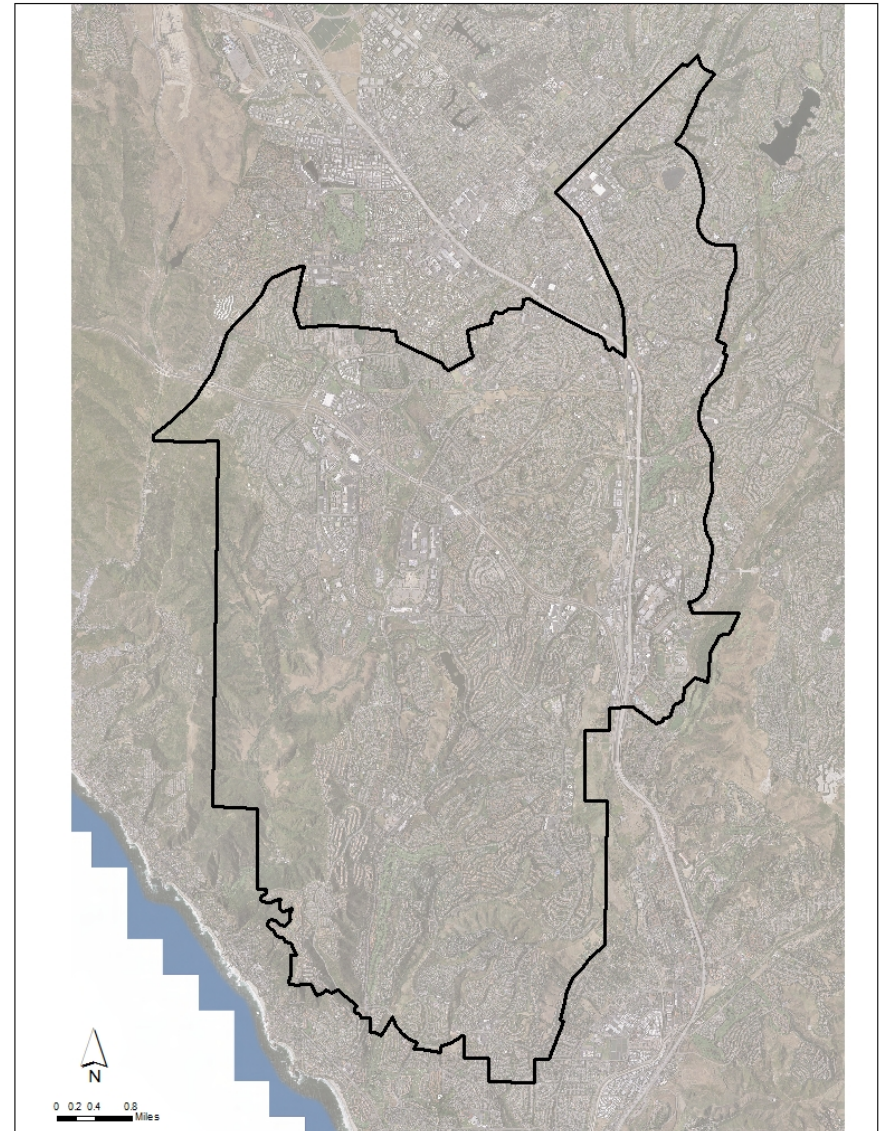
- Update computer hardware and software for agenda distribution, meeting notes, document management and legislative management action items.
- Computerize equipment for recording all District meetings and provide live and website streaming, allowing a direct link to each agenda item.
- Automated Staff Report workflow, enhanced web posting of meeting agendas and attached Staff Reports, electronic delivery of agenda to Board Members.
- Manage meeting minutes during meeting with action notes linked to each agenda item.
- Utilize touch screen monitors or small touch screen devices for meeting presentations, updated microphone and audio switching equipment.

Project Need: Improved staff efficiency and allowing for improving transparency to MNWD customers for public meetings by providing audio of each meeting.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Implementation	\$389,000
Total Project Budget	\$389,000



Capital Outlays – Fund 1

Project No: Annual Program

System: Multi-System

Fund: 1

Project Location: Various

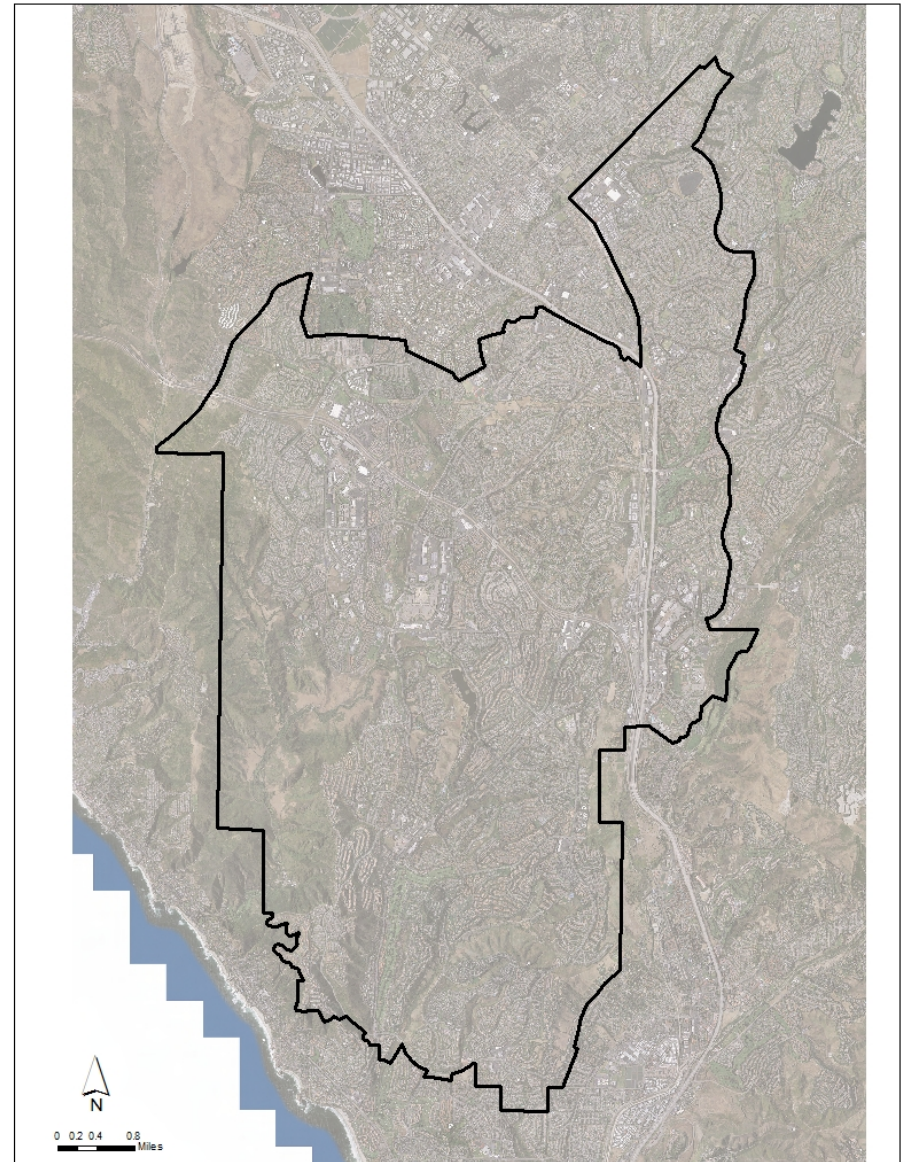
Project Description: Capital equipment and parts purchases, including fleet vehicles, heavy equipment, other rolling stock, and technology.

Project Need: The District purchases capital equipment and parts each year as needs are identified.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Purchases	\$4,886,000
Total Project Budget	\$4,886,000



Operations-Led Capital Improvements – Multi-System

Project No: Annual Program

System: Multi-System

Fund: 7

Project Location: Various

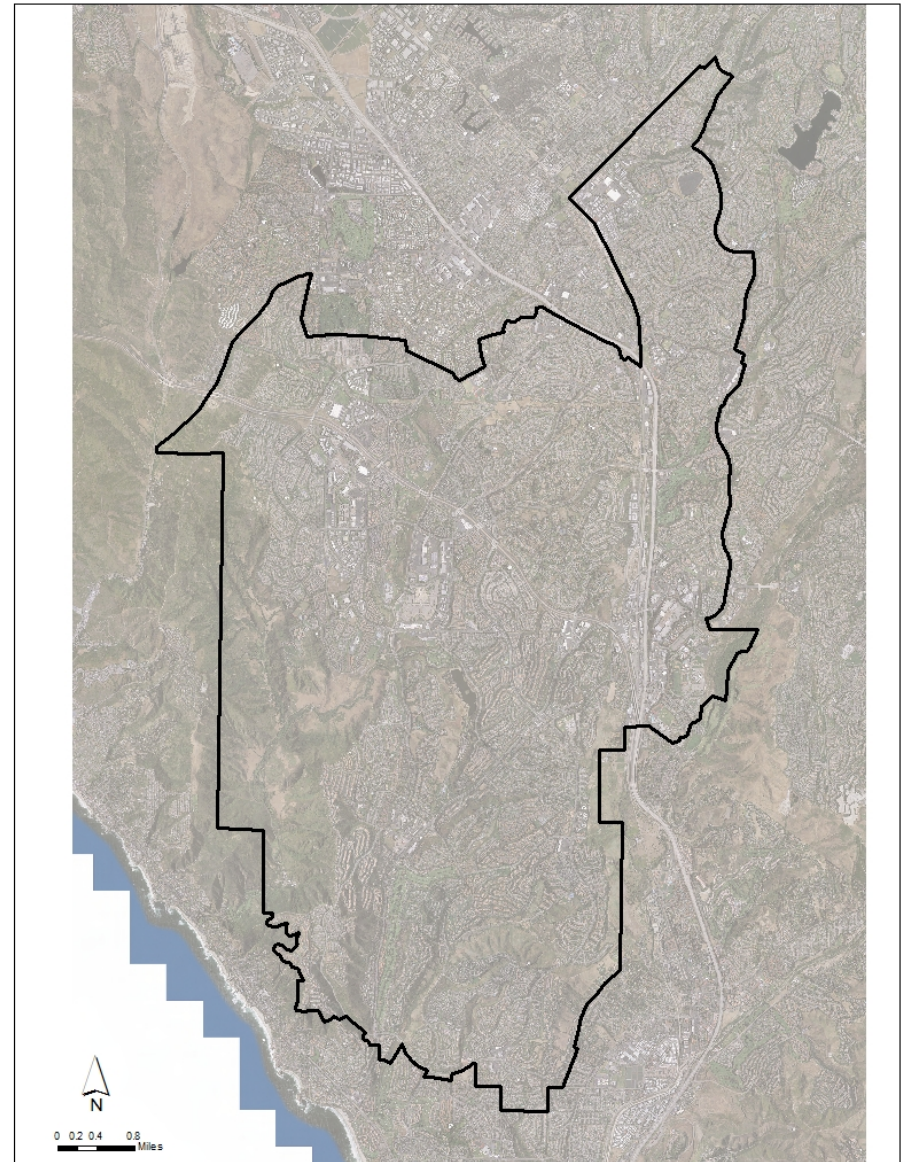
Project Description: This program covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, programmable logic controllers, mechanical systems, and related equipment.

Project Need: Capital equipment and parts needs are identified by District Operations Staff, as existing equipment reaches the end of its useful life.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Purchases and Installation	\$90,000
Total Project Budget	\$90,000



SCADA Communications Network Improvements

Project No: 2020.019

System: Multi-System

Fund: 7

Project Location: Various

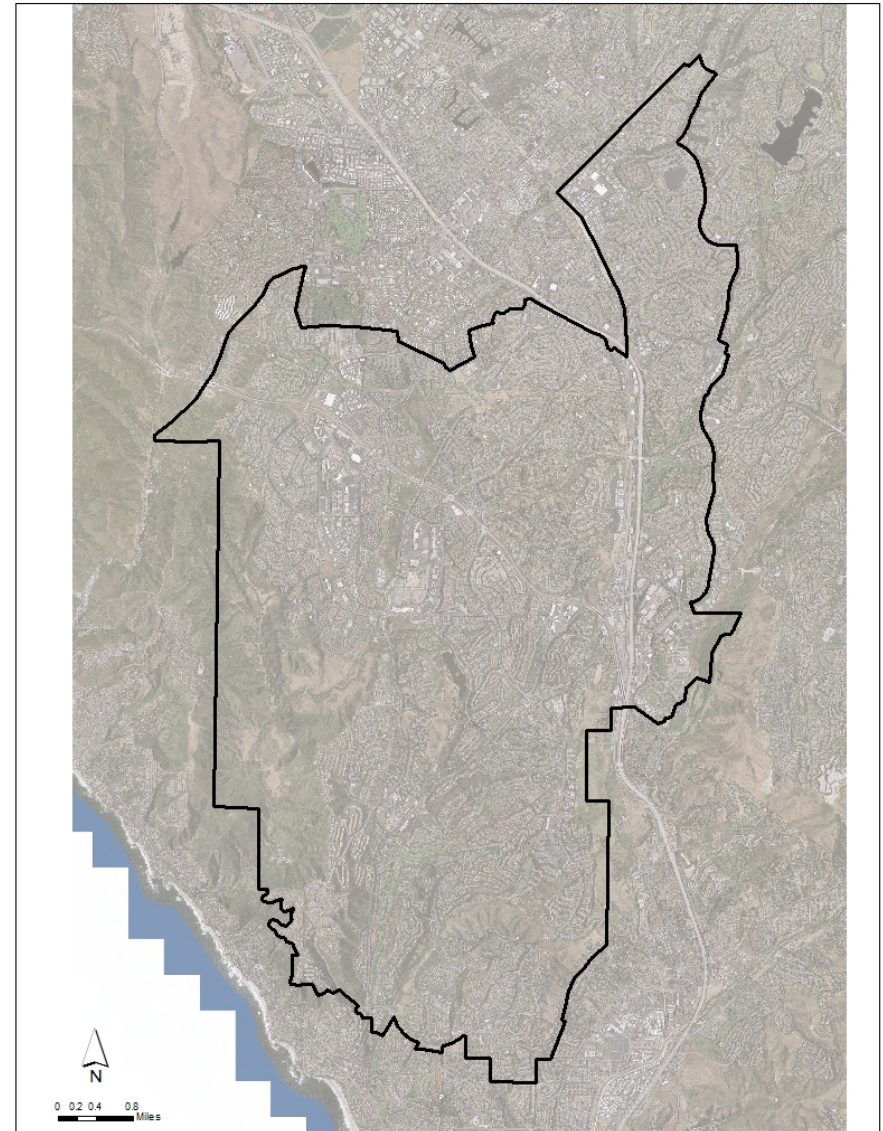
Project Description: This project will consist of updating our backbone SCADA communication radio antennas, establishing a secondary network connection to Plant 2A, and other minor enhancements. These improvements will result in a more resilient, more secure, and higher bandwidth enabled SCADA communication network that will support larger data capture and transfer for data analytics, video surveillance, and SCADA tracking.

Project Need: In 2017 and 2018, the District took the first step in updating its 13- year old SCADA communications network by replacing 67 outdated low band antennas used to communicate with our pump stations, lift stations, and reservoirs. These low band antennas then communicate across our backbone network back to Plant 2A and Plant 3A. The next step is to upgrade these 16 higher band antennas to allow our distribution staff to have real time monitoring and control of our water, wastewater, and recycled infrastructure. The project timeline aligns with the relocation of the Moulton Peak tower timeline, which is our most critical communication site.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
FCC Coordination	\$20,000
Equipment	\$275,000
Installation and Configuration	\$85,000
Secondary Connection to Plant 3A	\$75,000
Other Minor Improvements	\$30,000
Total Project Budget	\$485,000



Document Storage Facility Improvements

Project No: TBD

System: Multi-System

Fund: 7

Project Location: Plant 2A, Building 5, Laguna Hills

Project Description: Install facility improvements to security, lighting, and ventilation systems to enhance the functionality and security of the stored documents. Install new non-wet fire suppression system and storage improvements.

Project Need: As part of its policies and procedures, the District is required to maintain hard-copies of a variety of documents for given time periods. Necessary improvements have been identified to enhance its functionality as a document storage facility.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$140,000
CM and Specialty Inspection	\$5,000
Legal/Permit/Other	\$5,000
Total Project Budget	\$150,000



Video Site Surveillance System

Project No: TBD

System: Multi-System

Fund: 14

Project Location: Various

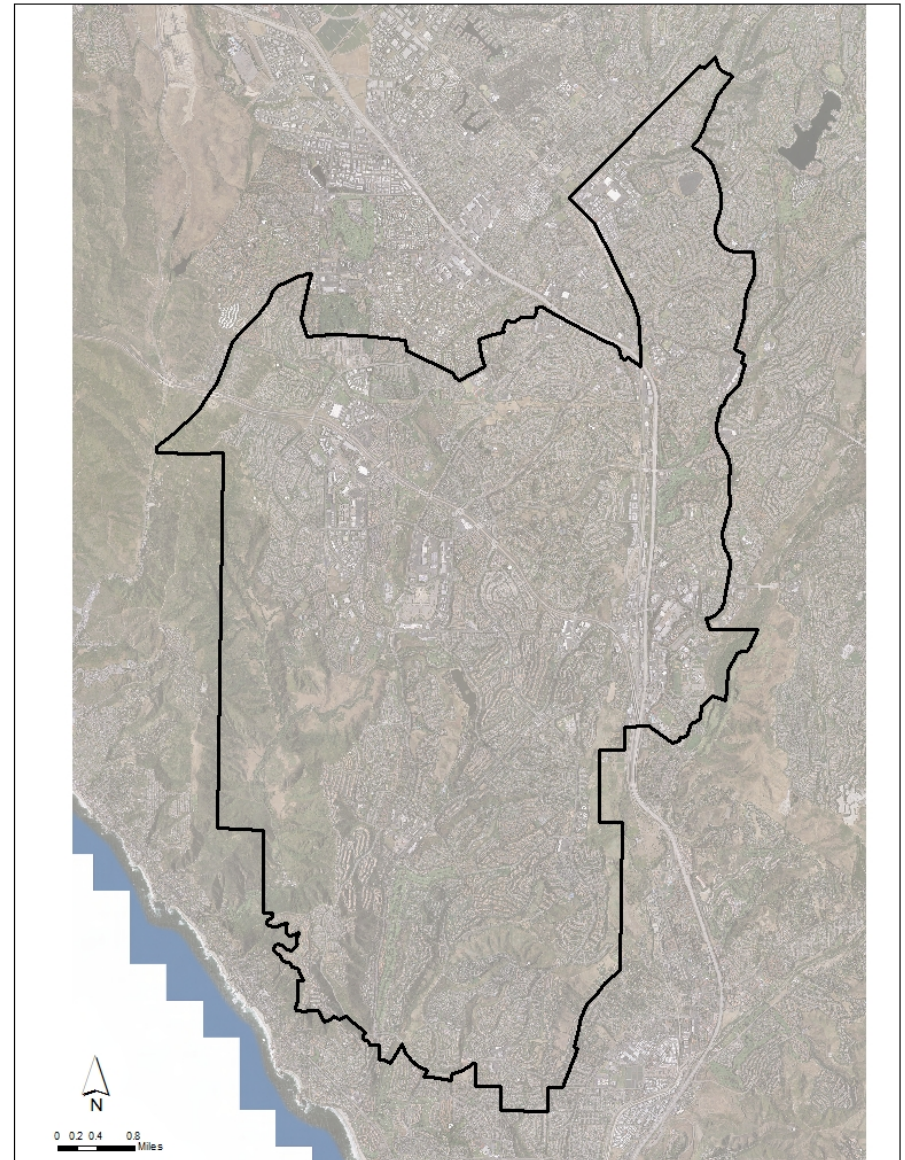
Project Description: The installation of video surveillance at various district facilities and the installation of additional data storage capacity at Plant 2A.

Project Need: The District does not have any video surveillance at district facilities. The video surveillance will be primarily used for site security reasons but will also be installed at critical facilities such as sewer lift stations to monitor for overflows.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$500,000
Total Project Budget	\$500,000



2021-22 Operations-Led Capital Improvements - Multi-System

Project No: 2021.000

System: Multi-System

Fund: 7

Project Location: Various

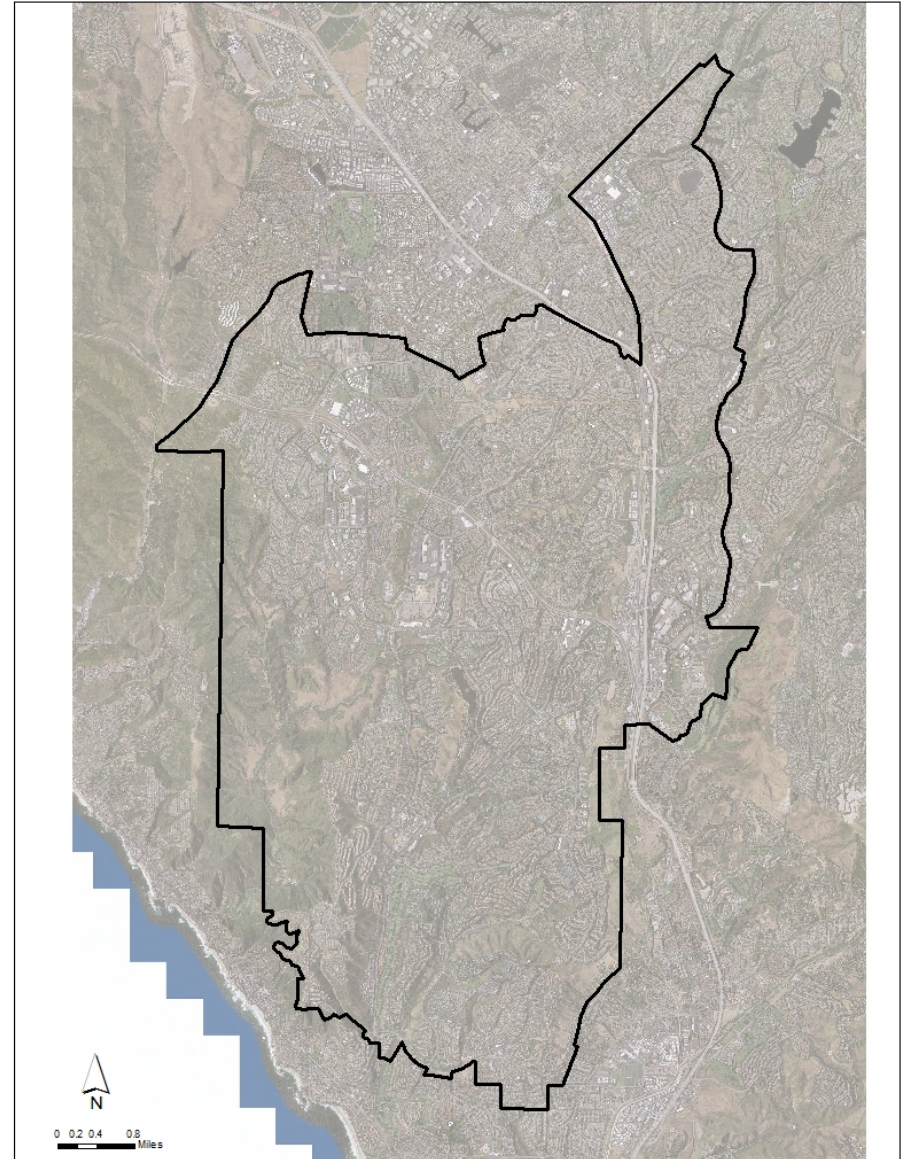
Project Description: This project covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, programmable logic controllers, mechanical systems, and related equipment.

Project Need: Capital equipment and parts needs are identified by District Operations Staff, as existing equipment reaches the end of its useful life.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Purchases and Installation	\$150,000
Total Project Budget	\$150,000



Communications Tower Replacement at Saddleback Recycled

Project No: TBD

System: Multi-System

Fund: 7

Project Location: Saddleback Recycled

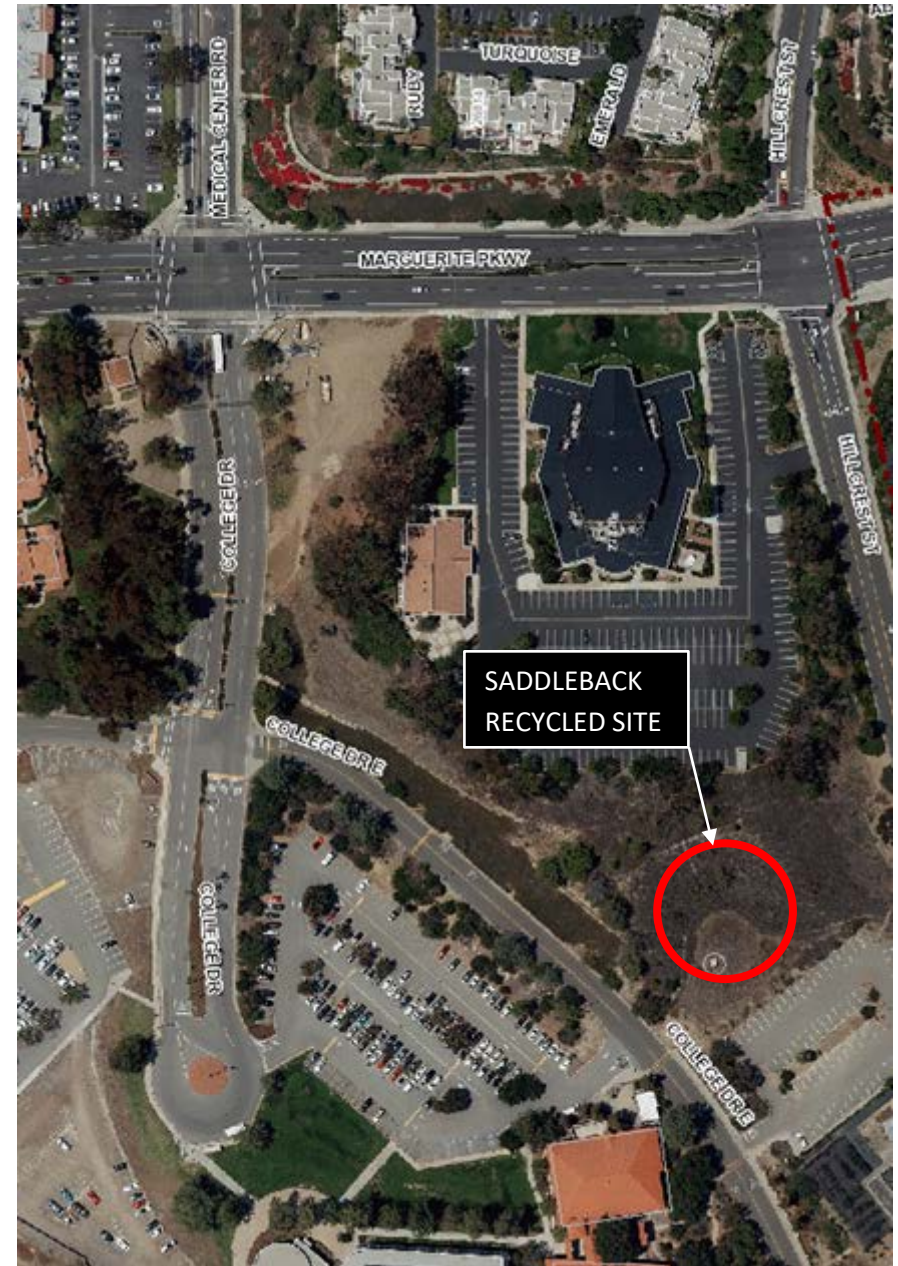
Project Description: Conduct a radio path study and replace existing tower with taller tower as needed.

Project Need: Saddleback college has installed new bleachers inhibiting our radio connection to the Saddleback Recycled site. Radio communication is needed for remote monitoring and control and visibility to our SCADA system.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$0
CEQA IS/MND	Exempt
Construction Contract	\$50,000
CM and Specialty Inspection	\$0
Legal/Permit/Other	\$0
Total Project Budget	\$50,000



Warehouse Storage and Functional Improvements

Project No: TBD

System: Multi-System

Fund: 7

Project Location: 2A

Project Description: Replace existing boltless shelving and pallet racking. Make functional improvements to existing ancillary spaces.

Project Need: The existing shelving and pallet racking are not properly anchored and in need of replacement. The new shelving and pallet racking will increase pallet rack storage by one-third and double shelving capacity. Additionally, the equipment will be more durable and designed to comply with seismic standards. Existing ancillary spaces require functional improvements to make most efficient use of these areas.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$25,000
CEQA IS/MND	Exempt
Construction Contract	\$150,000
Total Project Budget	\$175,000



Saddleback Auxiliary Pump and Engine Replacement

Project No: 2015.015

System: Potable

Fund: 7

Project Location: Saddleback Pump Station, Mission Viejo

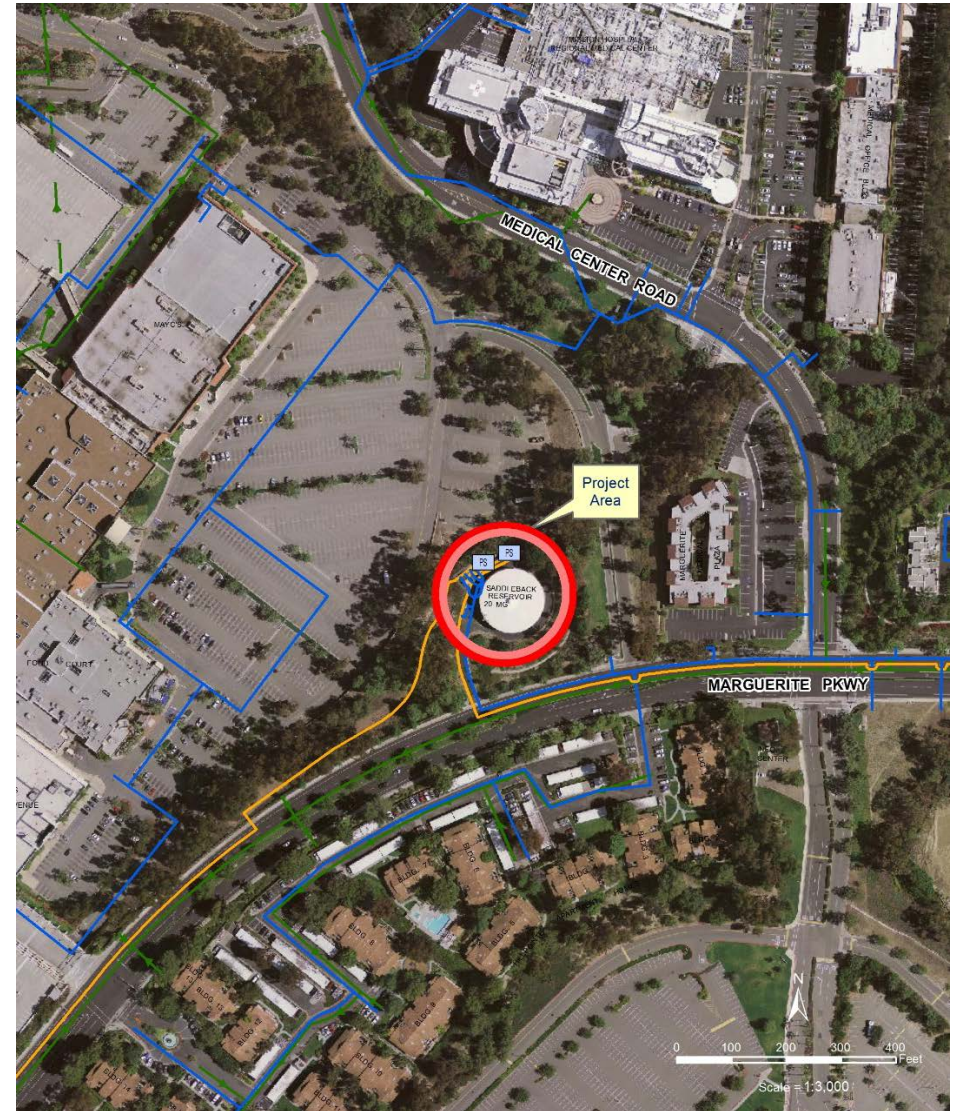
Project Description: Replace existing auxiliary pump and engine with a diesel engine-drive vertical turbine pump, including associated fuel piping, fuel storage tanks, ventilation, electrical, controls, appurtenances, and building modifications.

Project Need: Replacement is based on age of engine and difficulty finding replacement parts.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Preliminary Design	\$75,000
Design	\$150,000
CEQA Compliance	Exempt
Construction Contract	\$1,146,885
Inspection/Other	\$160,000
Total Project Budget	\$1,531,885



Saddleback Pump Station Portable Generator Connection

Project No: 2016.014

System: Potable

Fund: 14

Project Location: Saddleback Pump Station, Mission Viejo

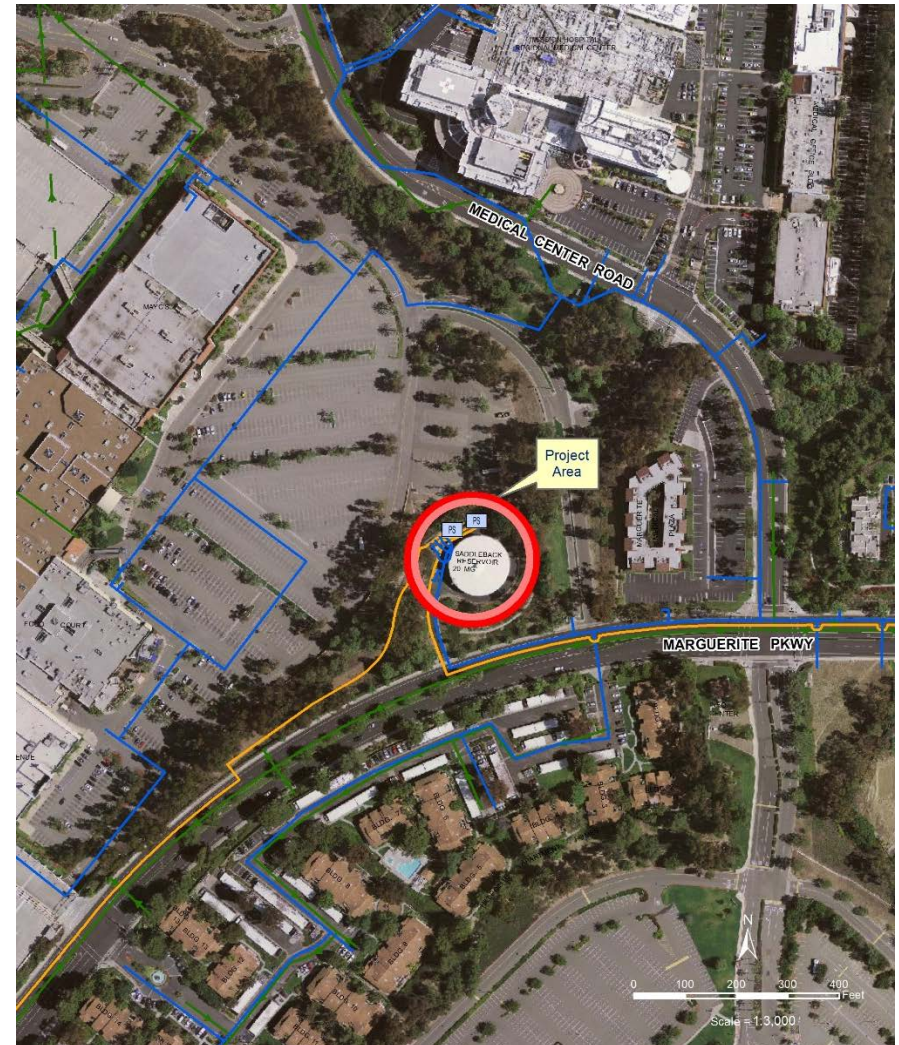
Project Description: Install new portable generator connection.

Project Need: This pump station is a vital link between the 450 and 650 pressure zones, and serves Mission Hospital. This project will allow for a quick connection of a portable generator to the pump station.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$5,000
CEQA Compliance	Exempt
Construction Contract	\$25,000
Total Project Budget	\$30,000



2017-18 Electrical Distribution Equipment Replacements

Project No: 2017.005

System: Potable

Fund: 7

Project Location: Valencia Pump Station, Laguna Hills; Pacific Island Drive #1, Beacon Hill, and Big Niguel Pump Stations, Laguna Niguel; Bear Brand Pump Station, Dana Point

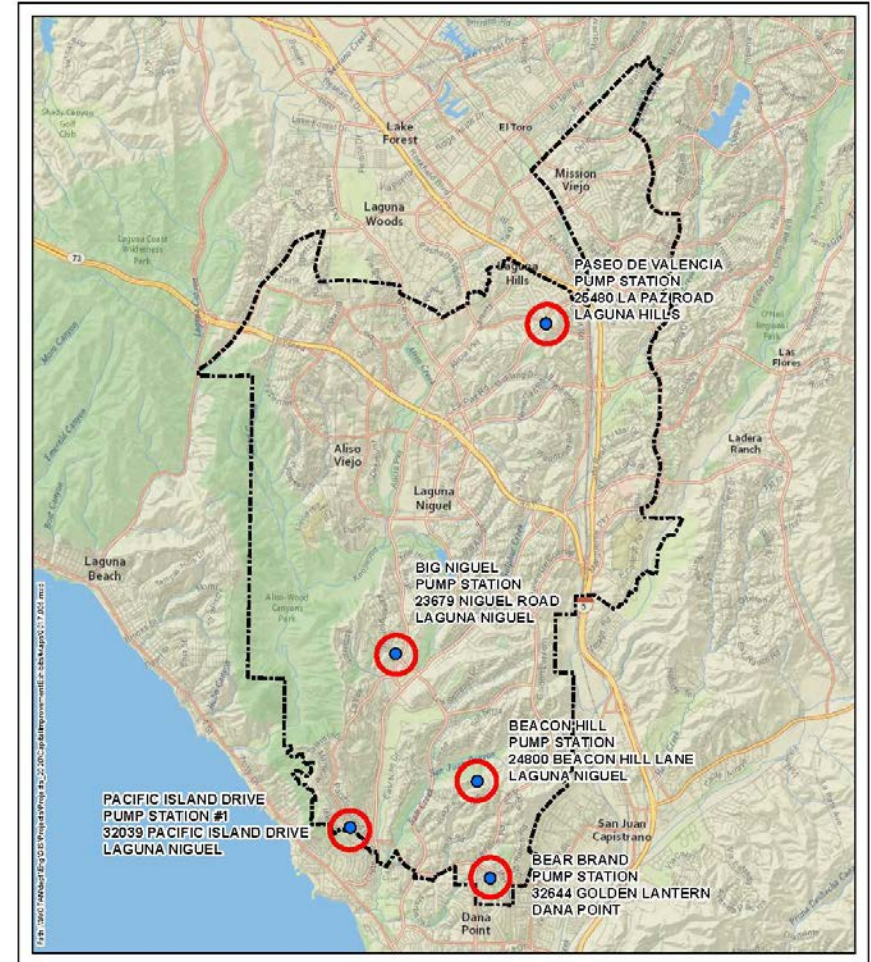
Project Description: Replace the main utility service sections at five (5) sites that have reached the end of their useful lives. Other ancillary electrical and structural improvements to be completed to accommodate the new service sections.

Project Need: These main utility service sections and associated main circuit breakers have reached the end of their useful lives and can no longer be maintained.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$150,000
CEQA Compliance	Exempt
Construction	\$594,184
Specialty Inspection	\$45,000
Legal, Permits, Other	\$5,000
Total Project Budget	\$794,184



Reservoir Management System Replacement Phase 3

Project No: 2018.007

System: Potable

Fund: 7

Project Location: Aliso Hills, Aliso Summit, Rolling Hills, Sheep Hills, and Bear Brand Reservoir Sites

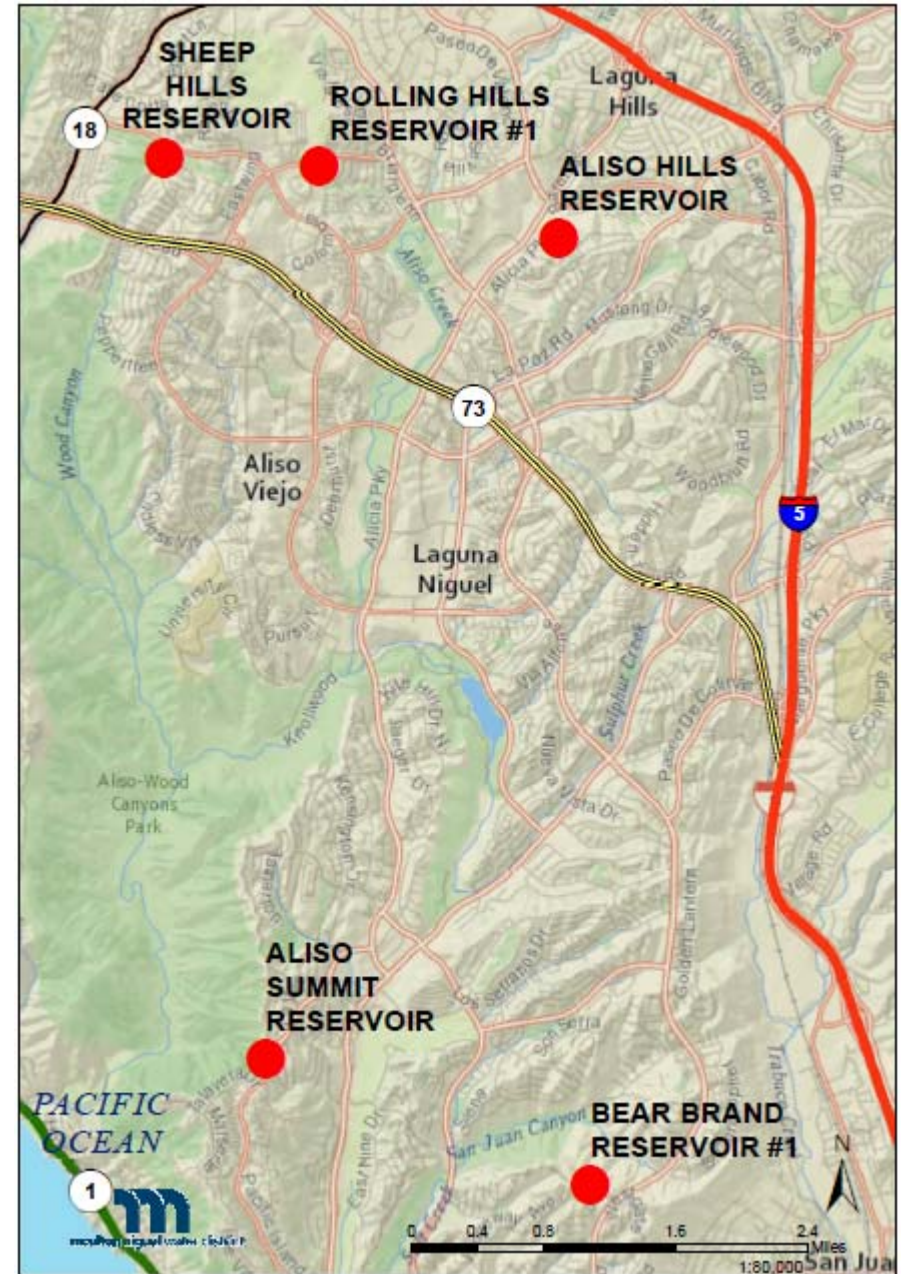
Project Description: Remove existing on-site generation water quality reservoir management systems and protective structures and replace with new water quality reservoir management systems and permanent style buildings. The work will include the installation of liquid sodium hypochlorite and ammonia water quality reservoir management systems.

Project Need: Existing facilities are approaching their useful life and require increased maintenance.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$524,071
CEQA Compliance	Exempt
Construction Contract	\$6,958,658
Legal/Permits/Other	\$30,000
Special Inspection	\$707,027
Total Project Budget	\$8,219,756



AMI Phase 3

Project No: 2019.002

System: Potable

Fund: 6

Project Location: Various

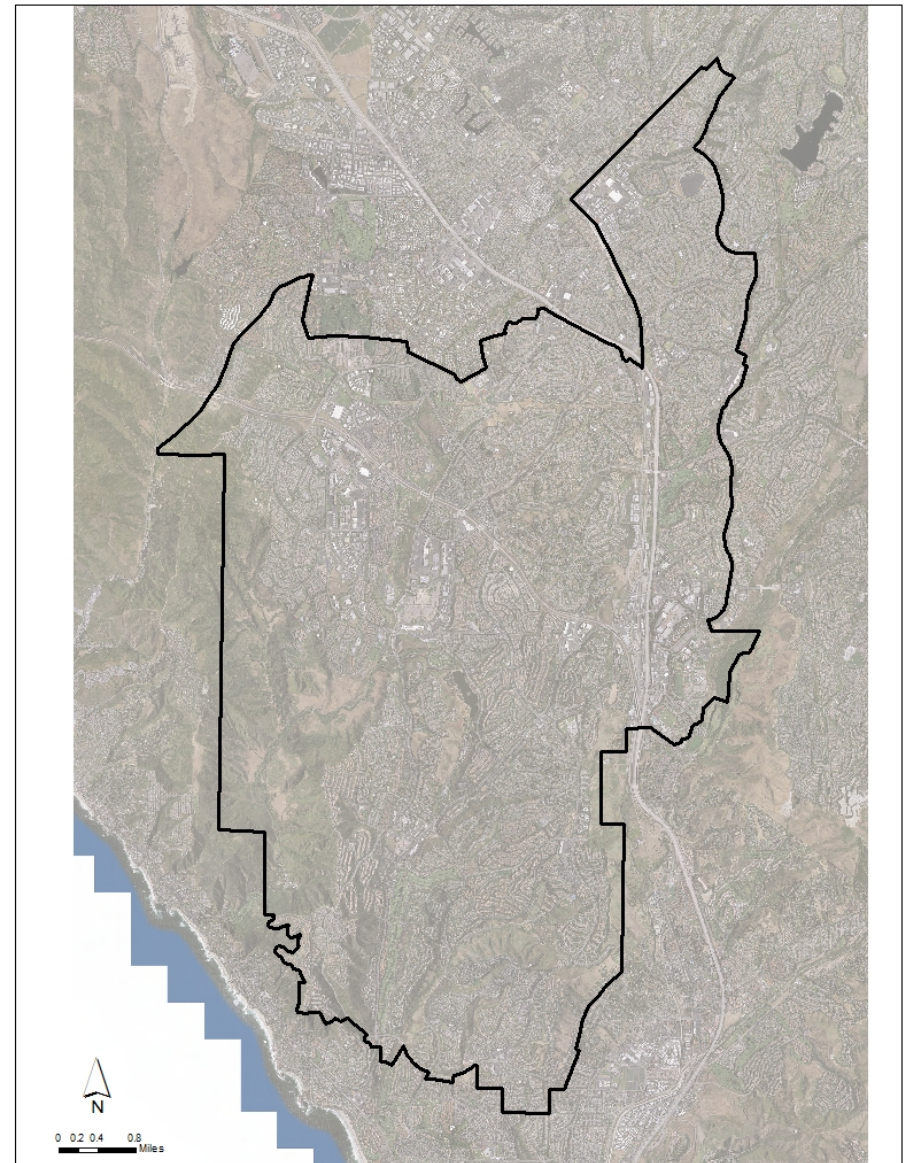
Project Description: In Phase I and 2 of the AMI Implementation Program, the District established a remote reading and communication network with coverage of the entire service area and implemented a customer portal for the District's Potable and Recycled Water Irrigation, commercial, multi-family as well as 1,800 residential customers with hourly data as well as a portal deployed for all remaining customers. Phase 3 of the AMI Implementation Program will expand the program to install an AMI radio for all remaining single-family residential customers' meters (approximately 45,500 meters) to be read remotely and provide hourly water usage reads.

Project Need: Optimizing water use efficiency through AMI's capabilities would help to minimize water losses and improve customer education. Implementing AMI would assist the District in proactively identifying leaks, assist operations through demand-side time-of-use management, and benefit the customers by providing tools for monitoring water usage and promoting behavioral changes to optimize their operations in terms of water use efficiency.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Radio Purchases	\$5,274,621
Installation	\$1,262,901
Total Project Budget	\$6,537,522



Potable Water Steel Reservoir Seismic Retrofits

Project No: 2019.030

System: Potable

Fund: 7

Project Location: Various

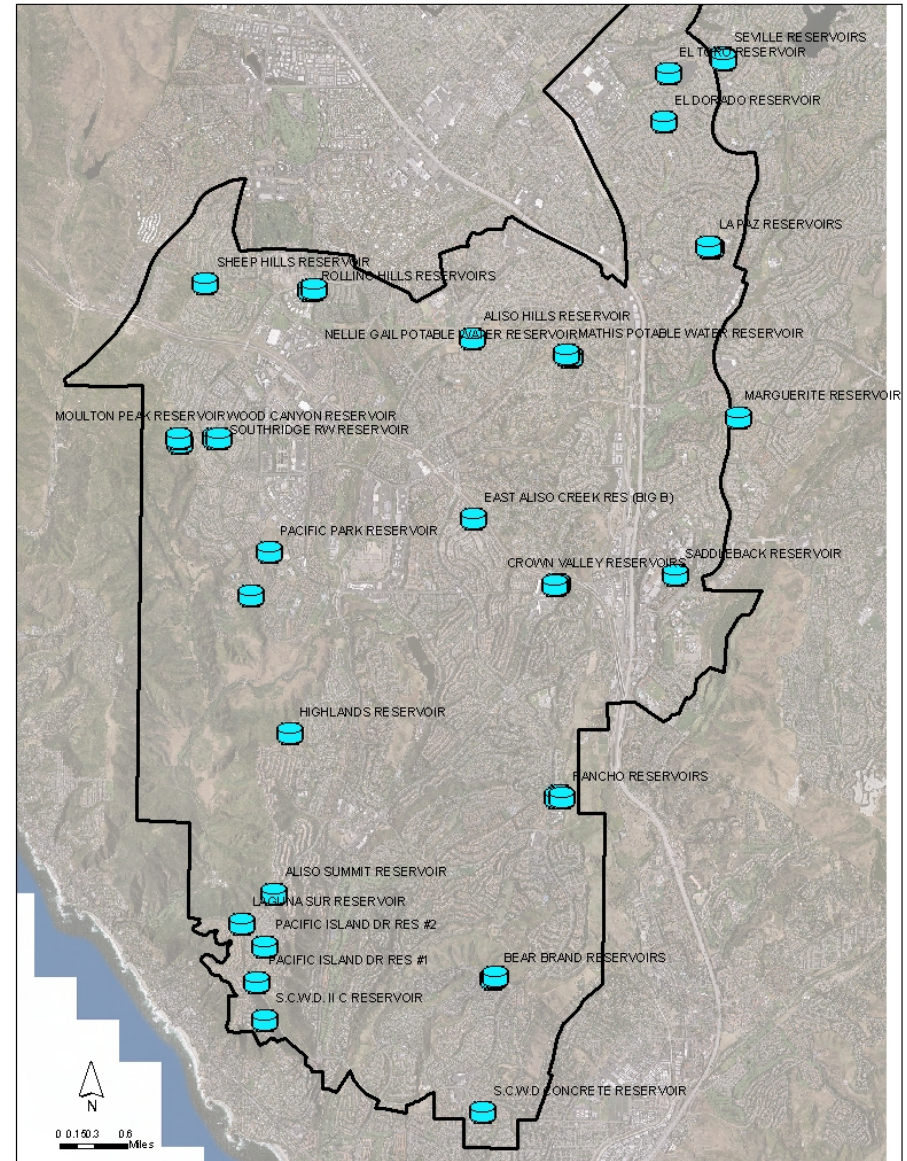
Project Description: Construct the recommendations from Project No. 2011.014 - Seismic and Structural Assessment of Steel Reservoirs to bring all steel tanks to current seismic standards.

Project Need: Project No. 2011.014 evaluated all the District's steel tanks for seismic, structural, and safety conditions. The evaluation recommended 18 potable steel reservoirs that required either one or a combination of three different seismic retrofits.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$370,000
CEQA Compliance	Exempt
Construction Contract	\$3,700,000
Special Inspection	\$300,000
Legal/Permits/Other	\$30,000
Total Project Budget	\$4,400,000



2020-21 Pressure Reducing Station Rehabilitation – PW

Project No: 2020.010

System: Potable

Fund: 7

Project Location: Belle Maison PRS, Laguna Niguel

Project Description: Rehabilitate the structure as required and replace the pressure reducing station valves, mechanical equipment and appurtenances that have reached the end of their useful lives.

Project Need: The equipment within the pressure reducing station is reaching its useful life, is requiring increased maintenance, and needs to be replaced. This project occurs on an annual basis as part of the Vertical Asset Rehabilitation and Replacement Program.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$25,000
CEQA Compliance	Exempt
Construction Contract	\$56,060
Legal/Permits/Other	\$5,000
Total Project Budget	\$86,060



I.D. No. 1 Master Meter Relocation

Project No: 2015.006

System: Potable

Fund: 7

Project Location: Crown Valley Parkway and Paseo Del Valle, Laguna Niguel

Project Description: Construct a meter vault and needed piping.

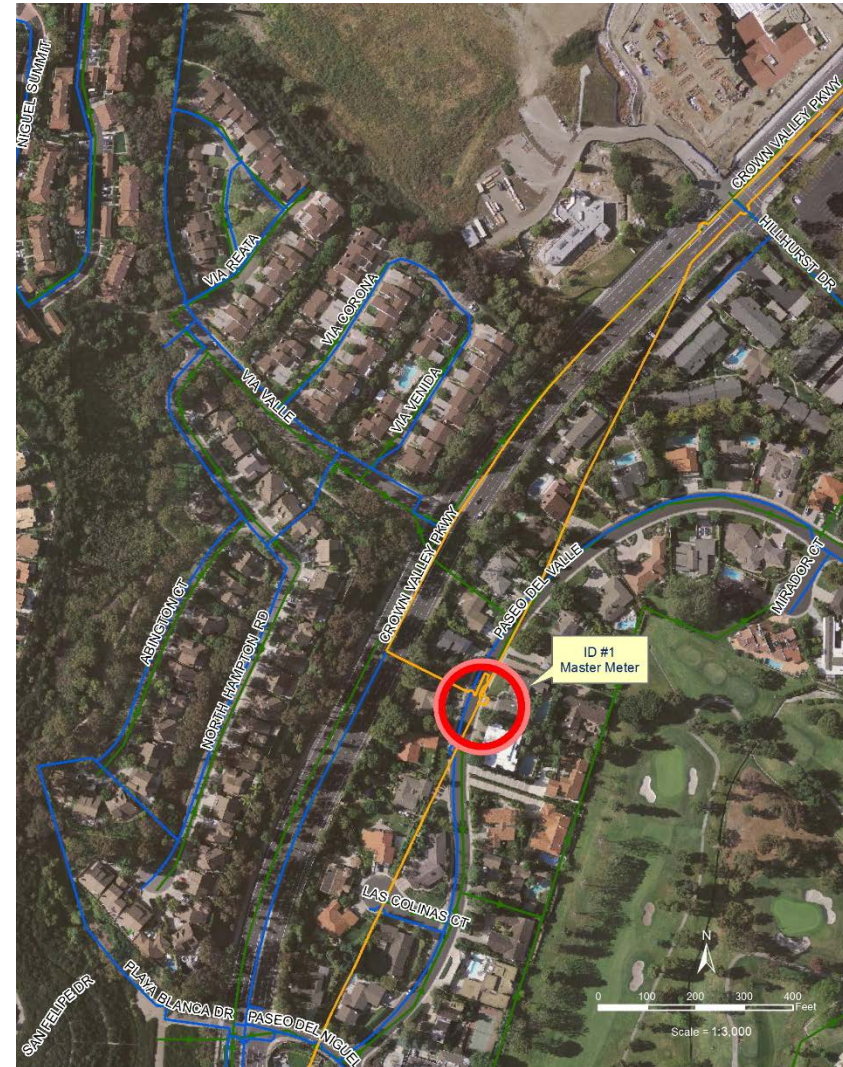
Project Need: JRWSS will be relocating the JTM out of the housing track along Paseo Del Valle and into Crown Valley Parkway. The I.D. No. 1 Master Meter will need to be relocated and connected to the new part of the JTM or at a different location, depending on site availability. SCWD/JRWSS plans to perform the relocation work in FY 2021-22.

Add communication pole and system to relocated meter.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$450,000
CEQA Compliance	\$10,000
Construction Contract	\$1,750,000
Inspection/Other	\$110,000
Total Project Budget	\$2,320,000



Pipeline Adjustments for I-5 Freeway Widening

Project No: 2017.010

System: Potable

Fund: 7

Project Location: Various pipeline locations along the I-5 Freeway between Avery Parkway and El Toro Road within the Cities of Mission Viejo, Laguna Hills and Laguna Niguel

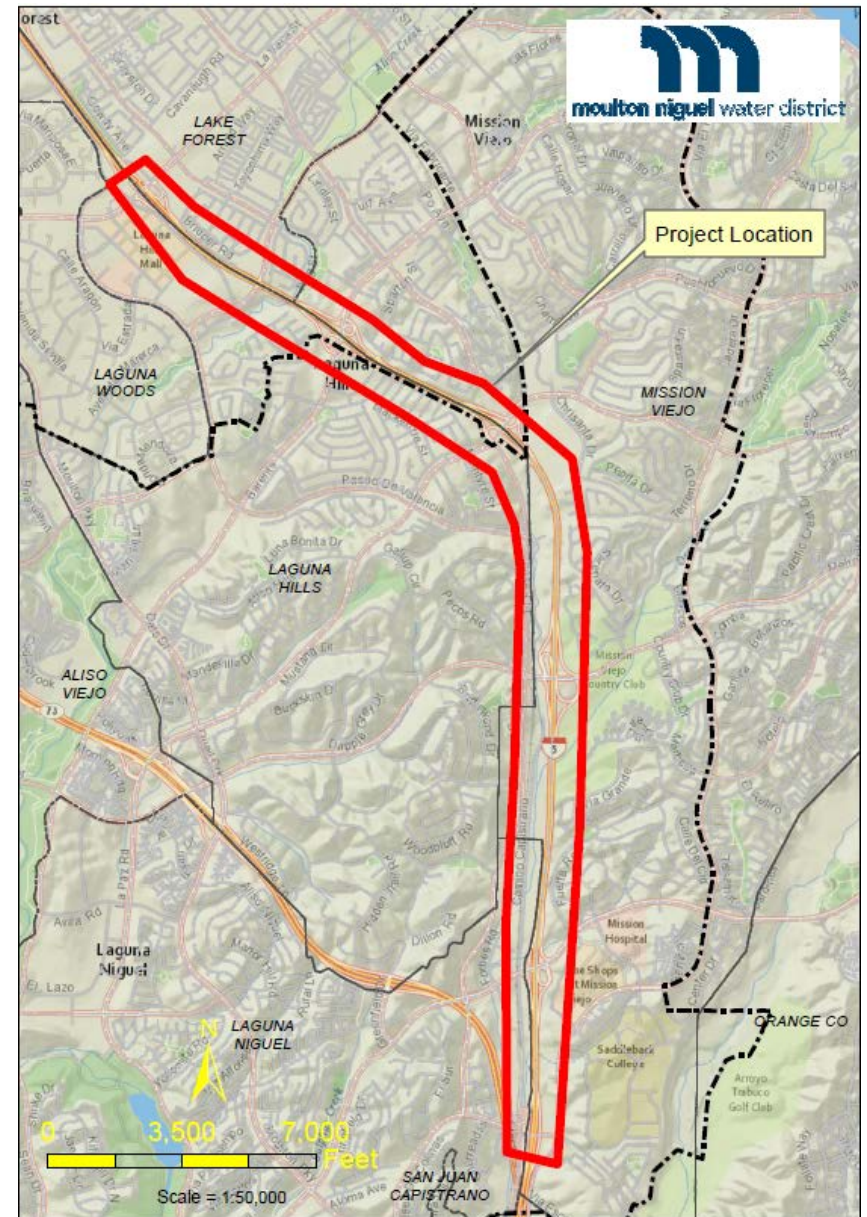
Project Description: The work involves the remediation of District's infrastructure affected by the I-5 Freeway widening project including: the relocation of hydrants and meters; raising of valve and manhole covers to grade; extending pipe casings; and constructing retaining walls.

Project Need: The Caltrans I-5 Freeway widening project will require the District to adjust its infrastructure to accommodate the proposed transportation improvements.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$100,000
CEQA Compliance	Exempt
Construction Contract	\$100,000
Inspection/Other	\$20,000
Total Project Budget	\$220,000



1050-Zone Secondary Feed Pump Station and Transmission Main

Project No: 2017.019

System: Potable

Fund: 14

Project Location: PID Pump Station No. 2, Pacific Island Drive, Laguna Niguel

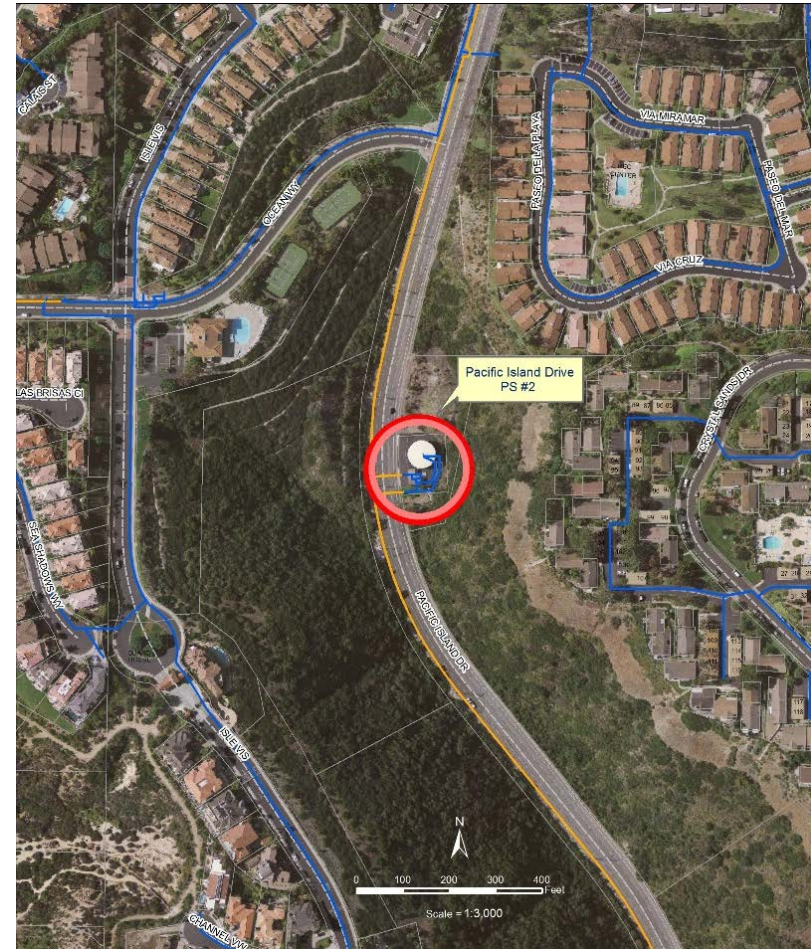
Project Description: Install approximately 2,000 feet of 12-inch diameter pipe. Construct a standalone, back-up pump station at PID Pump Station No. 2 site.

Project Need: Provide a secondary feed for the 1050 pressure zone closed system. The secondary feed will receive water from the 920 pressure zone and pump it to the 1050 zone. The improvements will establish redundancy and more reliability to the 1050 zone.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Preliminary Design	\$100,000
Design	\$400,000
CEQA Compliance	\$90,000
Construction Contract	\$5,170,000
Inspection, Other	\$50,000
Specialty Inspection	\$350,000
Total Project Budget	\$6,160,000



Appurtenance Adjustments For Crown Valley Parkway Widening

Project No: 2018.014

System: Potable

Fund: 7

Project Location: Crown Valley Parkway, Laguna Niguel

Project Description: Relocate numerous appurtenances in Forbes Road to stay behind new street curb face alignment, as part of the City of Laguna Niguel's Crown Valley Parkway widening project.

Project Need: The City of Laguna Niguel is performing roadway improvements in Crown Valley Parkway, including new curb, gutter, and bridge improvements over Camino Capistrano. Street improvements include changed curb alignment along Forbes Road to the north and south, which will require relocation of a few hydrants, meters, and backflows. The District's existing PW pipeline in Camino Capistrano will also need to be protected.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$60,000
CEQA Compliance/Legal	Exempt
Construction Contract	\$130,000
Inspection/Permits/Other	\$10,000
Total Project Budget	\$200,000



Reservoir Management System Replacement Phase 4

Project No: 2019.029

System: Potable

Fund: 7

Project Location: Laguna Sur, La Paz, and El Dorado Reservoir Sites

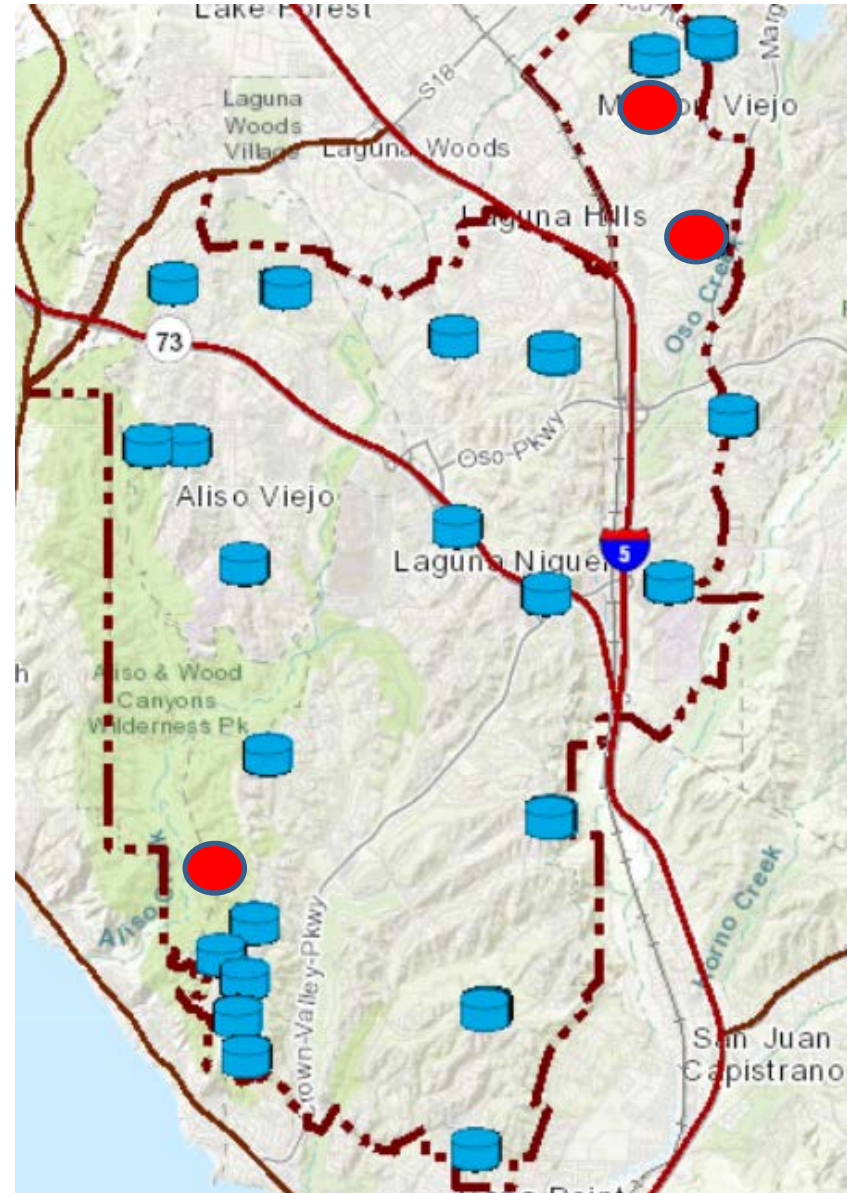
Project Description: Remove existing on-site generation water quality reservoir management systems and protective structures and replace with new water quality reservoir management systems and permanent style buildings. The work will include the installation of liquid sodium hypochlorite and ammonia water quality reservoir management systems.

Project Need: Existing facilities are approaching their useful life and require increased maintenance.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$350,000
CEQA Compliance	Exempt
Construction Contract	\$3,960,000
Legal/Permits/Other	\$40,000
Special Inspection	\$400,000
Total Project Budget	\$4,750,000



Crown Valley Parkway Transmission Main Lower Reach Replacement

Project No: 2019.037

System: Potable

Fund: 7

Project Location: Crown Valley Parkway, Laguna Niguel

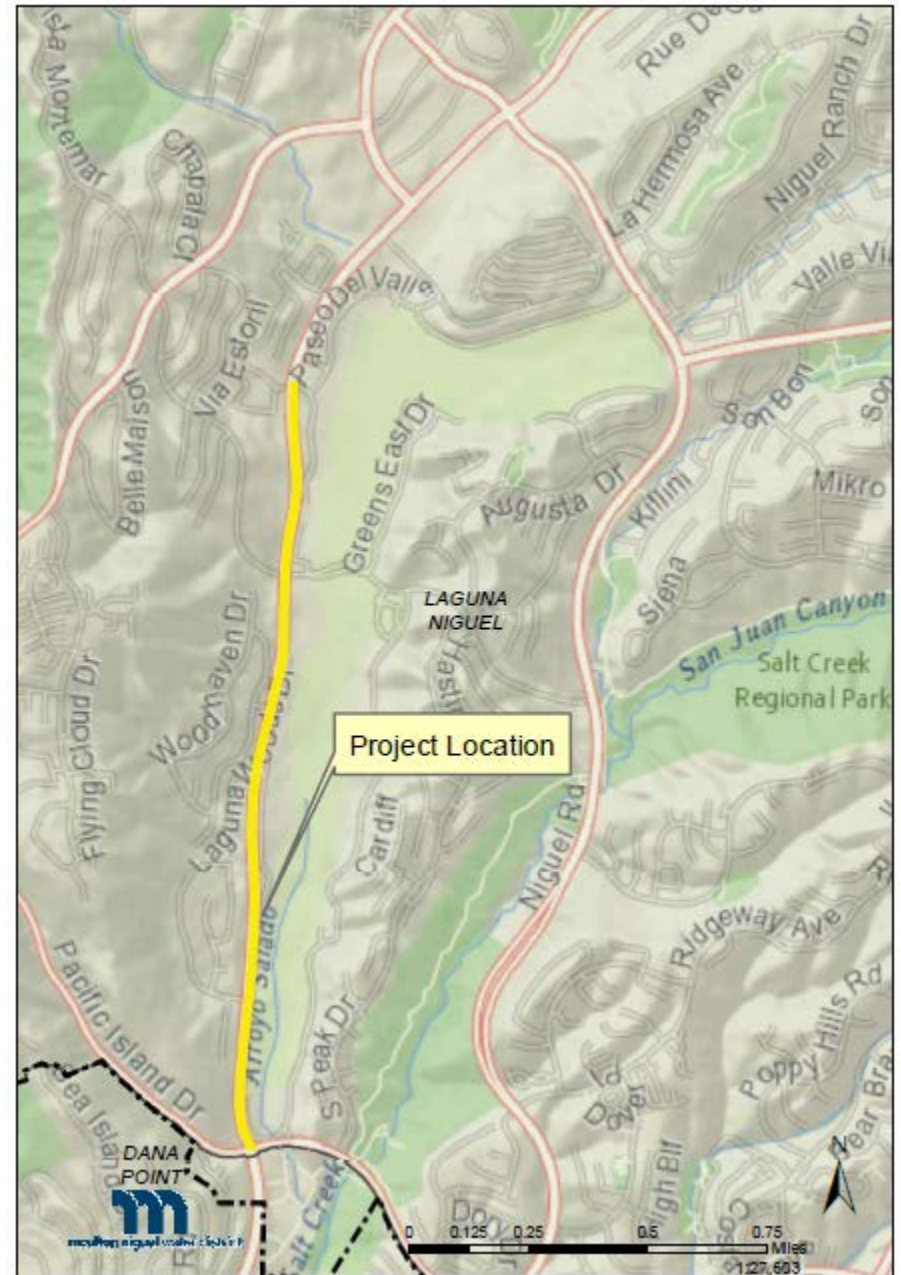
Project Description: Replace the existing 12-inch diameter concrete cylinder transmission main from Camino del Avion/Pacific Island Drive at the south end to approximately Paseo de Niguel at the north end.

Project Need: This 1.8-mile segment of potable water transmission main was constructed in the 1960s for the 450 pressure zone and has experienced multiple problems from corrosion and age causing related pipe leaks.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Preliminary Design	\$70,000
Design	\$370,000
CEQA Compliance	\$50,000
Construction Contract	\$4,500,000
Inspection/Other	\$500,000
Total Project Budget	\$5,490,000



East Aliso Creek Reservoir Inlet and Outlet Piping Modifications

Project No: 2020.013

System: Potable

Fund: 7

Project Location: East Aliso Creek Reservoir, Laguna Niguel

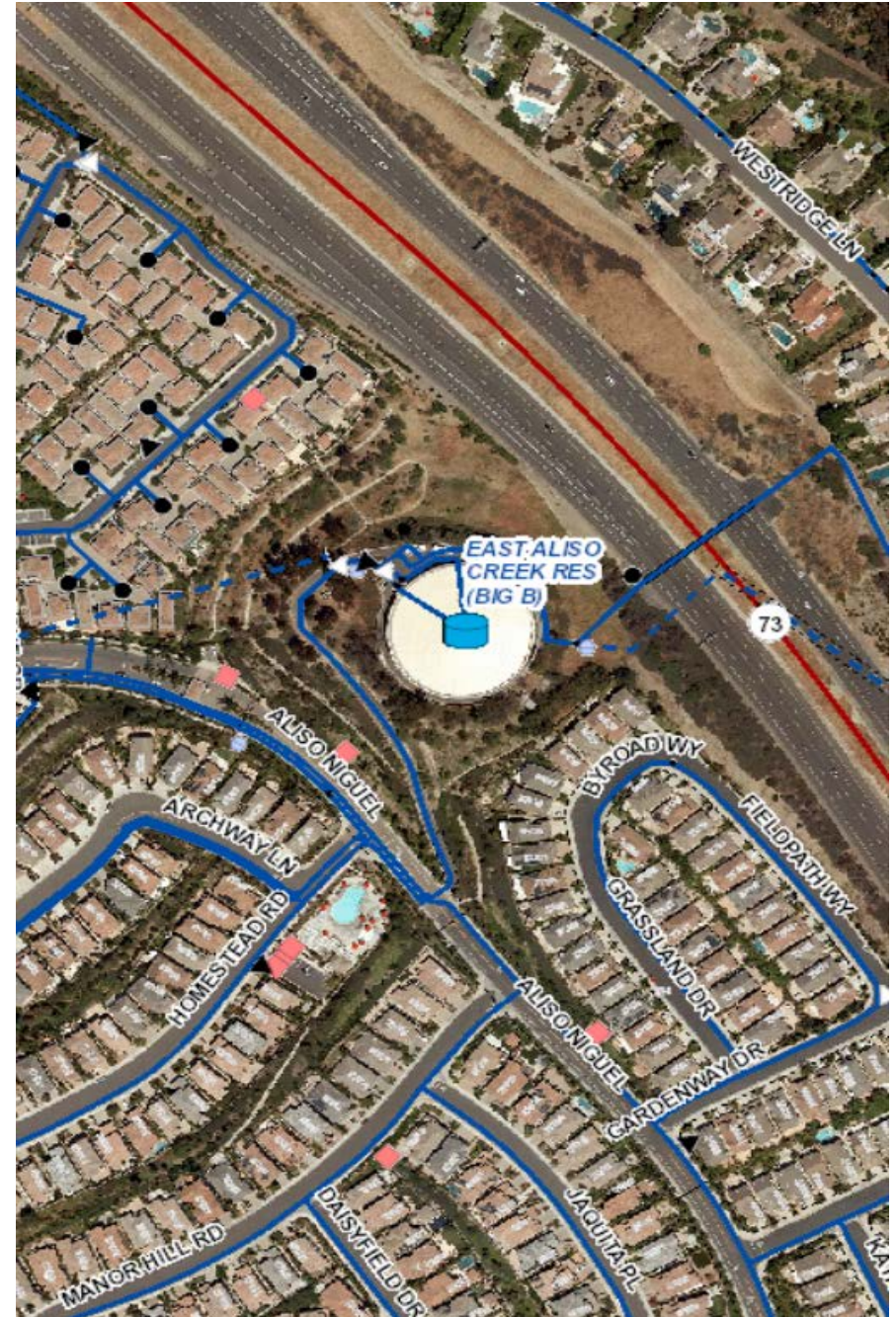
Project Description: Re-configure the inlet and outlet piping for East Aliso Creek Reservoir to include new flexible couplings, new tank isolation valves, shorter pipe runs leading up to the reservoir valve vault, new tank penetrations, and replacement of piping, valves, and appurtenances in the altitude valve vault.

Project Need: The existing inlet and outlet piping and related appurtenances for East Aliso Creek Reservoir have reached their useful lives.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$75,000
CEQA Compliance	Exempt
Construction Contract	\$220,000
Legal/Permits/Other	\$5,000
Total Project Budget	\$300,000



Reservoir Management System Replacement Phase 5

Project No: 2020.018

System: Potable

Fund: 7

Project Location: PID1, PID2, Rancho, Saddleback, and Wood Canyon Reservoir Sites

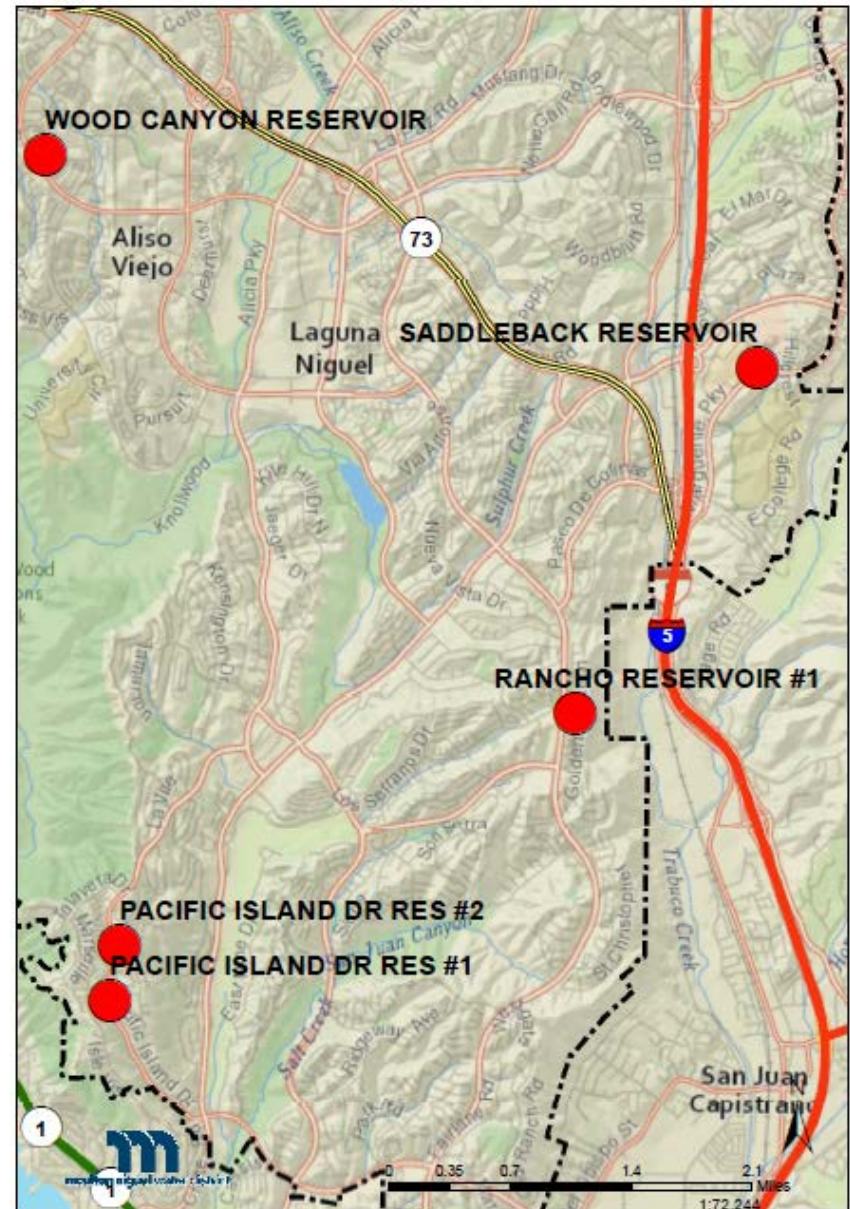
Project Description: Remove existing on-site generation water quality reservoir management systems and protective structures and replace with new water quality reservoir management systems and permanent style buildings. The work will include the installation of liquid sodium hypochlorite and ammonia water quality reservoir management systems.

Project Need: Existing facilities are approaching their useful life and require increased maintenance.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$530,000
CEQA Compliance	Exempt
Construction Contract	\$7,190,000
Legal/Permits/Other	\$50,000
Special Inspection	\$730,000
Total Project Budget	\$8,500,000



2021-22 Valve Replacement – PW

Project No: 2021.001

System: Potable

Fund: 7

Project Location: Various

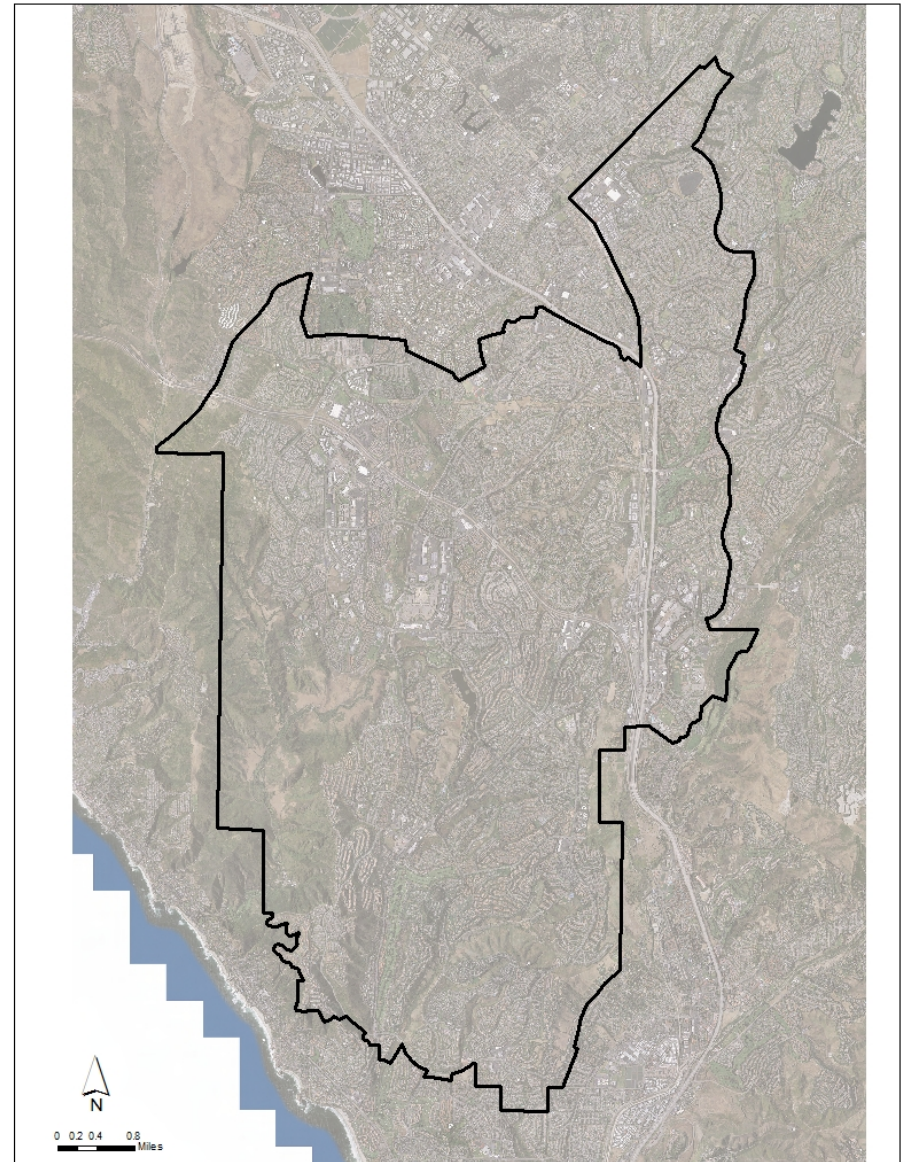
Project Description: Replace existing in-line valves.

Project Need: Many of the District’s valves have exceeded their useful life and are not operating properly or have increased maintenance requirements. This project focuses on replacement of these valves on critical transmission and distribution mains. Valves in subdivisions, usually lines 8-inches and smaller, are replaced by the District’s Valve Crew.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$30,000
CEQA Compliance	Exempt
Construction Contract	\$700,000
Inspection/Other	\$40,000
Construction by District	\$900,000
Total Project Budget	\$1,670,000



Fire Hydrant Replacement Program

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

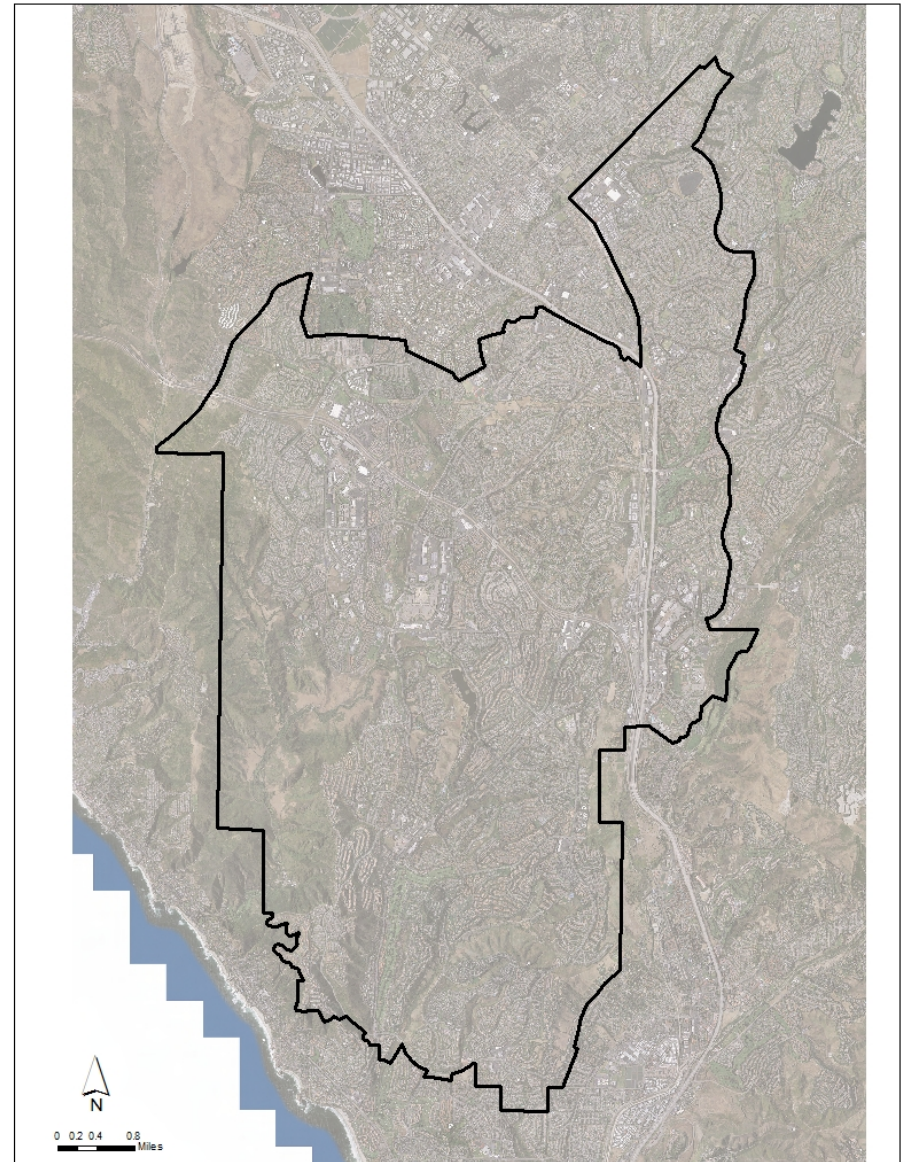
Project Description: Replace existing fire hydrants.

Project Need: The District has approximately 7,000 fire hydrants in the potable water system. This program will replace existing fire hydrants as they reach the end of their useful lives.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction by District	\$900,000
Total Project Budget	\$900,000



Meter Replacement Program – PW

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

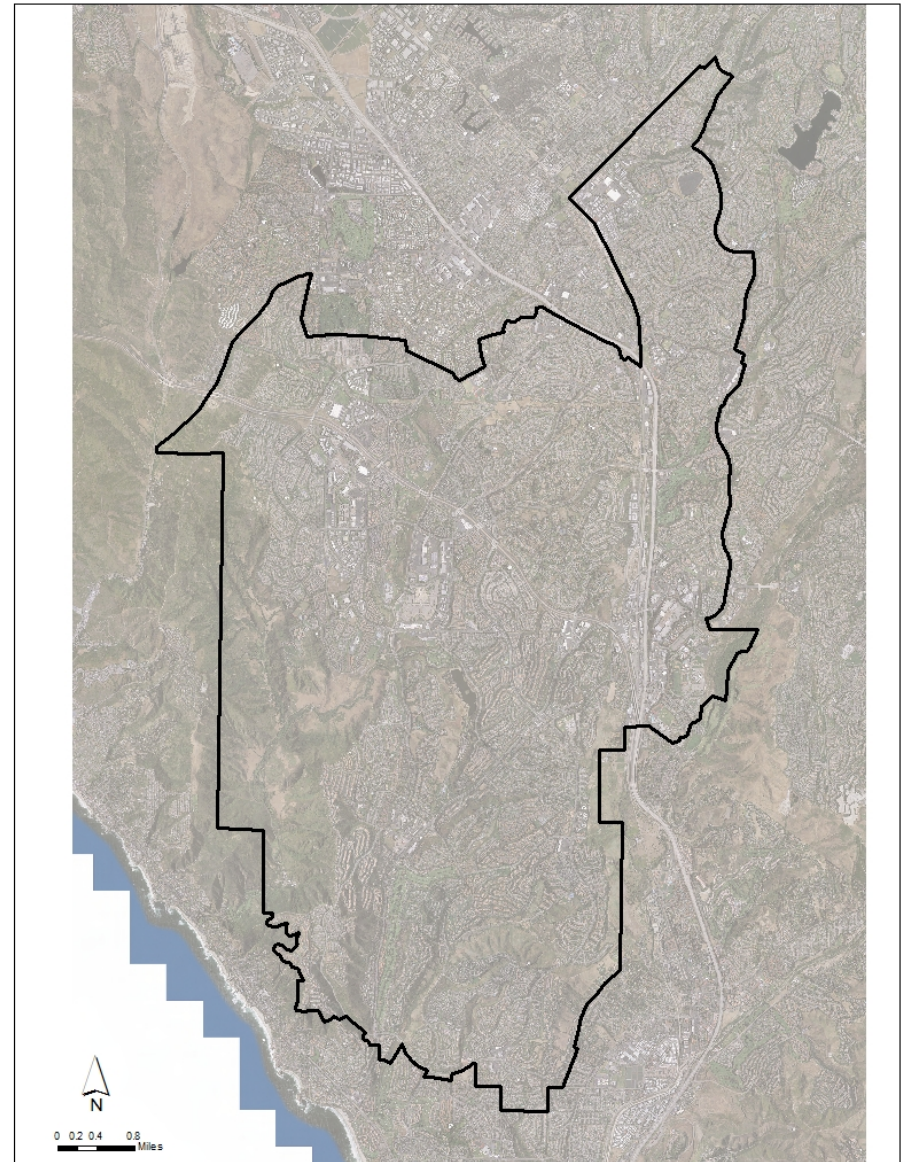
Project Description: Replace existing meters.

Project Need: The District has approximately 55,000 meters in the potable water system. This program will replace existing meters as they reach the end of their useful lives.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction	\$4,185,000
Total Project Budget	\$4,185,000



Operations-Led Capital Improvements – PW

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

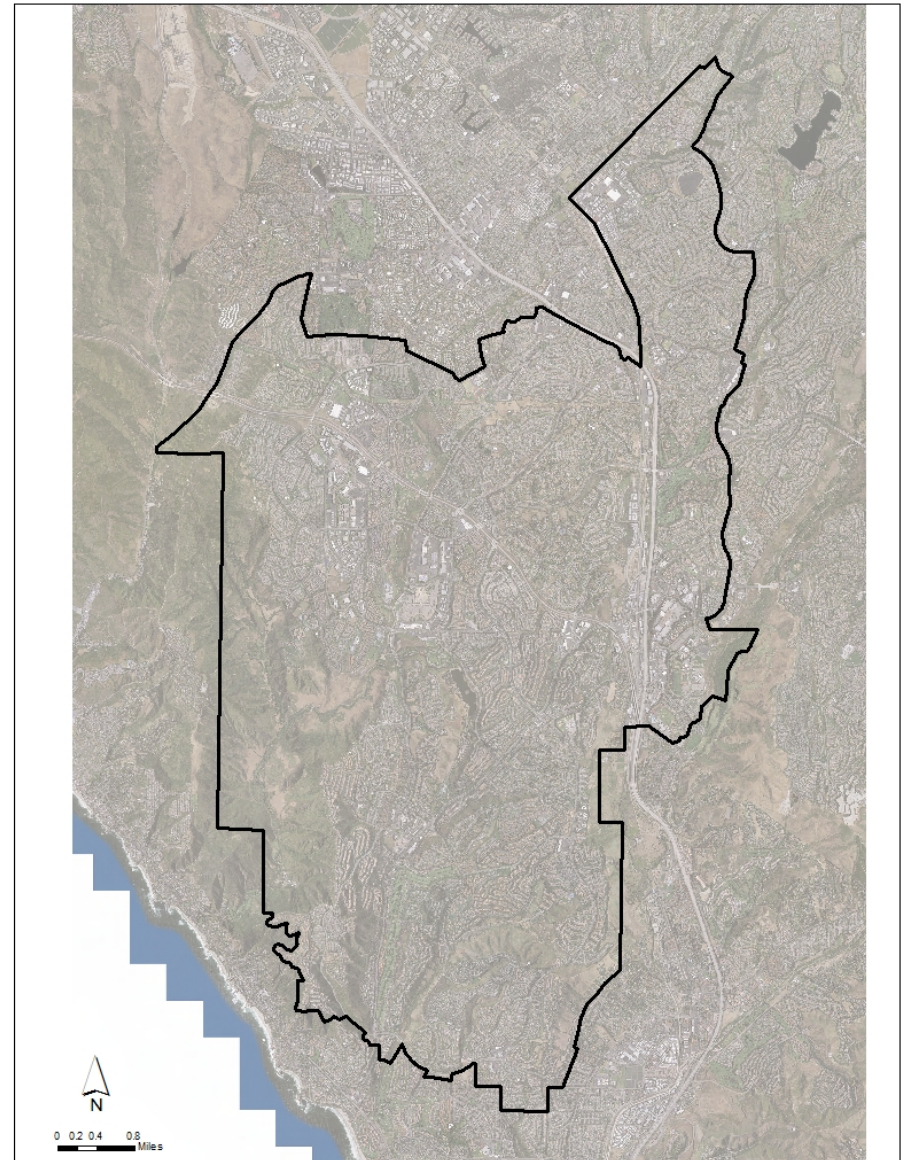
Project Description: This program covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, programmable logic controllers, mechanical systems, and related equipment.

Project Need: Capital equipment and parts needs are identified by District Operations Staff, as existing equipment reaches the end of its useful life.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Purchases and Installation	\$4,500,000
Total Project Budget	\$4,500,000



Pipeline Rehabilitation and Replacement Program – PW

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

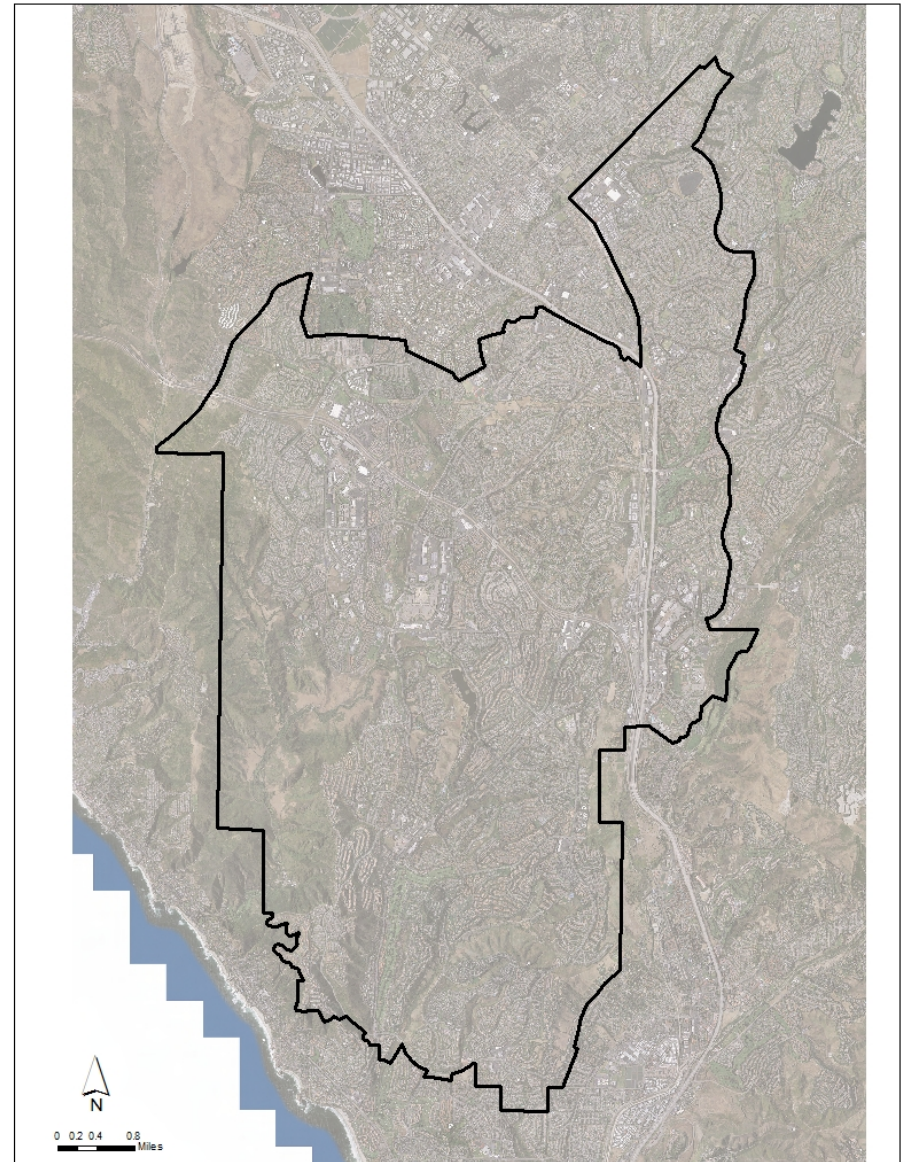
Project Description: Rehabilitate or replace pipelines that have reached the end of their useful lives. An analysis was performed using information contained in the District’s Geographic Information System (GIS) to prioritize potable water pipelines for rehabilitation and replacement.

Project Need: The District has approximately 680 miles of potable water pipelines in the system. These pipelines are used to convey potable water to customers throughout the District’s service area. The pipelines range in diameter from 4-inch to 54-inch and are made of various materials including PVC, asbestos-cement, ductile iron, steel, and concrete.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
Design	\$12,000,000
CEQA Compliance	\$2,000,000
Construction Contract	\$85,000,000
Inspection/Other	\$1,000,000
Total Project Budget	\$100,000,000



Reservoir Recoating Program – PW

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

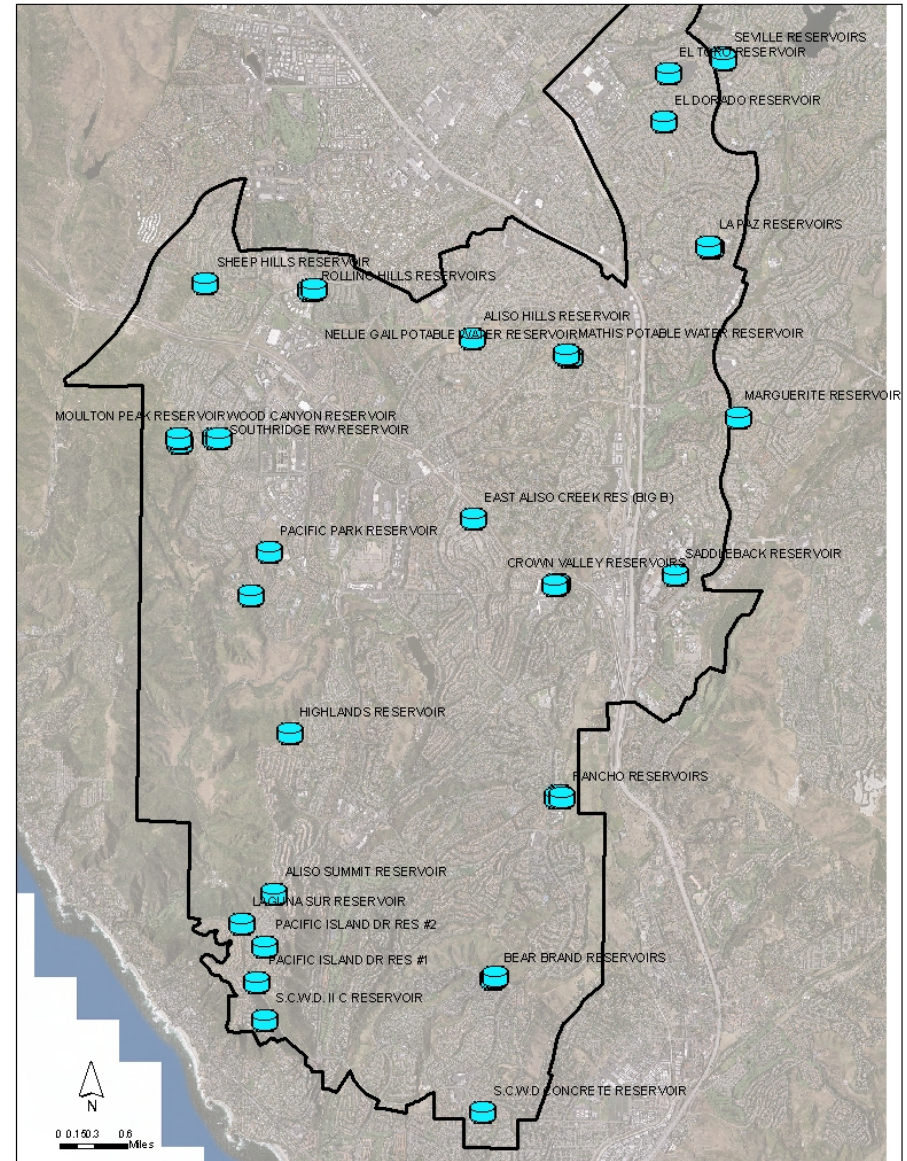
Project Description: Recoat the interior and exterior of steel reservoirs in the potable system.

Project Need: Steel reservoirs are coated to prevent oxidation of the steel shell. The life expectancy of a coating system is between 15 to 20 years. The District inspects each reservoir every 10 years to determine if and when recoating is needed. This project addresses the periodic nature of this activity for this asset group.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
Design	\$300,000
CEQA Compliance	Exempt
Construction Contract	\$6,000,000
Inspection	\$700,000
Total Project Budget	\$7,000,000



Service Line Replacement Program – PW

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

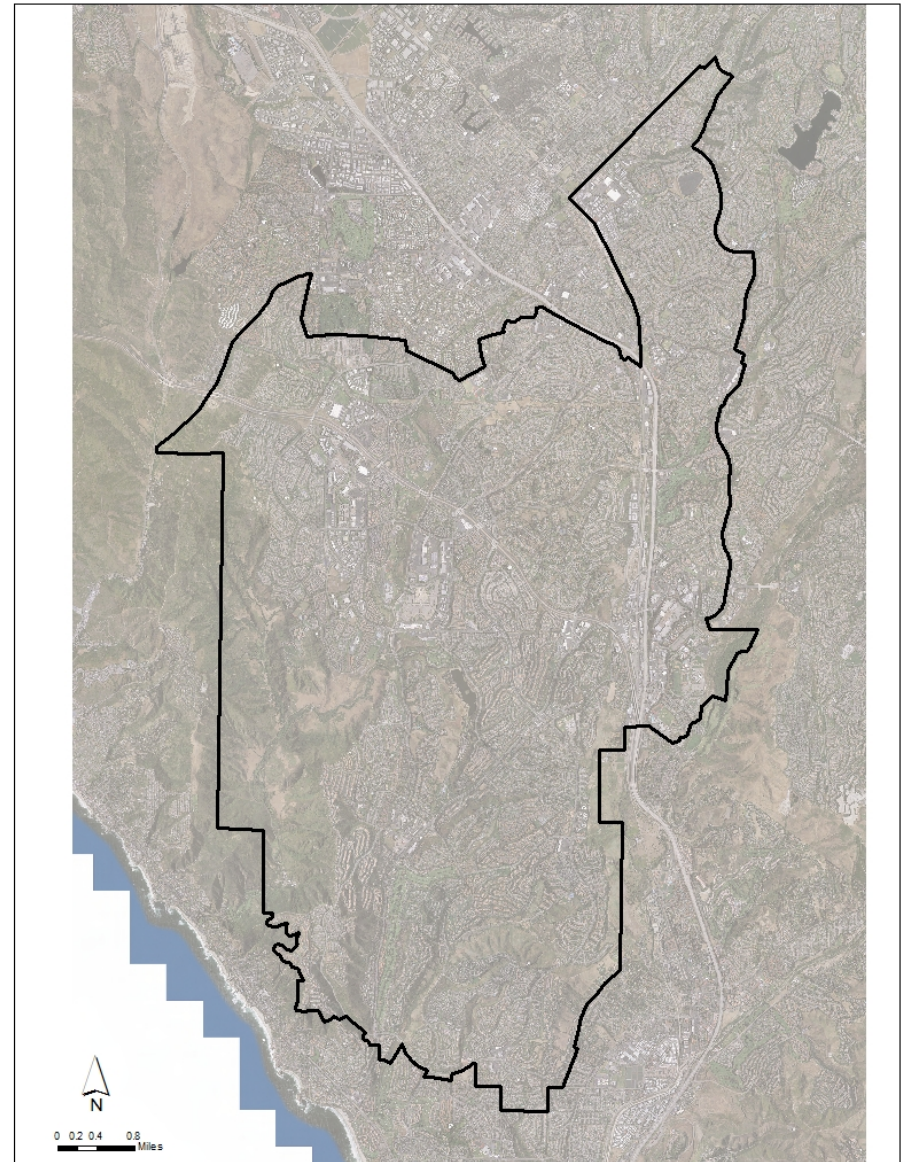
Project Description: Replace existing service lines.

Project Need: The District has approximately 55,000 services in the potable water system. The service lines are used to connect distribution piping to customer meters. This program will replace service lines as they reach the end of their useful lives.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$6,300,000
Construction by District	\$9,900,000
Total Project Budget	\$16,200,000



Valve Replacement Program – PW

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

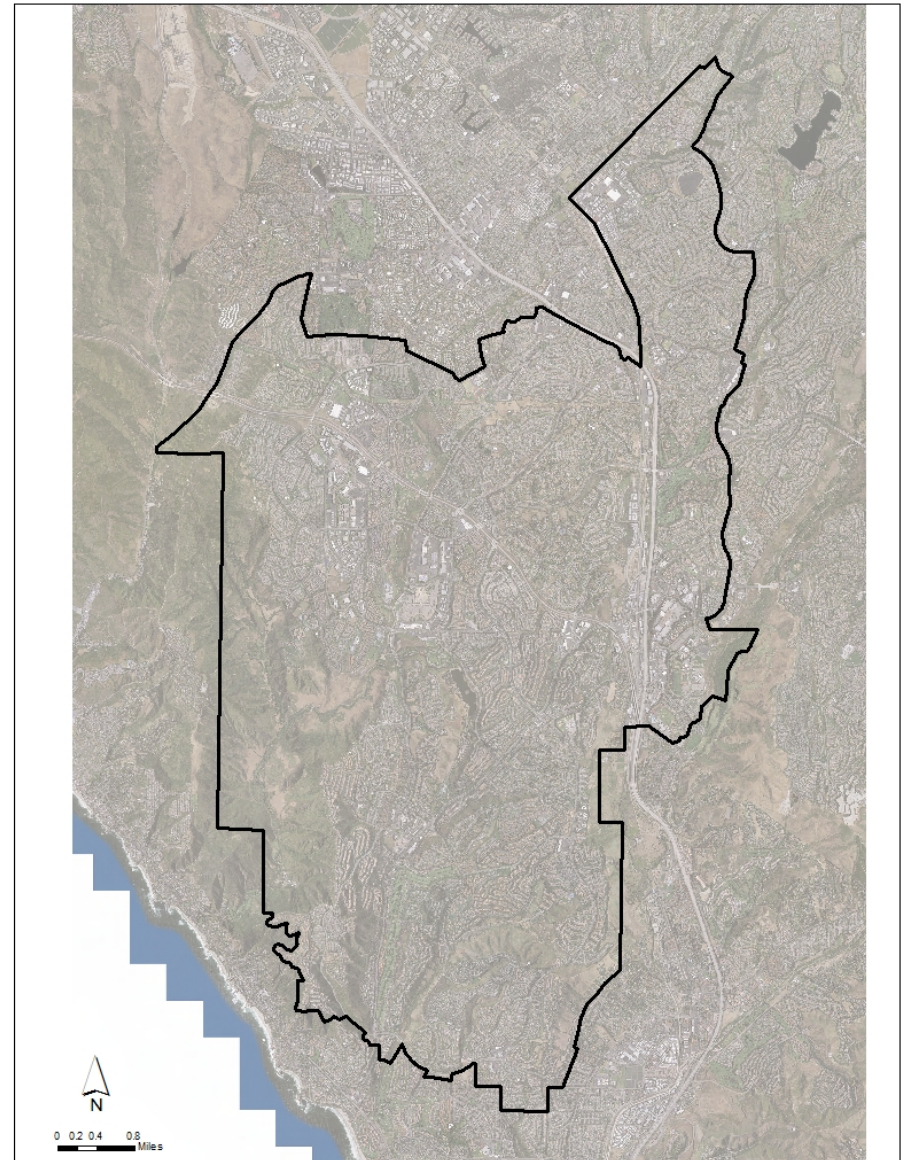
Project Description: Replace pipeline valves.

Project Need: The District has approximately 12,940 systems valves in the potable water system. These valves are used to isolate sections of pipe in the event of planned and emergency repairs and connections. A systemwide valve replacement program study was completed in January 2016. The study recommends 3,970 valves to be tested, of which it assumes 1,985 critical valves will need to be replaced. This program will replace approximately 60% of those valves. These critical valves are prioritized to reduce the quantity of customers required to be taken out of service during future pipeline repair and connections. They include valves on major, secondary, and local transmission and distribution mains that would reduce potential interruption of service down to two or three sections of local distribution mains.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
Design	\$675,000
CEQA Compliance	Exempt
Construction Contract	\$14,500,000
Inspection/Other	\$200,000
Construction by District	\$9,600,000
Total Project Budget	\$24,975,000



Vertical Assets Rehabilitation and Replacement Program – PW

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

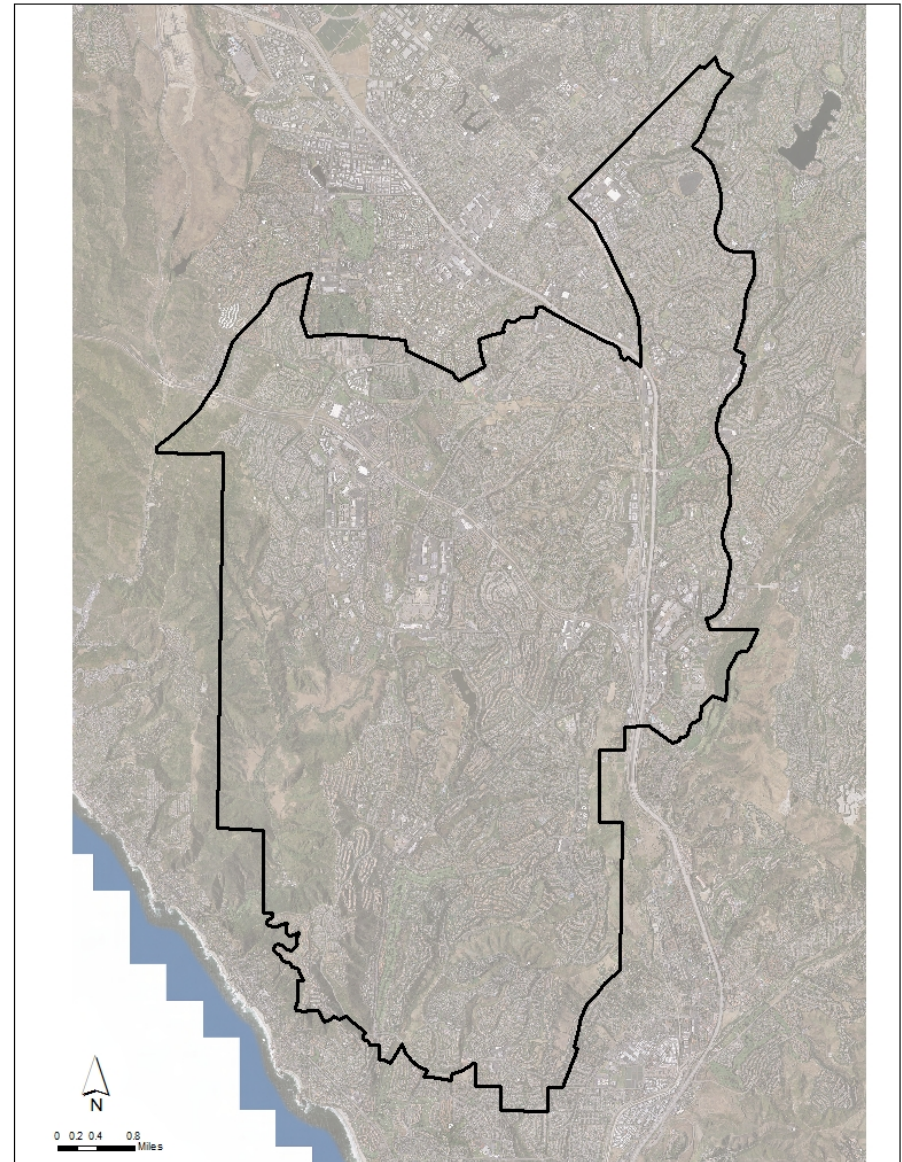
Project Description: Rehabilitate or replace structures and equipment at pump station, flow control and pressure reducing stations that have reached the end of their useful lives. An analysis was performed by staff to prioritize the methodical rehabilitation or replacement of vertical assets within the potable water system.

Project Need: The District has 23 active pump stations, 6 active flow control facilities, and 14 active pressure reducing stations in the potable water system. These vertical assets are used to convey potable water to customers throughout the District's service area. As the facilities reach the end of their useful lives, the equipment there becomes obsolete, does not function efficiently, and requires increased maintenance.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
Design	\$4,250,000
CEQA Compliance	Exempt
Construction Contract	\$28,500,000
Inspection/Other	\$4,250,000
Total Project Budget	\$37,000,000



South County Pipeline Takeout Facility

Project No: 2017.016

System: Potable

Fund: 12

Project Location: Along the South County Pipeline (SCP), Mission Viejo, to be determined based on site availability.

Project Description: Identify site, acquire property, design and construct a flow control facility.

Project Need: Currently, there is only one takeout facility from the SCP at Oso Parkway and Antonio Parkway. The SCP, at times, provides more than half and up to 100% of the District's potable water supply. A second flow control facility will improve supply reliability to the District in case of SCP shutdowns.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$600,000
CEQA Compliance	\$100,000
Construction Contract	\$9,000,000
CM & Inspection	\$450,000
Permits, District Labor, Legal	\$50,000
Total Project Budget	\$10,200,000



Electrical System Improvements Phase 2 – PW

Project No: 2018.004

System: Potable

Fund: 7

Project Location: Country Village Pump Station, Laguna Niguel; Pacific Park Pump Station & Sheep Hills Pump Station, Aliso Viejo

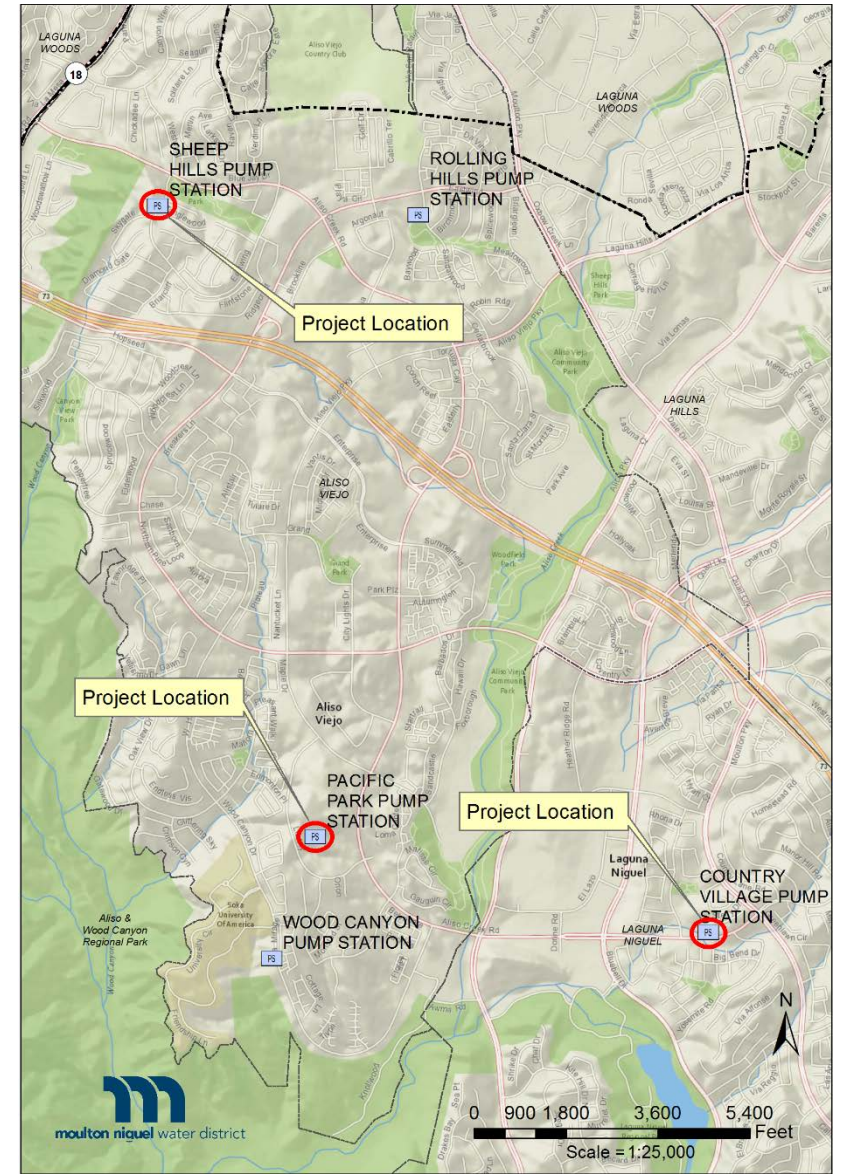
Project Description: Replace 1600A MCC, 600A E-MCC, and Load Bank Circuit Breaker at Country Village PS. Temporary switchgear will be required to maintain operation during construction. Replace Meter/Main Section; remove the fire pump and natural gas engine; and install a new portable generator connection at Pacific Park PS. Replace Meter/Main Section and MCC at Sheep Hills PS.

Project Need: The noted electrical equipment at each facility is beyond their useful lives and can no longer be refurbished. If these existing electrical components remain, they could be hazardous to personnel or property and would likely never be useful again.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$250,000
CEQA Compliance	Exempt
Construction Contract	\$1,100,000
Inspection/Utility Fees/Other	\$150,000
Total Project Budget	\$1,500,000



Mira Vista and Vista Ladera Easement Pipeline Rehabilitation/Replacement

Project No: 2018.017

System: Potable

Fund: 7

Project Location: Mira Vista and Vista Ladera, Laguna Niguel

Project Description: Rehabilitate/replace approximately 300 feet of 8-inch diameter pipeline (650 pressure zone) within an existing easement connecting Mira Vista and Vista Ladera cul-de-sacs. Construction methods may include traditional trenching, hand-digging, slip-lining, and/or CIPP.

Project Need: The existing pipeline has reached the end of its useful life and is in need of rehabilitation/replacement. The pipeline segment is located within a residential neighborhood of Laguna Niguel.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$75,000
CEQA Compliance	Exempt
Construction Contract	\$300,000
Permits/Legal/Other	\$25,000
Total Project Budget	\$400,000



Sheep Hills Pump Station Improvements

Project No: 2018.021

System: Potable

Fund: 7

Project Location: Sheep Hills Pump Station, Aliso Viejo

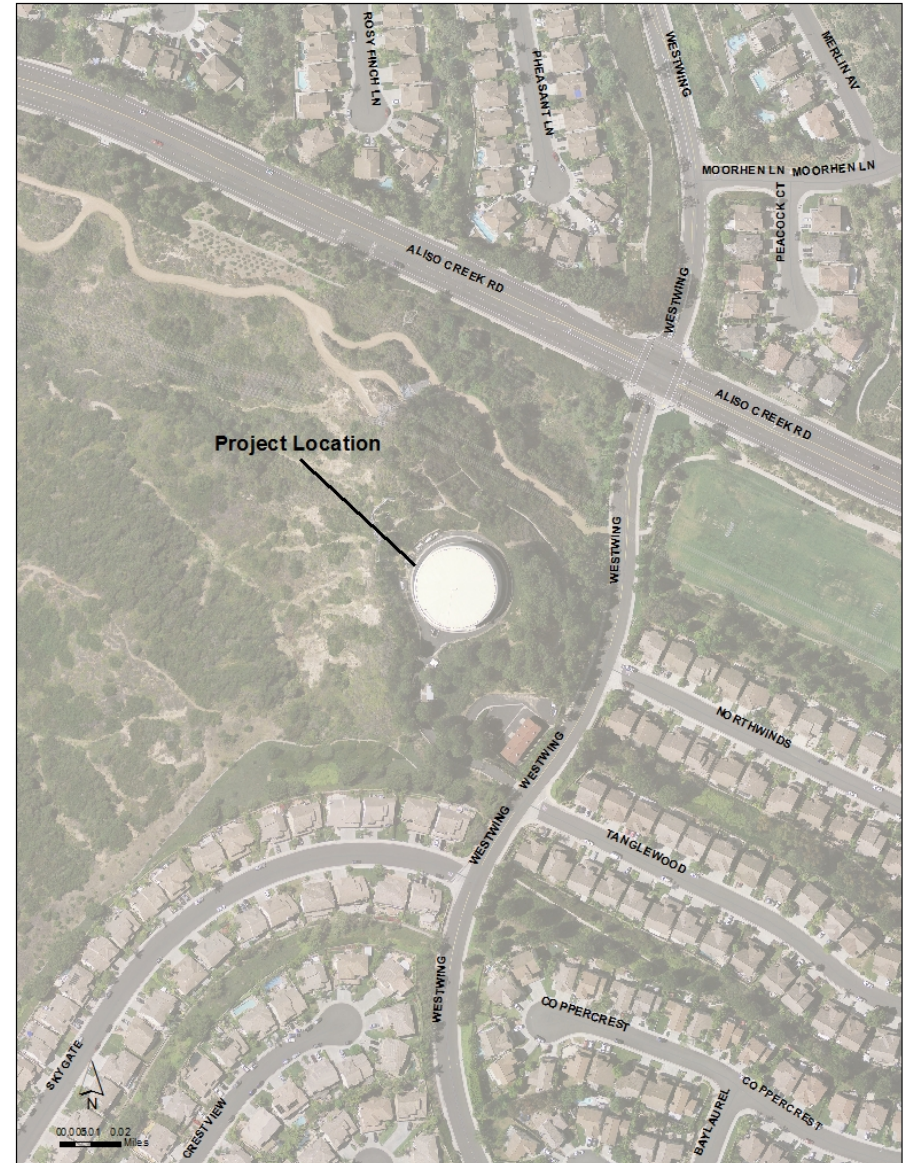
Project Description: Evaluate options to remove and replace the fire pump and natural gas engine with a new diesel generator, including up to three new duty pumps, valves, and associated piping. Ultimate pump station improvements will be based upon recommendations from a hydraulic modeling analysis.

Project Need: The fire pump, three of the duty pumps, and natural gas engine are nearly 30 years old. The equipment has out lived its life expectancy and can no longer be refurbished. A new diesel generator will add reliability to the station.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Preliminary Design Analysis	\$50,000
Design	\$200,000
CEQA Compliance	Exempt
Construction Contract	\$1,100,000
Inspection/Other	\$50,000
Total Project Budget	\$ 1,400,000



750-Zone PW System Extension at Salt Spray Drive

Project No: 2018.025

System: Potable

Fund: 14

Project Location: Salt Spray Drive, Laguna Niguel

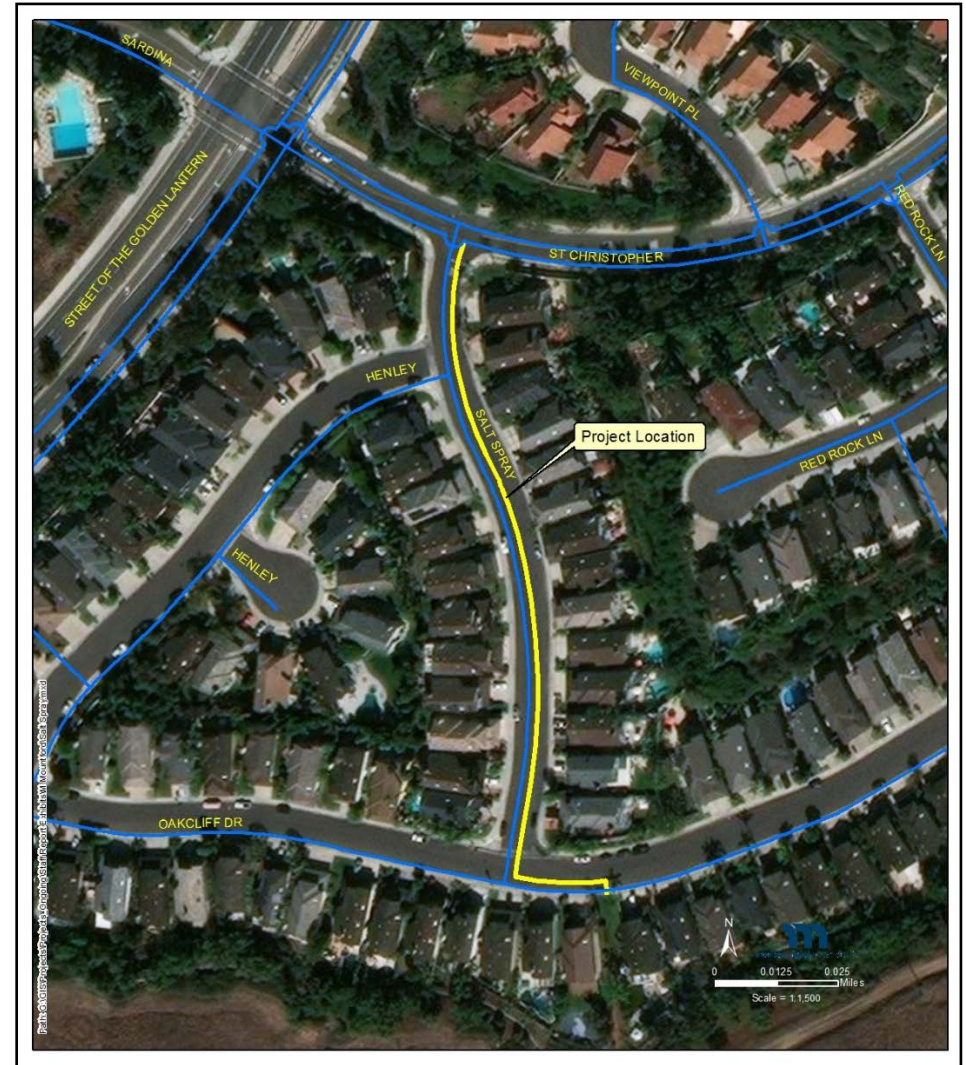
Project Description: Install approximately 800 feet of new 12-inch diameter potable water main pipeline at Salt Spray Drive.

Project Need: Pipeline will provide 750-Zone distribution redundancy where none currently exists. Project is contingent upon the installation of a new developer-installed pipeline.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$50,000
CEQA Compliance	Exempt
Construction Contract	\$330,000
Inspection/Other	\$20,000
Total Project Budget	\$400,000



Blackbird and Solitaire Easement Pipeline Rehabilitation/Replacement

Project No: 2019.003

System: Potable

Fund: 7

Project Location: Blackbird Lane and Solitaire Lane, Aliso Viejo

Project Description: Rehabilitate/replace approximately 400 feet of 8-inch diameter ductile iron pipe (880 pressure zone) within an existing easement connecting Blackbird Lane and Solitaire Lane cul-de-sacs. Construction methods may include traditional trenching, hand-digging, slip-lining, and/or CIPP.

Project Need: The existing pipeline has reached the end of its useful life and is in need of rehabilitation/replacement. The pipeline segment is located within a residential neighborhood of Aliso Viejo.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$75,000
CEQA Compliance	Exempt
Construction Contract	\$400,000
Easement/Legal/Other	\$25,000
Total Project Budget	\$500,000



East Aliso Creek Reservoir Site Paving Replacement

Project No: 2019.005

System: Potable

Fund: 7

Project Location: East Aliso Creek Reservoir, Laguna Niguel

Project Description: Remove approximately 34,000 square feet of existing asphalt paving and replace with new 4-inch asphalt paving over existing base. Remove and replace approximately 700 feet of asphalt curb.

Project Need: The existing site paving has exceeded its useful life and is in need of replacement.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$250,000
Inspection/Other	\$25,000
Total Project Budget	\$275,000



Meter Upgrades and Valve Replacements at Takeout Facilities on JRWSS JTM

Project No: 2020.016

System: Potable

Fund: 7

Project Location: Northerly Takeout (Aliso Viejo), Paseo De Valencia Pump Station (Laguna Hills), Oso Pump Station (Mission Viejo), Del Avion Takeout (Dana Point), CC-3 Takeout (Laguna Niguel), ID-3 Master Meter (Laguna Hills)

Project Description: The project includes replacement and upgrading of existing flow meters (including AMI capability) and the replacement of associated piping, valves and appurtenances within several pump station, takeout and metering facilities on the Joint Regional Water Supply System (JRWSS) Joint Transmission Main (JTM).

Project Need: The existing flow meters and valves are nearing the end of their useful lives and are in need of replacement. The existing flow meters are not equipped with AMI capability.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$75,000
CEQA Compliance	Exempt
Construction Contract	\$250,000
Inspection/Other	\$25,000
Total Project Budget	\$350,000



Rehabilitation of the Marguerite Reservoir

Project No: 2020.017

System: Potable

Fund: 7

Project Location: Marguerite Reservoir, Mission Viejo

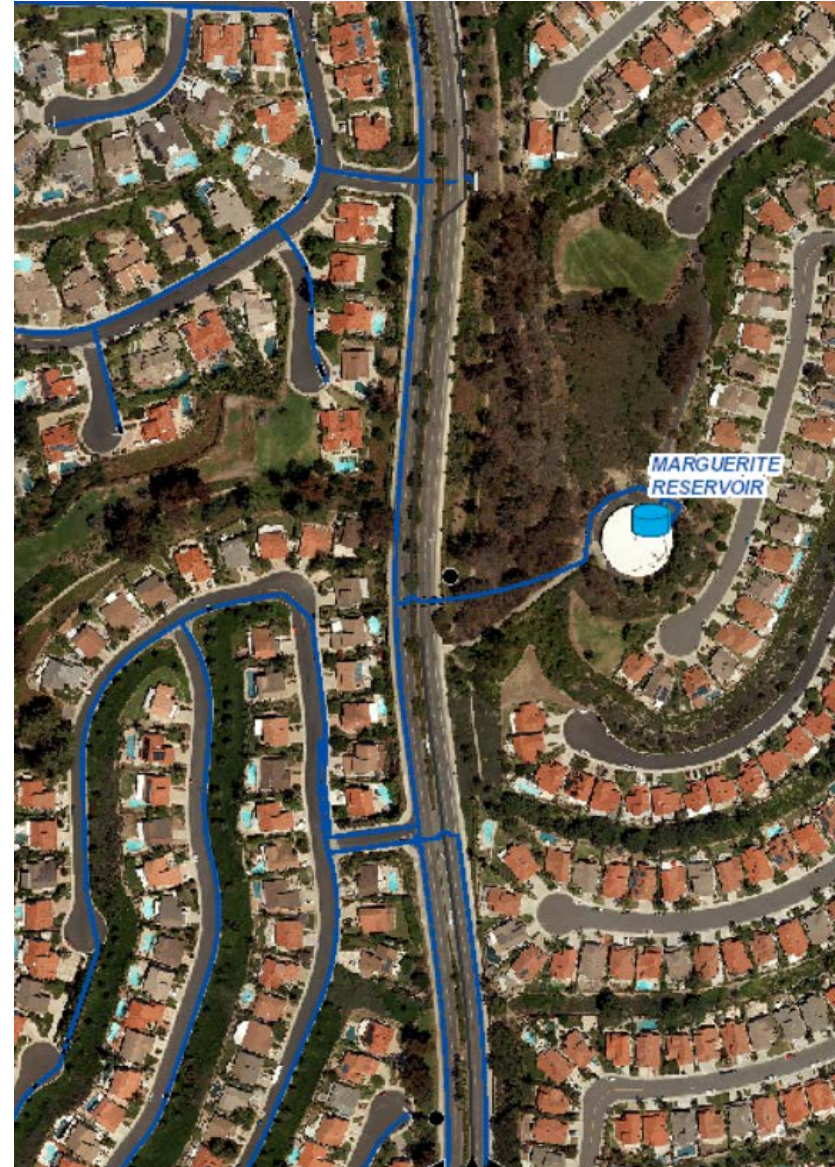
Project Description: Re-coat the interior and exterior of the Marguerite Reservoir. The Marguerite Reservoir has a maximum capacity of 2.5 million gallons and serves the 650 pressure zone. The work will also include structural and corrosion rehabilitation, tank operation and safety improvements, and installation of a cathodic protection system.

Project Need: Steel reservoirs are coated to prevent oxidation of the steel shell. The life expectancy of a coating system is between 15 to 20 years. The District inspects each reservoir every 5 to 10 years to determine if and when recoating is needed.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$30,000
CEQA Compliance	Exempt
Construction Contract	\$880,000
Specialty Inspection	\$80,000
Legal/Permits/Other	\$5,000
Total Project Budget	\$995,000



Sheep Hills Reservoir Fence Replacement

Project No: 2020.020

System: Potable

Fund: 7

Project Location: Sheep Hills Reservoir, Aliso Viejo

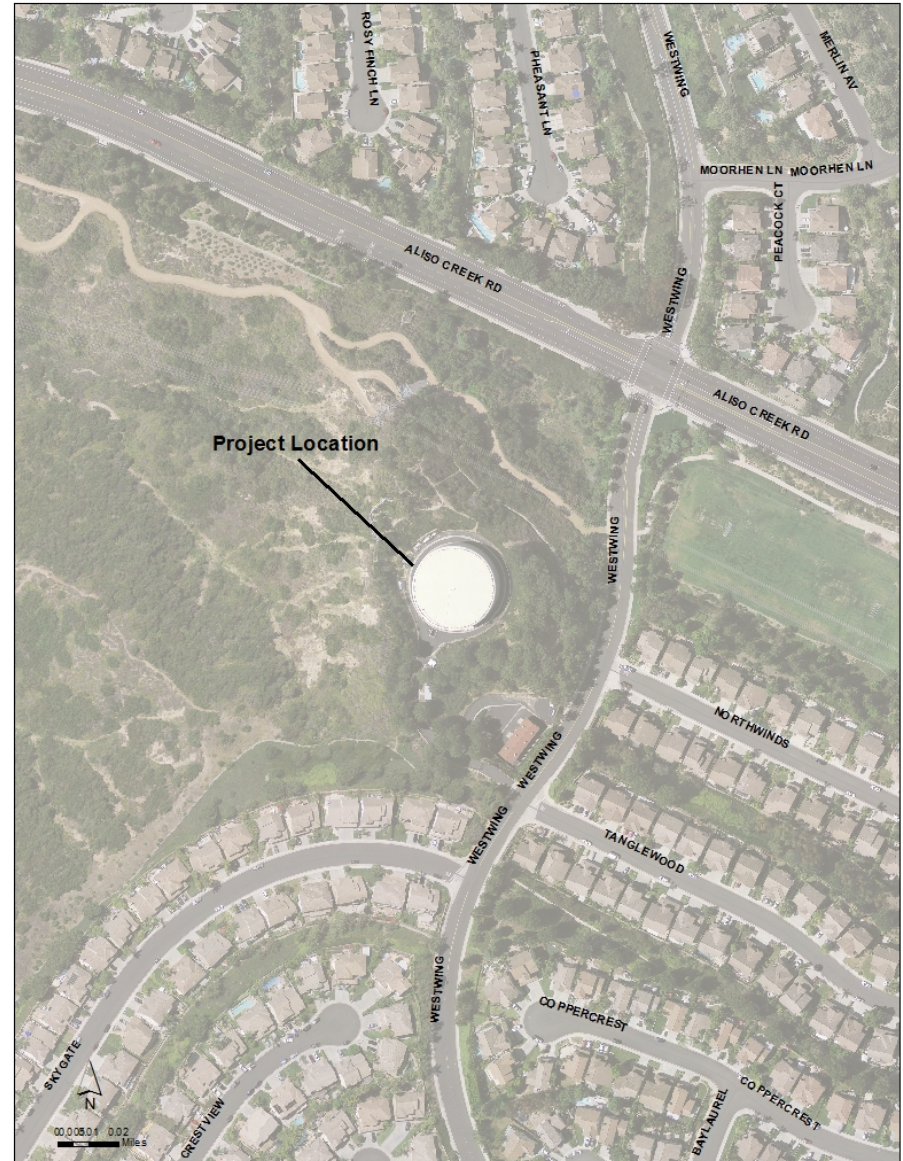
Project Description: The project will replace the existing site perimeter fence at the reservoir site with a taller chain-link fence and 6-strand V-style barbed wire.

Project Need: The fence replacement will improve site security by preventing unauthorized access.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$50,000
Total Project Budget	\$50,000



450-Zone Aliso Creek Potable Water Pipeline Relocation

Project No: TBD

System: Potable

Fund: 7

Project Location: Alicia Parkway south of Paseo de Valencia, Laguna Hills

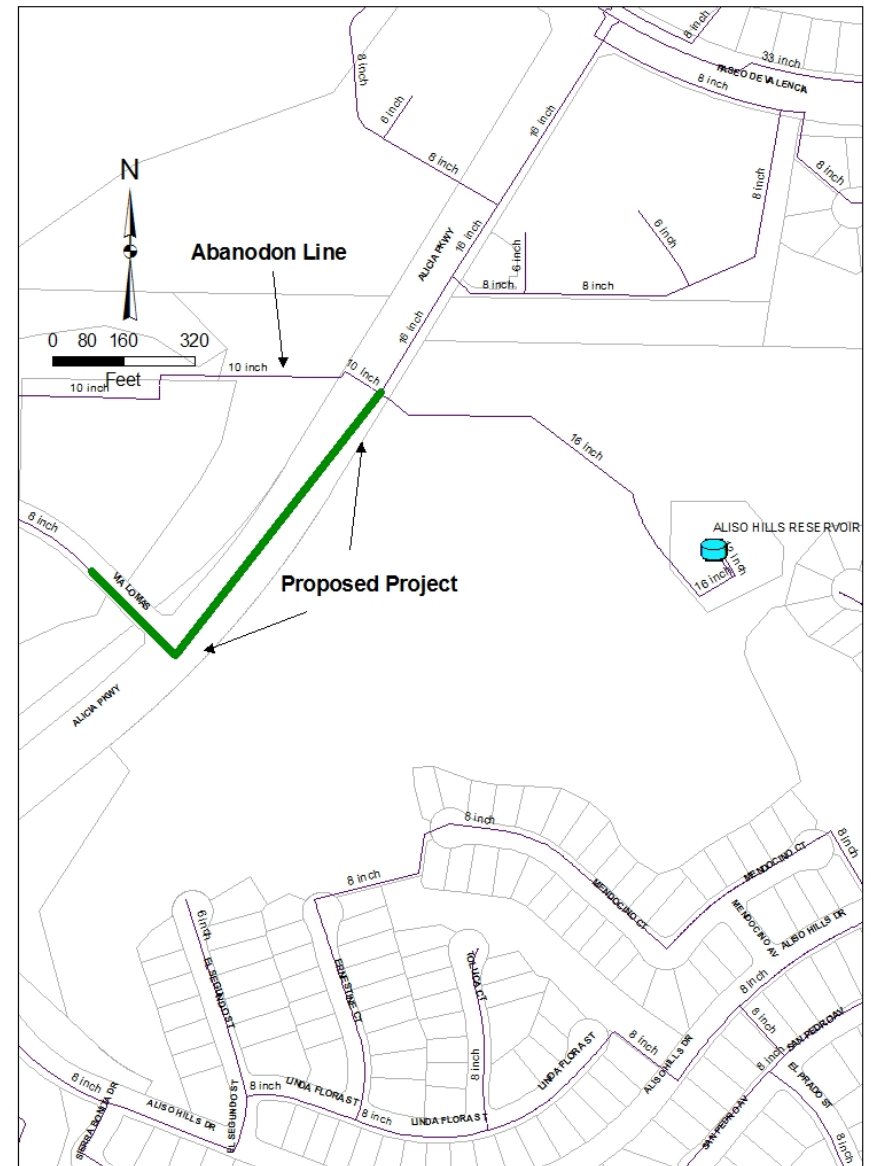
Project Description: Install approximately 1,000 feet of 10-inch diameter pipe and abandon approximately 500 feet of 10-inch diameter pipe under Aliso Creek.

Project Need: The existing potable water line under Aliso Creek has reached the end of its useful life. The new pipeline will replace the existing pipeline in a more suitable location. This pipeline connects the Aliso Hills Reservoir to the 450-Zone potable water distribution system.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$50,000
CEQA Compliance	Exempt
Construction Contract	\$350,000
Inspection/Other	\$20,000
Total Project Budget	\$420,000



750-Zone Beacon-Rancho Improvements

Project No: TBD

System: Potable

Fund: 14

Project Location: Golden Lantern, between Sardina and Beacon Hill, Laguna Niguel

Project Description: Install approximately 2,600 feet of new 12-inch diameter pipeline within Golden Lantern from Sardina/St. Christopher to Beacon Hill Way. Alternatively, upsize the existing 12-inch diameter pipeline. Project alternatives and pipeline size selections to be determined by modeling during design.

Project Need: The 750-Zone of the potable water system is served from Beacon Hill and Rancho Pump Stations. Existing restrictions in the system do not allow for effective water distribution with one of the two pump stations out of service. This project would remove the restrictions in the system so that one pump station can service the entire zone when the other station is offline.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$225,000
CEQA Compliance	Exempt
Construction Contract	\$1,200,000
CM and Specialty Inspection	\$50,000
Legal/Permit/Other	\$25,000
Total Project Budget	\$1,500,000



Bear Brand Pump Station Pump Replacement

Project No: TBD

System: Potable

Fund: 7

Project Location: Bear Brand Pump Station, Dana Point

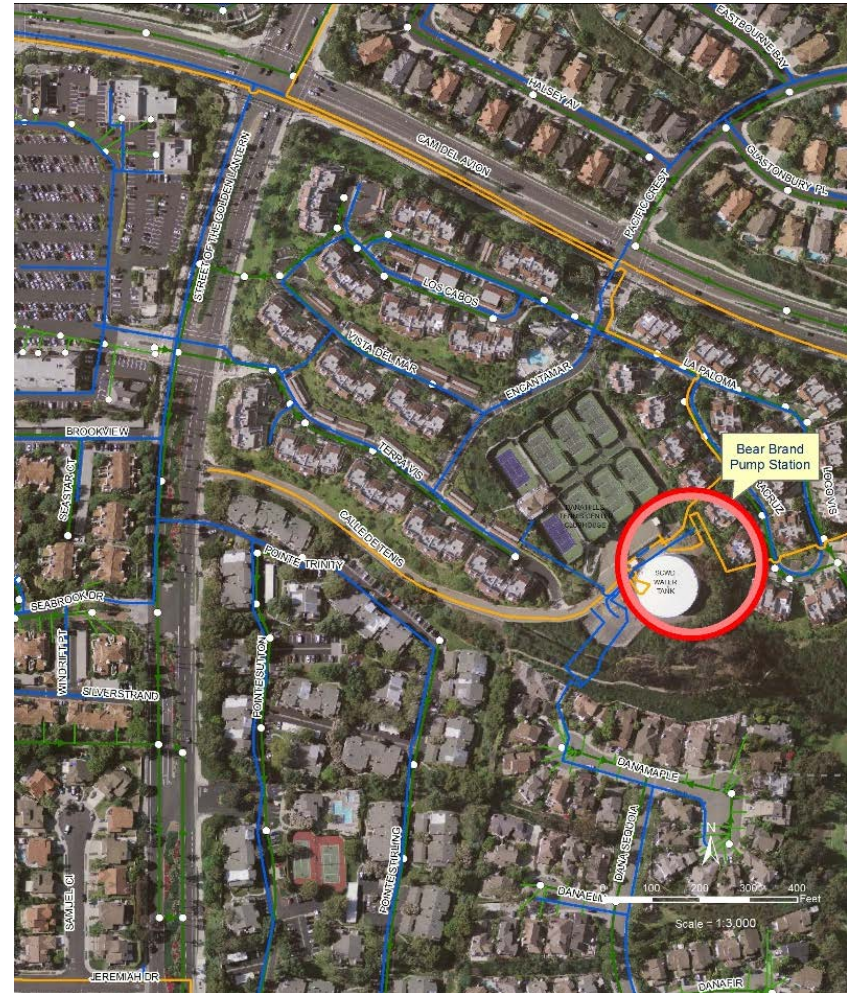
Project Description: Replace two existing pumps and motors, select piping and valves. A hydraulic analysis using District's water model may be required to verify final design.

Project Need: Pumps are original and have reached their useful life.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$75,000
CEQA Compliance	Exempt
Construction Contract	\$350,000
Inspection/Other	\$10,000
Total Project Budget	\$435,000



CIP Takeout Facility at Marguerite Pump Station

Project No: TBD

System: Potable

Fund: 12

Project Location: Marguerite Pump Station, Mission Viejo

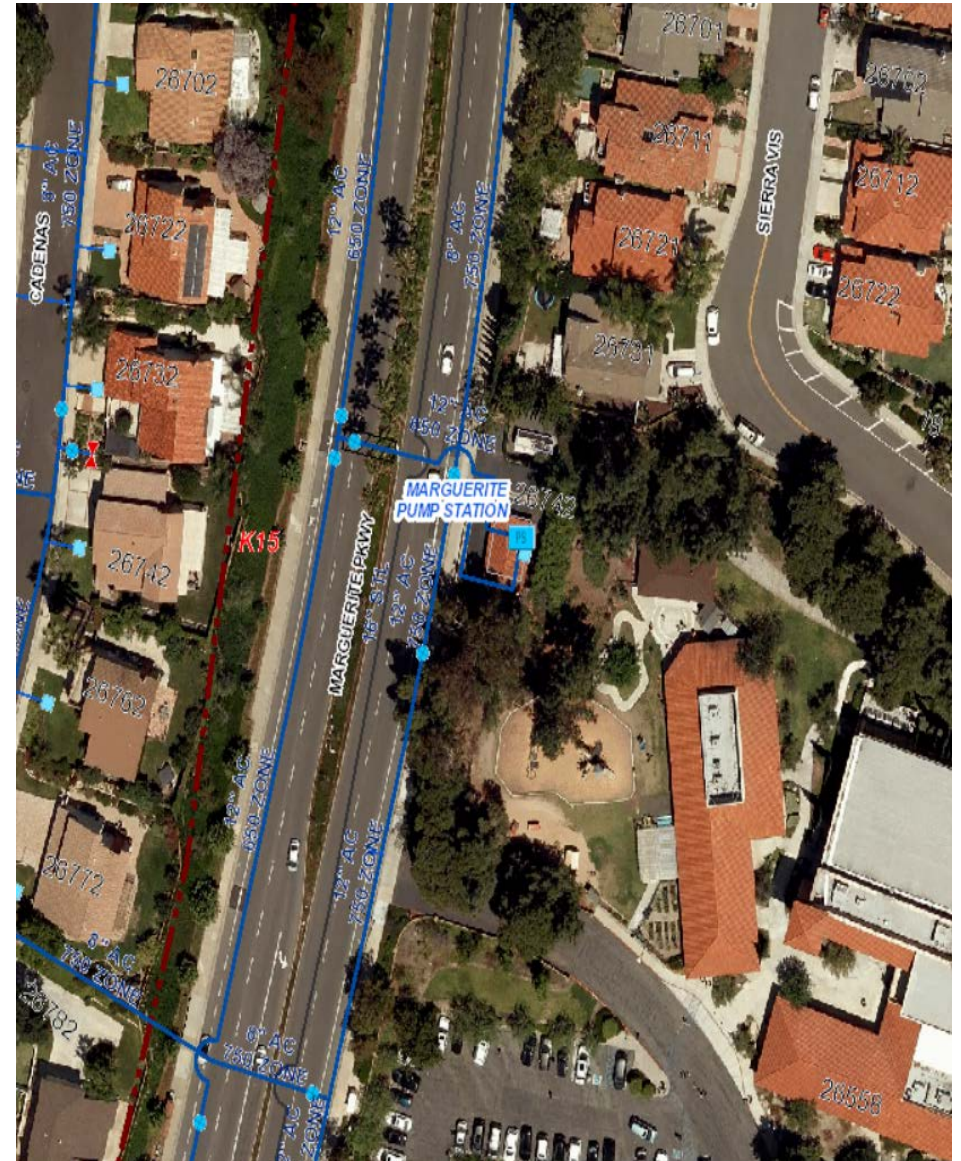
Project Description: Design and construct a flow control facility from the Central Intertie Pipeline (CIP) to the 650 & 750 pressure zones via Marguerite Pump Station. Project scope will include construction of approximately 3,700 linear feet of 16-inch steel pipe, a 15 foot building extension, three flow-control valves, and electrical and SCADA upgrades. The design will include a hydraulic analysis.

Project Need: The facility will control flow from the CIP to District's Mission Viejo service area. It will provide an additional source of water to the area.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$300,000
CEQA Compliance	\$100,000
Construction Contract	\$4,325,000
Inspection/Other	\$275,000
Total Project Budget	\$5,000,000



Crown Valley and Marguerite Reservoirs Site Paving Replacement

Project No: TBD

System: Potable

Fund: 7

Project Location: Crown Valley Reservoirs, Laguna Niguel; Marguerite Reservoir, Mission Viejo

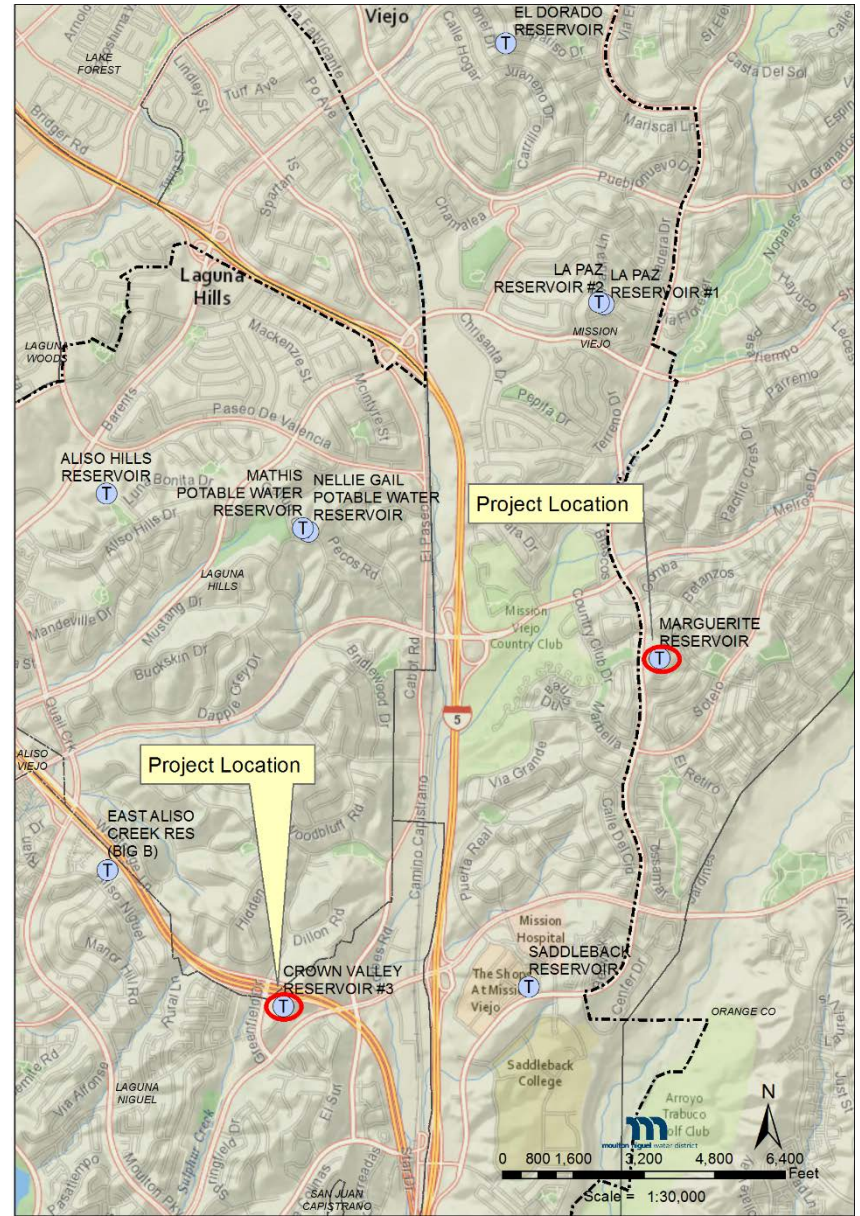
Project Description: Remove approximately 44,000 square feet of existing asphalt paving and replace with new 4-inch asphalt paving over existing base. Remove and replace approximately 500 feet of asphalt curb.

Project Need: The existing site paving has exceeded its useful life and is in need of replacement.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$325,000
Inspection/Other	\$50,000
Total Project Budget	\$375,000



Crown Valley Parkway Transmission Main Upper Reach Rehabilitation

Project No: TBD

System: Potable

Fund: 7

Project Location: Crown Valley Parkway, Laguna Niguel

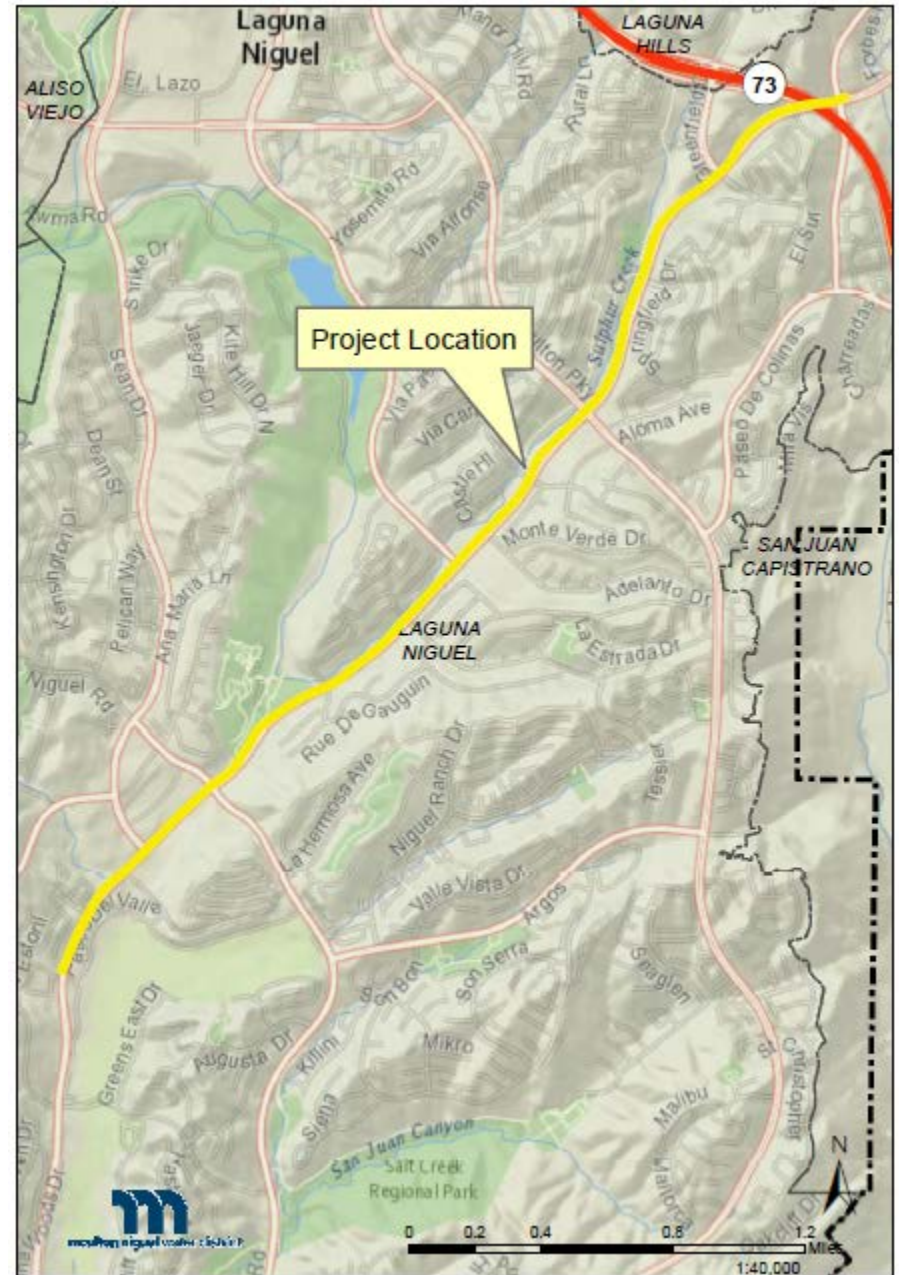
Project Description: Rehabilitate the existing 16-inch diameter CML&C steel transmission main from near Paseo de Niguel at the south end to approximately Cabot Road at the north end. The majority of this 3.5 mile segment of pipeline is currently located beneath the landscaped center median along Crown Valley Parkway.

Project Need: The transmission main was constructed in the 1960s for the 450 pressure zone and has experienced multiple interruptions from corrosion and age causing related pipe leaks, joint problems, and crumbling of the interior mortar lining when draining and recharging.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Preliminary Design	\$70,000
Design	\$730,000
CEQA MND	\$100,000
Construction Contract	\$8,300,000
Inspection/Other	\$800,000
Total Project Budget	\$10,000,000



Crown Valley Reservoir No. 3 Roof Plate Replacement and Interior Recoating

Project No: TBD

System: Potable

Fund: 7

Project Location: Crown Valley Reservoir, Laguna Niguel

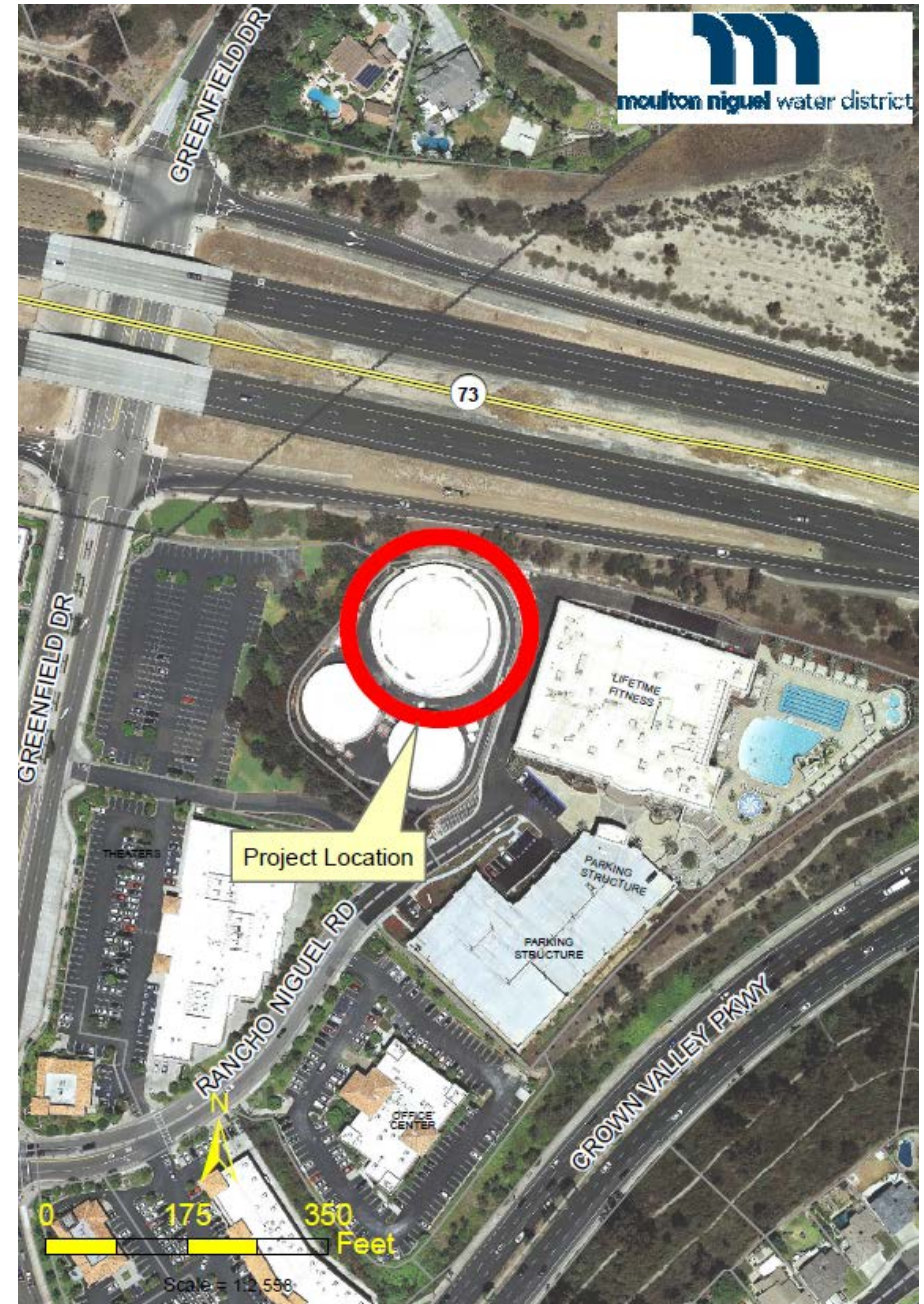
Project Description: The Crown Valley Reservoir No. 3 requires roof plate replacements, interior recoating and exterior roof paint.

Project Need: The roof plates of the Crown Valley Reservoir were damaged due to an overflow event in 1990. The structure is stable but the deformation of the roof plates is causing water ponding. The interior recoating for Crown Valley Reservoir No. 3 is required to be done as well. The life expectancy of a coating system is between 15 to 20 years.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$30,000
CEQA Compliance	Exempt
Construction Contract	\$900,000
Specialty Inspection	\$85,000
Legal/Permits/Other	\$5,000
Total Project Budget	\$1,020,000



Electrical System Improvements Phase 3 – PW

Project No: TBD

System: Potable

Fund: 7

Project Location: Rancho Pump Station (Laguna Niguel) and Rolling Hills Pump Station (Aliso Viejo)

Project Description: Remove the existing MCPs and replace with new 100A circuit breakers for Pumps 1-3, increase the corresponding cable sizes, and relocate breakers to new sections within the MCC; remove and replace the breakers for Pumps 4 and 5 at Rancho Pump Station. Remove and replace the main switchboard and MCC at the Rolling Hills Pump Station.

Project Need: The noted electrical equipment at each facility is beyond their useful lives. If the electrical equipment remains, they may be hazardous to personnel or property and would likely never be useful again. Rancho Pump Station is a critical facility and must remain operational during this work. Rolling Hills Pump Station is not considered a critical facility, and thus can be shut down for the duration of the required electrical work without implementation of temporary power and/or bypassing.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$150,000
CEQA Compliance	Exempt
Construction Contract	\$500,000
Inspection/Utility Fees/Other	\$50,000
Total Project Budget	\$700,000



Hidden Hills and Laguna Serrano Apartments Pipeline Replacement

Project No: TBD

System: Potable

Fund: 7

Project Location: Hidden Hills and Laguna Serrano Apartments, Laguna Niguel

Project Description: The project includes the removal of approximately 350 feet of 8-inch ductile iron pipe and replacement with new PVC pipe, as well as new valves and fittings.

Project Need: This area has experienced repeated issues on the ductile iron water pipes supplying these apartment communities. This project will replace all remaining ductile iron pipe connections to these apartment communities.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$50,000
CEQA Compliance	Exempt
Construction Contract	\$300,000
Inspection/Other	\$10,000
Total Project Budget	\$360,000



OCWD Basin Emergency Interconnection

Project No: TBD

System: Potable

Fund: 12

Project Location: Various

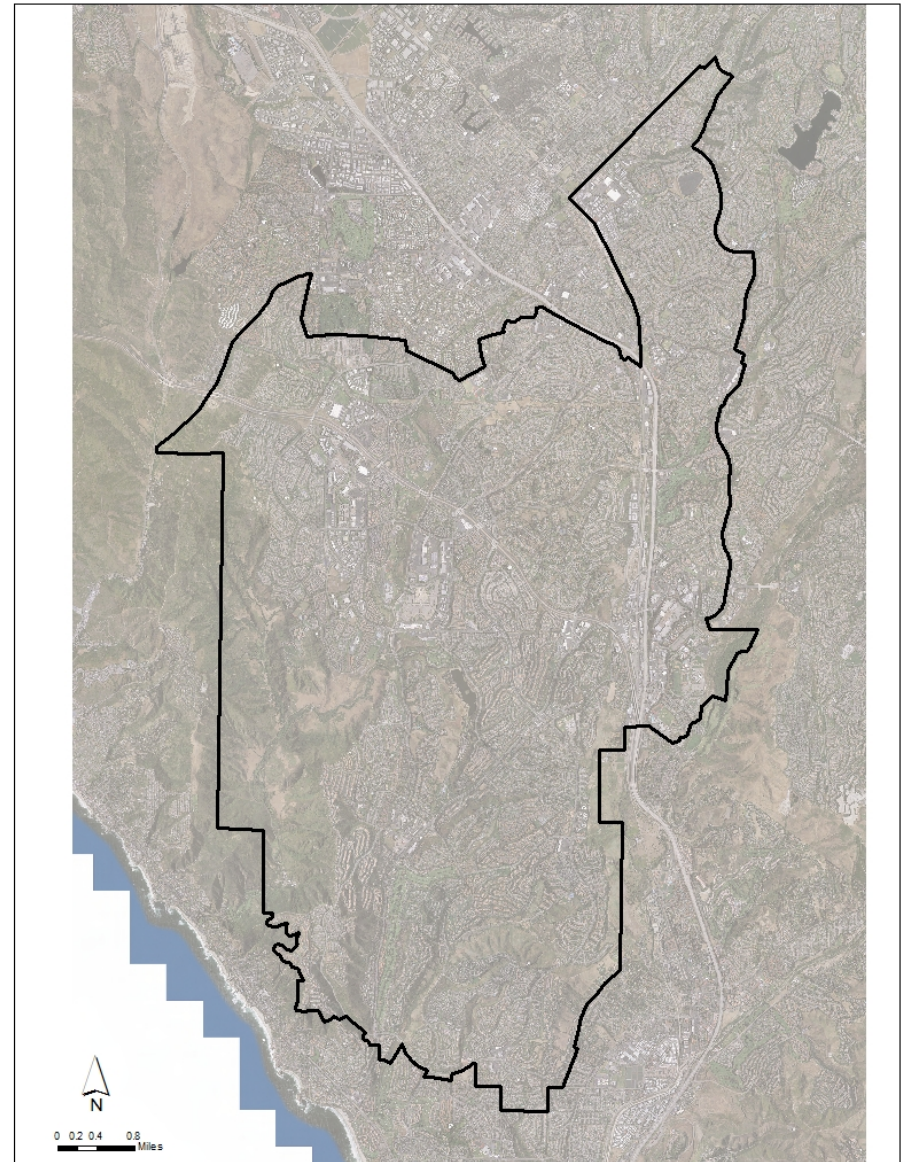
Project Description: Infrastructure improvements to provide an emergency interconnection to the OCWD groundwater basin.

Project Need: Water supply reliability.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$1,500,000
CEQA Compliance	\$500,000
Construction Contract	\$17,000,000
Inspection/Other	\$1,000,000
Total Project Budget	\$20,000,000



Portable Generator Connections at Priority Potable Water Pump Stations

Project No: TBD

System: Potable

Fund: 14

Project Location: Casa Del Oso Pump Station, Laguna Hills; Highlands Pump Station, Laguna Niguel; Marguerite Pump Station, Mission Viejo; and Rancho Pump Station, Laguna Niguel

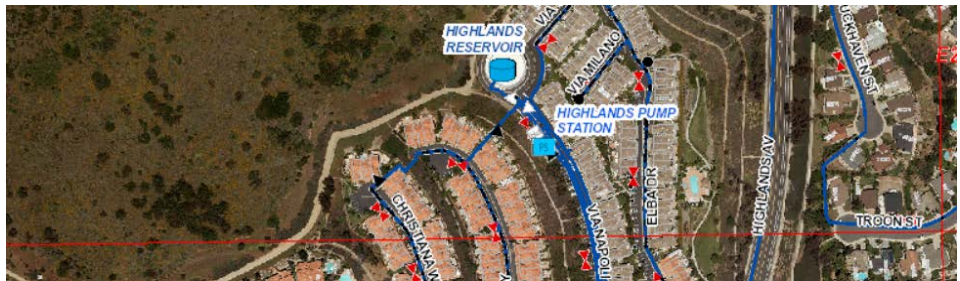
Project Description: Install portable generator connections and manual transfer switches at Casa Del Oso, Highlands, Marguerite, and Rancho Pump Stations.

Project Need: Casa Del Oso, Marguerite, and Rancho Pump Stations all pump to closed zones. Highlands Pump Station is the single pump station for the 920-Zone feeding a single reservoir. Installing portable generator connections will improve reliability during power outages.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$40,000
CEQA Compliance	Exempt
Construction Contract	\$100,000
Specialty Inspection	\$15,000
Legal/Permits/Other	\$5,000
Total Project Budget	\$160,000



Rancho Capistrano 450-Zone Loop

Project No: TBD

System: Potable

Fund: 14

Project Location: Rancho Capistrano (Schuller's Ranch), San Juan Capistrano

Project Description: Install approximately 1,500 feet of 8-inch diameter pipeline from Avenida del Caballo to Rancho Capistrano. The project will provide redundancy for the Rancho Capistrano area from the 450-Zone.

Project Need: There is currently only a single feed from the 650-Zone to the Rancho Capistrano facility. Following the Rancho Capistrano 450-Zone Service Project, the area will have a secondary service, but will still be fed by single feeds from two separate pressure zones. This project would provide reliability from the 450-Zone and allow the 650-Zone pipeline in the slope to be abandoned or retained as an emergency service feed.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$50,000
CEQA Compliance	Exempt
Construction Contract	\$450,000
Easement Acquisition Support	\$20,000
Inspection/Permits/Other	\$20,000
Total Project Budget	\$540,000



Rancho Capistrano 450-Zone Service

Project No: TBD

System: Potable

Fund: 14

Project Location: Rancho Capistrano (Schuller's Ranch), San Juan Capistrano

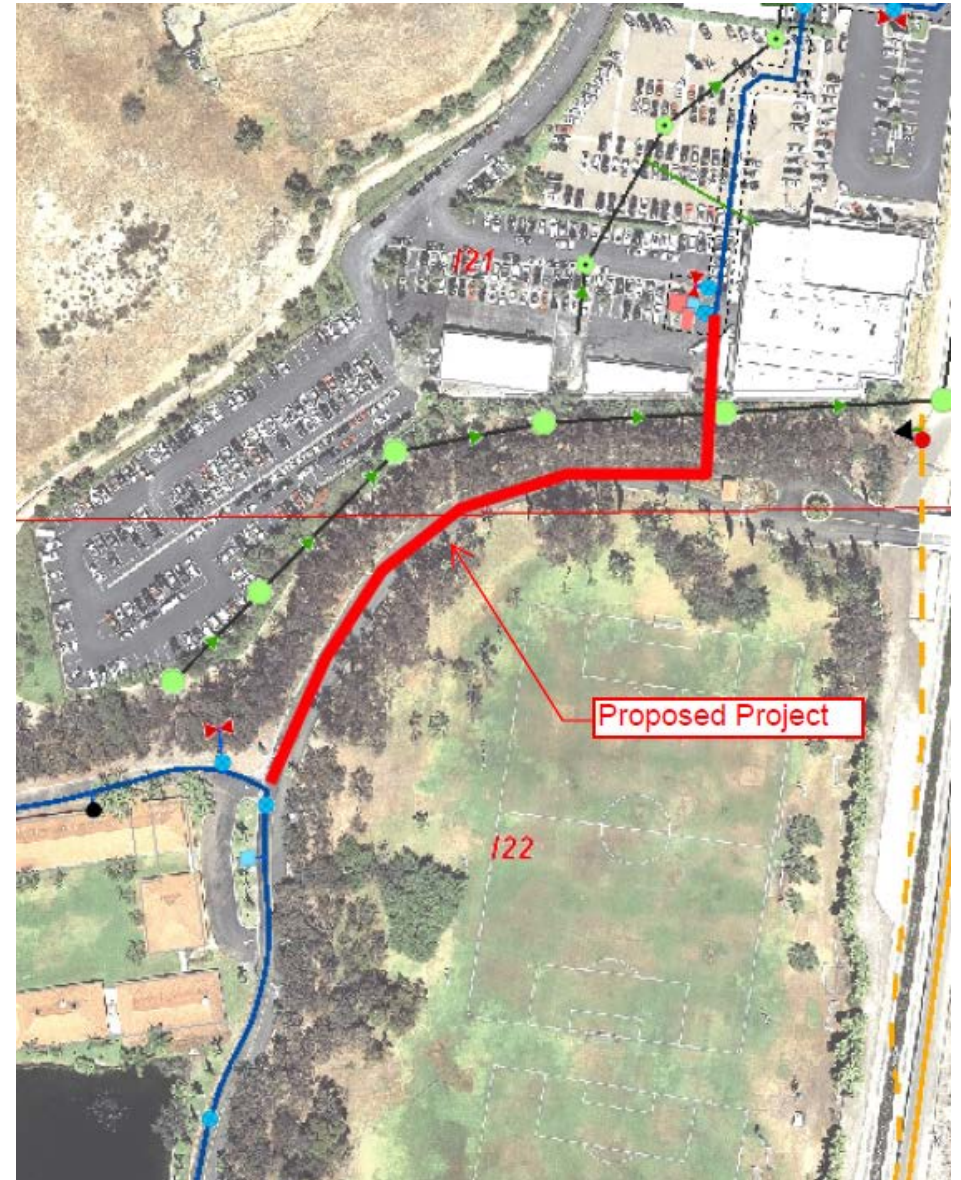
Project Description: Install approximately 650 feet of 8-inch diameter pipeline from the Mercedes dealership to Rancho Capistrano. Install a high-low double valve and blow-off at the connection to the existing loop at Rancho Capistrano. Hydraulic modeling will be required to verify fire flows from the 450-Zone and the potential conversion of Rancho Capistrano to the 450-Zone rather than the existing 650-Zone.

Project Need: There is currently only a single feed from the 650-Zone to the Rancho Capistrano facility. This project would provide water reliability to the area through a second feed.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design & Modeling	\$60,000
CEQA Compliance	Exempt
Construction Contract	\$220,000
Easement Acquisition Support	\$10,000
Inspection/Permits/Other	\$10,000
Total Project Budget	\$300,000



Rolling Hills Pump Station Auxiliary Generator

Project No: TBD

System: Potable

Fund: 14

Project Location: Rolling Hills Pump Station, Aliso Viejo

Project Description: Remove and replace the fire pump and natural gas engine with a new auxiliary diesel generator and associated piping. A hydraulic analysis may be required to verify final design.

Project Need: The existing equipment is over 30 years old. The fire pump and natural gas engine have out lived their life expectancy and can no longer be refurbished. A new diesel generator will add reliability to the station.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$110,000
CEQA Compliance	Exempt
Construction Contract	\$690,000
Inspection/Other	\$50,000
Total Project Budget	\$850,000



Saddleback Reservoir Site Paving Replacement

Project No: TBD

System: Potable

Fund: 7

Project Location: Saddleback Reservoir, Mission Viejo

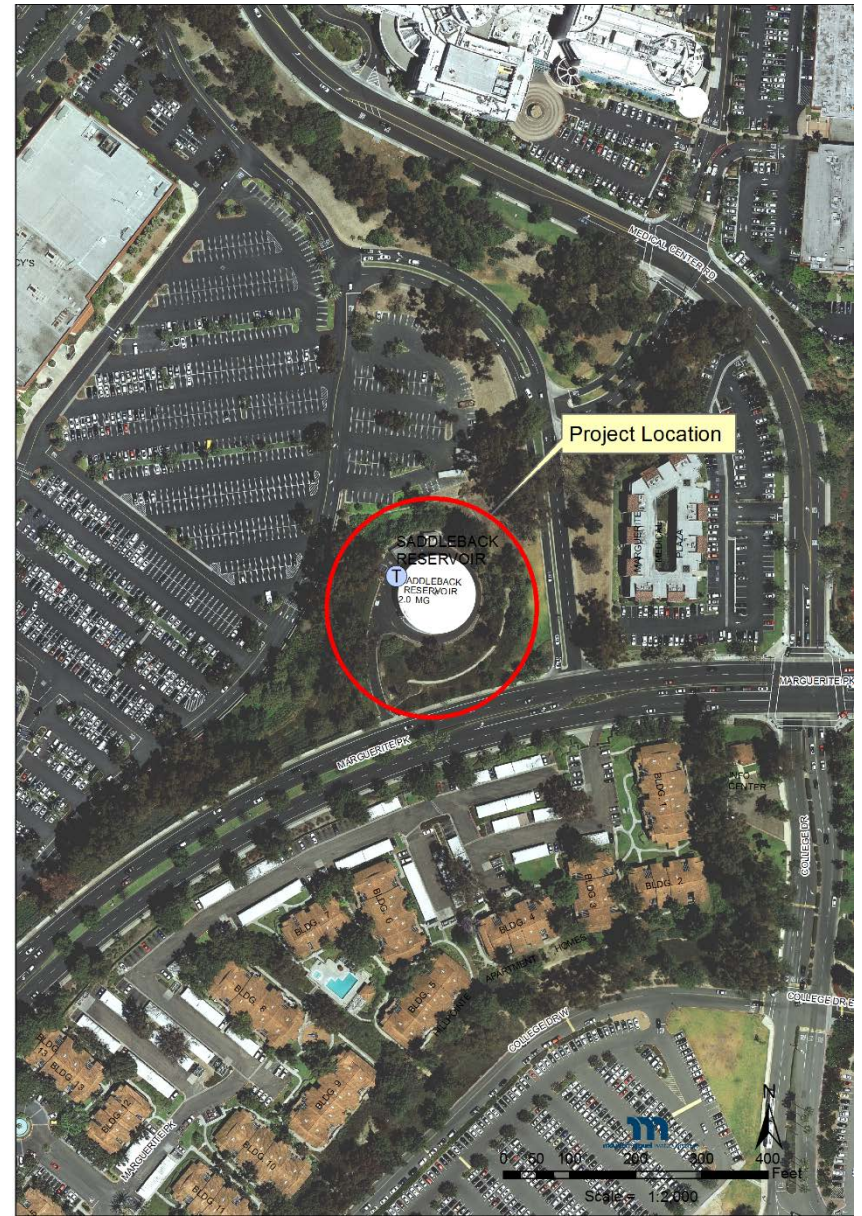
Project Description: Remove approximately 12,000 square feet of existing asphalt paving and replace with new 4-inch asphalt paving over existing base. Remove and replace approximately 400 feet of asphalt curb.

Project Need: The existing site paving has exceeded its useful life and is in need of replacement.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$100,000
Inspection/Other	\$25,000
Total Project Budget	\$125,000



Southwestern Transmission Main Rehabilitation

Project No: TBD

System: Potable

Fund: 7

Project Location: Mission Viejo

Project Description: Rehabilitate the existing 24-inch diameter CML&C steel pipe, originating from the Santa Margarita Water District Plaza Pump Station at the north end to near 25422 El Paseo at the south end. This 0.9-mile pipeline segment is part of the 650 pressure zone.

Project Need: The pipeline was constructed in the 1970s and has had a history of leaks. This segment includes one crossing of the San Diego Freeway (Interstate 5) which is one of the District's three critical freeway crossings in the 650 pressure zone.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Preliminary Design	\$50,000
Design	\$650,000
CEQA Compliance	\$100,000
Construction Contract	\$5,500,000
Inspection/Other	\$700,000
Total Project Budget	\$7,000,000



2021-22 Fire Hydrant Replacement

Project No: TBD

System: Potable

Fund: 7

Project Location: Various

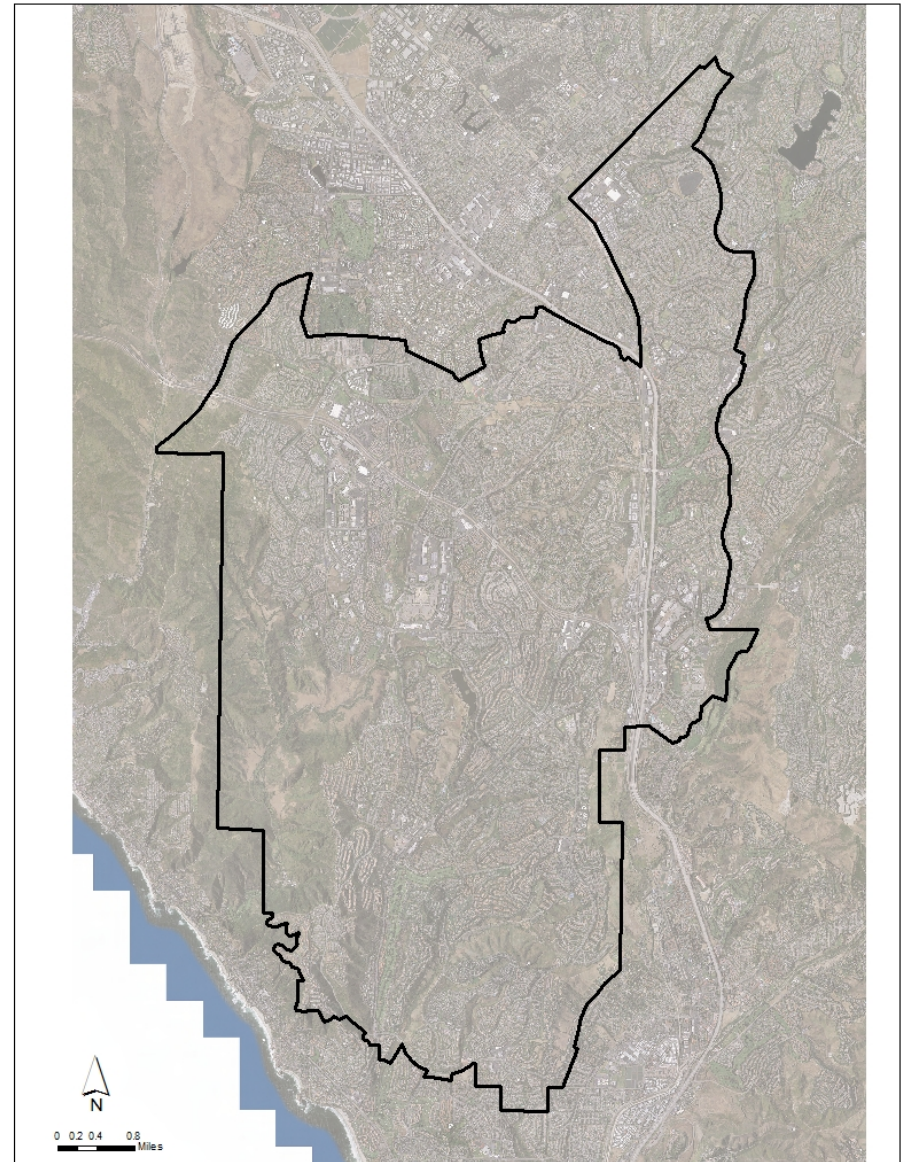
Project Description: Replace existing fire hydrants.

Project Need: This annual project will replace existing fire hydrants in the potable water distribution system as they reach the end of their useful lives.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction by District	\$100,000
Total Project Budget	\$100,000



2021-22 Meter Replacement – PW

Project No: TBD

System: Potable

Fund: 7

Project Location: Various

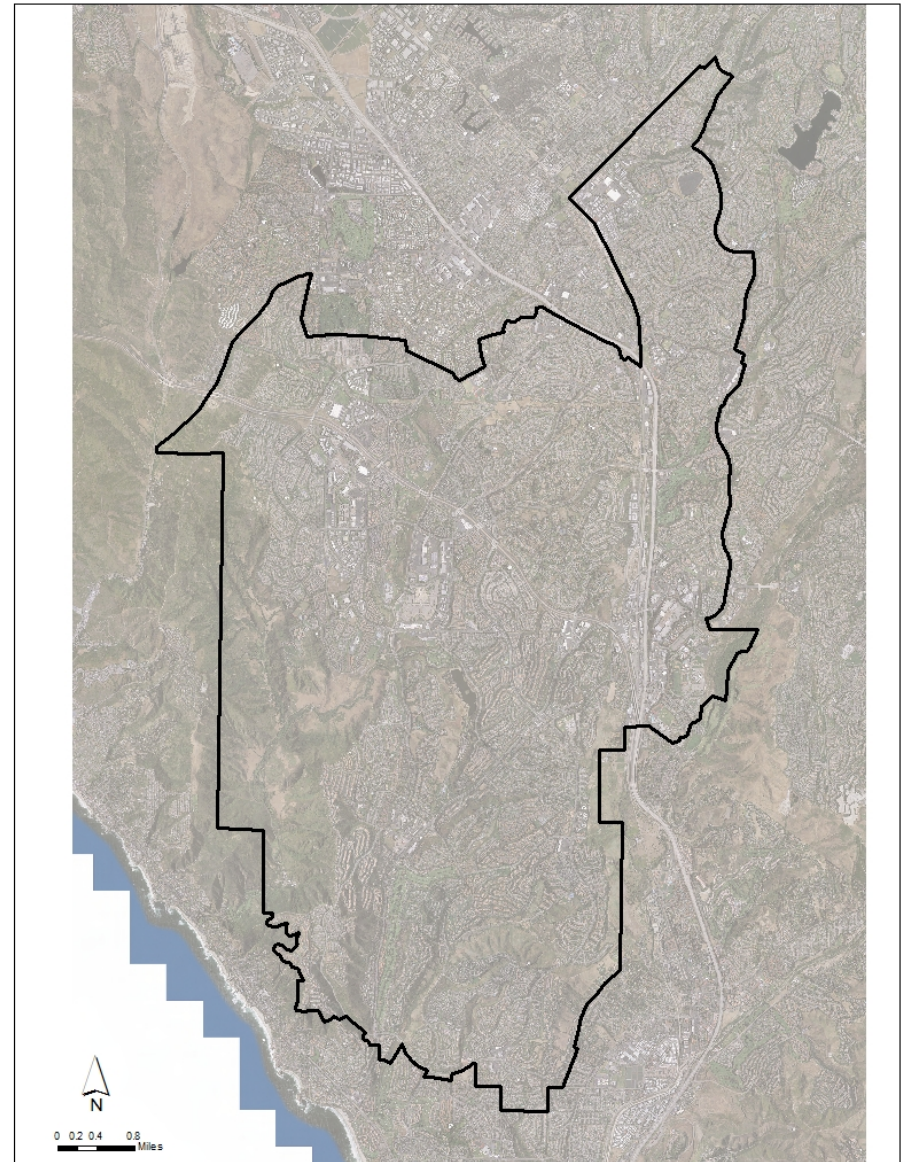
Project Description: Replace existing meters.

Project Need: This annual project will replace meters in the potable water distribution system as they reach the end of their useful lives.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction by District	\$990,000
Total Project Budget	\$990,000



2021-22 Operations-Led Capital Improvements – PW

Project No: 2021.100

System: Potable

Fund: 7

Project Location: Various

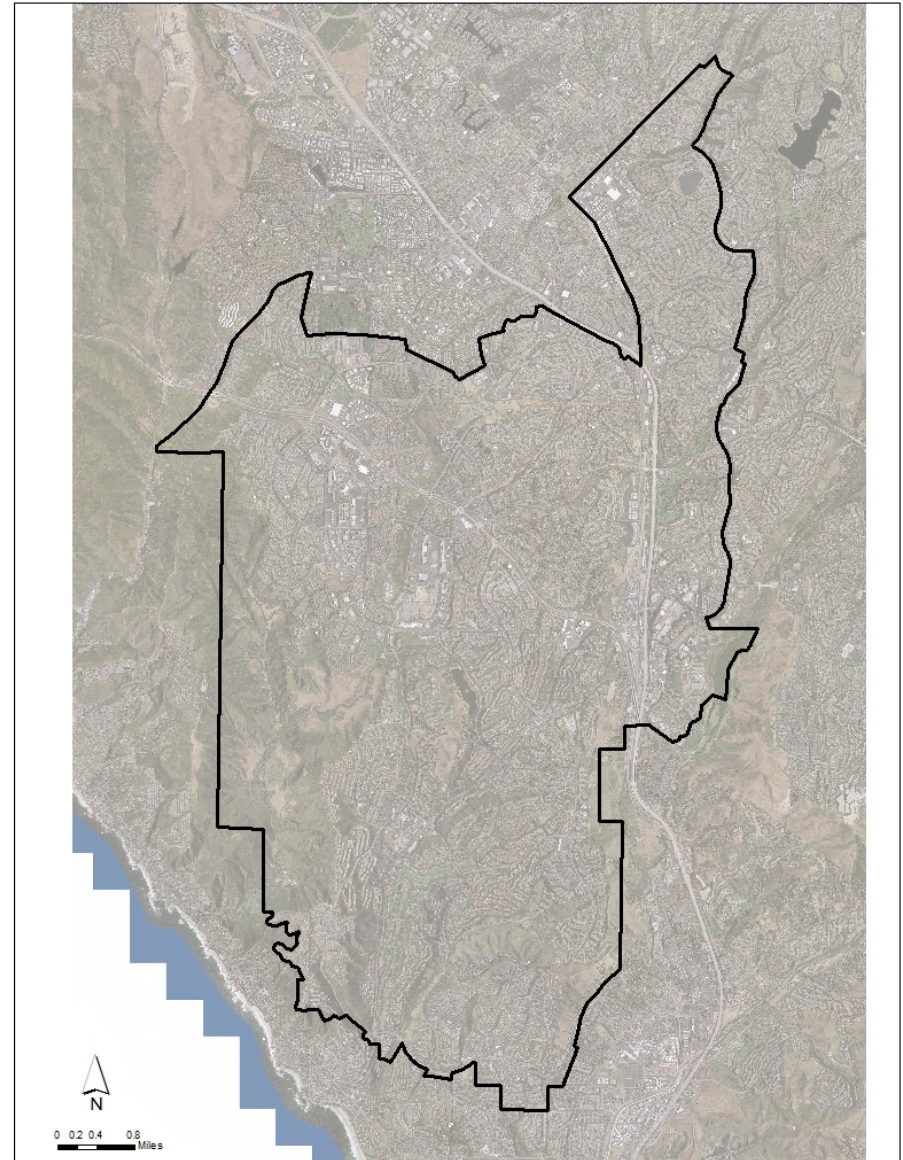
Project Description: This project covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, programmable logic controllers, mechanical systems, and related equipment.

Project Need: Capital equipment and parts needs are identified by District Operations Staff, as existing equipment reaches the end of its useful life.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Purchases and Installation	\$400,000
Total Project Budget	\$400,000



2021-22 Service Line Replacement – PW

Project No: TBD

System: Potable

Fund: 7

Project Location: Various

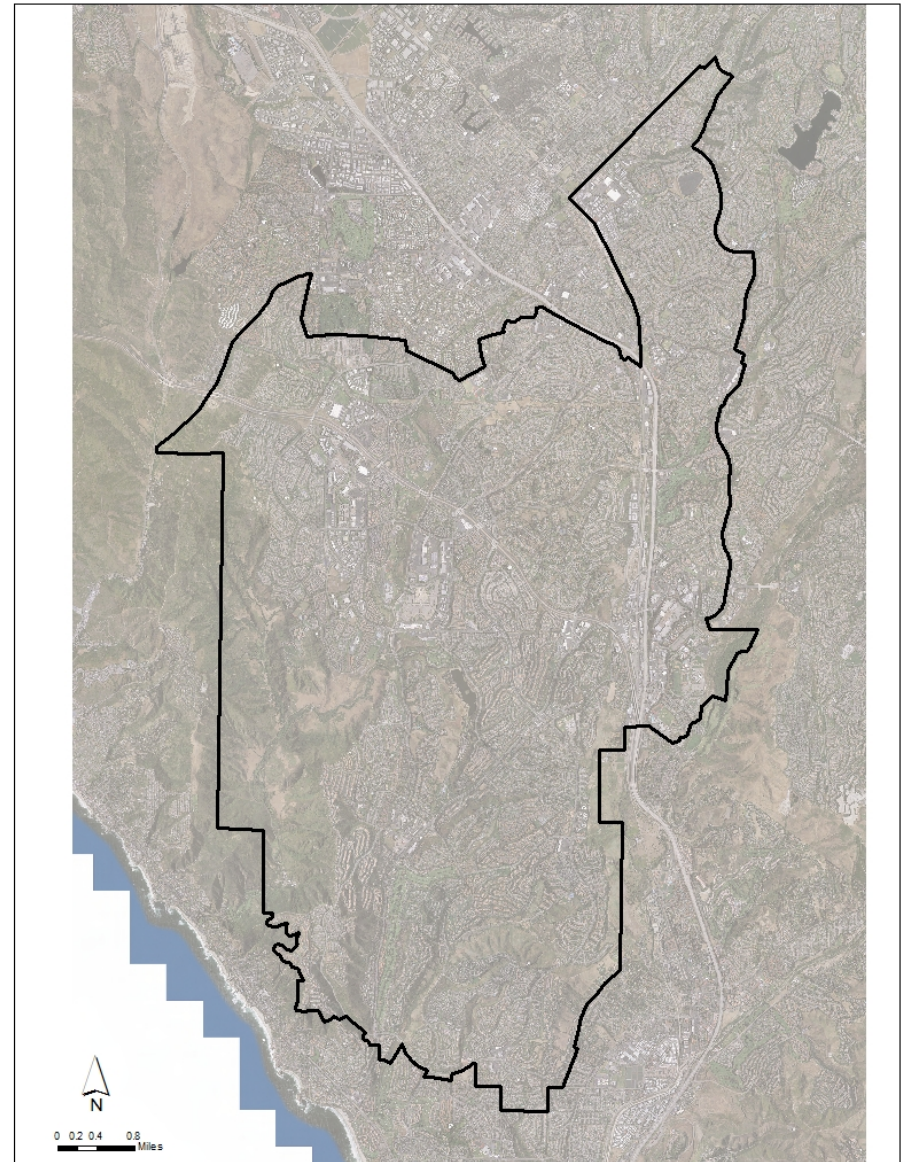
Project Description: Replace existing service lines.

Project Need: This annual project will replace service lines in the potable water distribution system as they reach the end of their useful lives.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$700,000
Construction by District	\$1,100,000
Total Project Budget	\$1,800,000



2022-23 Valve Replacement – PW

Project No: TBD

System: Potable

Fund: 7

Project Location: Various

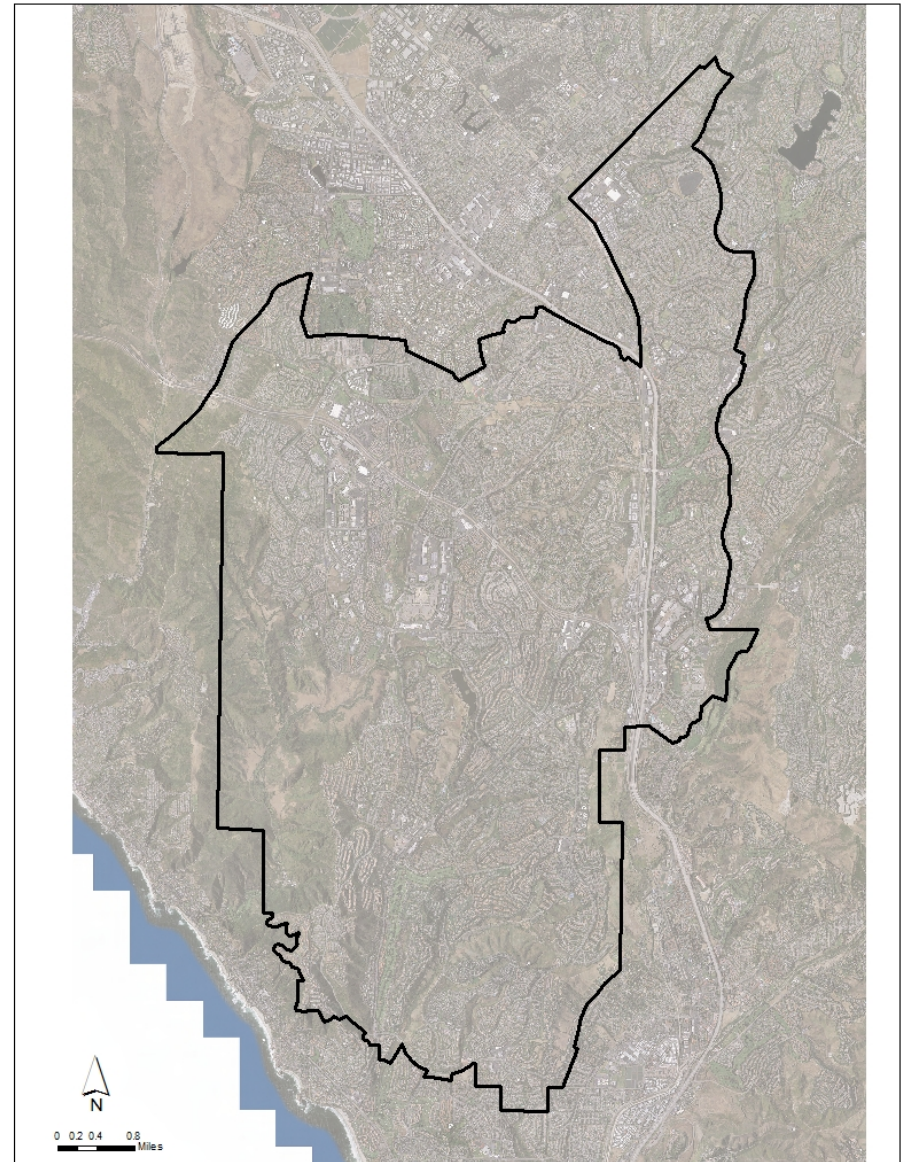
Project Description: Replace existing in-line valves.

Project Need: Many of the District’s valves have exceeded their useful life and are not operating properly or have increased maintenance requirements. This project focuses on replacement of these valves on critical transmission and distribution mains. Valves in subdivisions, usually lines 8-inches and smaller, are replaced by the District’s Valve Crew.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$85,000
CEQA Compliance	Exempt
Construction Contract	\$2,000,000
Inspection/Other	\$40,000
Construction by District	\$1,200,000
Total Project Budget	\$3,325,000



Eastern Transmission Main Access Manways and Valves

Project No: TBD

System: Potable

Fund: 14

Project Location: Eastern Transmission Main

Project Description: This project will add new manways for access to the pipeline, as well as new in-line valves to further enhance the District's operation of the pipeline.

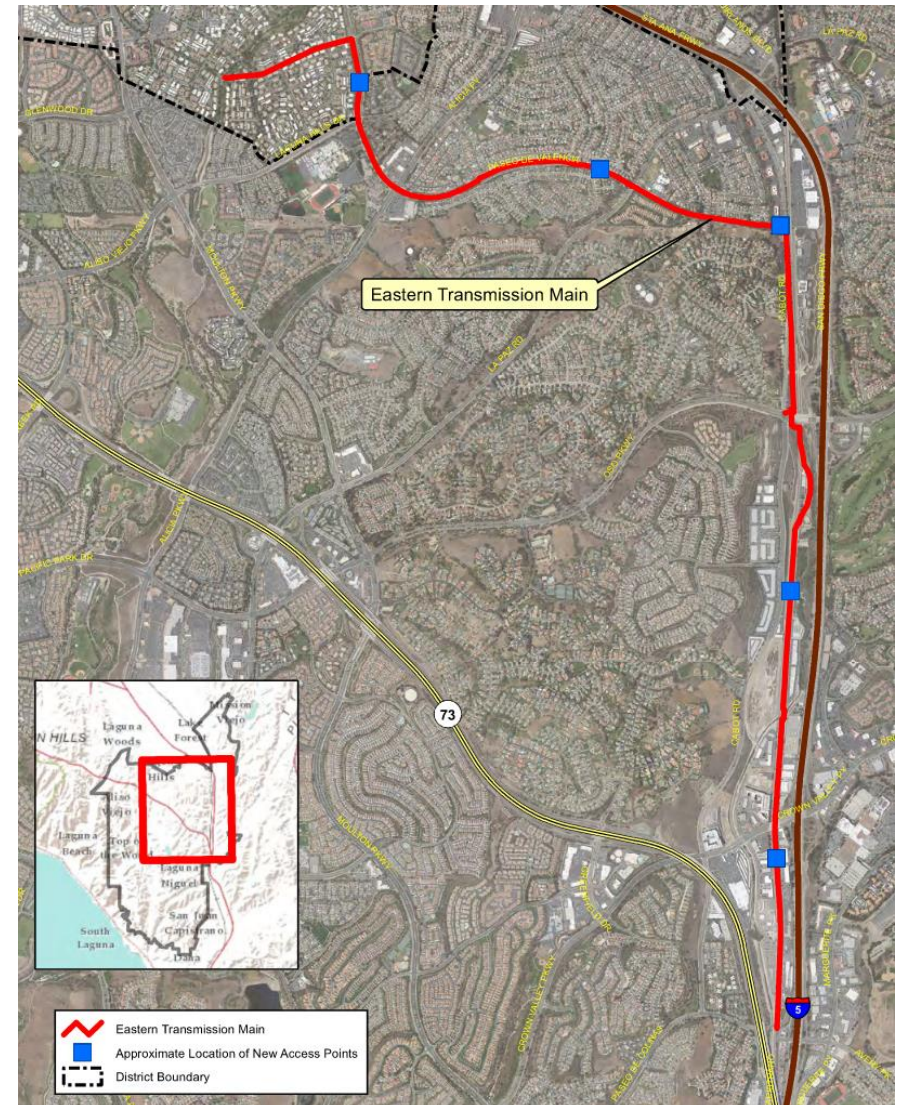
Project Need: New manways are needed along the pipeline to facilitate a future condition assessment on the pipeline.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$70,000
CEQA IS/MND	Exempt
Construction Contract	\$1,120,000
Legal/Permit/Other	\$10,000
Total Project Budget	\$1,200,000

*City of San Juan Capistrano owns 70% of the capacity of the Eastern Transmission Main. Cost reimbursement for this project will occur accordingly.



Low Resolution Meter Replacement

Project No: TBD

System: Potable

Fund: 6

Project Location: Districtwide

Project Description: This project will replace all non-programmable, low-resolution water meters with high-resolution water meters. This includes approximately 6,500 meters of sizes ranging from 5/8-inch to 1-inch.

Project Need: The non-programmable water meters have become obsolete as they are not capable of providing high-resolution hourly AMI data. Upgrading the obsolete meters to high-resolution ultrasonic meters will allow the District to maximize utility of its recent investment in AMI radios. In particular, high-resolution meters will:

- Allow residents to receive critical leak alerts, helping them to avoid higher bills and prevent property damage;
- Enable the District to message the benefits of smart metering technology and the customer portable more consistently to all its residents; and
- Produce more accurate mass balance between pumped and consumed water to support the District's proactive leak detection program and zonal water loss dashboard.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA IS/MND	Exempt
Construction Contract	\$1,950,000
Legal/Permit/Other	\$50,000
Total Project Budget	\$2,000,000



Subsidence Mitigation at East Aliso, Marguerite, and El Dorado Sites

Project No: TBD

System: Potable

Fund: 7

Project Location: East Aliso (Laguna Niguel), Marguerite (Mission Viejo), and El Dorado Sites (Mission Viejo)

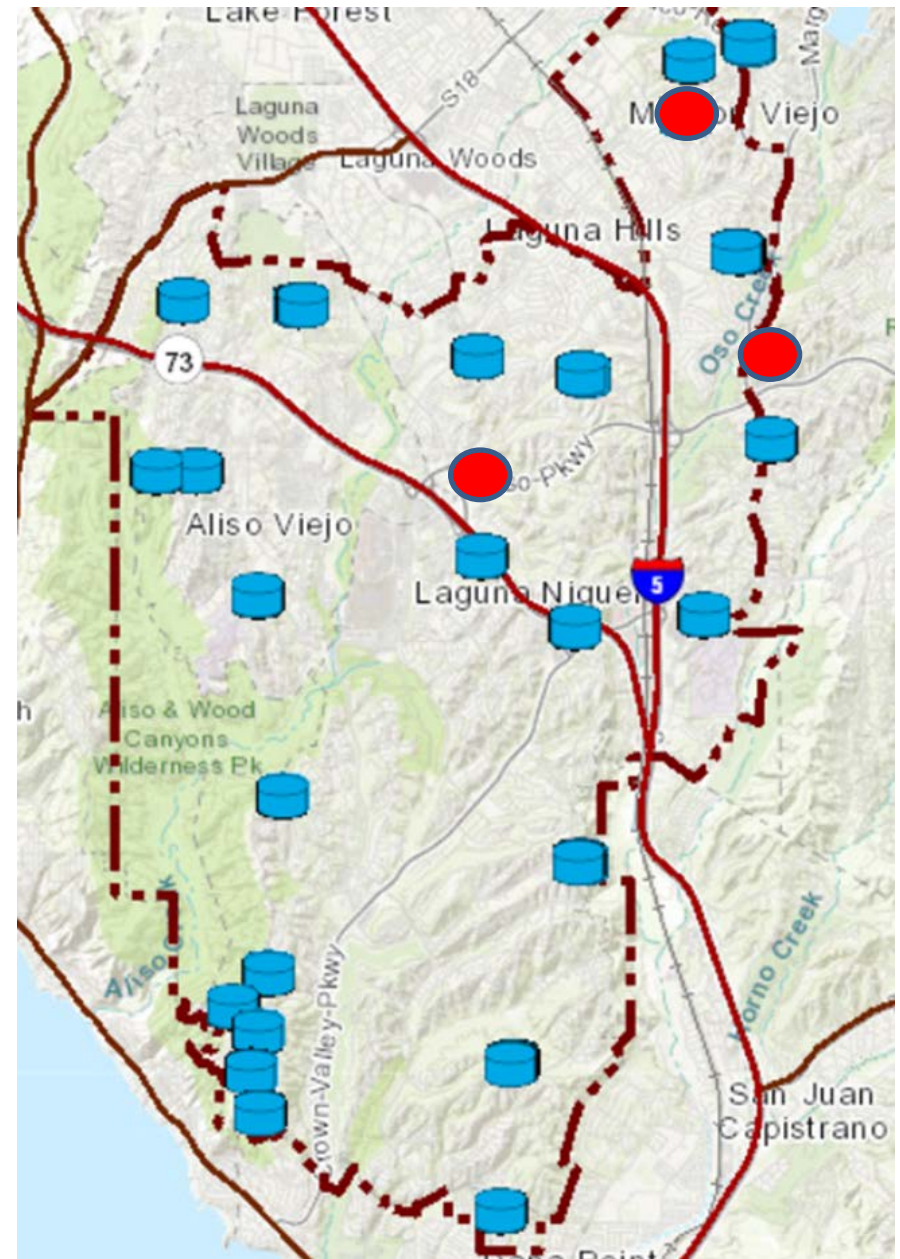
Project Description: Improve soils to prevent further subsidence at the sites.

Project Need: Sites have experienced subsidence. Excessive subsidence can cause damage to existing facilities.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$75,000
CEQA IS/MND	Exempt
Construction Contract	\$175,000
Total Project Budget	\$250,000



Recycled Water Optimization Study (RWOS) - La Paz Road Bridge Crossing Recycled Water Pipeline

Project No: 2010.013

System: Recycled

Fund: 6

Project Location: La Paz Road between Muirlands Boulevard and Chrisanta Drive, Mission Viejo

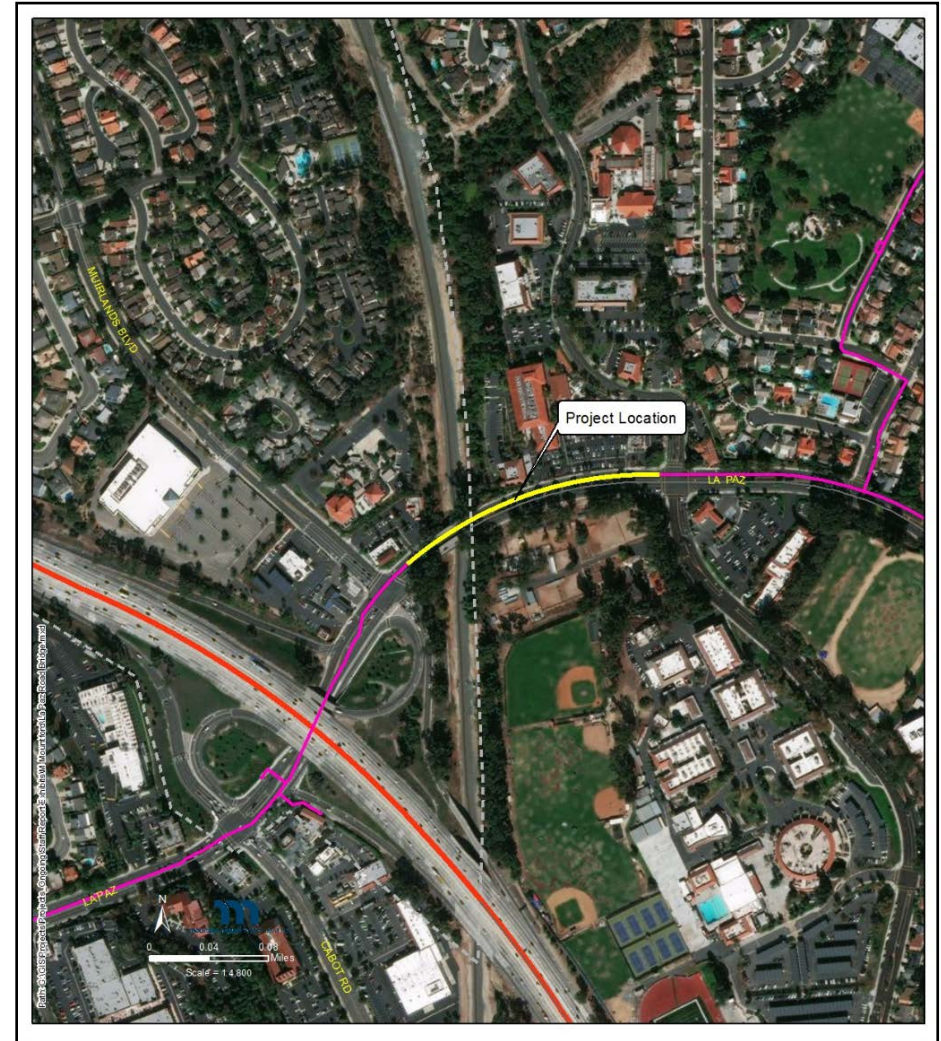
Project Description: Construct approximately 1,200 feet of 12-inch diameter recycled water main in La Paz Road while the City of Mission Viejo is constructing its widening of the La Paz Road Bridge.

Project Need: The recycled water system has a gap in the 650-Zone. The construction of the pipeline will connect the Mission Viejo and Laguna Hills systems together. The timing to construct the project as part of the City's bridge widening is a cost benefit to the District. The RWOS identified this reach as needed for the initial optimization phase, to support 138 acre-feet-per-year of additional recycled water demand.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$55,000
CEQA Compliance	City Project
Construction Contract	\$631,250
Inspection/Permits/Other	\$20,000
Total Project Budget	\$706,250



2020-21 Pressure Reducing Station Rehabilitation – RW

Project No: 2020.011

System: Recycled

Fund: 7

Project Location: Deerhurst PRS, Aliso Viejo

Project Description: Rehabilitate the structure as required and replace the pressure reducing station valves, mechanical equipment and appurtenances that have reached the end of their useful lives.

Project Need: The equipment within the pressure reducing station is reaching its useful life, is requiring increased maintenance, and needs to be replaced. This project occurs on an annual basis as part of the Vertical Asset Rehabilitation and Replacement Program.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$25,000
CEQA Compliance	Exempt
Construction Contract	\$51,130
Legal/Permits/Other	\$5,000
Total Project Budget	\$81,130



Meter Replacement Program – RW

Project No: Annual Program

System: Recycled

Fund: 7

Project Location: Various

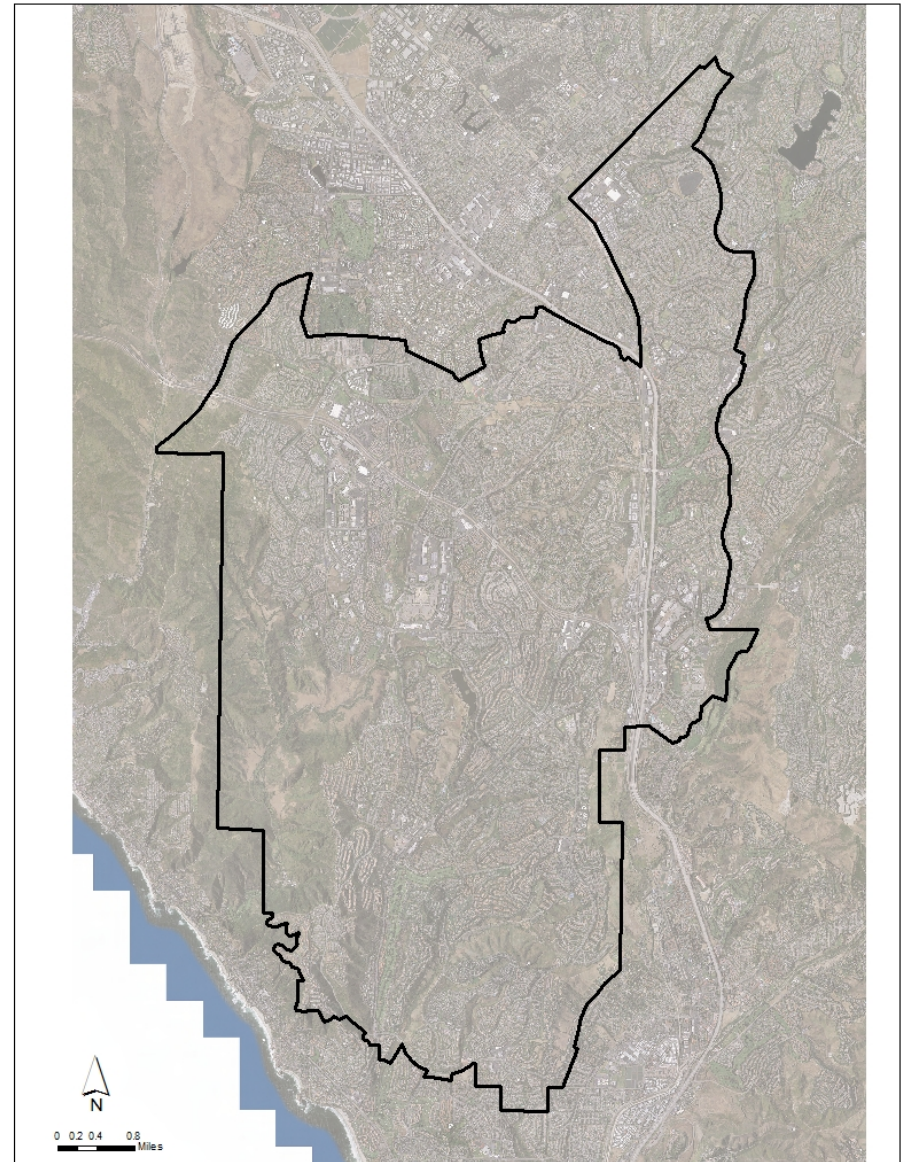
Project Description: Replace existing meters.

Project Need: The District has approximately 1,300 meters in the recycled water system. This program will replace existing meters as they reach the end of their useful lives.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction by District	\$495,000
Total Project Budget	\$495,000



Operations-Led Capital Improvements – RW

Project No: Annual Program

System: Recycled

Fund: 7

Project Location: Various

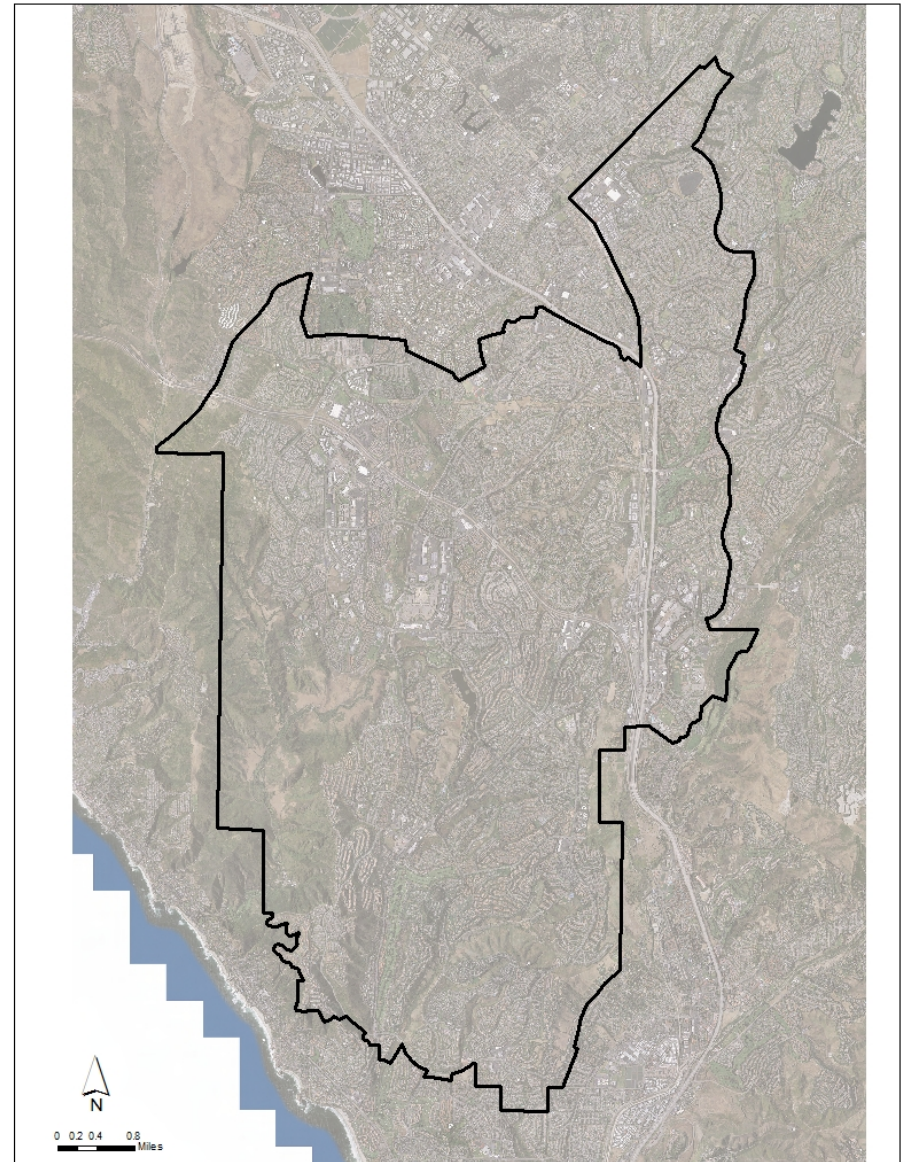
Project Description: This program covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, programmable logic controllers, mechanical systems, and related equipment.

Project Need: Capital equipment and parts needs are identified by District Operations Staff, as existing equipment reaches the end of its useful life.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Purchases and Installation	\$3,150,000
Total Project Budget	\$3,150,000



Reservoir Recoating Program – RW

Project No: Annual Program

System: Recycled

Fund: 7

Project Location: Various

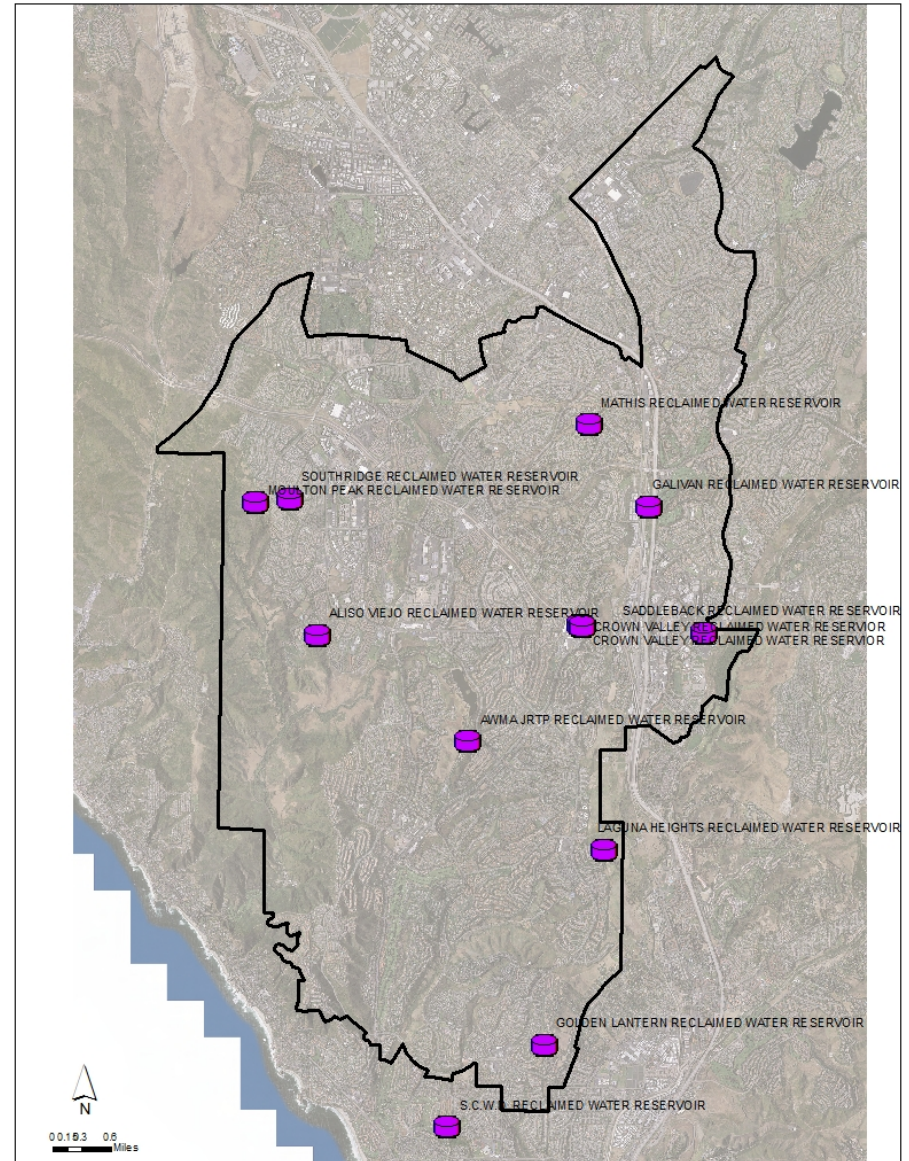
Project Description: Recoat the interior and exterior of steel reservoirs in the recycled system.

Project Need: Steel reservoirs are coated to prevent oxidation of the steel shell. The life expectancy of a coating system is between 15 to 20 years. The District inspects each reservoir every 10 years to determine if and when recoating is needed. This project addresses the periodic nature of this activity for this asset group.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
Design	\$70,000
CEQA Compliance	Exempt
Construction Contract	\$2,000,000
Inspection	\$240,000
Total Project Budget	\$2,310,000



Recycled Water Optimization Study (RWOS) – Recycled Water Retrofits Program

Project No: Annual Program

System: Recycled

Fund: 6

Project Location: Various

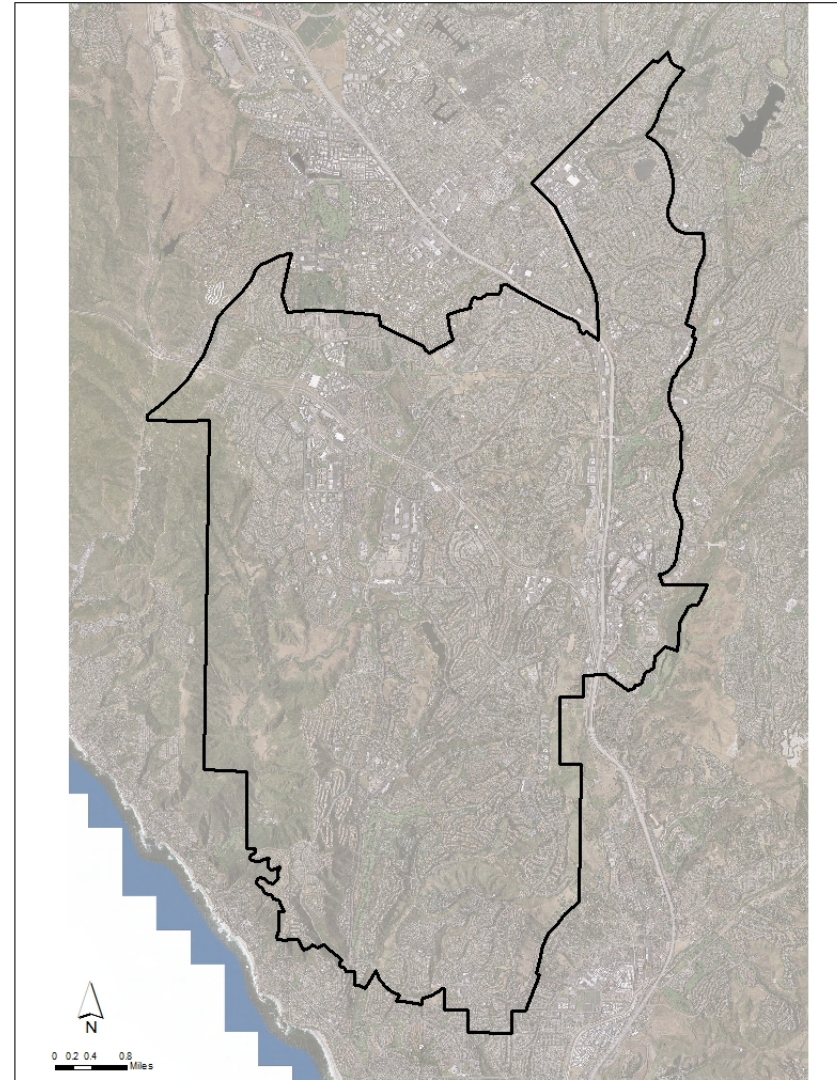
Project Description: Install recycled water service connection and irrigation pumps.

Project Need: The District is continuously evaluating irrigation sites for conversion to recycled water. The RWOS identified 70 potable water irrigation users that are recommended for retrofit. Projects will include the installation of the recycled water service and abandonment of the potable service. In addition, on occasion the recycled water service is in a lower pressure zone than the existing potable service. In this case, the District installs an irrigation pump to provide the customer with similar service pressure as experienced on the potable system. This project occurs on an annual basis.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
Design	\$350,000
CEQA Compliance	Exempt
Construction Contract	\$3,670,000
Inspection	\$750,000
Total Project Budget	\$4,770,000



Service Line Replacement Program – RW

Project No: Annual Program

System: Recycled

Fund: 7

Project Location: Various

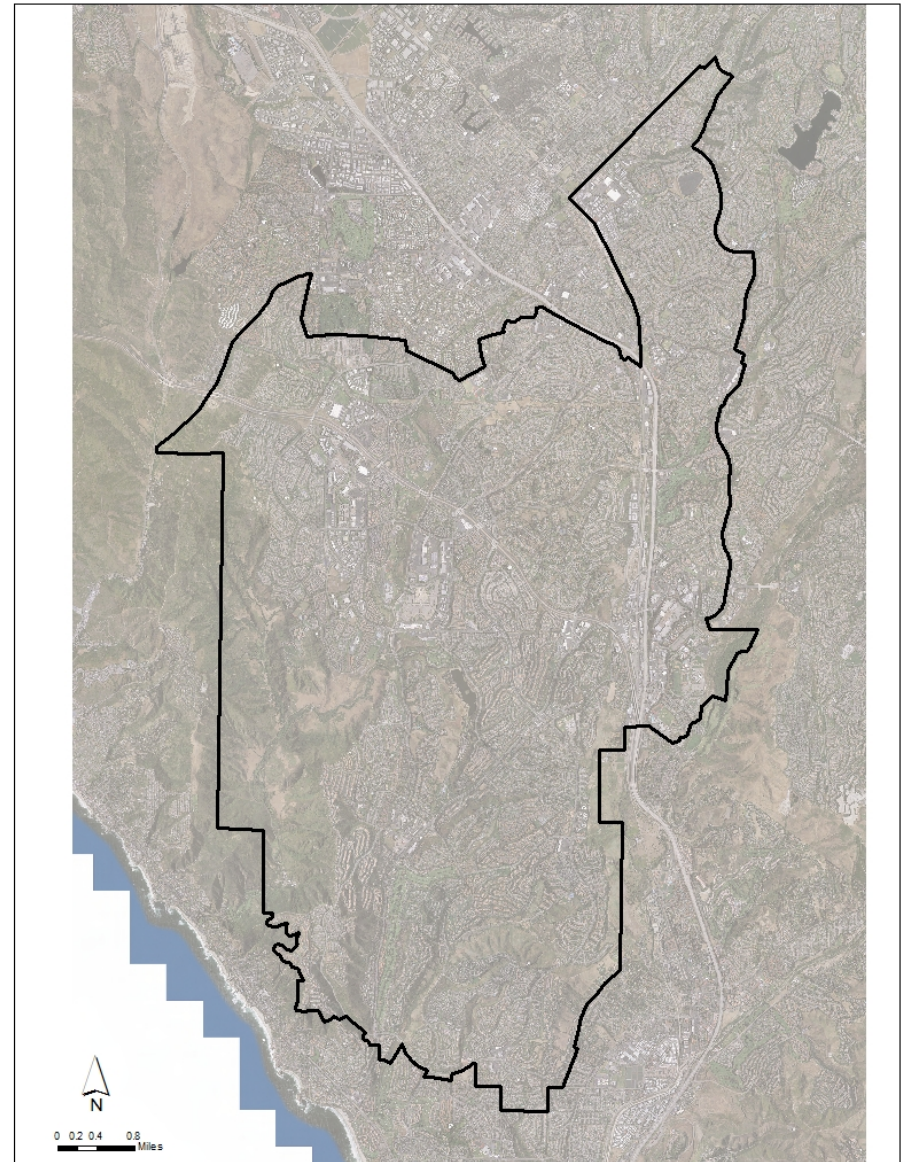
Project Description: Replace existing service lines.

Project Need: The District has approximately 1,300 services in the recycled water system. The service lines are used to connect distribution piping to customer meters. This program will replace service lines as they reach the end of their useful lives.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$540,000
Construction by District	\$1,080,000
Total Project Budget	\$1,620,000



Valve Replacement Program – RW

Project No: Annual Program

System: Recycled

Fund: 7

Project Location: Various

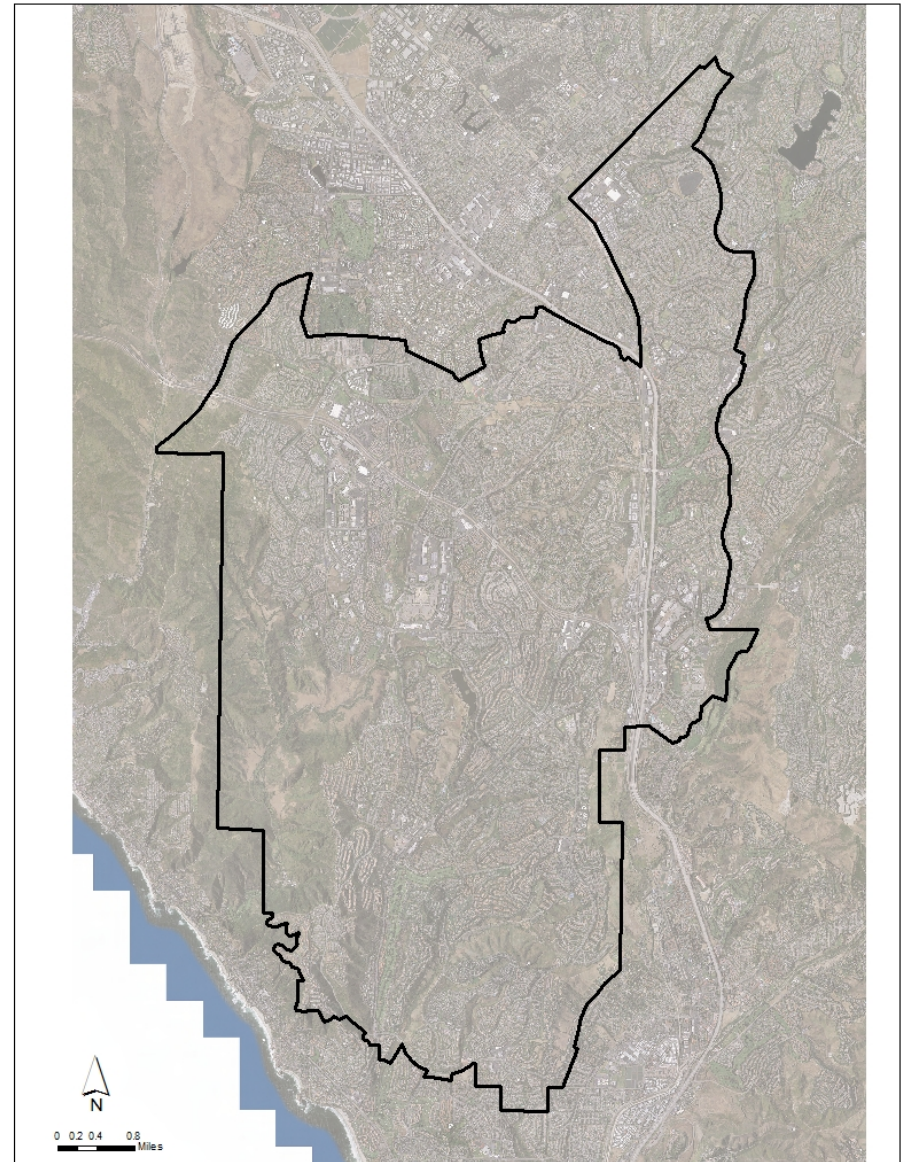
Project Description: Replace pipeline valves.

Project Need: The District has approximately 1,000 systems valves in the recycled water system. These valves are used to isolate sections of pipe in the event of planned and emergency repairs and connections. A systemwide valve replacement program study was completed in January 2016. The study recommends 140 critical valves to be replaced. This program will replace approximately 60% of those valves. These critical valves are prioritized to reduce the quantity of customers required to be taken out of service during future pipeline repair and connections. They include valves on major and minor distribution loops, those supplying large users (i.e. golf courses), and long pipes that are not looped.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
Design	\$125,000
CEQA Compliance	Exempt
Construction Contract	\$1,250,000
Inspection/Other	\$70,000
Construction by District	\$1,055,000
Total Project Budget	\$2,500,000



Vertical Assets Rehabilitation and Replacement Program – RW

Project No: Annual Program

System: Recycled

Fund: 7

Project Location: Various

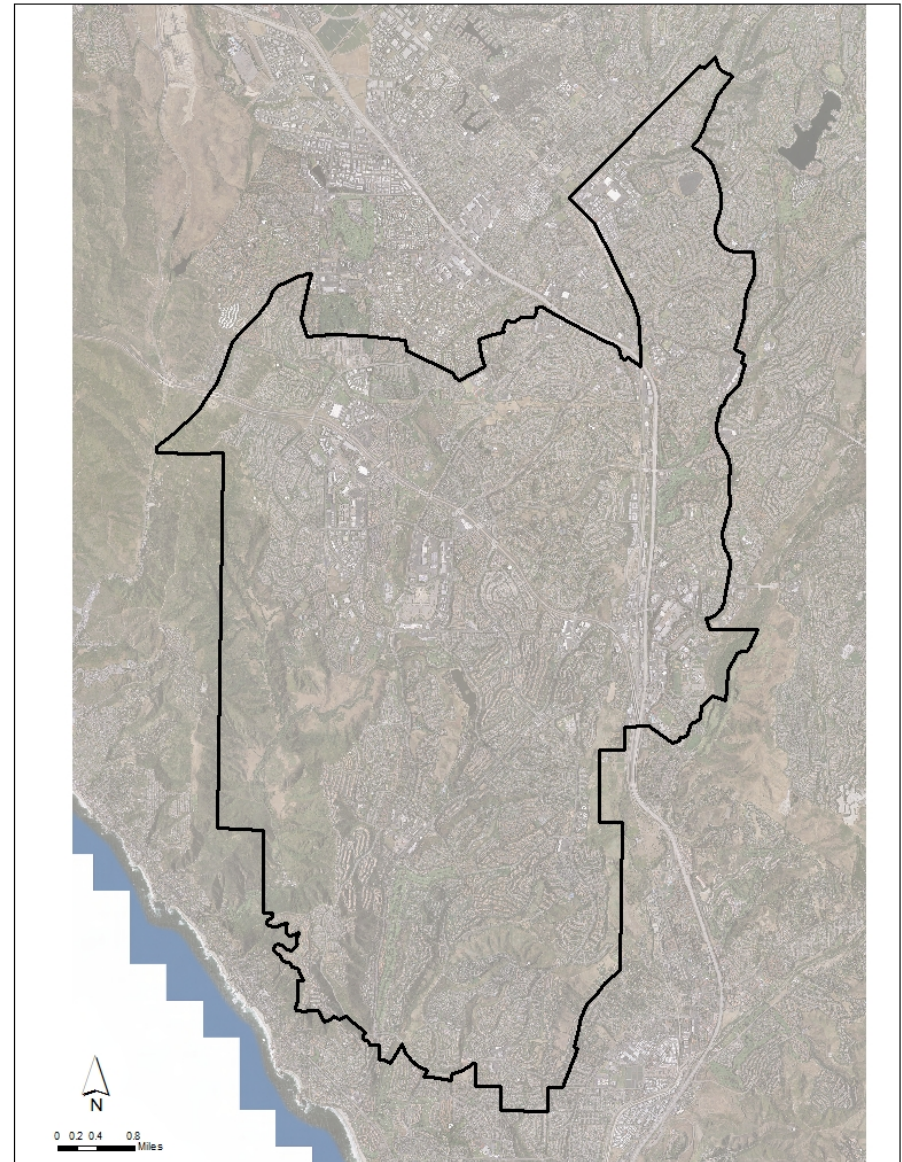
Project Description: Rehabilitate or replace structures and equipment at pump station and pressure reducing stations that have reached the end of their useful lives. An analysis was performed by staff to prioritize the methodical rehabilitation or replacement of vertical assets within the recycled water system.

Project Need: The District has 10 active pump stations and 14 active pressure reducing stations in the recycled water system. These vertical assets are used to convey recycled water to customers throughout the District's service area. As the facilities reach the end of their useful lives, the structures and equipment at each station become obsolete, require increased maintenance, and will need to be replaced or rehabilitated.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
Design	\$1,450,000
CEQA Compliance	Exempt
Construction Contract	\$11,000,000
Inspection/Other	\$1,450,000
Total Project Budget	\$13,900,000



Electrical System Improvements Phase 2 – RW

Project No: 2018.005

System: Recycled

Fund: 7

Project Location: Alicia Recycled Water Pump Station, Laguna Niguel

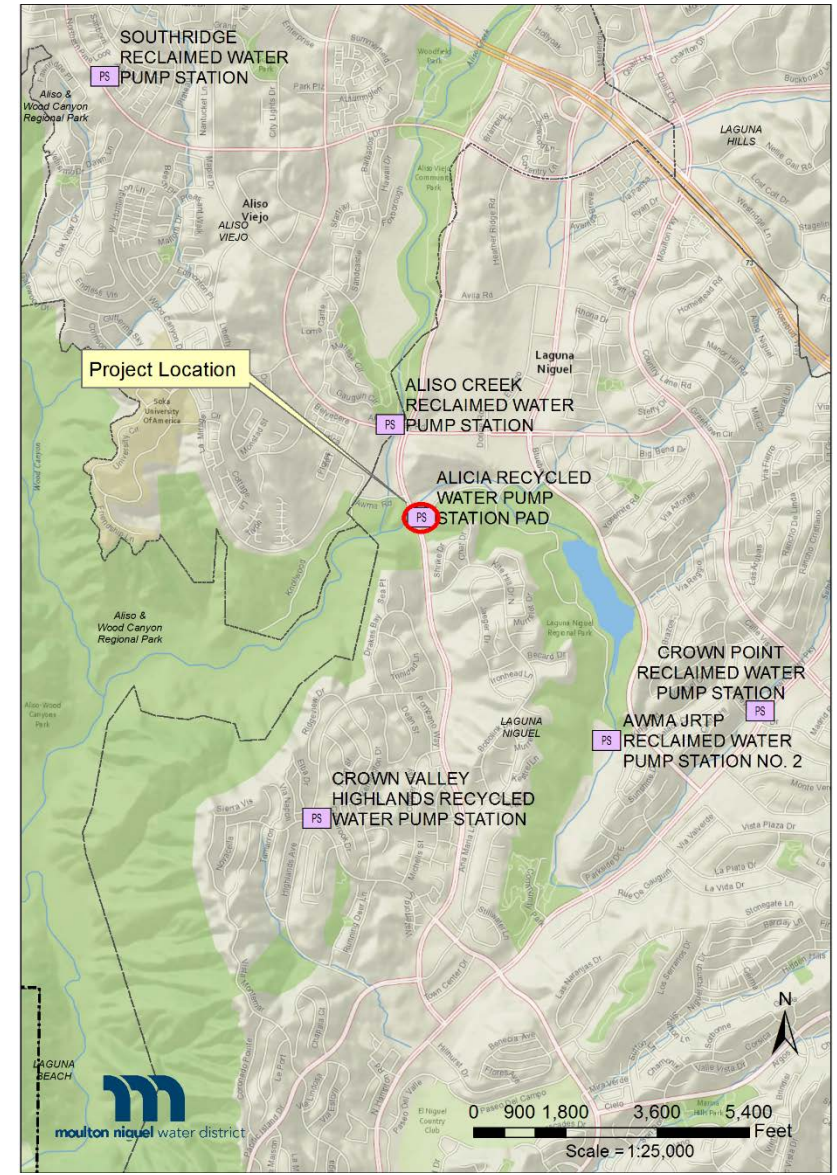
Project Description: Replace meter/main section, MCC and VFDs. Temporary switchgear will be required to maintain operation during construction.

Project Need: The noted electrical equipment at this facility is beyond their useful lives. If these existing electrical components remain, they could be hazardous to personnel or property and would likely never be useful again.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$150,000
CEQA Compliance	Exempt
Construction Contract	\$750,000
Inspection/Utility Fees/Other	\$100,000
Total Project Budget	\$1,000,000



Aliso Viejo RW Reservoir Fence Replacement

Project No: 2020.012

System: Recycled

Fund: 7

Project Location: Aliso Viejo RW Reservoir, Aliso Viejo

Project Description: The project will replace the existing site perimeter fence at the reservoir site with a taller chain-link fence and 6-strand V-style barbed wire.

Project Need: The fence replacement will improve site security by preventing unauthorized access.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$50,000
Total Project Budget	\$50,000



Crown Point Pump Station Pump Replacement and VFD Installation

Project No: TBD

System: Recycled

Fund: 7

Project Location: Crown Point Pump Station, Laguna Niguel

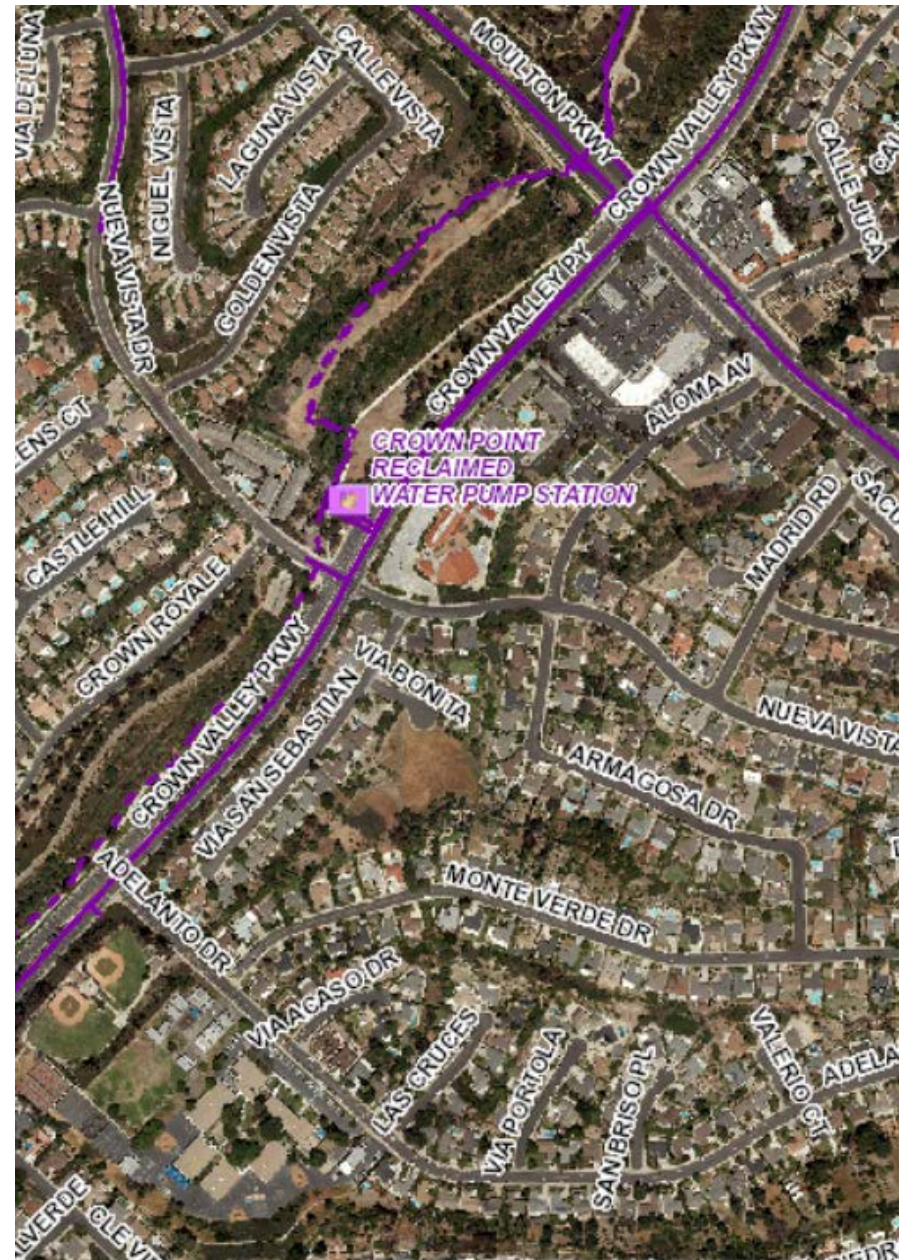
Project Description: Replace two existing pumps and associated 100 HP motors, select piping, and valves. Additionally, the motors will be equipped with variable frequency drives (VFDs). A hydraulic analysis using District's recycled water model may be required to verify final design.

Project Need: Crown Point Pump Station is one of three pump stations that pump to the 690-Zone. The 690-Zone is an open pressure zone with a single reservoir servicing the zone (Laguna Heights Reservoir). Should the reservoir or pipeline leading up to the reservoir be taken out of service for maintenance, the District will need to operate the 690-Zone as a closed zone. Installing VFDs at the station will allow for the 690-Zone to be properly operated as a closed zone. Additionally, the pumps are original and have reached the end of their useful life.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$80,000
CEQA Compliance	Exempt
Construction Contract	\$400,000
Legal/Inspection/Other	\$10,000
Total Project Budget	\$490,000



Electrical System Improvements Phase 3 – RW

Project No: TBD
System: Recycled
Fund: 7

Project Location: Southridge Recycled Water Pump Station, Aliso Viejo

Project Description: Replace the existing three SMC starters (P2, P3, and P4) to raise the short circuit rating to a minimum of 25kA at 480V. Remove and replace the main switchboard.

Project Need: The noted electrical equipment at this facility is beyond their useful lives. If this electrical equipment remains, they may be hazardous to personnel or property and would likely never be useful again.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$50,000
CEQA Compliance	Exempt
Construction Contract	\$250,000
Inspection/Utility Fees/Other	\$25,000
Total Project Budget	\$325,000



Galivan Bypass Improvements

Project No: TBD

System: Recycled

Fund: 14

Project Location: Galivan RW Pump Station, Mission Viejo

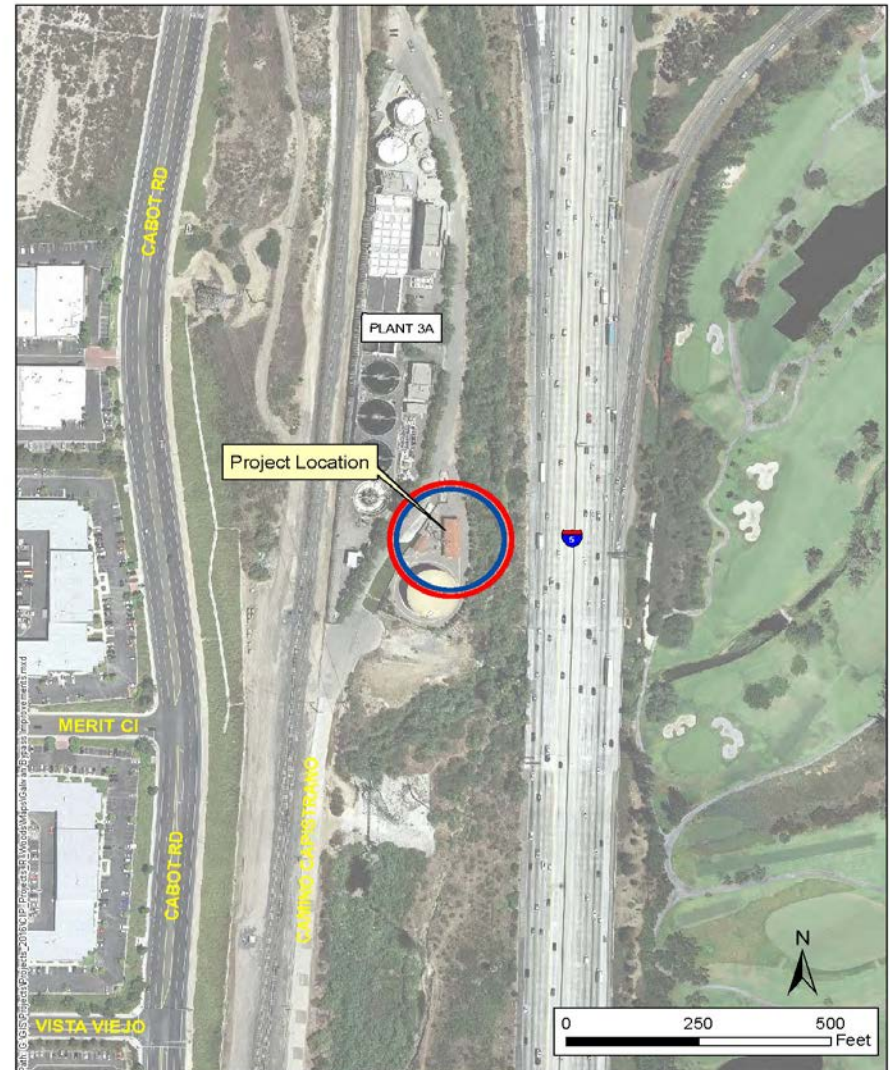
Project Description: This project will upsize the existing 3-inch diameter bypass line and existing hydraulically controlled pressure reducing valve inside the station; also, installation of isolation valves near the property line.

Project Need: The project will provide a second feed into the 450-Zone by utilizing 650-Zone water that can be fed from Upper Oso Reservoir via an existing connection at Via Noveno. This will add flexibility to pull recycled water from seasonal storage in Upper Oso Reservoir during high demands.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$20,000
CEQA Compliance	Exempt
Construction Contract	\$145,000
Inspection/Other	\$10,000
Total Project Budget	\$175,000



Improvements at Galivan and Aliso Viejo RW Pump Stations

Project No: TBD

System: Recycled

Fund: 7

Project Location: Galivan RW Pump Station, Mission Viejo; and Aliso Viejo RW Pump Station, Aliso Viejo

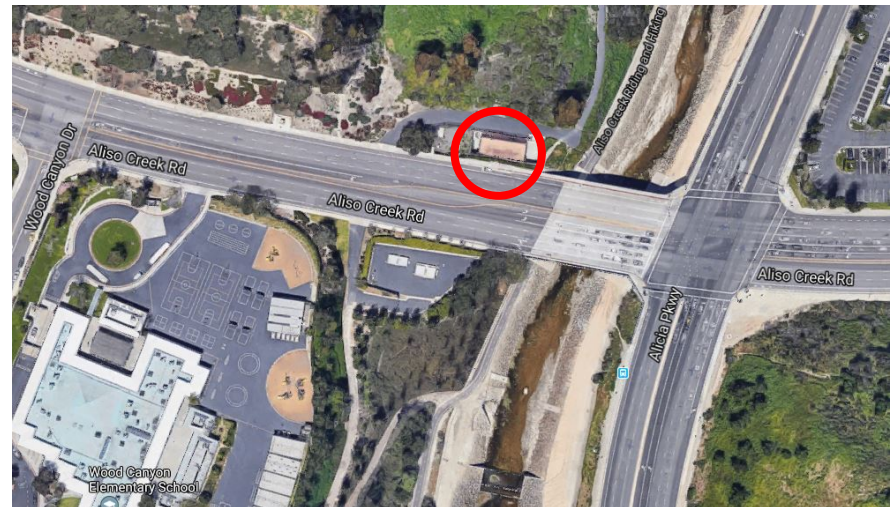
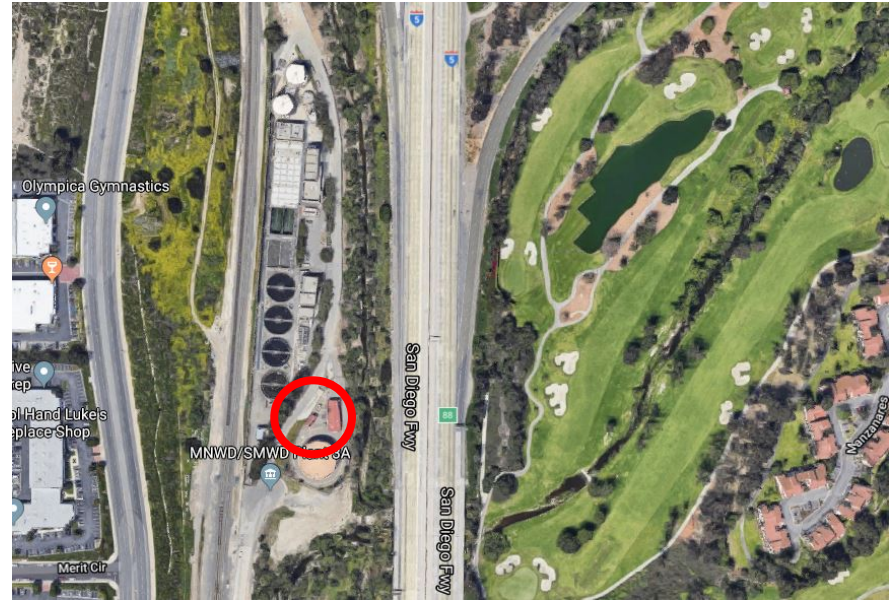
Project Description: Replace meter/main sections at both Galivan and Aliso Viejo Recycled Water Pump Stations.

Project Need: The noted electrical equipment at each facility has reached the end of its useful life and can no longer be maintained.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$100,000
CEQA Compliance	Exempt
Construction Contract	\$450,000
Inspection/Utility Fees/Other	\$50,000
Total Project Budget	\$600,000



Laguna Niguel Regional Park RW Meter Vault Reconfiguration

Project No: TBD

System: Recycled

Fund: 7

Project Location: La Paz Road Entrance to Laguna Niguel Regional Park, Laguna Niguel

Project Description: This project would clear existing vegetation, reconfigure the existing fencing, and reconfigure/replace existing valves at the recycled water meter vault.

Project Need: As currently configured, the District's recycled water meter vault is not accessible due to existing fencing and landscaping. In addition, the isolation valves need to be replaced.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$25,000
CEQA Compliance	\$25,000
Construction Contract	\$75,000
Inspection/Other	\$25,000
Total Project Budget	\$150,000



Oakgrove Drive RW Pipeline Replacement

Project No: TBD

System: Recycled

Fund: 7

Project Location: Oakgrove Drive, Aliso Viejo

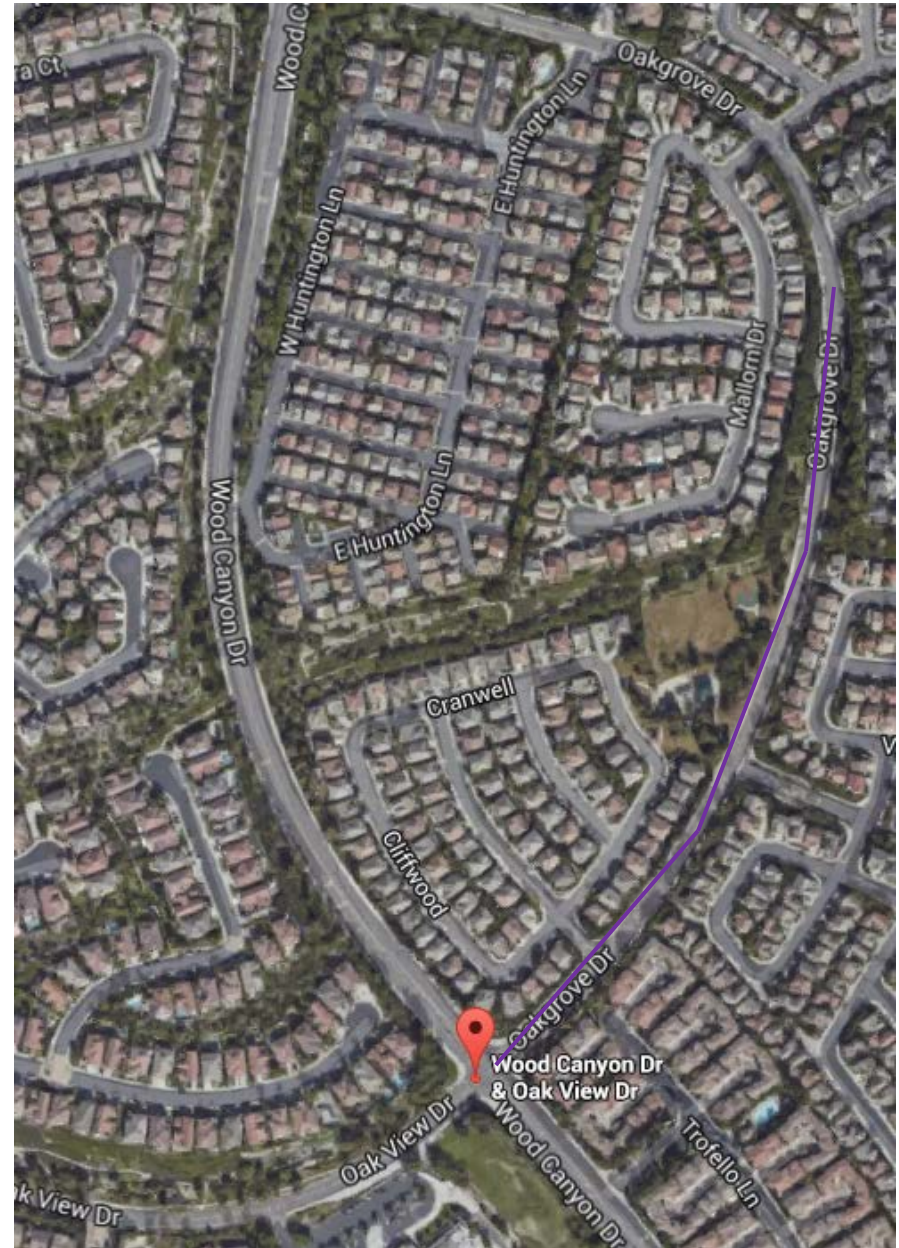
Project Description: The project will remove and replace approximately 1,500 feet of 8-inch diameter ductile iron recycled water main pipeline. An electrical main is near the current alignment, which will likely require the pipeline to be replaced in a new alignment. The project will also replace all valves along the pipeline.

Project Need: The pipeline has a history of repairs.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$50,000
CEQA Compliance	Exempt
Geotechnical	\$15,000
Construction Contract	\$450,000
Inspection/Other	\$10,000
Total Project Budget	\$525,000



Rehabilitation of 20-Inch Recycled Water Main to Laguna Heights Reservoir

Project No: TBD

System: Recycled

Fund: 7

Project Location: Serenity Ln. and Knob Hills, Laguna Niguel

Project Description: Rehabilitate approximately 1,800 feet of 20-inch diameter steel pipeline. This transmission main connects the Laguna Heights recycled water reservoir to the recycled water distribution system for the 690 pressure zone. The proposed rehabilitation method will be slip lining.

Project Need: The 20-inch diameter steel pipeline going up to the Laguna Heights Reservoir has required maintenance over the years and is in need of rehabilitation. The 690 pressure zone is currently dependent on the Laguna Heights Reservoir to maintain system pressure as an open zone.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$90,000
CEQA Compliance	Exempt
Construction Contract	\$750,000
Specialty Inspection	\$65,000
Legal/Permits/Other	\$5,000
Total Project Budget	\$910,000



RW Reservoir Drainage Improvements at 3 Sites

Project No: TBD

System: Recycled

Fund: 7

Project Location: Golden Lantern RW Reservoir; Laguna Heights RW Reservoir; Saddleback RW Reservoir

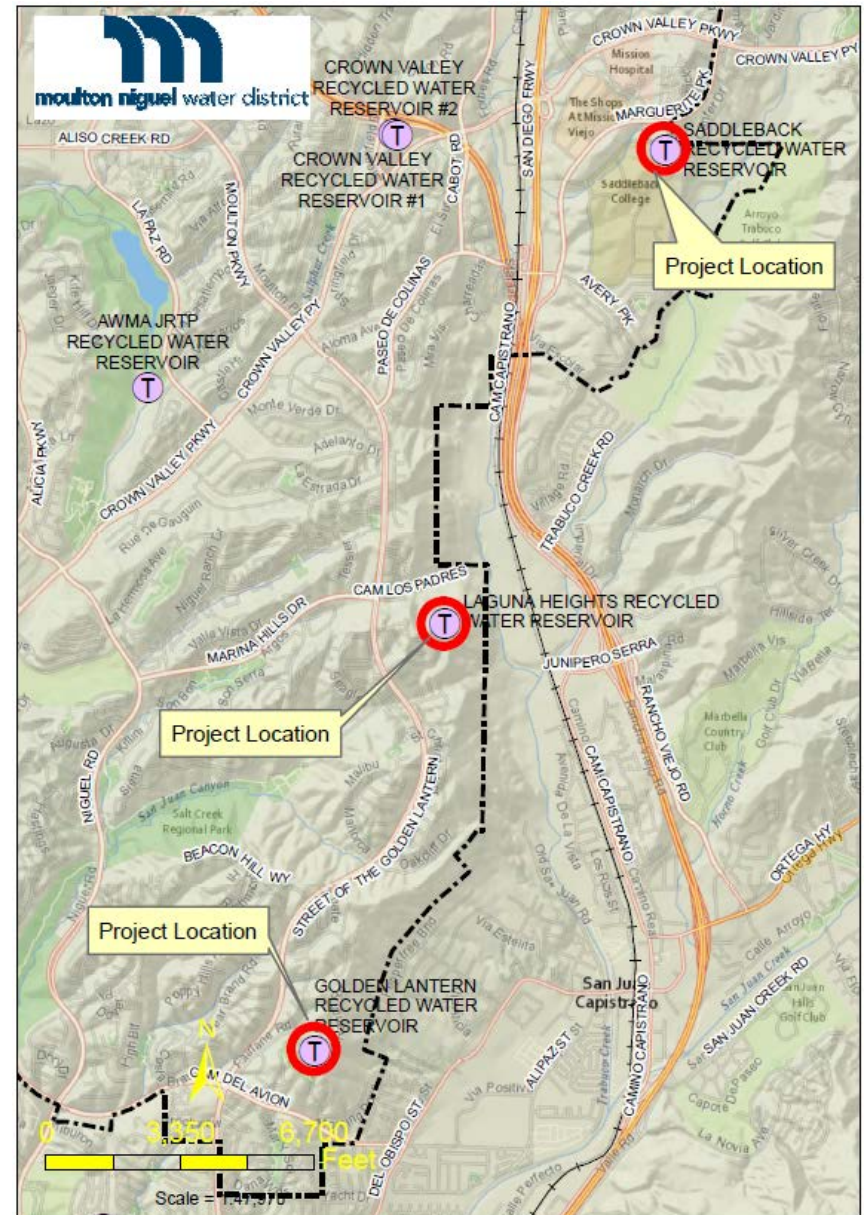
Project Description: Golden Lantern: Construct approximately 500 feet of 8-inch diameter drain pipe to an 8-inch sanitary sewer main on Point Catalina. Laguna Heights: Construct approximately 200 feet of 12-inch diameter drain pipe to a sanitary sewer manhole on Knob Hill Rd. Saddleback: Acquire new easements and construct approximately 550 feet of 6-inch diameter drain pipe to a Santa Margarita Water District sewer manhole on Hillcrest.

Project Need: The drains for the Golden Lantern, Laguna Heights RW and Saddleback RW Reservoirs were originally designed and constructed to be connected to the storm drain systems. Since the time of construction, regulations have changed such that reclaimed water is to be drained to the sanitary sewer system. The drainage improvements will allow for the reclaimed water to be drained to the sewer system to comply with current regulations.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$125,000
CEQA Compliance	Exempt
Construction Contract	\$560,000
Inspection/Other	\$40,000
Total Project Budget	\$725,000



Recycled Water Optimization Study (RWOS) – RW Main Replacement from Cabot Road to Galivan PS

Project No: TBD

System: Recycled

Fund: 6

Project Location: Mission Viejo

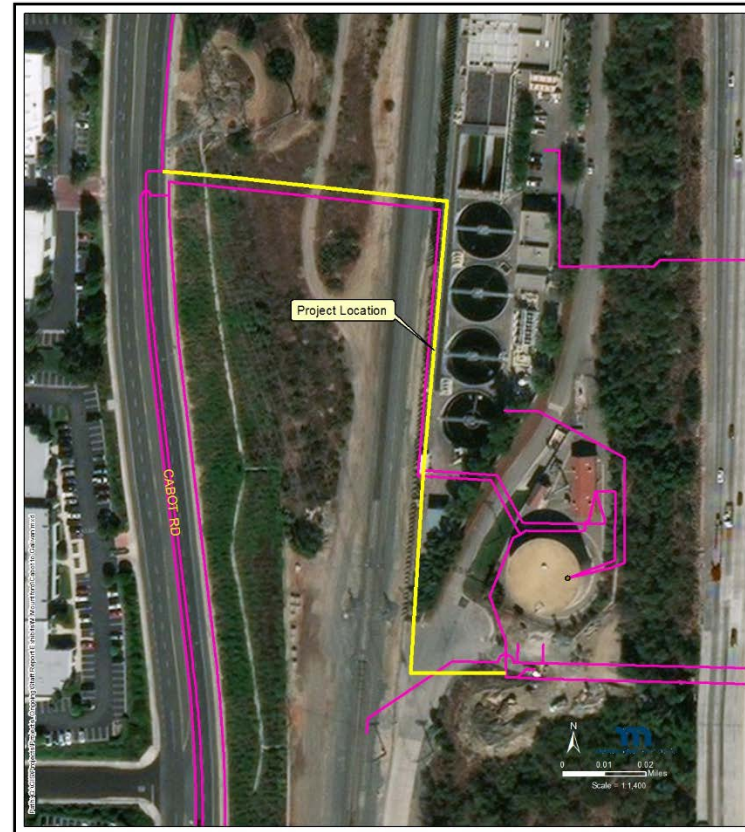
Project Description: Rehabilitate existing abandoned 20-inch diameter force main from Cabot Road to 3A treatment plant. Install approximately 800 feet of new 20-inch diameter RW pipeline.

Project Need: The RWOS identified that the existing 16-inch diameter pipeline is undersized for conveyance of summertime supply from Upper Oso Reservoir. The RWOS identified this project as necessary to support additional system demands of 306 acre-feet-per-year.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$60,000
CEQA Compliance	\$150,000
Construction Contract	\$540,000
CM/Inspection/Permits/Other	\$100,000
Total Project Budget	\$850,000



Recycled Water Optimization Study (RWOS) – RW Main Replacement from Crown Valley Reservoir to Cabot Road

Project No: TBD

System: Recycled

Fund: 6

Project Location: Laguna Niguel

Project Description: Install approximately 2,600 feet of new 20-inch diameter RW pipeline, parallel with the existing 16-inch RW pipeline, from Greenfield to Cabot Road.

Project Need: The existing 16-inch diameter pipeline is undersized for conveyance of summertime supply from Upper Oso Reservoir. The RWOS identified this project as necessary to support additional system demands of 306 acre-feet-per-year.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$250,000
CEQA Compliance	Exempt
Construction Contract	\$1,150,000
CM/Inspection/Permits/Other	\$325,000
Total Project Budget	\$1,725,000



Recycled Water Optimization Study (RWOS) – RW Main Replacement from Galivan PS to La Paz PS

Project No: TBD

System: Recycled

Fund: 7

Project Location: Mission Viejo

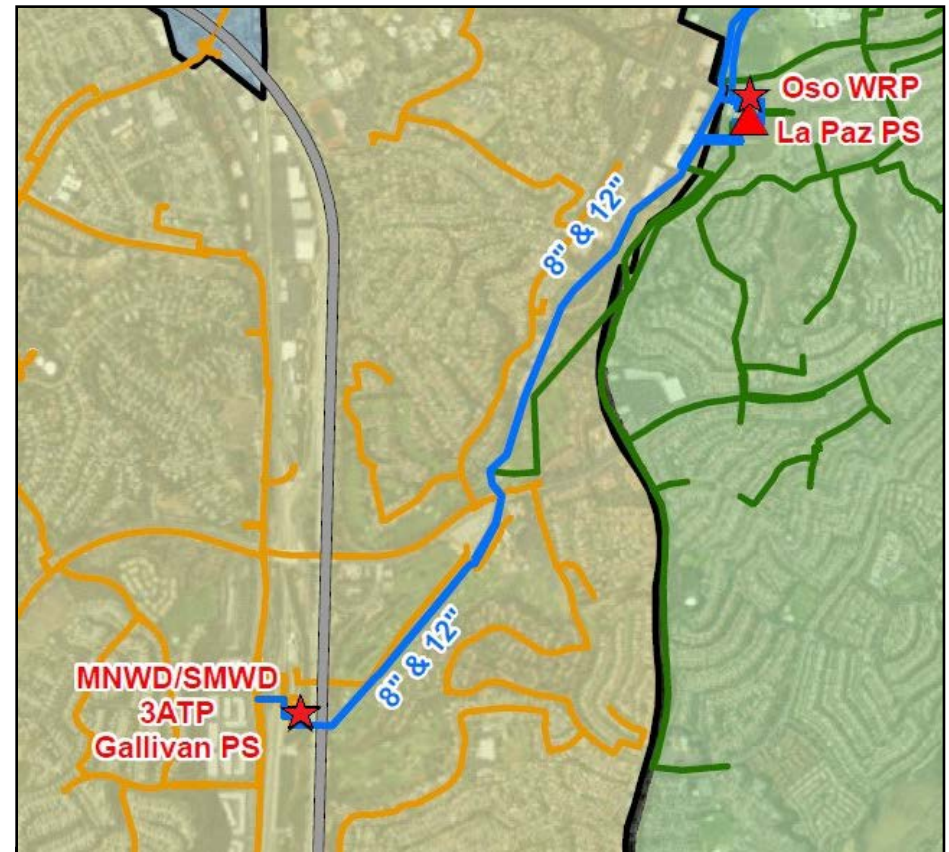
Project Description: The project will replace approximately 11,000 feet of existing 8-inch and 12-inch diameter RW pipelines with a new 24-inch pipeline. This includes pipelines within Santa Margarita Water District's Zone B La Paz Pump Station. Due to the alignment of the pipelines, significant habitat protection and landscape restoration will be required.

Project Need: The existing 8-inch and 12-inch diameter pipelines have experienced repeated interruptions and are undersized for summertime RW system demands. The RWOS identified this project as necessary to support additional system demands of 306 acre-feet-per-year.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$1,500,000
CEQA Compliance	\$500,000
Construction Contract	\$6,500,000
CM/Inspection/Permits/Other	\$1,500,000
Total Project Budget	\$10,000,000



2021-22 Meter Replacement – RW

Project No: TBD
System: Recycled
Fund: 7

Project Location: Various

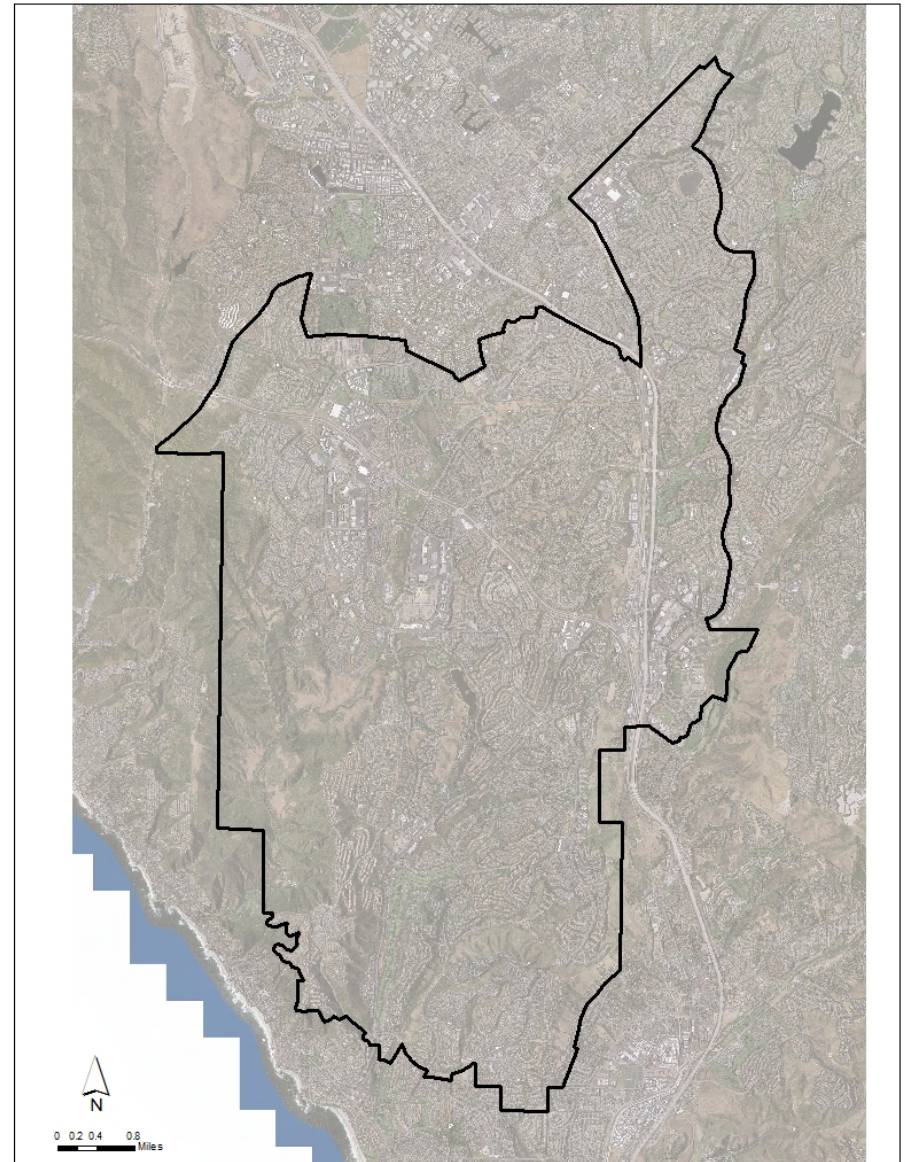
Project Description: Replace existing meters.

Project Need: This annual project will replace meters in the recycled water distribution system as they reach the end of their useful lives.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction by District	\$125,000
Total Project Budget	\$125,000



2021-22 Operations-Led Capital Improvements – RW

Project No: 2021.200

System: Recycled

Fund: 7

Project Location: Various

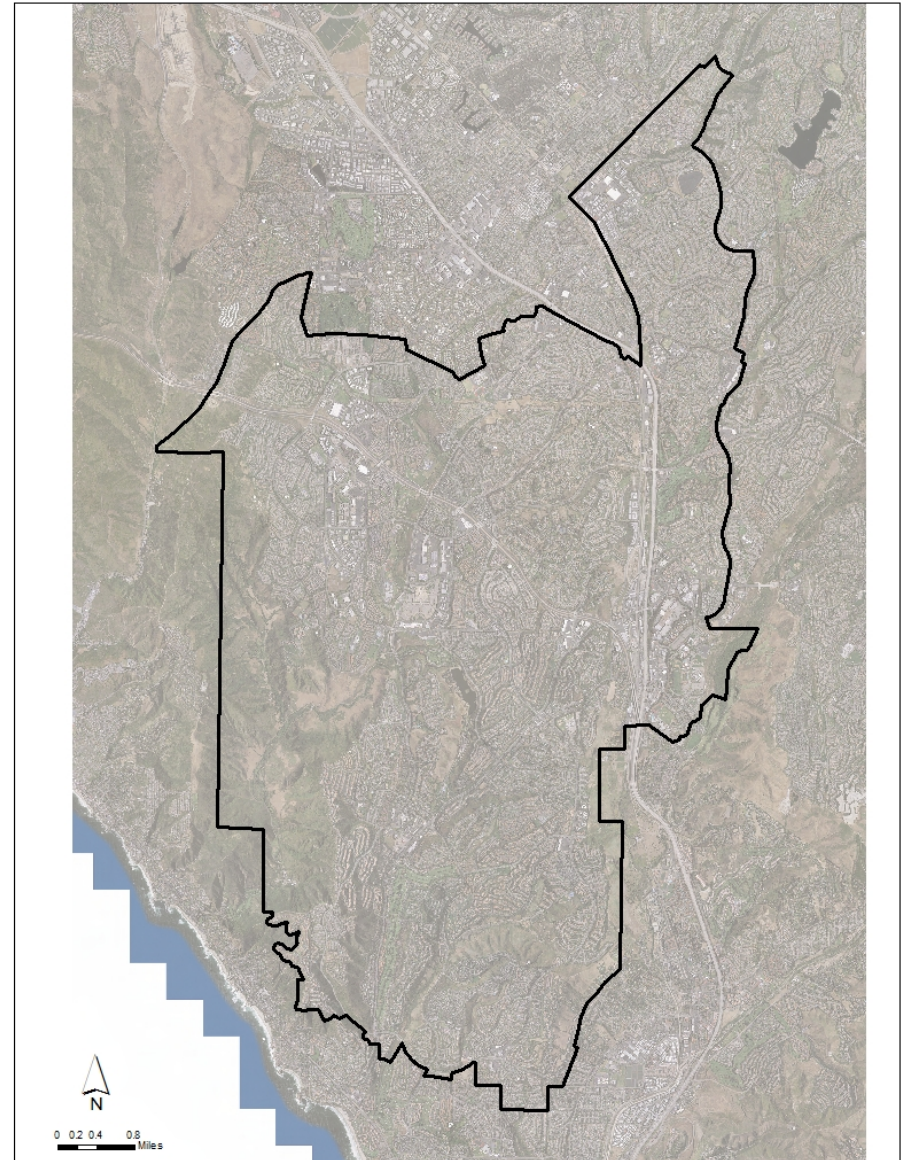
Project Description: This project covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, programmable logic controllers, mechanical systems, and related equipment.

Project Need: Capital equipment and parts needs are identified by District Operations Staff, as existing equipment reaches the end of its useful life.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Purchases and Installation	\$380,000
Total Project Budget	\$380,000



2021-22 Pressure Reducing Station Rehabilitation – RW

Project No: TBD

System: Recycled

Fund: 7

Project Location: Cabot PRS, Laguna Niguel & Calle Corta PRS, Aliso Viejo

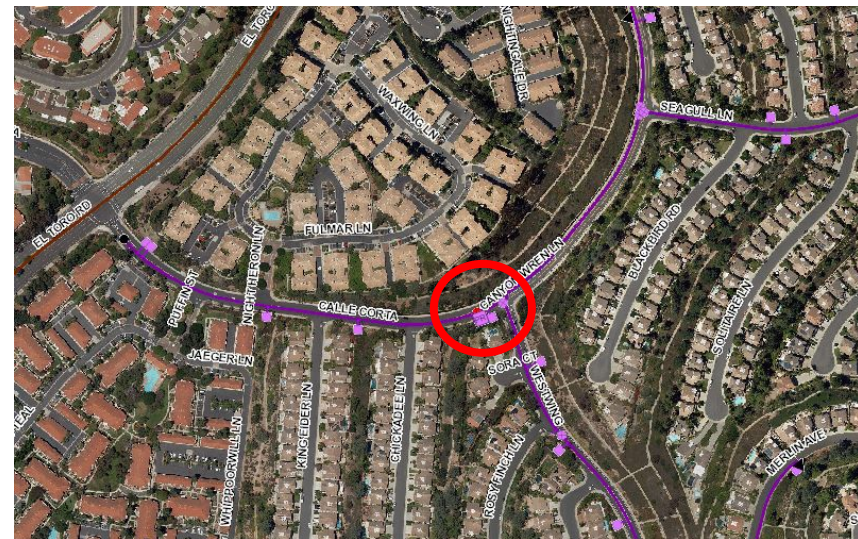
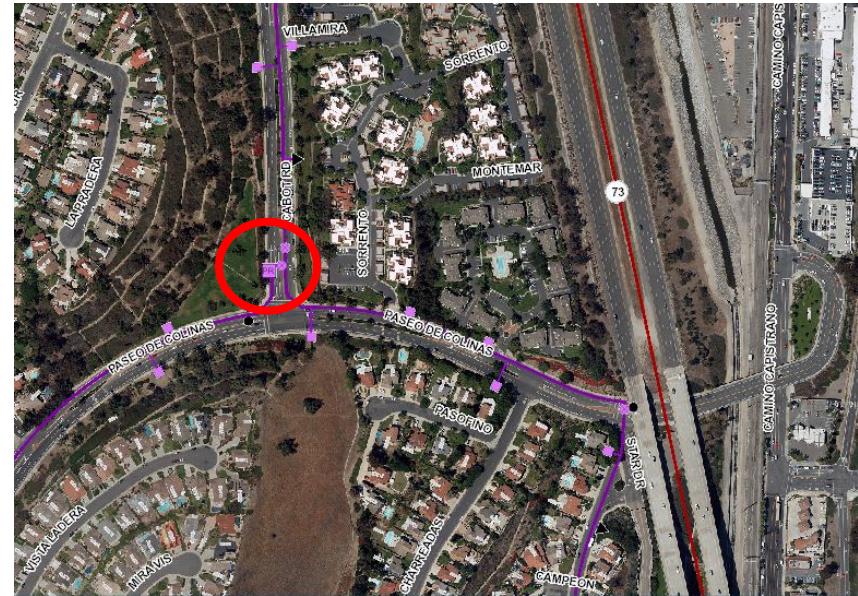
Project Description: Rehabilitate the structure as required and replace the pressure reducing station valves, mechanical equipment and appurtenances that have reached the end of their useful lives.

Project Need: The equipment within the pressure reducing station is reaching its useful life, is requiring increased maintenance, and needs to be replaced. This project occurs on an annual basis as part of the Vertical Asset Rehabilitation and Replacement Program.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$50,000
CEQA Compliance	Exempt
Construction Contract	\$140,000
Legal/Permits/Other	\$10,000
Total Project Budget	\$200,000



2021-22 Recycled Water Retrofits

Project No: TBD

System: Recycled

Fund: 6

Project Location: Various

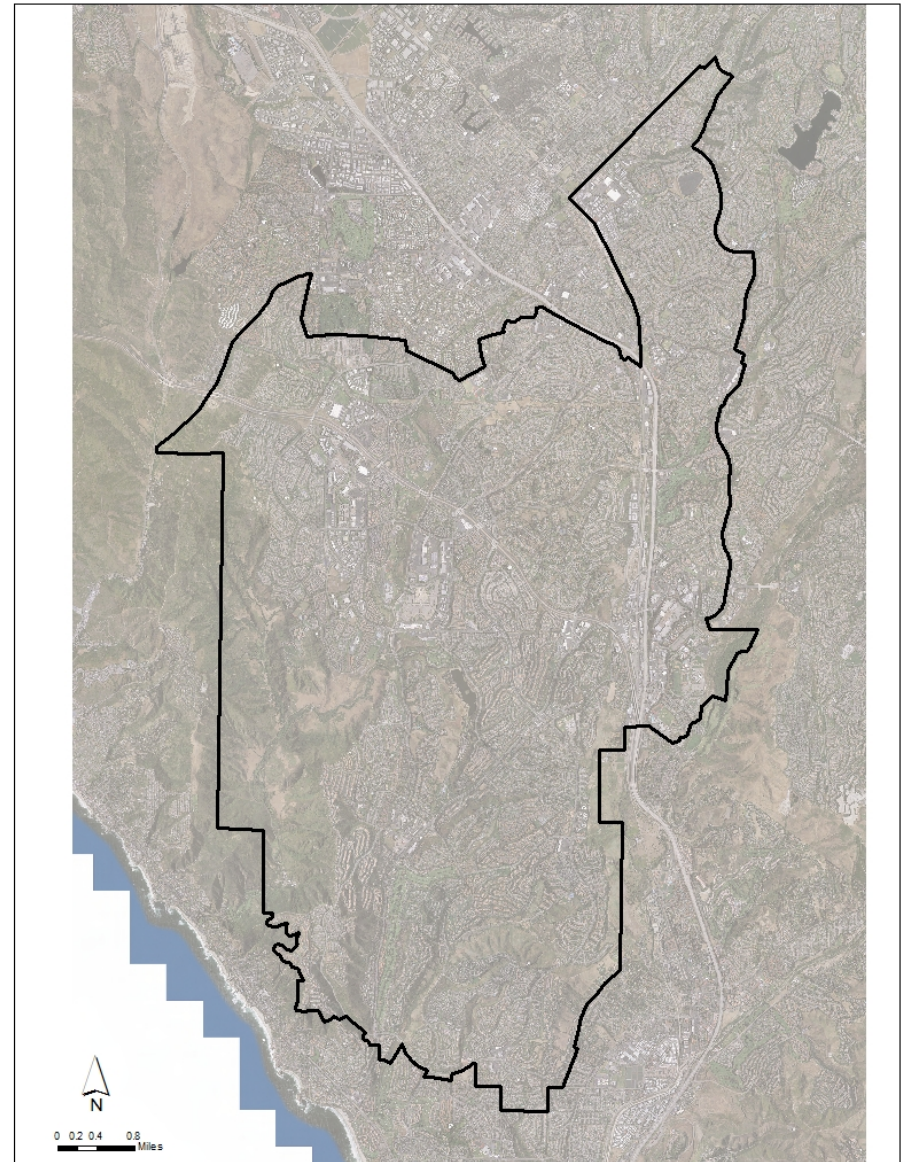
Project Description: Install recycled water service connections and irrigation pumps.

Project Need: The District is continuously evaluating irrigation sites for conversion to recycled water. When a viable site is identified, this project is used to install the recycled water service and abandon the potable service. In addition, on occasion the recycled water service is in a lower pressure zone than the existing potable service. The District installs an irrigation pump to provide the customer with similar service pressure as experienced on the potable system. This project occurs on an annual basis.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$10,000
Total Project Budget	\$10,000



2021-22 Service Line Replacement – RW

Project No: TBD
System: Recycled
Fund: 7

Project Location: Various

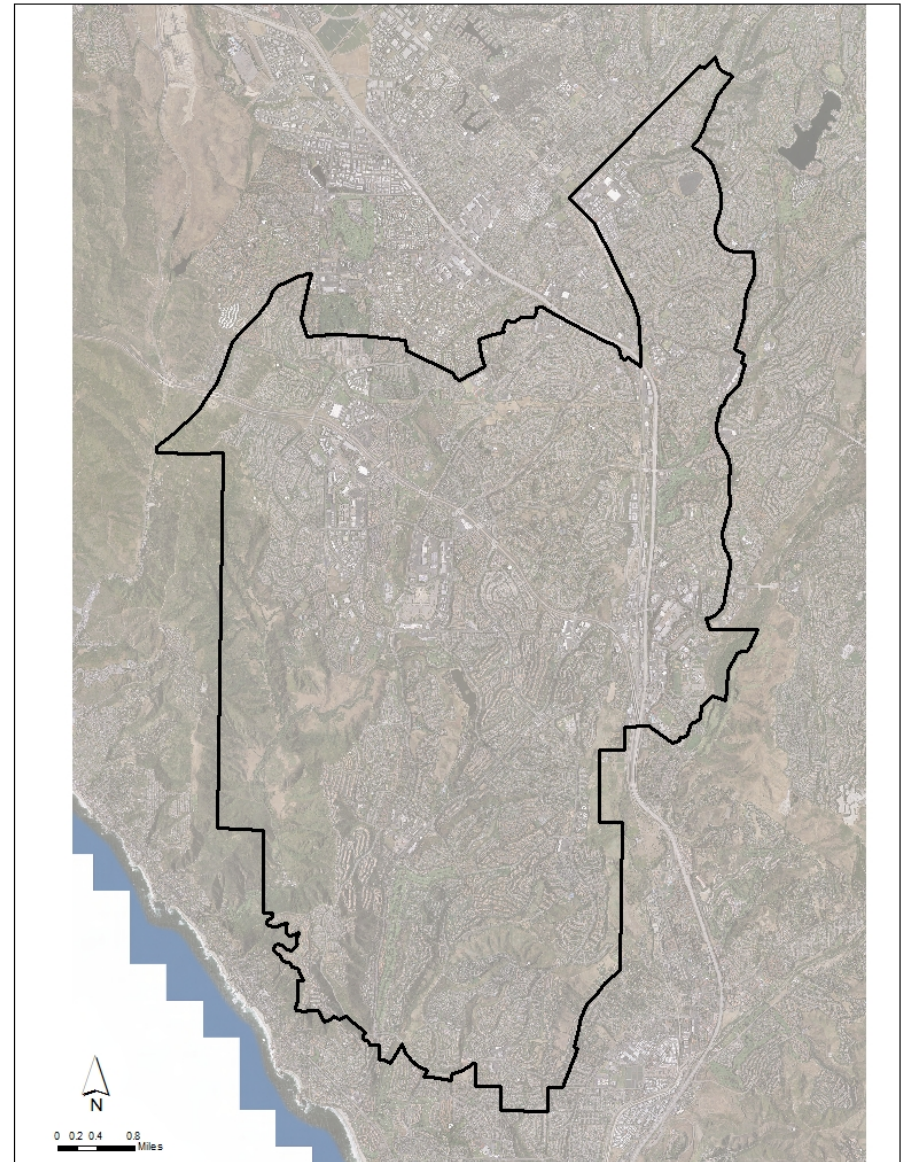
Project Description: Replace existing service lines.

Project Need: This annual project will replace service lines in the recycled water distribution system as they reach the end of their useful lives.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$60,000
Construction by District	\$120,000
Total Project Budget	\$180,000



Alicia Recycled Water Pump Station Suction Valves Replacement

Project No: TBD
System: Recycled
Fund: 7

Project Location: Alicia Recycled Water Pump Station, Laguna Niguel

Project Description: Replace four suction valves.

Project Need: Alicia Recycled Water Pump Station was constructed in May 2000. All four suction valves no longer seat, making it difficult for repairs. Currently, the entire station has to be taken out of service for any maintenance or repair work.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$10,000
CEQA IS/MND	Exempt
Construction Contract	\$85,000
Legal/Permit/Other	\$5,000
Total Project Budget	\$100,000



Upper Salada Lift Station Auxiliary Generator Replacement

Project No: 2012.024

System: Wastewater

Fund: 7

Project Location: Upper Salada Lift Station, Laguna Niguel

Project Description: Replace the existing natural gas generator with an AQMD compliant auxiliary standby diesel generator, including site improvements to accommodate fire code requirements. Site improvements to include CMU retaining walls, paving, drainage, and fencing replacements.

Project Need: The existing generator is fueled by natural gas. The natural gas source is piped to the site from an SDG&E pipeline. In case of gas supply interruptions or natural disasters an on-site fuel supply is needed for this critical facility. An auxiliary standby diesel generator with a fuel tank will achieve this requirement. Due to current site constraints, the project requires property acquisition (already received and recorded) and ancillary site improvements.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$225,000
CEQA Compliance	Exempt
Geotechnical	\$10,000
Construction Contract	\$956,318
Specialty Inspection	\$50,000
Inspection/Other	\$25,000
Total Project Budget	\$1,266,318



Aliso Creek Lift Station Auxiliary Generator Replacement

Project No: 2017.007

System: Wastewater

Fund: 7

Project Location: Aliso Creek Lift Station, Aliso Viejo

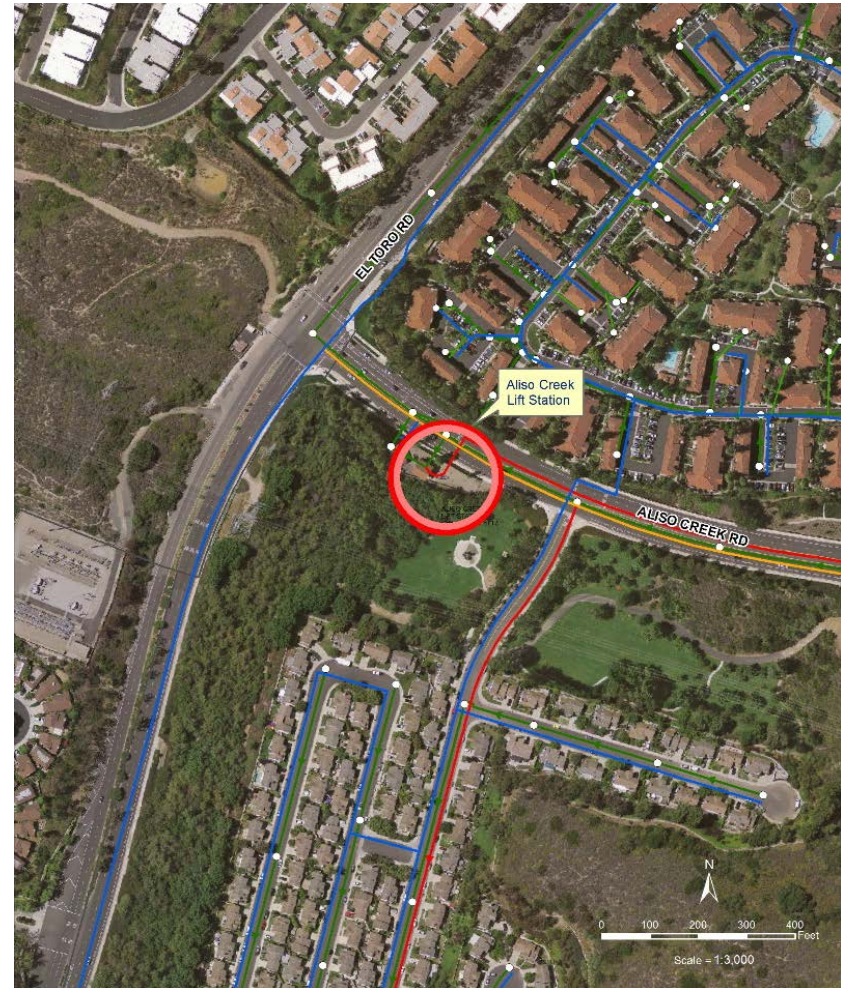
Project Description: Remove and replace the existing 1990 Cummins Propane 250 KW backup generator with a new auxiliary diesel generator.

Project Need: Replacement of the existing generator is based on age and difficulty finding off the shelf replacement parts.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$87,500
CEQA Compliance	Exempt
Construction Contract	\$659,560
Specialty Inspection	\$25,000
Legal/Permits/Other	\$25,000
Total Project Budget	\$797,060



Regional Lift Station Enhancements

Project No: 2017.022

System: Wastewater

Fund: 14

Project Location: Regional Lift Station, Laguna Niguel

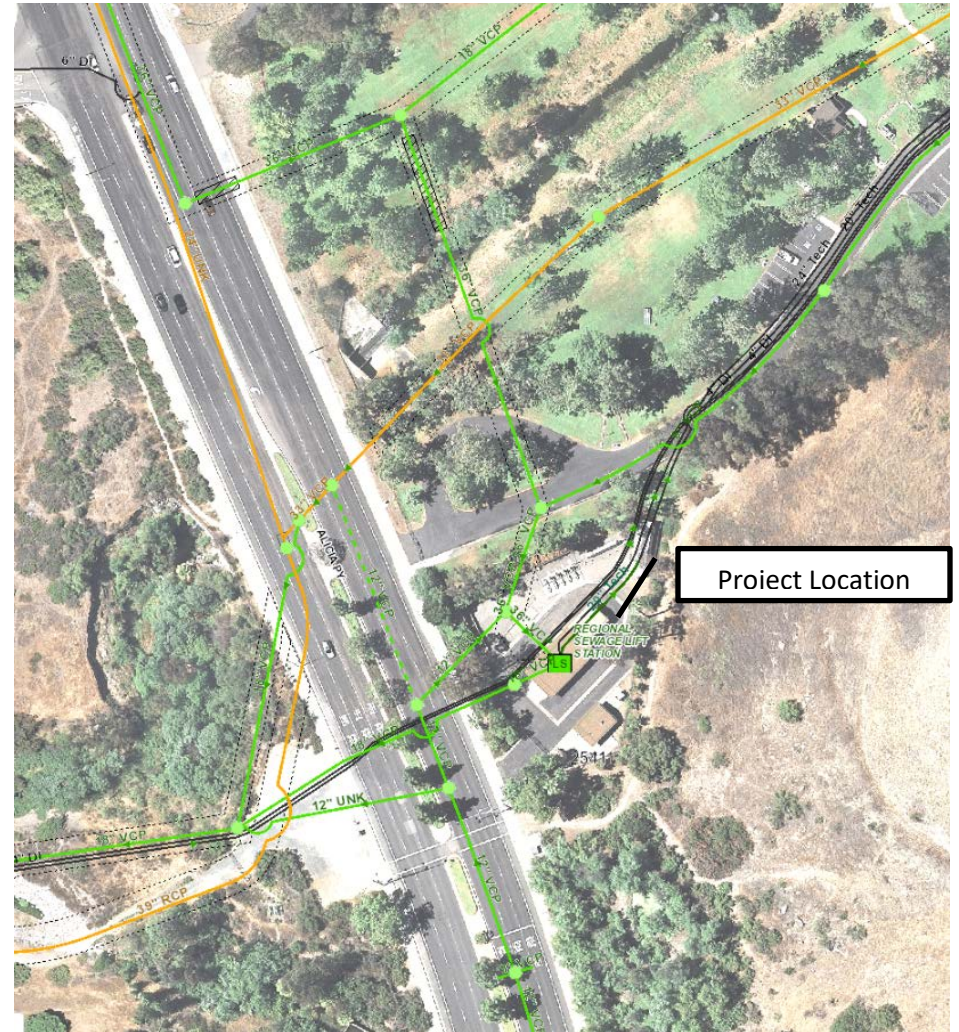
Project Description: Construct new suction and discharge piping for a new permanently installed diesel powered bypass pumping system. Suction pipe will be connected to existing wet well. Discharge will connect to existing force mains in valve vault. Construct new overflow structure. Rehabilitate existing wet well. Bypass pumping will be required during wet well rehab. Replace existing pump #5 with smaller pump to be used during low flow periods.

Project Need: A redundant, diesel powered bypass system is required for this critical facility in the event of an electrical system outage. Due to decreased sewage flows, existing pumps are too large to effectively pump during low flow periods.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$288,860
CEQA Compliance	Exempt
Construction Contract	\$4,439,101
CM and Inspection	\$541,625
Legal/Permits/Other	\$20,000
Total Project Budget	\$5,289,586



Southwing Lift Station Auxiliary Generator Replacement

Project No: 2018.023

System: Wastewater

Fund: 7

Project Location: Southwing Lift Station, Aliso Viejo

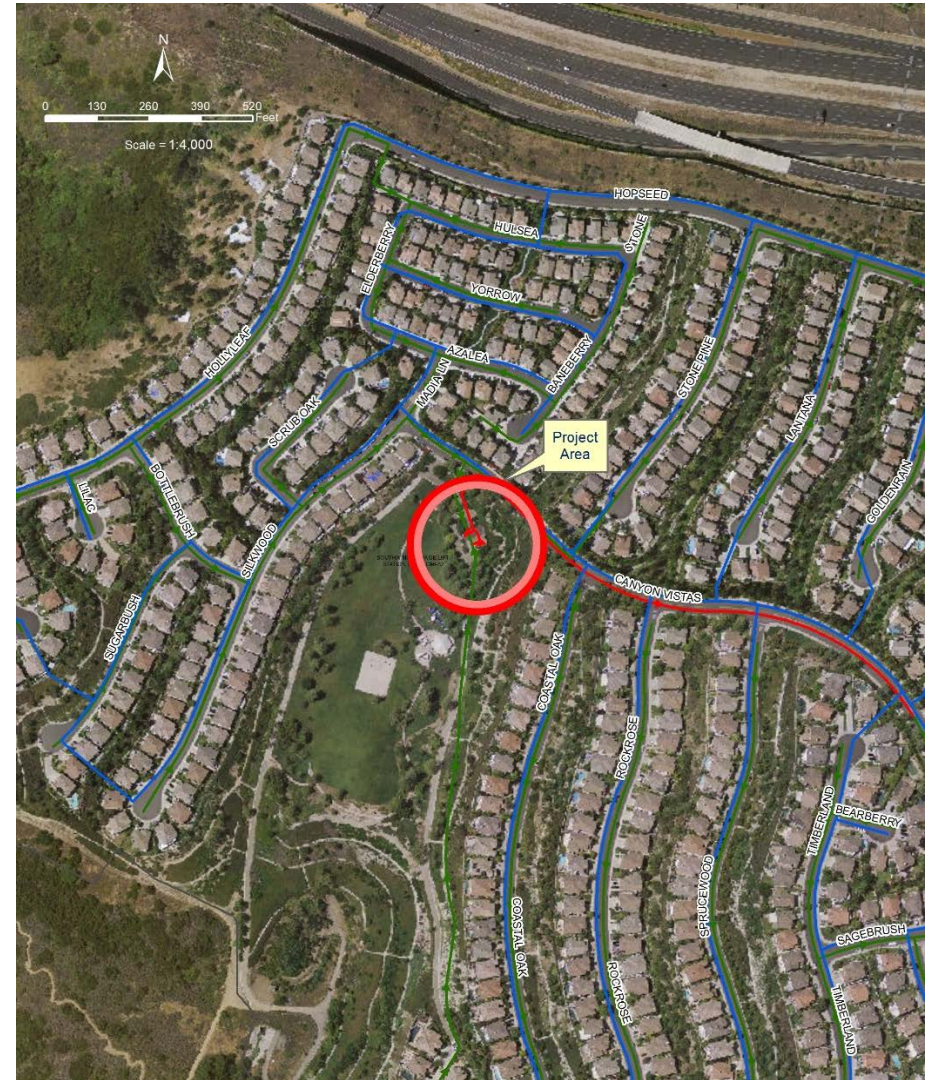
Project Description: Remove and replace the existing 1994 Cummins Propane 170 KW backup generator with a new auxiliary diesel generator.

Project Need: Replacement of the existing generator is based on age and difficulty finding off the shelf replacement parts.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$87,500
CEQA Compliance	Exempt
Construction Contract	\$705,540
Specialty Inspection	\$25,000
Inspection/Other	\$25,000
Total Project Budget	\$843,040



Regional Treatment Plant Southerly Influent Sewer Improvements

Project No: 2018.027

System: Wastewater

Fund: 7

Project Location: Regional Treatment Plant, Laguna Niguel

Project Description: Remove and replace the existing diversion structure, adjacent manholes, and conflicting sewer lines that are part of the two paralleling sewer inlet pipelines to the treatment plant, to allow for better operations & maintenance of the pipelines. Rehabilitate the on-site reinforced concrete pipes just upstream of the headworks. Sewer bypass pumping and methane line relocation will be required.

Project Need: The existing configuration of the diversion structure and adjacent manholes promotes sewer debris buildup inside the pipelines and requires more maintenance. The on-site reinforced concrete pipes are severely corroded and need to be rehabilitated.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$203,390
CEQA Compliance	Exempt
Construction Contract	\$1,505,724
Inspection	\$20,000
Legal/Other	\$35,000
Total Project Budget	\$1,764,114



Regional Lift Station Force Main Replacement

Project No: 2013.004

System: Wastewater

Fund: 7

Project Location: Laguna Niguel Regional Park, Laguna Niguel

Project Description: The project will abandon the existing 20-inch diameter Techite force main and construct new double-barrel 24-inch diameter PVC force mains. The approximate length of new force mains is 8,500 feet each. The project will also rehabilitate and repurpose the existing 24-inch diameter force mains as a supplemental effluent transmission main for the Regional Treatment Plant, including connection to the existing ETM at Alicia Pkwy. Extensive environmental permitting will be required.

Project Need: The existing force mains are deteriorated beyond repair and need to be reconstructed.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$1,075,000
Construction Contract	\$14,700,000
CM, Inspection, & CEQA Compliance	\$2,325,000
Legal/Permits/Other	\$200,000
Total Project Budget	\$18,300,000



Lower Salada Lift Station Force Main Replacement

Project No: 2013.005

System: Wastewater

Fund: 7

Project Location: Crown Valley Parkway, Laguna Niguel

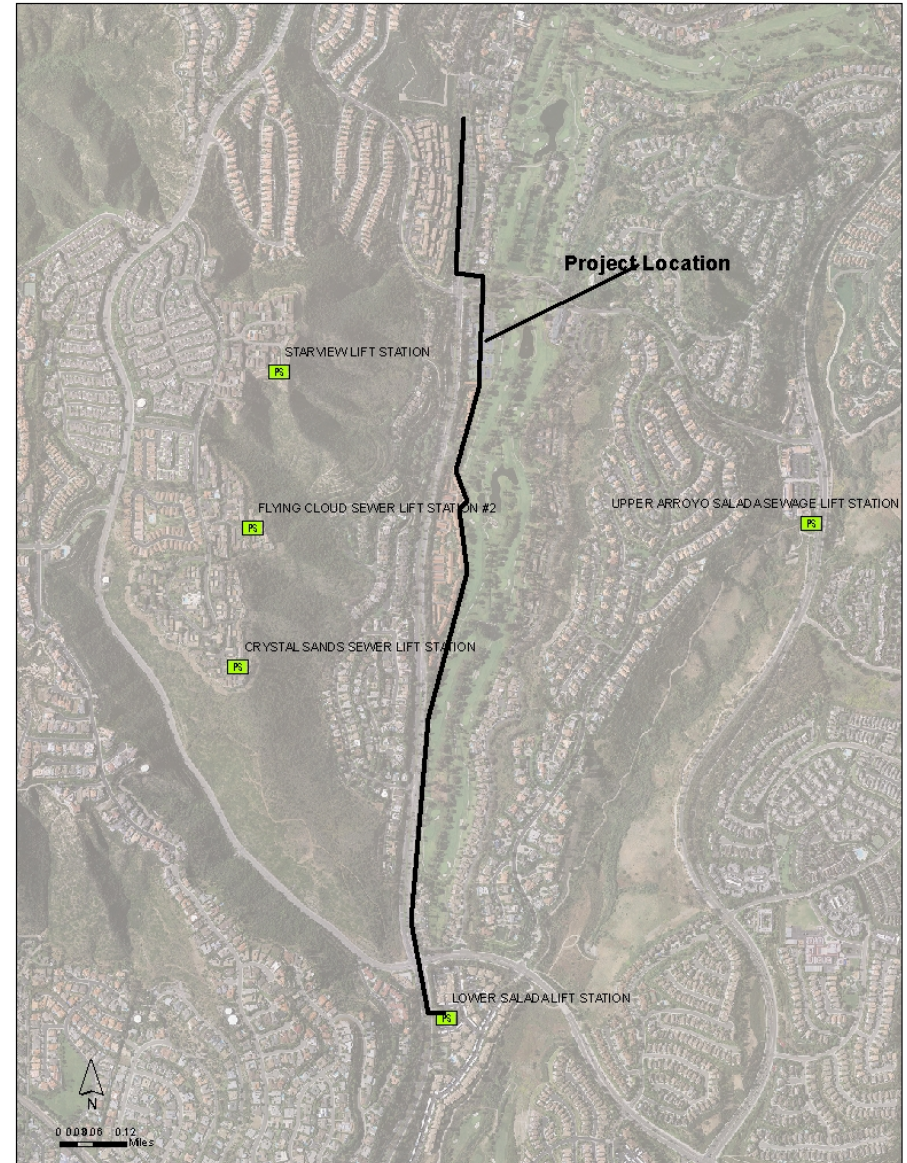
Project Description: Abandon the existing 12-inch diameter asbestos cement force main and construct a new force main in Crown Valley Parkway. Approximate length of new force main is 9,300 feet.

Project Need: The existing force main is beyond its useful life and needs to be reconstructed.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Preliminary Design	\$40,000
Design	\$320,000
CEQA Compliance	\$50,000
Construction Contract	\$7,500,000
Inspection/Other	\$500,000
Total Project Budget	\$8,410,000



Camino Capistrano Lift Station and Force Main

Project No: 2018.026

System: Wastewater

Fund: 14

Project Location: Camino Capistrano Lift Station, Laguna Niguel

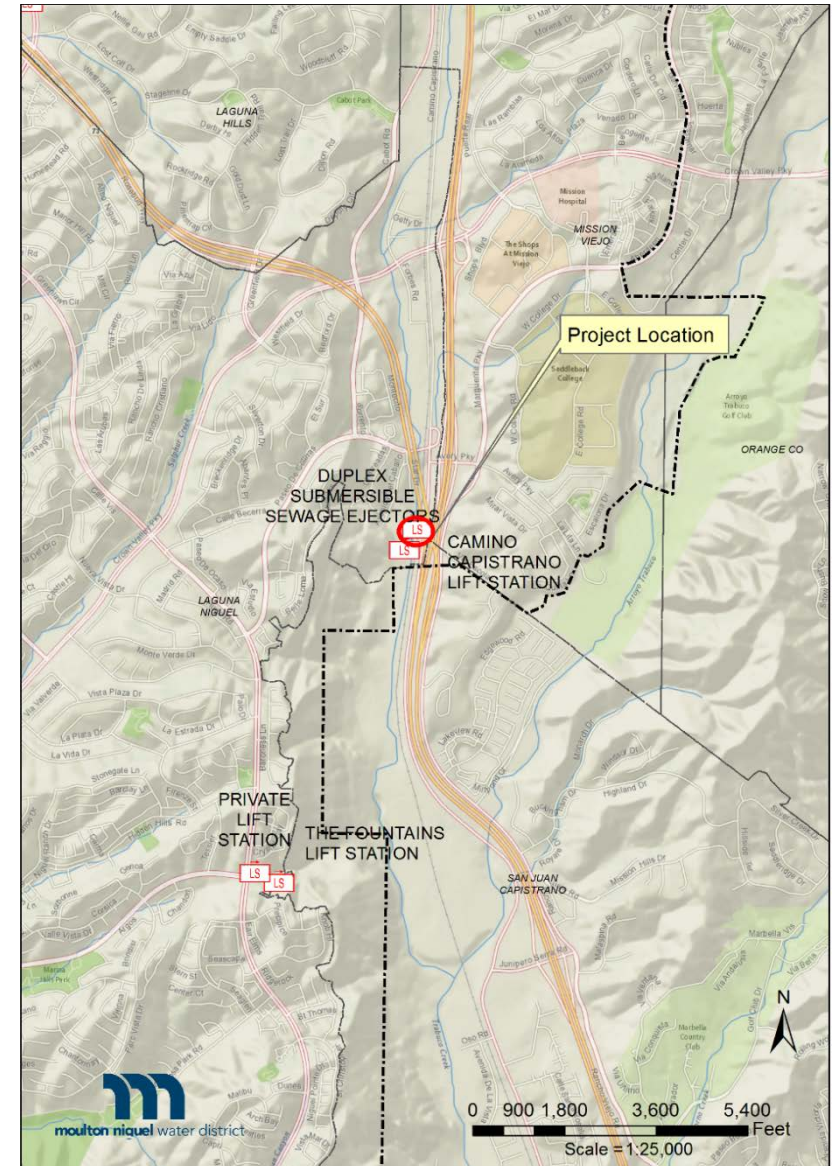
Project Description: Construct a new Camino Capistrano Lift Station to divert wastewater from the Oso Trabuco trunk sewer to Plant 3A for treatment and re-use as recycled water. Construct influent siphon below Oso Creek, between the Oso Trabuco Trunk Sewer and the Camino Capistrano Lift Station. Construct a 12-inch diameter force main from Camino Capistrano Lift Station to Plant 3A. Construct a new lift station with new pumps, mechanical and electrical equipment. Construct an approximately 0.5 MG equalization basin to accommodate diurnal flows. Property acquisition is anticipated.

Project Need: Diversion of approximately 1.0 MGD of wastewater to Plant 3A in order to maximize wastewater treatment efficiency and recycled water production.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Initial Study & Property Acquisition Support	\$100,000
Property Acquisition	\$1,000,000
Design	\$1,500,000
CEQA Compliance	\$150,000
Construction Contract	\$10,500,000
CM and Special Inspection	\$1,650,000
Inspection/Utility Fees/Other	\$100,000
Total Project Budget	\$15,000,000



Upper Salada Lift Station Bypass Improvements

Project No: 2018.028

System: Wastewater

Fund: 7

Project Location: Upper Salada Lift Station, Laguna Niguel

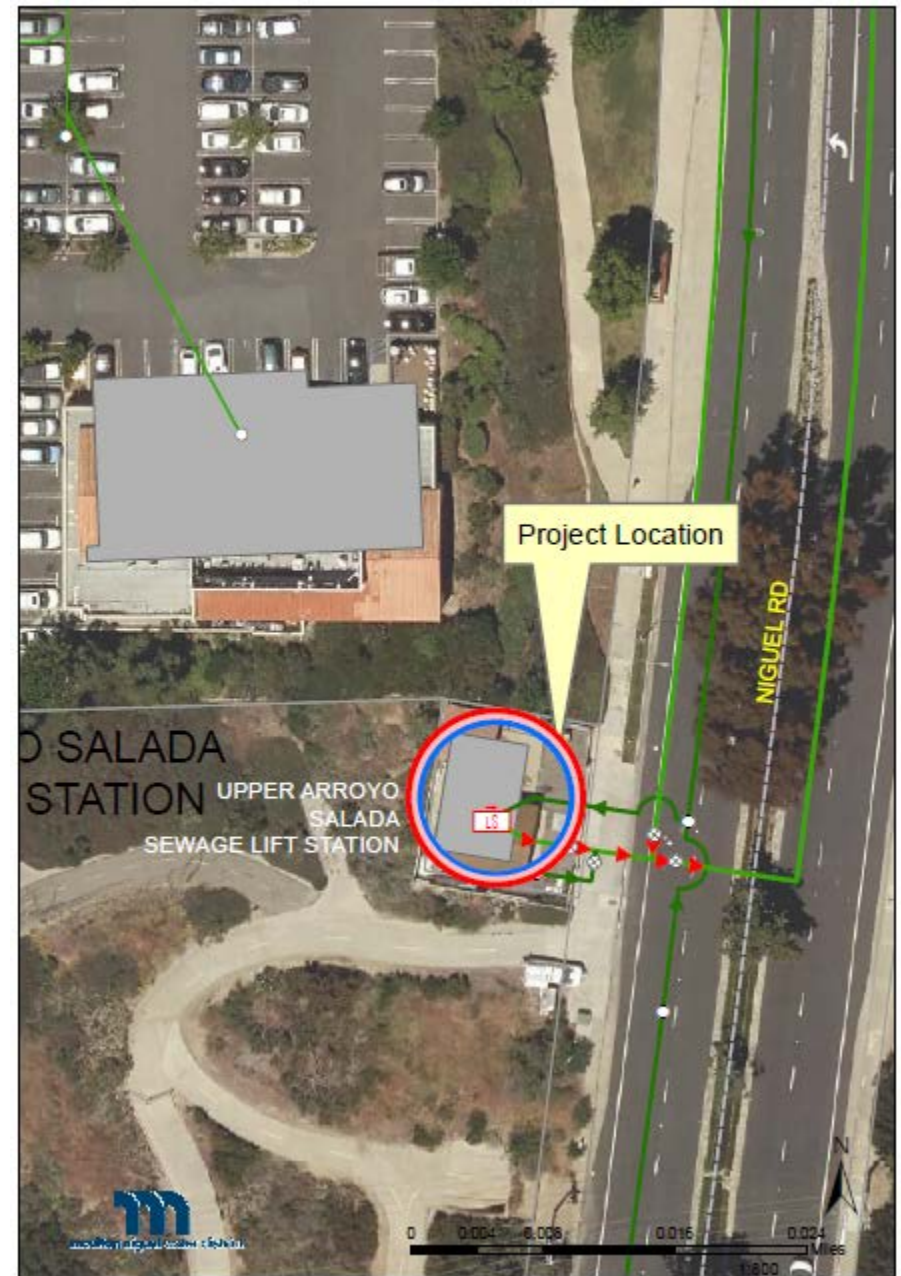
Project Description: Replace and reconfigure the existing flow meter and bypass connections for the sewer force main at the Upper Salada Lift Station, including a new flow meter, valves, and an independent connection to each of the two force main pipes within Niguel Road.

Project Need: The valves on the existing bypass connection are not functioning properly, causing emergency repairs to be completed. Additionally, the existing bypass connection to the western force main is within the slow lane of the southbound side of Niguel Road, which is a safety concern. Improvements would relocate both bypass connections to be within the Upper Salada Lift Station site.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$75,000
CEQA Compliance	Exempt
Construction Contract	\$200,000
Inspection/Other	\$25,000
Total Project Budget	\$300,000



North Aliso Lift Station Reconstruction

Project No: 2019.007

System: Wastewater

Fund: 7

Project Location: North Aliso Lift Station, Mission Viejo

Project Description: Demolish and reconstruct the entire North Aliso Lift Station with a new adequately sized wet well and overflow basin, new pump room configured to District standards for lift station facilities, enclosed electrical room, and other related facility improvements. A third pump is also necessary to conform to District standards.

This project will require an extensive bypass pumping system and long term temporary construction easement.

Project Need: The North Aliso Lift Station was constructed in 1991. Although periodic improvements have been made, the equipment is obsolete, requires increased maintenance, and needs replacement. The wet well is undersized, and lacks operating depth, requiring that a new wet well and overflow basin be constructed.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Preliminary Design	\$50,000
Design	\$450,000
CEQA Compliance	Exempt
Construction Contract	\$4,000,000
CM and Specialty Inspection	\$450,000
Inspection/Other	\$50,000
Total Project Budget	\$5,000,000



2021-22 Pipeline Rehabilitation and Replacement – WW

Project No: 2020.009

System: Wastewater

Fund: 7

Project Location: Casalero Drive, Abanita Way, Campana Way, Tamora Drive, Camerona Road, Montalvo Road, Tolana Drive, Andara Road, Monteago Road, Dominita Road, Mantanza Drive, Latigo Drive, Arbella Road, Street of the Golden Lantern north of Paseo Escuela, and Crown Valley Parkway south of La Paz Road in the City of Laguna Niguel.

Street of the Golden Lantern at Jeremiah Drive in the City of Dana Point.

Via Piedra Roja, Pariso Drive cul-de-sac, Montanoso Drive easement, Oso Parkway crossing, Salinas Lane, and Via Del Sol in the City of Mission Viejo.

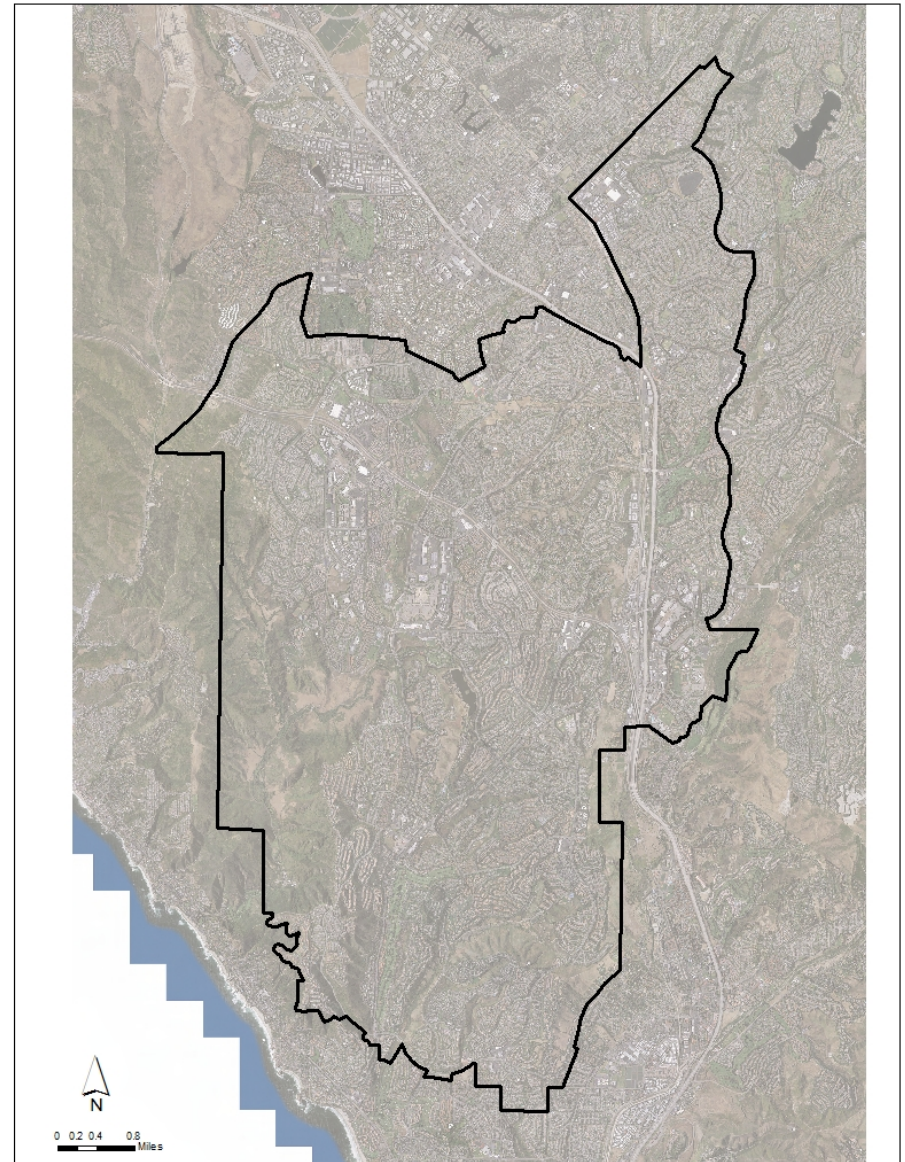
Project Description: Perform heavy root and calcium encrustation removal, clean and install approximately 11,200 feet of cured-in-place pipe (CIPP) liner.

Project Need: The integrity of the collection system is being compromised by root infiltration, calcium encrustation, and pipeline cracking. Lining the sewer system will extend the useful life without having to replace the entire system.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$200,000
CEQA Compliance	Exempt
Construction Contract	\$1,200,000
Inspection/Other	\$100,000
Total Project Budget	\$1,500,000



Manhole Rehabilitation Program

Project No: Annual Program

System: Wastewater

Fund: 7

Project Location: Various

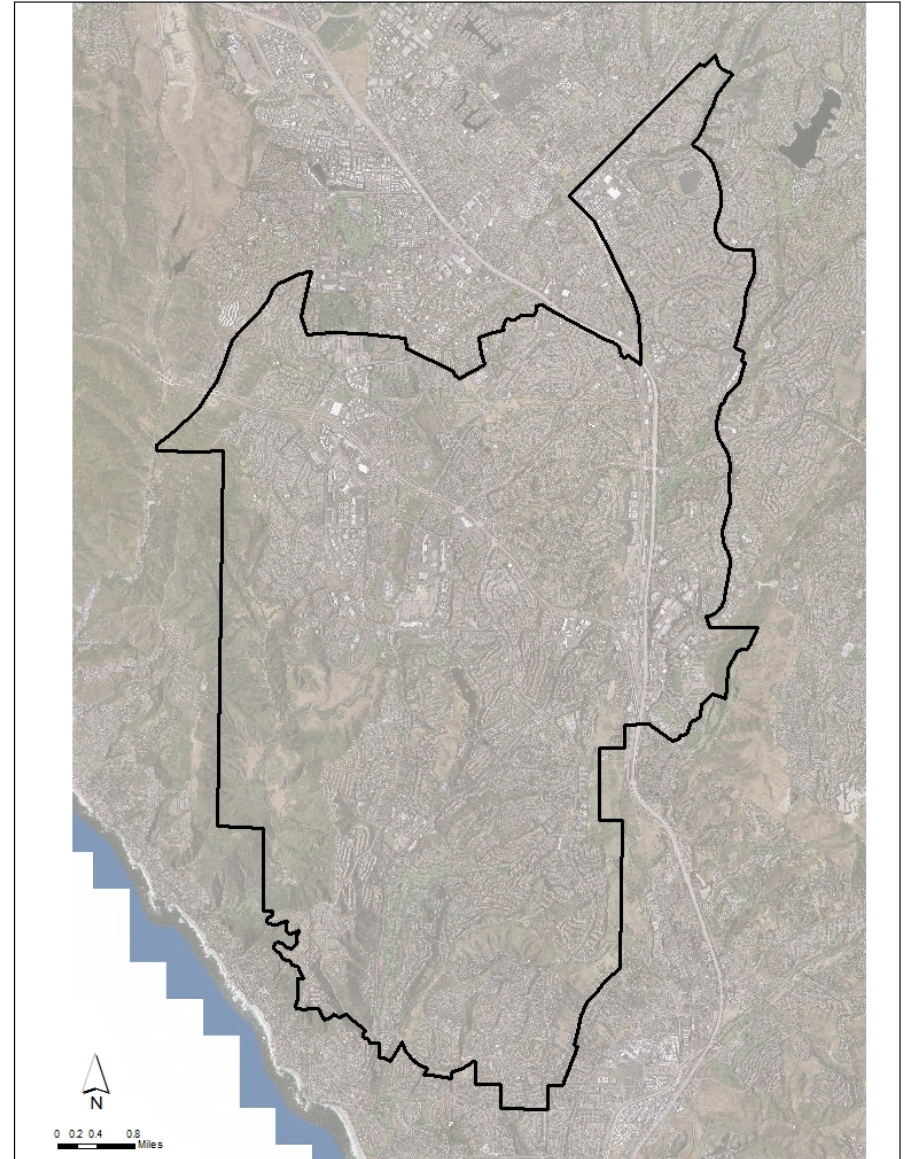
Project Description: Rehabilitate existing sewer manholes.

Project Need: District staff inspects the sewer system continuously. As damaged facilities are identified, they are rehabilitated. Rehabilitation methods vary depending on damage but could include manhole lining, mortar replacement, or sealing.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$3,150,000
Total Project Budget	\$3,150,000



Operations-Led Capital Improvements – WW

Project No: Annual Program

System: Wastewater

Fund: 7

Project Location: Various

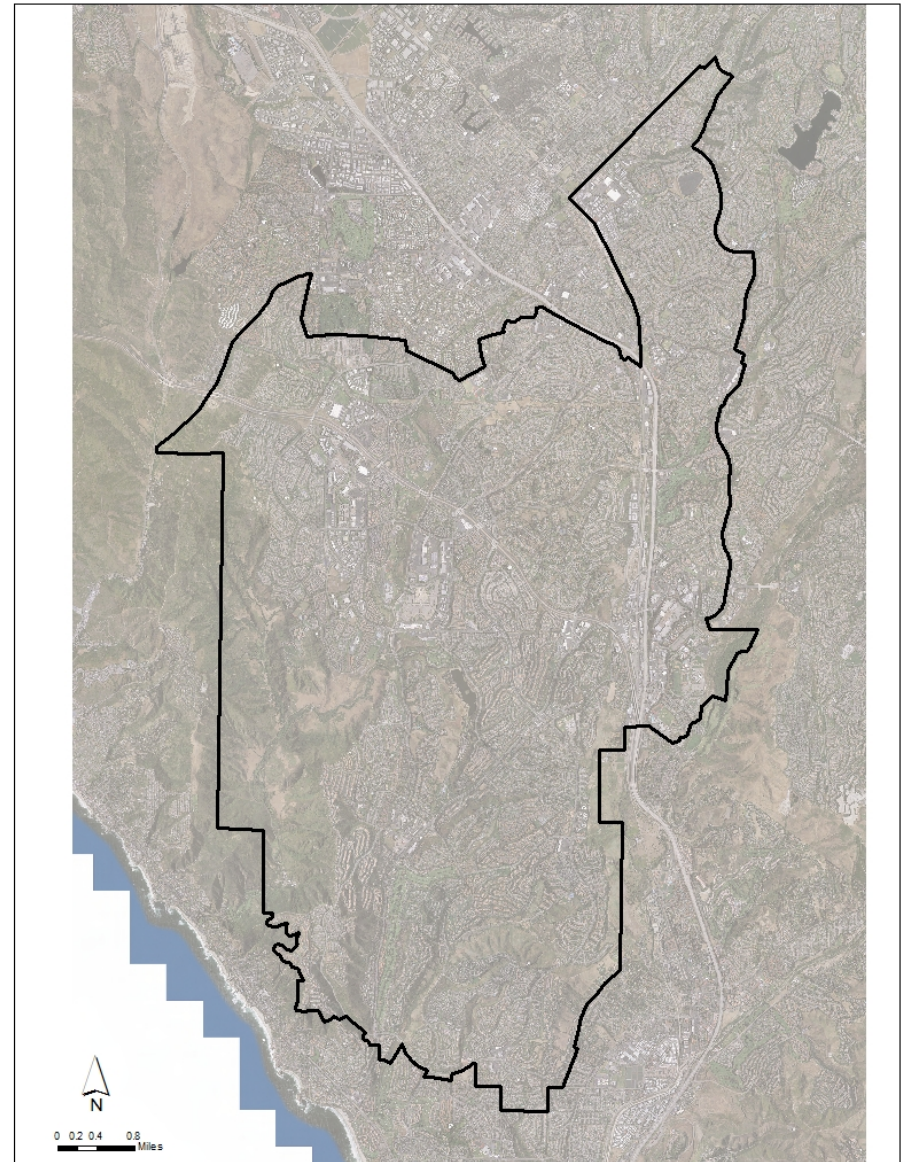
Project Description: This program covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, programmable logic controllers, mechanical systems, and related equipment.

Project Need: Capital equipment and parts needs are identified by District Operations Staff, as existing equipment reaches the end of its useful life.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Purchases and Installation	\$3,600,000
Total Project Budget	\$3,600,000



Pipeline Rehabilitation and Replacement Program – WW

Project No: Annual Program

System: Wastewater

Fund: 7

Project Location: Various

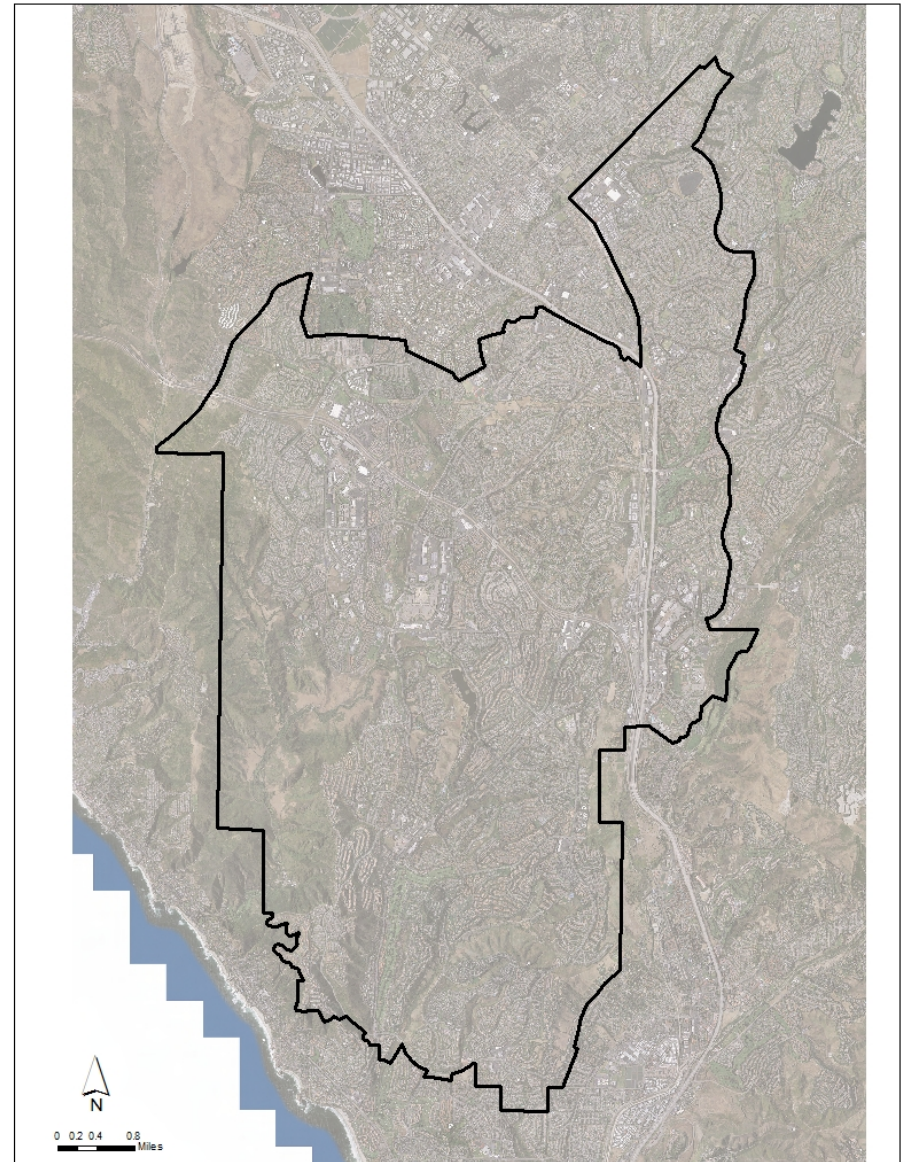
Project Description: Rehabilitate or replace pipelines that have reached the end of their useful lives. An analysis was performed using information contained in the District's Geographic Information System (GIS) to prioritize wastewater pipelines for rehabilitation and replacement.

Project Need: The District has approximately 490 miles of sewer pipelines in the system. These pipelines are used to collect wastewater from customers throughout the District's service area. The pipelines range in diameter from 4-inch to 48-inch and are made of various materials including vitrified-clay, PVC, asbestos-cement, ductile iron, steel, and concrete.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
Design	\$1,300,000
CEQA Compliance	Exempt
Construction Contract	\$10,500,000
Inspection/Other	\$700,000
Total Project Budget	\$12,500,000



Vertical Assets Rehabilitation and Replacement Program – WW

Project No: Annual Program

System: Wastewater

Fund: 7

Project Location: Various

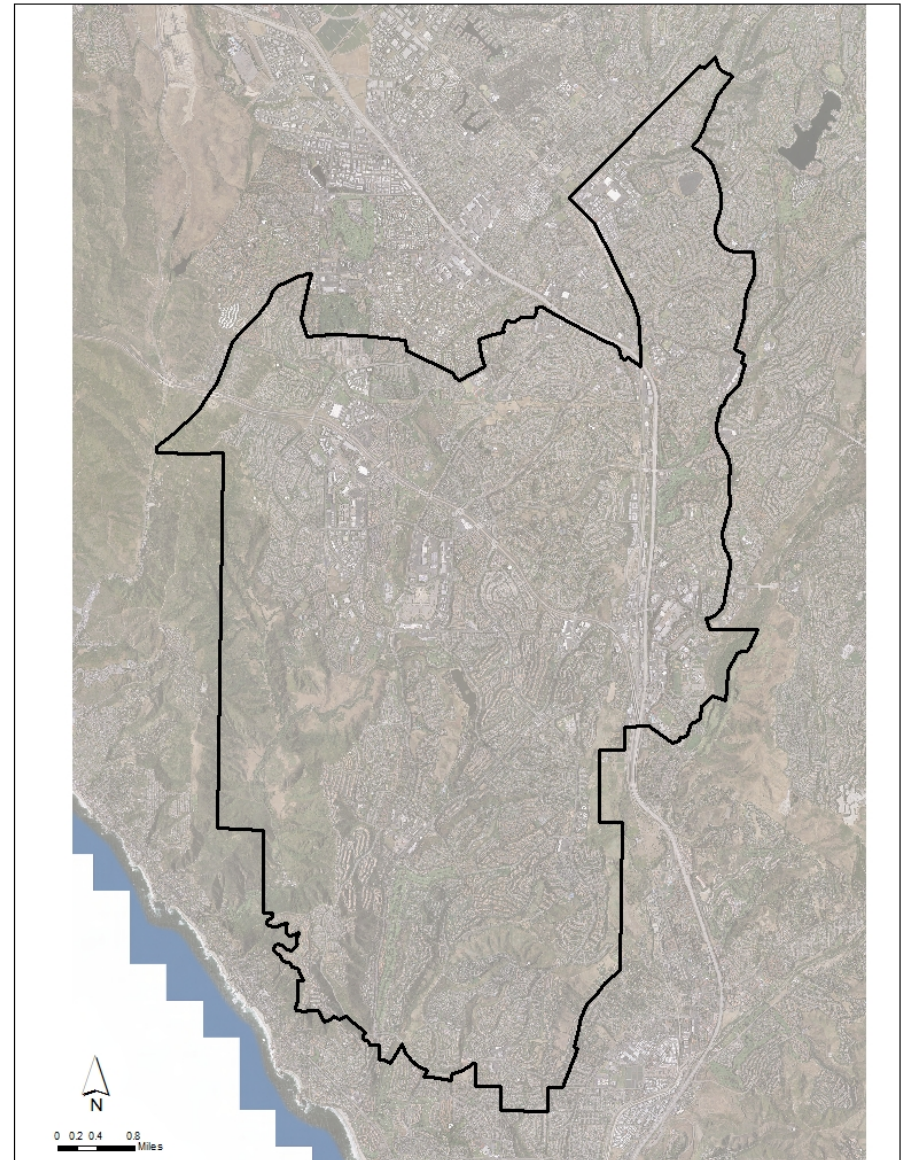
Project Description: Rehabilitate or replace structures and equipment at lift stations that have reached the end of their useful lives. An analysis was performed by staff to prioritize the methodical rehabilitation or replacement of vertical assets within the wastewater system.

Project Need: The District has 18 active sewage lift stations in the wastewater system. These vertical assets are used to convey wastewater from the collections system of District's service area to various wastewater treatment plants. As the facilities reach the end of their useful lives, the equipment there becomes obsolete, does not function efficiently, and requires increased maintenance.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
Design	\$5,600,000
CEQA Compliance	Exempt
Construction Contract	\$22,600,000
Inspection/Other	\$3,600,000
Total Project Budget	\$31,800,000



3A Outfall Line Valves

Project No: 2011.043

System: Wastewater

Fund: 14

Project Location: Along Camino Capistrano and outlying areas by Oso Creek, San Juan Capistrano

Project Description: Install isolation valves on the 3A outfall line.

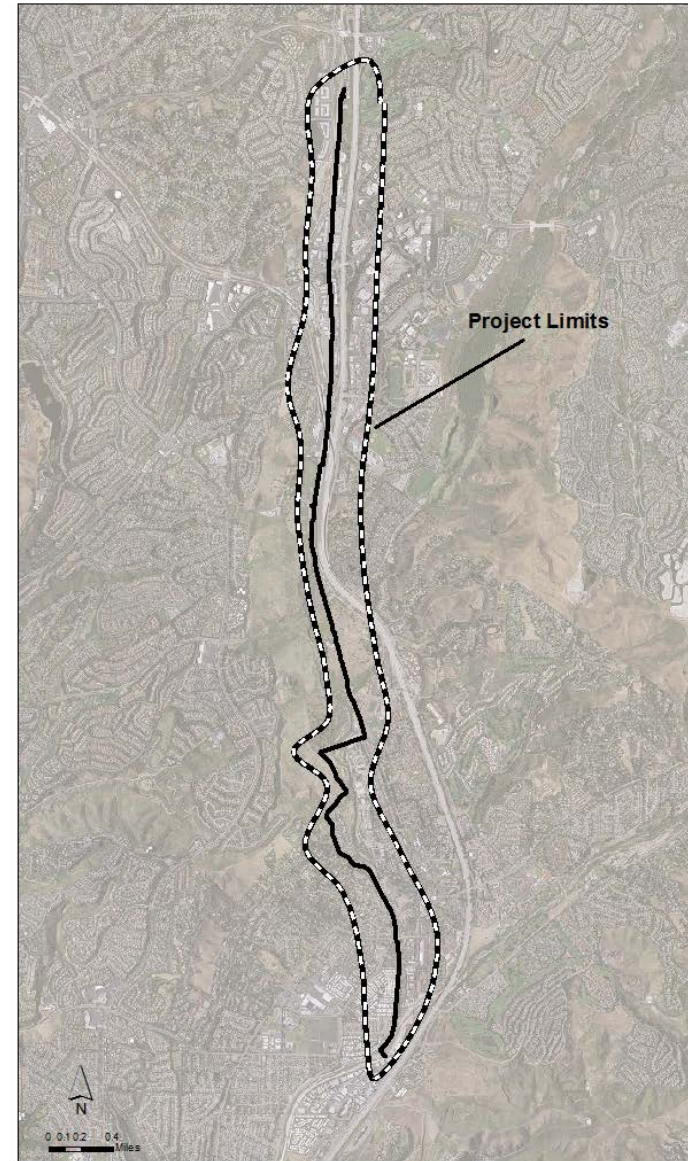
Project Need: The 3A outfall line was constructed as a feed line from San Juan Capistrano to Mission Viejo Lake. The District purchased the facility and changed its use from the intended design. Additional valves are proposed along this five mile reach to increase the number of isolation points and improve the overall operations and maintenance capability of the District.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$50,000
CEQA Compliance	Exempt
Construction Contract	\$380,000
Inspection	\$20,000
Total Project Budget	\$450,000

*Santa Margarita Water District owns 50% of the capacity of the Plant 3A Outfall Line. Cost reimbursement for this project will occur accordingly.



Valencia Lift Station Manhole Diversions

Project No: 2018.024

System: Wastewater

Fund: 7

Project Location: Valencia Lift Station, Laguna Hills

Project Description: Reconstruct three sewer manholes to install manually operated slide gates for flow diversion to or away from the Valencia Lift Station. Bypassing operations and traffic control will be required at each manhole.

Project Need: The sewer manholes surrounding the Valencia Lift Station need to be reconstructed to allow flow diversion to or away from the lift station as operationally needed.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$50,000
CEQA Compliance	Exempt
Construction Contract	\$400,000
Inspection/Permits/Other	\$25,000
Total Project Budget	\$475,000



Lift Station Ventilation Improvements

Project No: 2020.015

System: Wastewater

Fund: 7

Project Location: Audubon Lift Station, Boundary Oak Lift Station, San Joaquin Hills Lift Station, Southwing Lift Station (City of Aliso Viejo) & Del Avion Lift Station (City of Laguna Niguel)

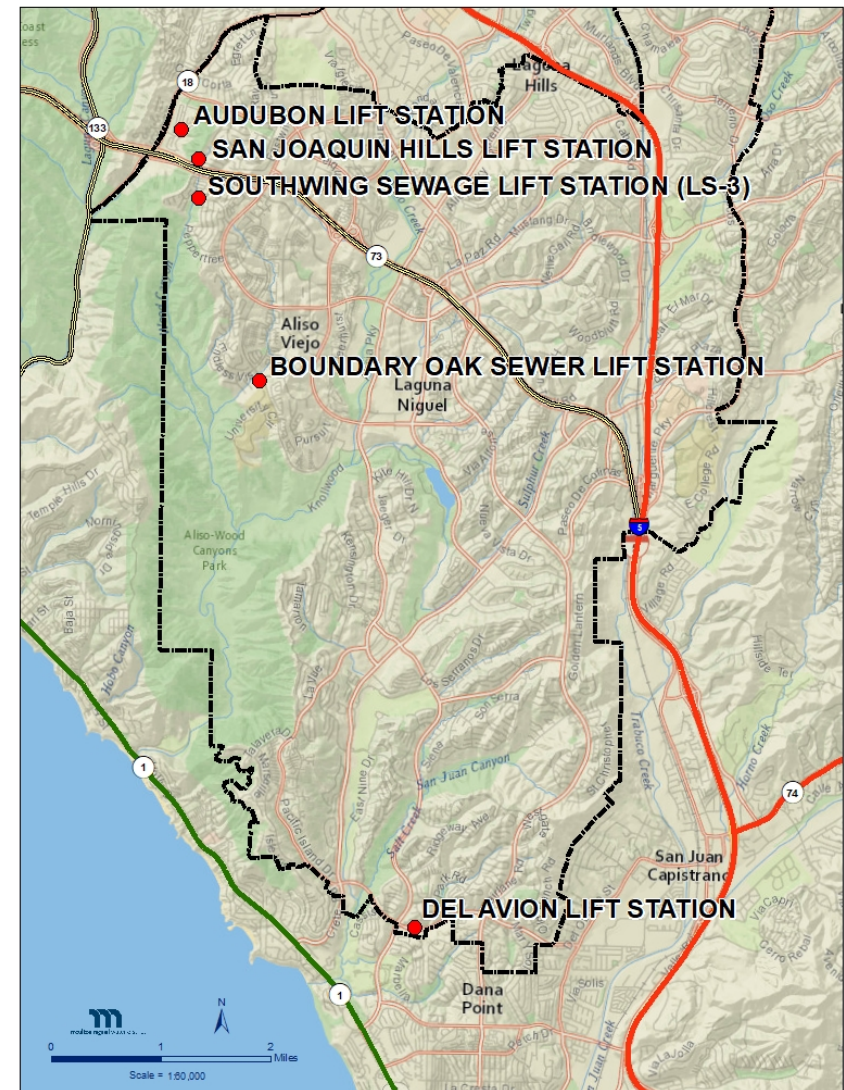
Project Description: Reconfigure and reconstruct the ventilation systems at five sewer lift stations to provide clean air and maintain safe atmospheric conditions within the equipment rooms of the sewage lift stations. New ductwork and ventilation fans are to be installed and configured with air intakes away from the lift station wet wells to avoid bringing toxic and corrosive gases into the stations.

Project Need: The ventilation systems at lift stations are critical components to maintain safe atmospheric conditions for personnel and sensitive electrical components within the facilities. These systems are requiring increased maintenance and replacement. Additionally, several systems require reconfiguration to locate the suction inlet away from the wet well of the station.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$100,000
CEQA Compliance	Exempt
Construction Contract	\$500,000
Inspection/Other	\$50,000
Total Project Budget	\$650,000



3A Effluent Transmission Main (ETM) Creek Bank Stabilization

Project No: TBD

System: Wastewater

Fund: 7

Project Location: San Juan Capistrano

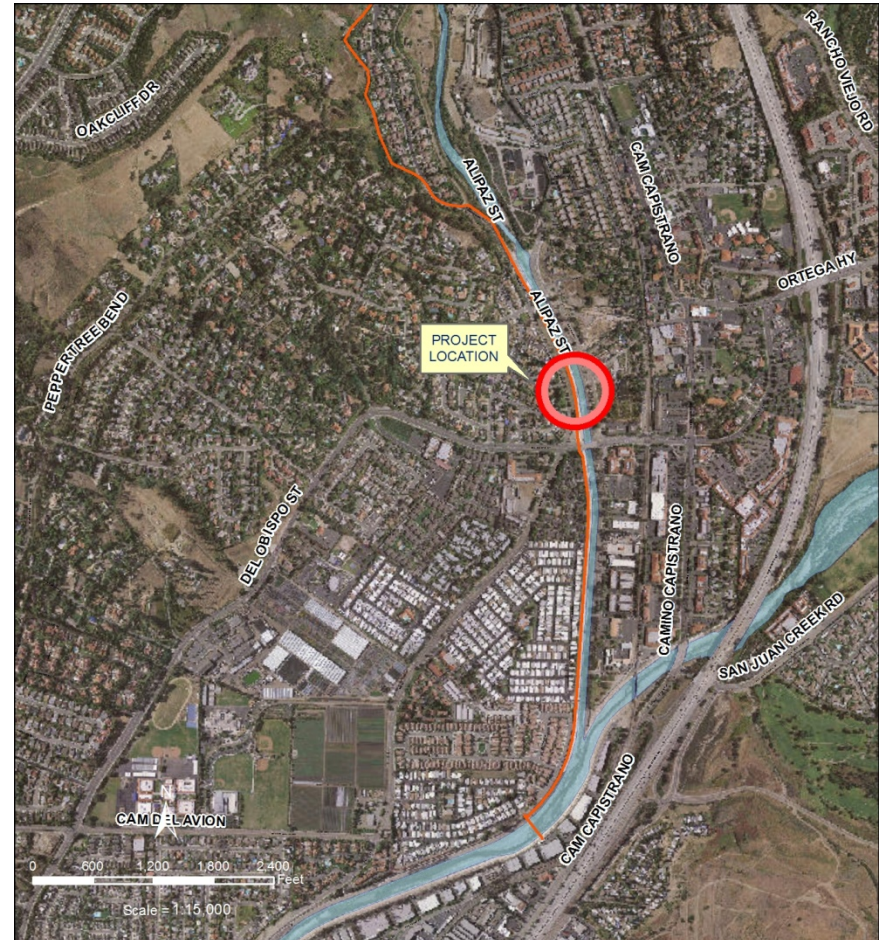
Project Description: Extend the existing riprap on the east side lower bank of Oso Creek beyond the downstream turn. The riprap will match existing top and toe elevation of existing riprap. The project will require acquisition of a nationwide permit from the Army Corp. of Engineers.

Project Need: The existing ETM is located in an embankment along an unprotected bank of Oso Creek and is subjected to potential erosion of the creek bank. This proposed project will extend riprap to provide protection for the existing pipe.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$100,000
CEQA Compliance	\$50,000
Construction Contract	\$1,800,000
Inspection	\$50,000
Total Project Budget	\$2,000,000



*Santa Margarita Water District owns 50% of the capacity of the Plant 3A ETM.
Cost reimbursement for this project will occur accordingly.

3A Effluent Transmission Main (ETM) Replacement Avenida de la Vista

Project No: TBD

System: Wastewater

Fund: 7

Project Location: San Juan Capistrano

Project Description: Abandon the existing ETM from Station 221+00 to Station 298+00 and construct a 30-inch ductile iron pipe along Avenida De La Vista, approximately 4,700 feet from Oso Road to the cul-de-sac. The alignment will proceed 1,000 feet on Trabuco Creek Trail until it is jacked and bored under Trabuco Creek. The jack and bore will be approximately 160 feet. On the west side of the creek, the pipeline will connect to the existing 20-inch ductile iron pipe located behind the concrete creek embankment. The project will require acquisition of several easements from private properties and a nationwide permit from the Army Corp. of Engineers.

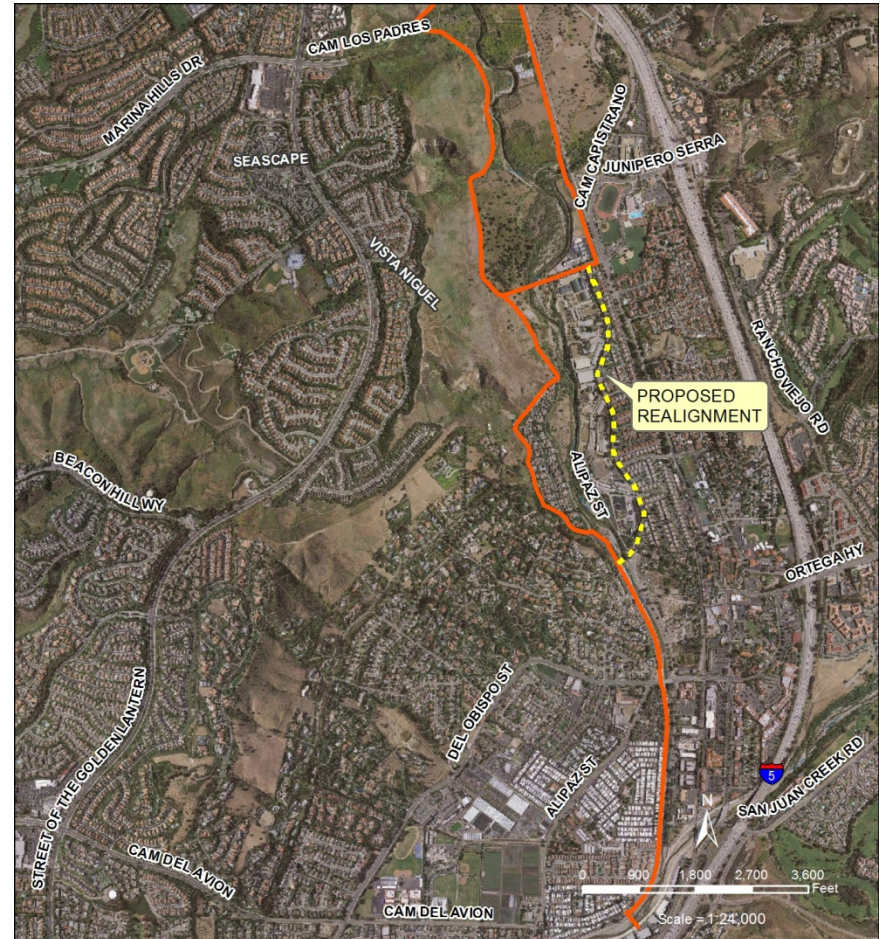
Project Need: The existing ETM is located in an embankment along an unprotected bank of Trabuco Creek and is subjected to potential erosion of the creek bank. This proposed project will abandon the existing ETM pipeline and construct a replacement pipeline in Avenida de la Vista.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$150,000
CEQA Compliance	\$75,000
Construction Contract	\$2,100,000
Inspection	\$150,000
Total Project Budget	\$2,475,000

*Santa Margarita Water District owns 50% of the capacity of the Plant 3A ETM. Cost reimbursement for this project will occur accordingly.



3A Effluent Transmission Main (ETM) Replacement Camino Capistrano

Project No: TBD

System: Wastewater

Fund: 7

Project Location: Camino Capistrano from Plant 3A to the San Joaquin Hills Toll Road Crossing in Mission Viejo, Laguna Niguel and San Juan Capistrano.

Project Description: Replace the existing 20-inch asbestos cement pipe from Station 3+00 to Station 109+00 with a 30-inch ductile iron pipe (approximately 10,600 feet). The replacement pipeline will be located on Camino Capistrano in the same approximately location as the existing ETM. The new pipeline will extend from the Plant 3A to the San Joaquin Hills Toll Road Crossing.

Project Need: The existing pipeline is approaching the end of its useful life. Replacement of the existing 20-inch pipeline will increase hydraulic capacity and improve operation of the pipeline.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$250,000
CEQA Compliance	\$100,000
Construction Contract	\$3,000,000
Inspection	\$150,000
Total Project Budget	\$3,500,000

*Santa Margarita Water District owns 50% of the capacity of the Plant 3A ETM. Cost reimbursement for this project will occur accordingly.



Aliso Creek Lift Station Rehabilitation

Project No: TBD

System: Wastewater

Fund: 7

Project Location: Aliso Creek Lift Station, Aliso Viejo

Project Description: Rehabilitate the Aliso Creek Lift Station in its entirety, including gravity sewer improvements to allow for isolation of the wet well; wet well rehabilitation, mechanical equipment replacements, electrical system replacements, instrumentation system replacements, and sitework restoration. A third pump is also necessary to conform to District standards for this type of facility. Perform condition assessments and maintenance of all other remaining facility components.

Project Need: The Aliso Creek Lift Station was constructed in 1989. Much of the equipment has become obsolete, with replacement parts being difficult to locate. Additionally, the wet well is in need of condition assessment and rehabilitation.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$450,000
CEQA Compliance	Exempt
Construction Contract	\$3,000,000
CM and Specialty Inspection	\$400,000
Legal/Permit/Other	\$50,000
Total Project Budget	\$3,900,000



Lower Salada Lift Station Overflow Wetwell

Project No: TBD

System: Wastewater

Fund: 14

Project Location: Lower Salada Lift Station, Laguna Niguel

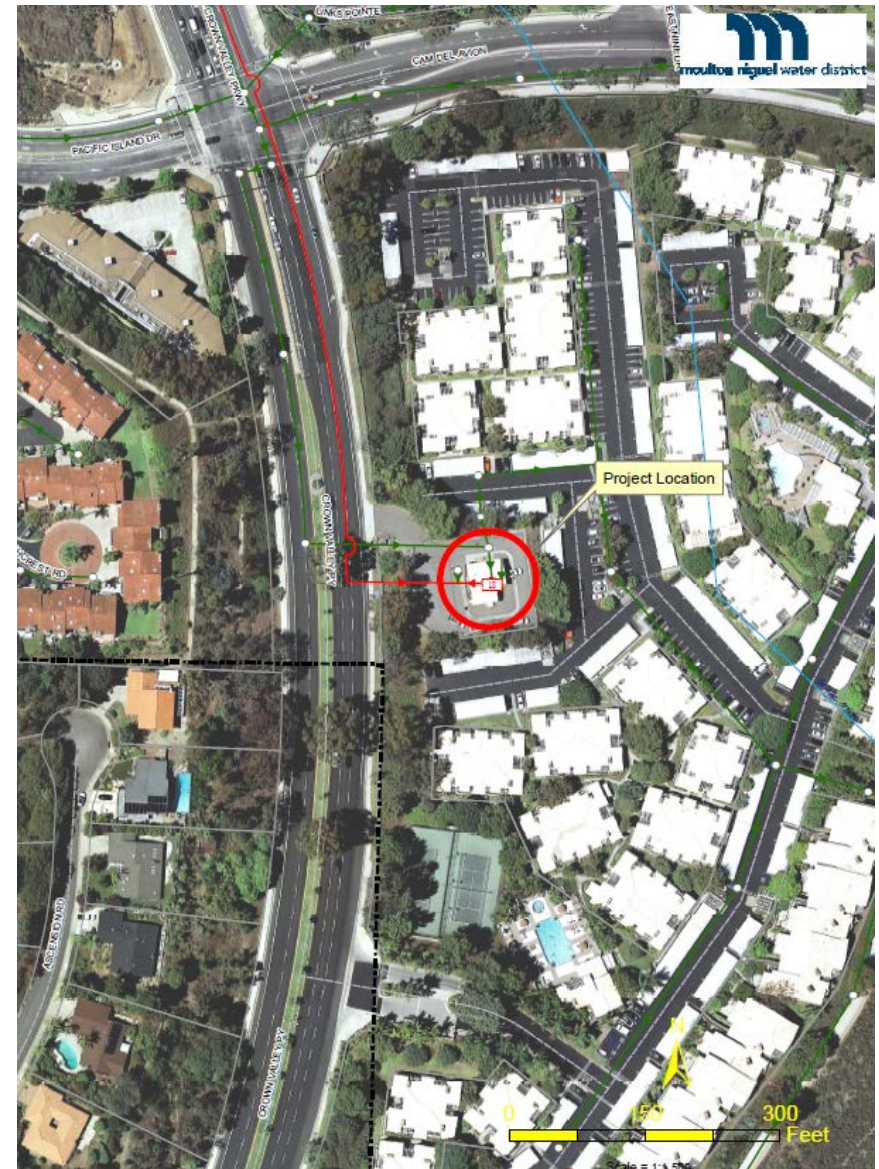
Project Description: The construction of a new overflow wetwell at the Lower Salada Lift Station.

Project Need: The Lower Salada Lift Station flows the second most wastewater flow in the District. Currently, the lift station does not have an overflow wetwell as protection from a sewage overflow. The lift station's existing wetwell does have an 8-inch overflow outlet that gravity feeds to a South Coast Water District sewer main. However, this 8-inch outlet is undersized and cannot accommodate the entire flow entering the station. The construction of a new overflow wetwell will allow the District more time to mobilize in the event of a sewage overflow.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$175,000
CEQA Compliance	\$50,000
Construction Contract	\$825,000
Inspection/Other	\$200,000
Total Project Budget	\$1,250,000



Upper Salada Lift Station Force Main Rehabilitation and Replacement

Project No: TBD

System: Wastewater

Fund: 7

Project Location: Niguel Road, Laguna Niguel

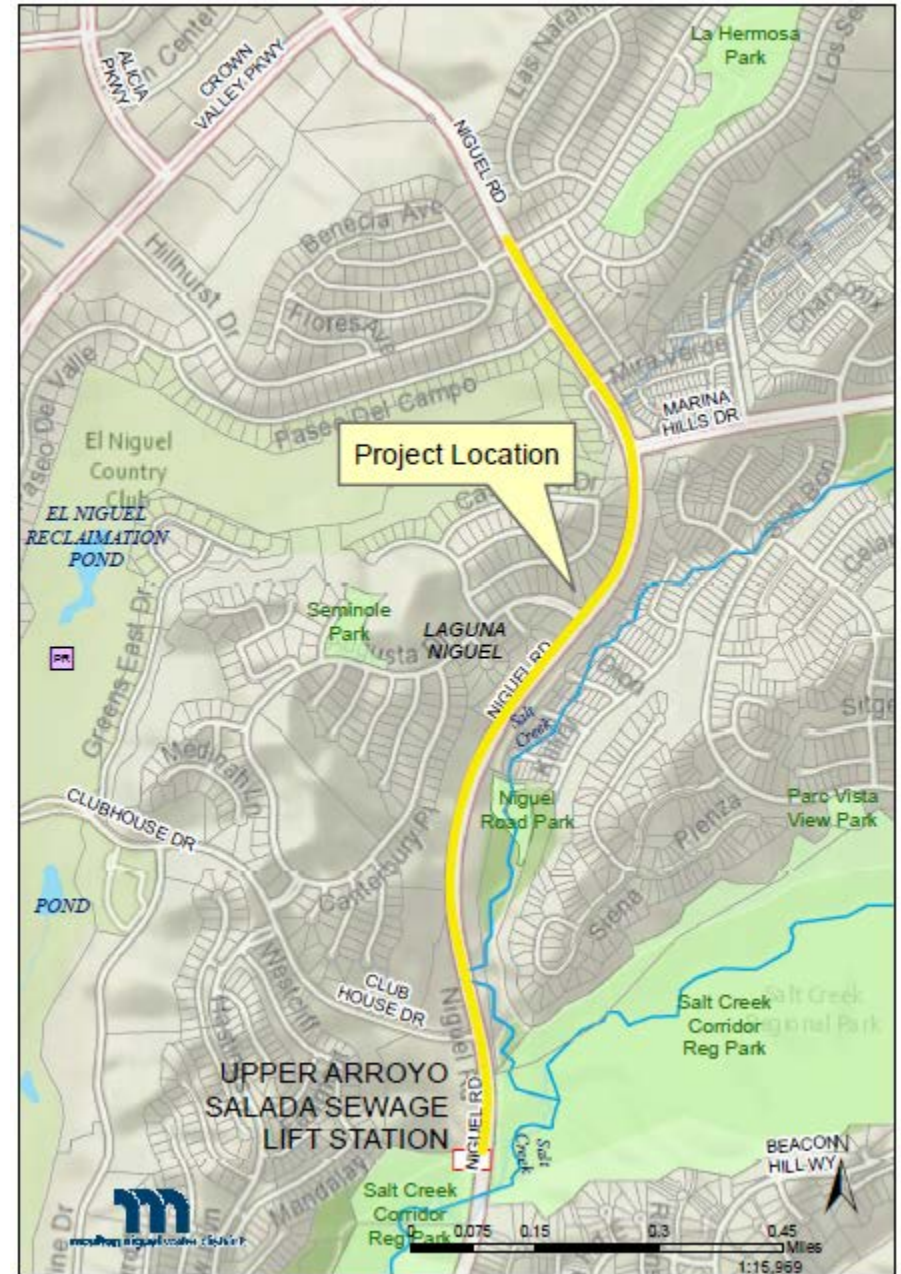
Project Description: Replace approximately 5,400 feet of existing 8-inch diameter sewer force main with a new 12-inch diameter PVC force main. Rehabilitate approximately 6,700 feet of existing 12-inch diameter sewer force main with cured-in-place-pipe along Niguel Road, from the Upper Salada Lift Station to the summit manhole near La Hermosa Avenue. Due to the length of pipeline rehabilitation and replacement, a CEQA IS/MND is anticipated to be required for the project.

Project Need: Corrosion of the metallic force main pipes has been identified near the Upper Salada Lift Station. Additionally, the existing 8-inch diameter force main is undersized for wet-weather flows.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$650,000
CEQA Compliance	\$100,000
Construction Contract	\$4,600,000
Inspection/Other	\$650,000
Total Project Budget	\$6,000,000



2021-22 Manhole Rehabilitation

Project No: TBD

System: Wastewater

Fund: 7

Project Location: Various

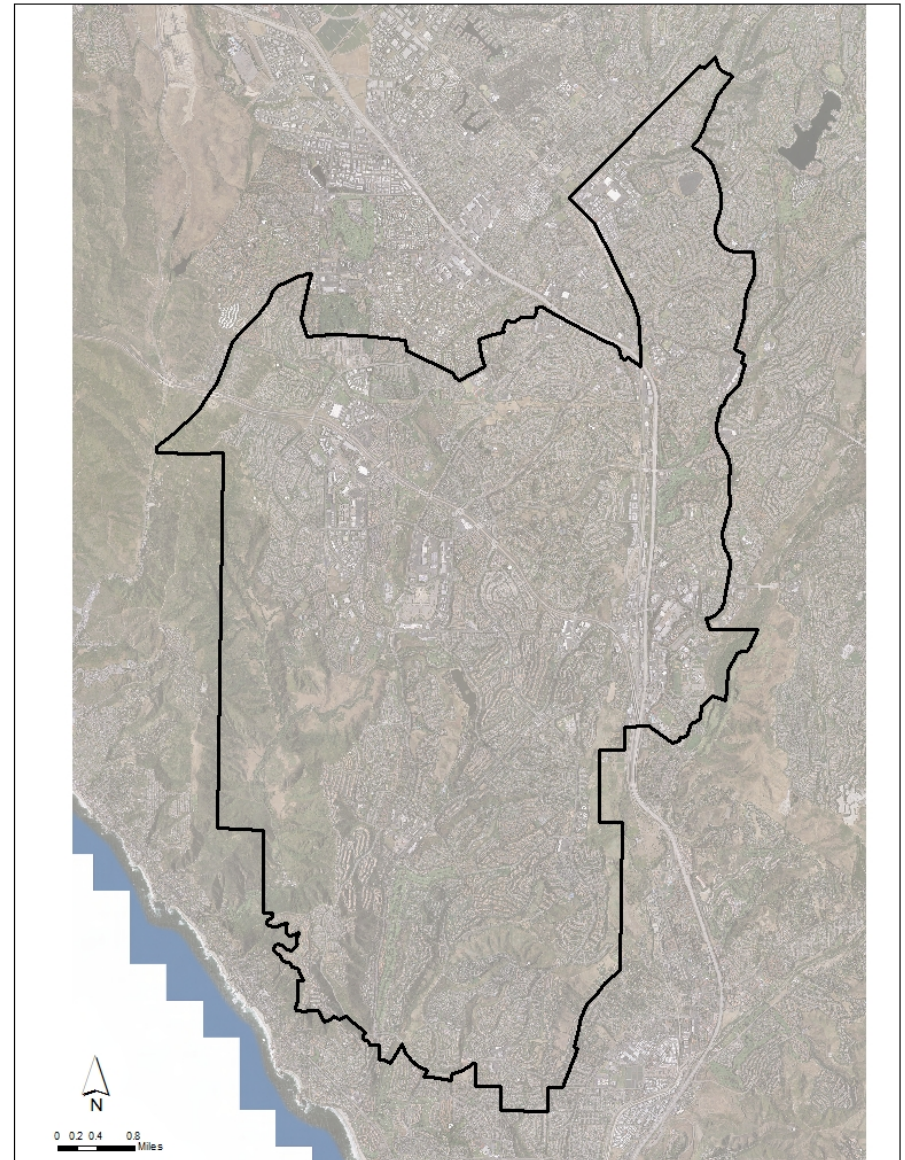
Project Description: Rehabilitate existing sewer manholes.

Project Need: District staff inspects the sewer system continuously. As damaged facilities are identified, they are either repaired or rehabilitated. Rehabilitation methods vary depending on damage but could include manhole lining, mortar replacement, or sealing.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$350,000
Total Project Budget	\$350,000



2021-22 Operations-Led Capital Improvements – WW

Project No: 2021.400

System: Wastewater

Fund: 7

Project Location: Various

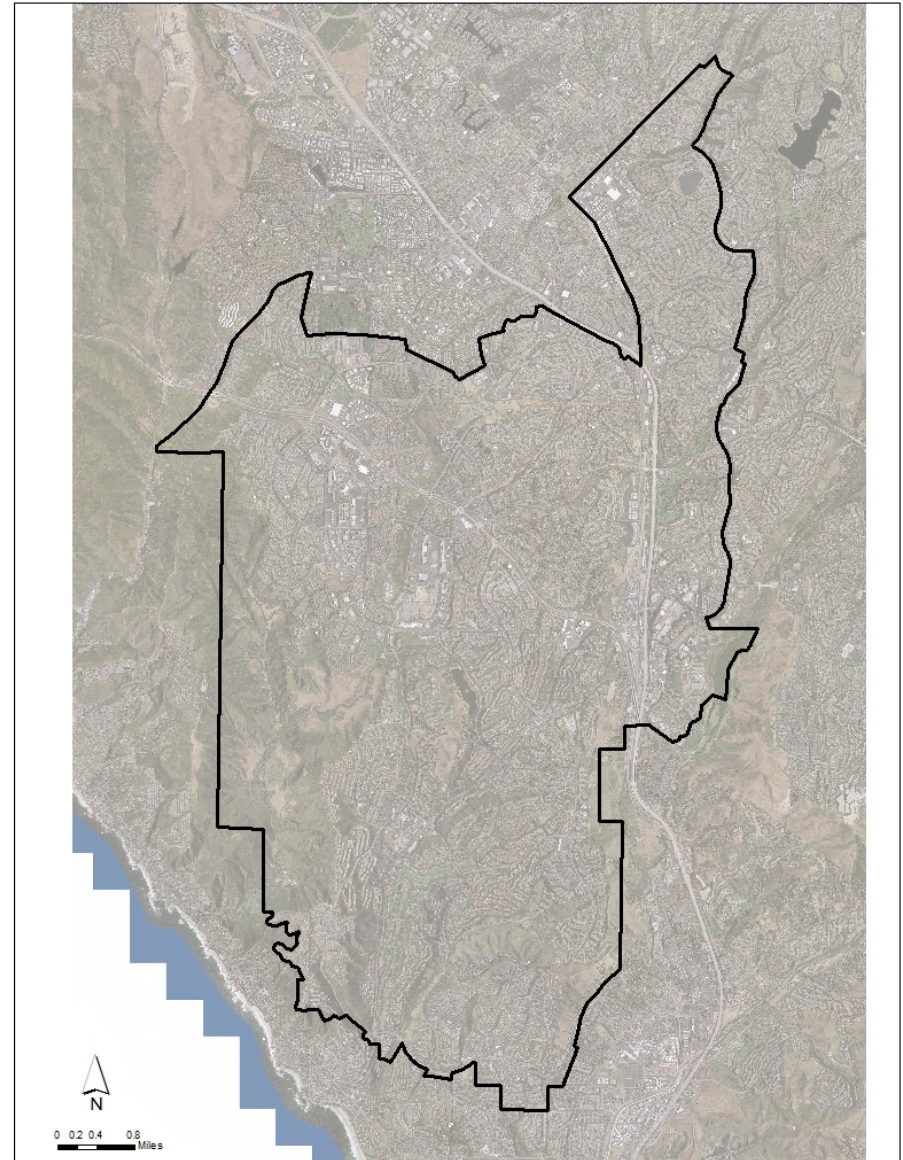
Project Description: This project covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, programmable logic controllers, mechanical systems, and related equipment.

Project Need: Capital equipment and parts needs are identified by District Operations Staff, as existing equipment reaches the end of its useful life.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Purchases and Installation	\$400,000
Total Project Budget	\$400,000



Plant 3A Slide Gates Replacement at Secondary Clarifiers and RAS Pump Station

Project No: 2020.305

System: Plant 3A

Fund: 7

Project Location: Plant 3A, Mission Viejo

Project Description: This project will replace total 14 existing slide gates, 4 gates for secondary clarifiers and 10 gates at the RAS pump station, with new aluminum slide gates in the MLSS channel.

Project Need: The existing slide gates has been in operation since 1997, have experienced typical deterioration and corrosion, and no longer seal properly. New slide gates are required to allow staff to isolate secondary clarifiers and RAS pump stations as necessary.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$150,000
Total Project Budget	\$150,000



Plant 3A Grit Classifiers Replacement

Project No: 2020.306

System: Plant 3A

Fund: 7

Project Location: Plant 3A, Mission Viejo

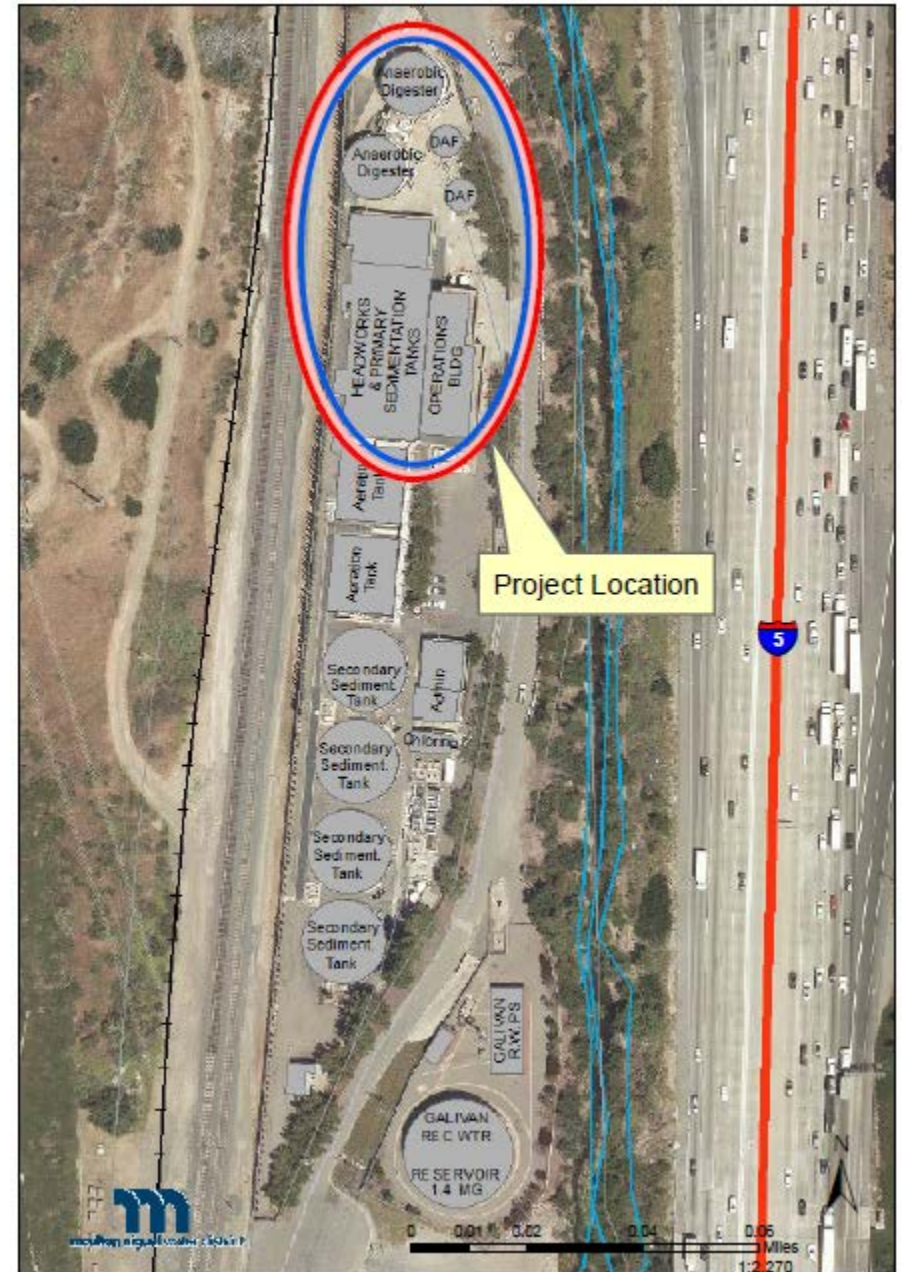
Project Description: This project will replace two existing grit classifiers in the Operations building. Associated piping, electrical and instrumentation work will also be included.

Project Need: The existing grit classifiers has been in operation since 1997. Although periodic maintenance has been completed, the classifier requires increased maintenance and needs replacement.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$0
CEQA Compliance	Exempt
Construction Contract	\$240,000
Inspection/Other	\$10,000
Total Project Budget	\$250,000



Plant 3A Digester Gas Piping Replacement

Project No: 2020.307

System: Plant 3A

Fund: 7

Project Location: Plant 3A, Mission Viejo

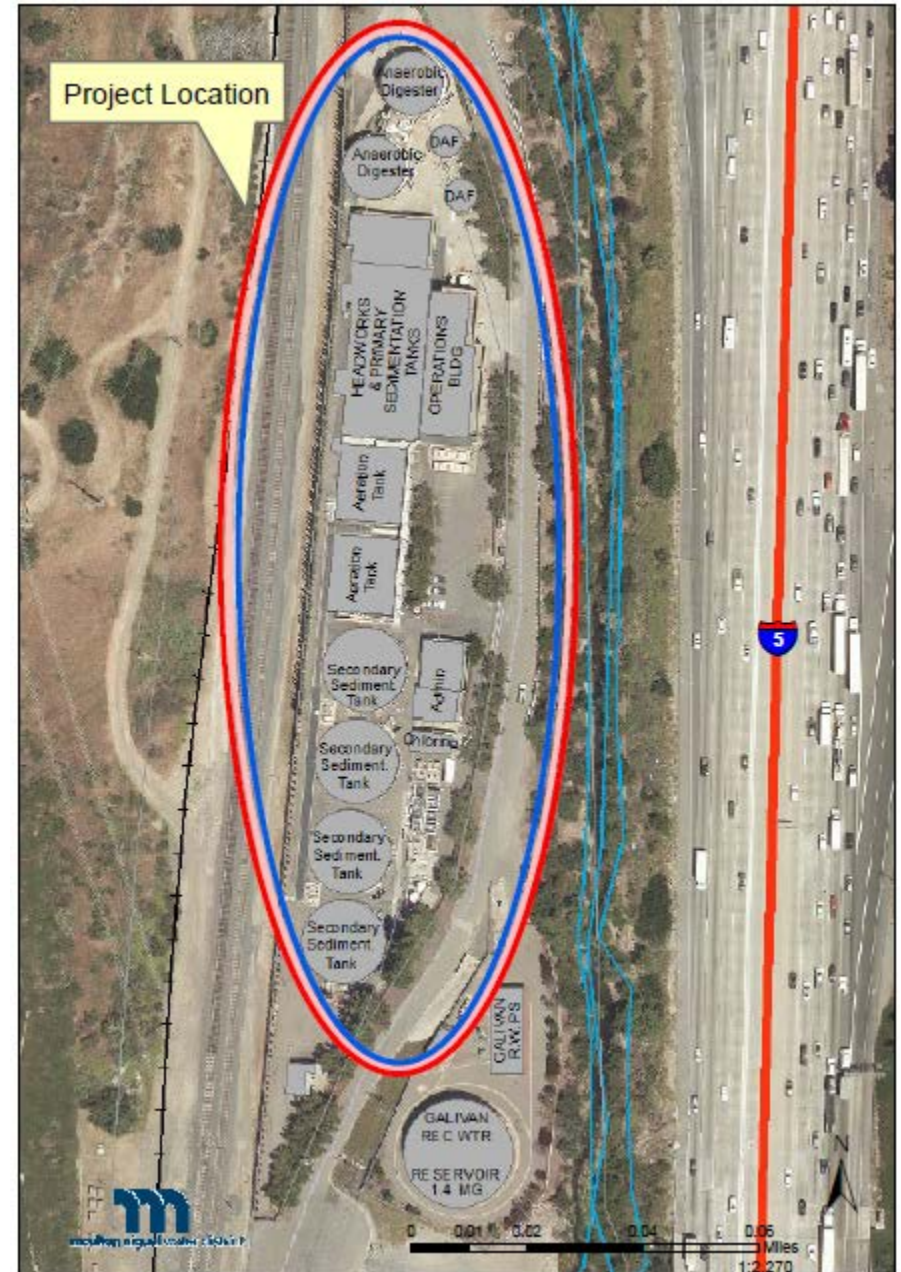
Project Description: This project will replace existing digester gas piping from gas compressor room to the flare and boiler with new 316 stainless steel pipe for the exposed section and HDPE pipe for the buried section. The new pipe size will be 8”.

Project Need: The existing digester piping has been in service since 1997 and has reached the end of its useful life. It has experienced severe corrosion that has caused multiple gas leaks that resulted in repair work conducted under emergency repair contracts.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$50,000
CEQA Compliance	Exempt
Construction Contract	\$440,000
Inspection/Other	\$10,000
Total Project Budget	\$500,000



Plant 3A Subsidence Mitigation

Project No: 2019.301

System: Plant 3A

Fund: 7

Project Location: Plant 3A, Mission Viejo

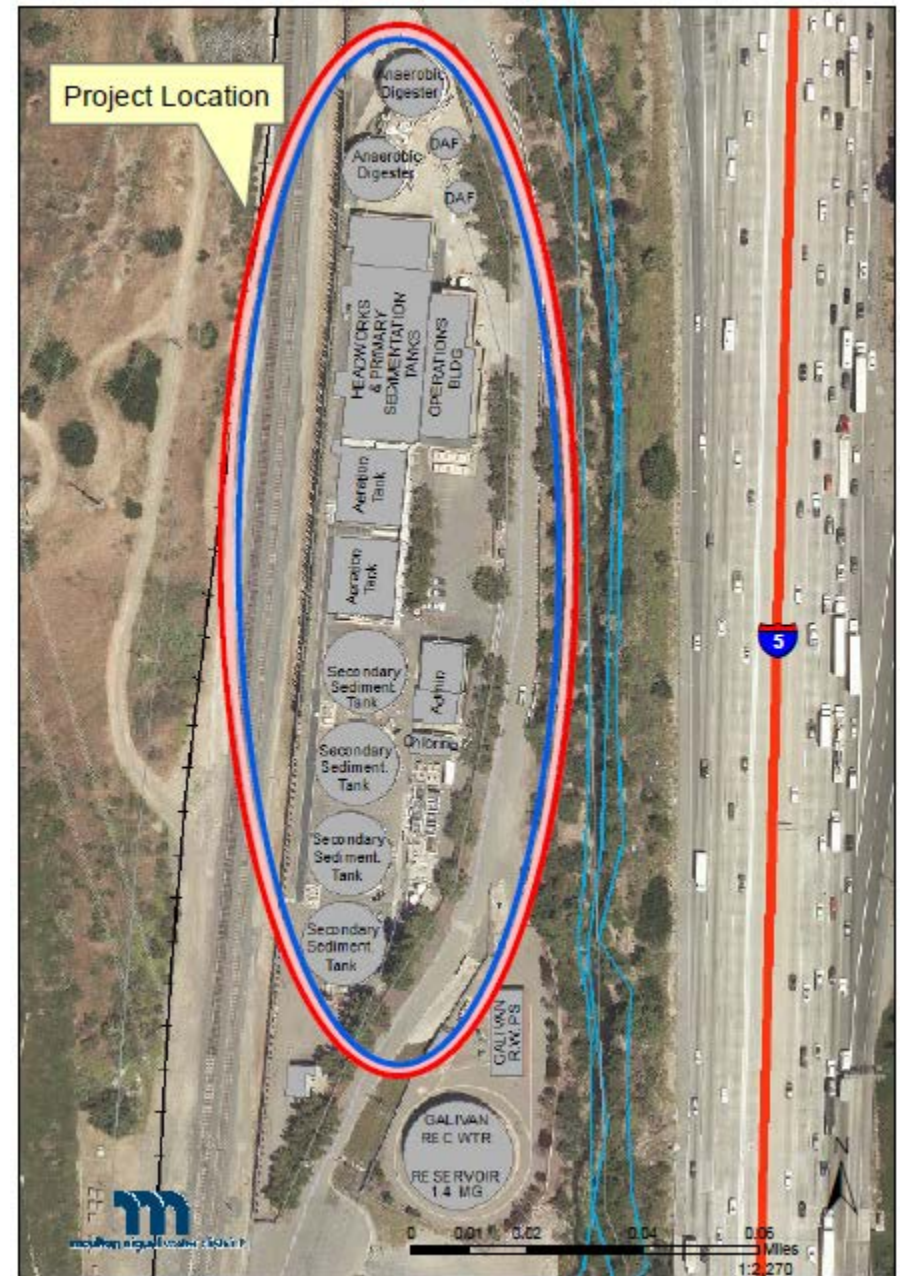
Project Description: Plant 3A requires soil stabilization, site grading, and stormwater drainage improvements for the long-term operation of the facility. This project will remediate backfill around deep structures, improve site drainage, and replace site paving. The project will also remove and replace select underground piping systems to restore and improve functionality. Also, the project will remove and replace approximately thirty-five (35) existing bollard style light fixtures with new LED pole mounted lighting throughout the facility, including new conduit, wire and lighting control system.

Project Need: At Plant 3A, ground subsidence has been occurring in locations of backfill around deep structures within the site since construction in the early 1990's. The site grading due to the subsidence needs to be addressed for the long-term operation of the plant and the backfill needs to be remediated to reduce the potential for ongoing settlement and damage. Additionally, several underground pipe systems have developed leaks and been abandoned. Those existing pedestal mounted bollard style light fixtures throughout Plant 3A have reached the end of their useful life and require replacement. Additionally, existing site lighting is inadequate during after-hour operator responses, requiring additional lighting.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$450,000
CEQA Compliance	Exempt
Construction Contract	\$3,450,000
Inspection/Other	\$450,000
Total Project Budget	\$4,350,000



Plant 3A Solids Handling Facilities Improvements

Project No: 2019.302

System: Plant 3A

Fund: 7

Project Location: Plant 3A, Mission Viejo

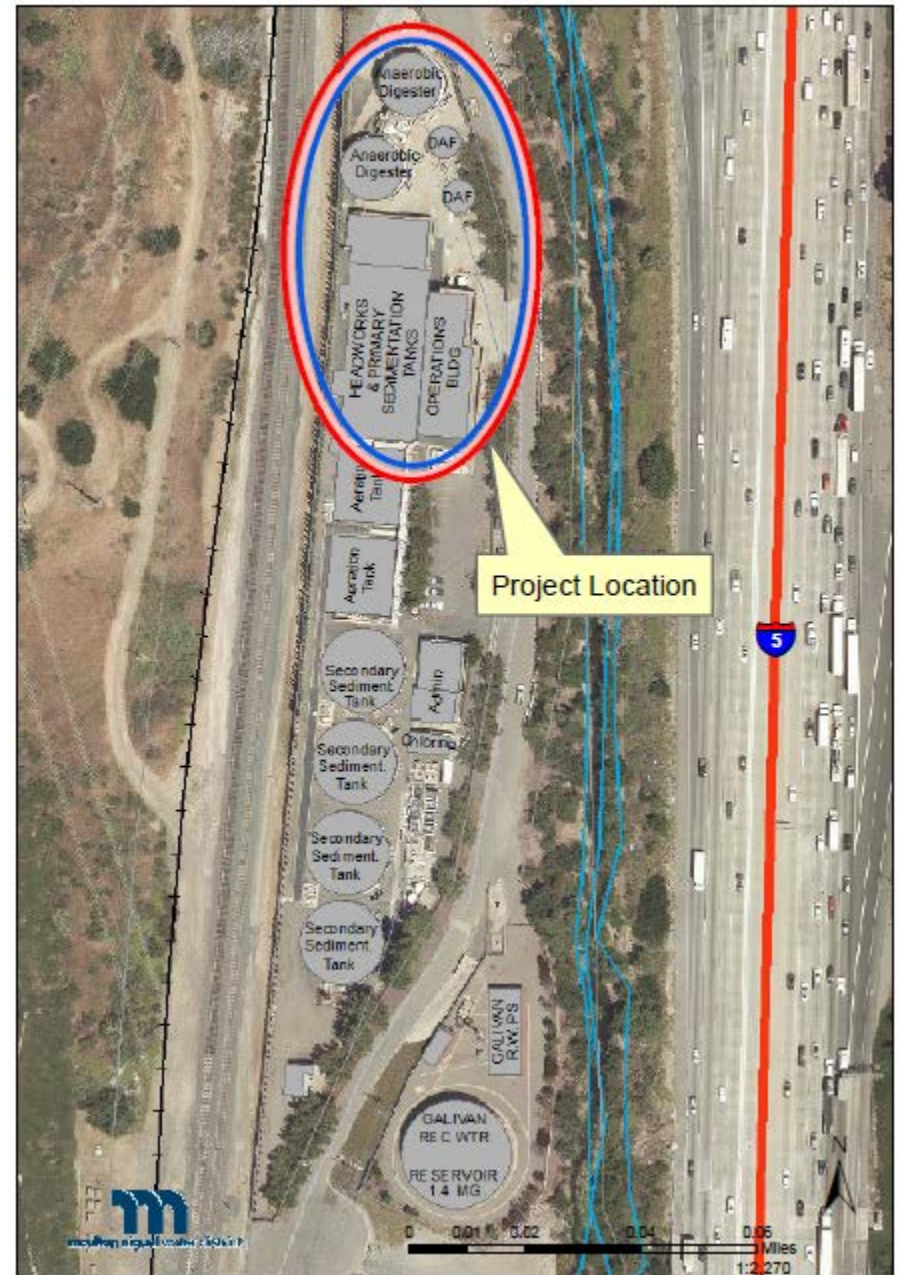
Project Description: This project will rehabilitate and re-establish the desired level of service and redundancy for the solids treatment facilities including solids thickening system, solids digesters (mixing, heating, heat exchangers, sludge transfer pumping system, steel dome covers). Solids dewatering system upgrades and improvements including centrifuges and feed pumping system. The project also includes digester gas flare system upgrade. The project will include associated electrical systems improvements and SCADA and PLC systems improvements.

Project Need: The existing solids handling facilities has been in operation since 1997 and the facilities have experienced typical deterioration, and has been impacted by settlement, and has lost the functional redundancy on all of those solids treatment processes. Additionally, due to subsidence, one of the two DAF units cannot operate properly. Heating system is at the end of their useful life and cannot support proper digestion. Digester gas flare system also needs to be upgraded. Most of electrical and SCADA systems are old and need to be upgraded to match with new equipment and systems.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$2,750,000
CEQA Compliance	Exempt
Construction Contract	\$18,400,000
Inspection/Other	\$2,300,000
Total Project Budget	\$23,450,000



Operations-Led Capital Improvements – 3A

Project No: Annual Program

System: Plant 3A

Fund: 7

Project Location: Plant 3A, Mission Viejo

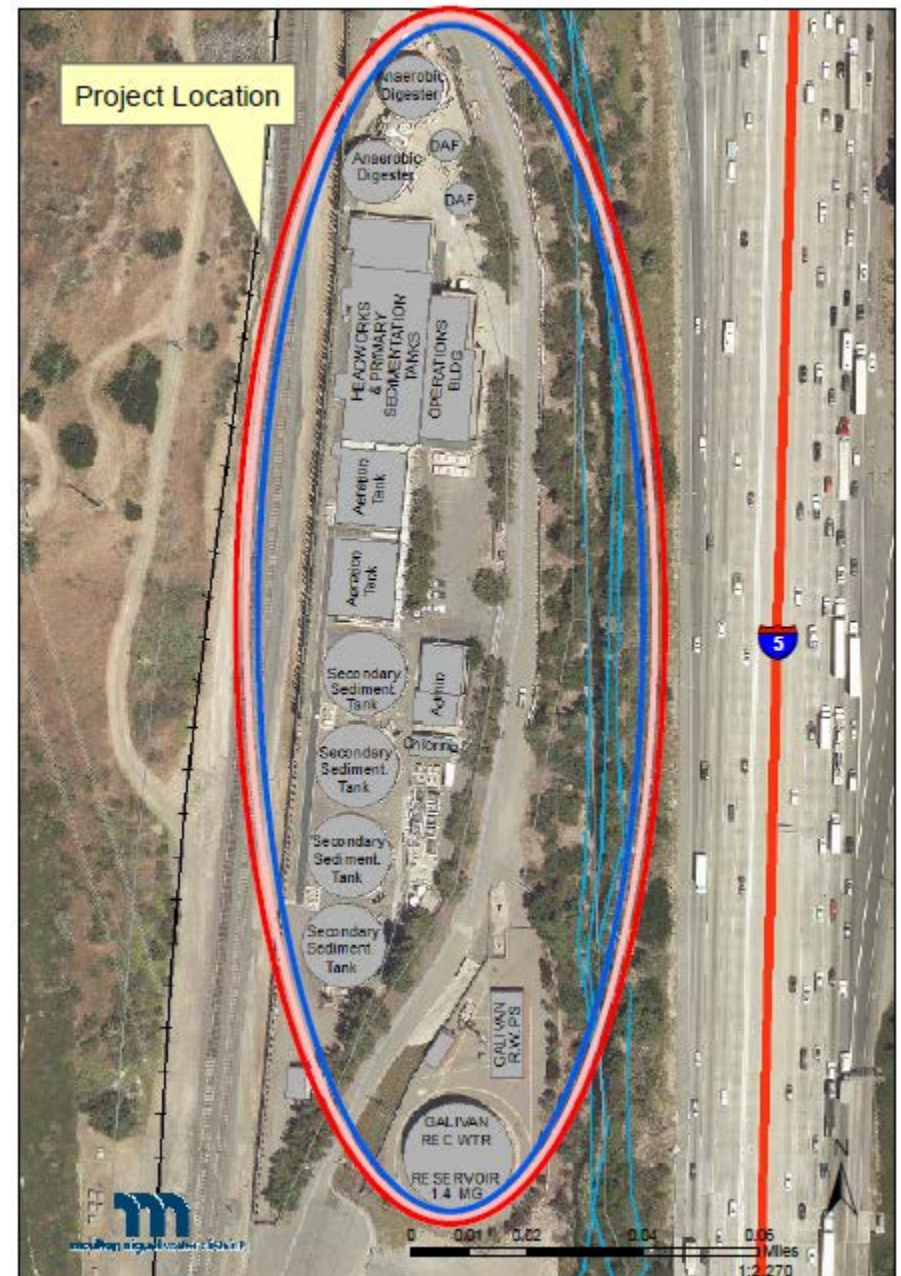
Project Description: This program covers District Operations Staff-led capital equipment and parts purchase and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, programmable logic controllers, mechanical systems, and related equipment.

Project Need: Capital equipment and parts needs are identified by District Operations Staff, as existing equipment reaches the end of its useful life.

Project Status: Proposed, annual program – when individual projects are identified, funds are transferred to the specific project.

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Purchases and Installation	\$2,700,000
Total Project Budget	\$2,700,000



Plant 3A Liquids Handling Facilities Improvements

Project No: TBD

System: Plant 3A

Fund: 7

Project Location: Plant 3A, Mission Viejo

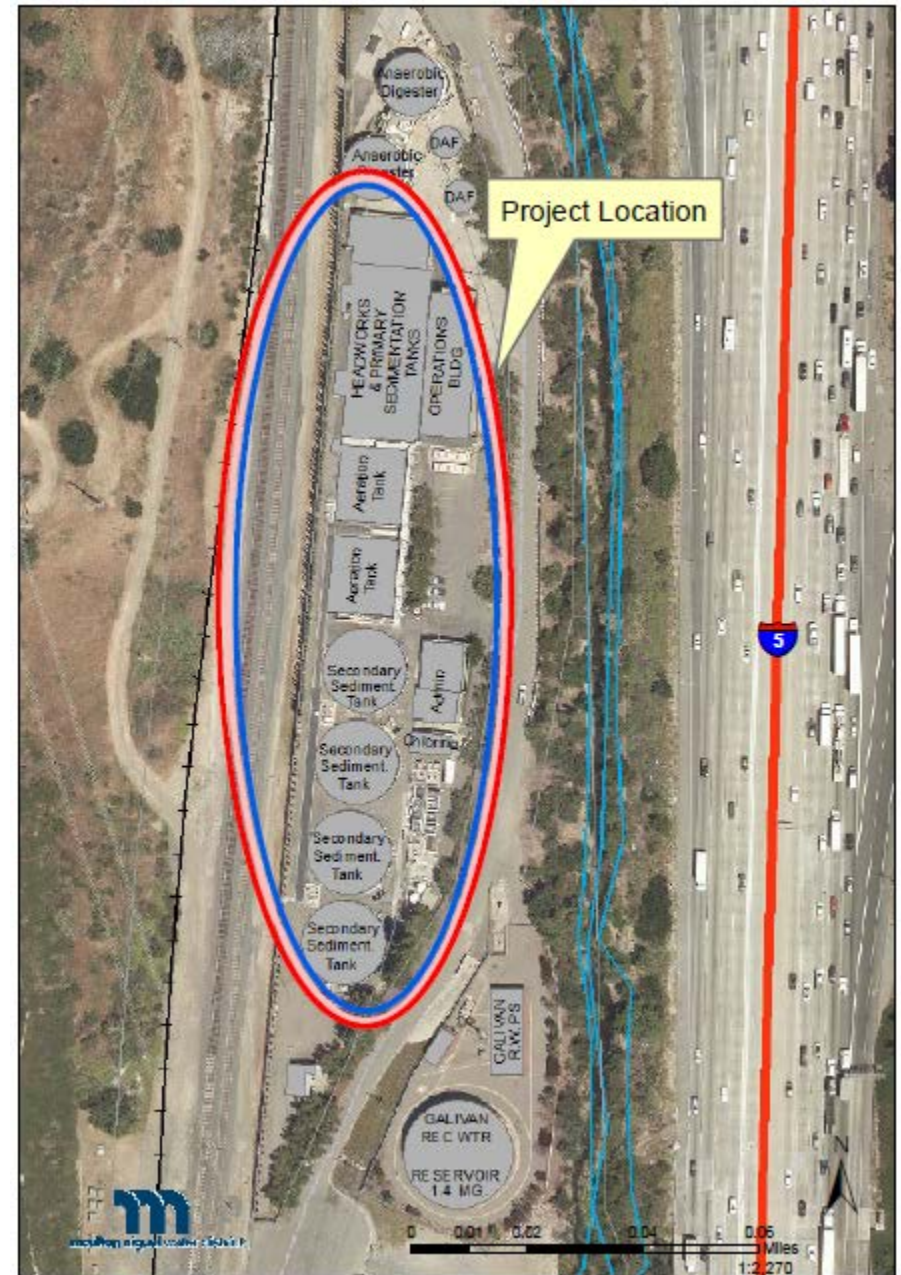
Project Description: This project will rehabilitate and re-establish the desired level of service and redundancy for the liquid stream treatment facilities, including: Headworks/Preliminary Treatment (Influent Channel, Bar Screens and Compactors, Wetwell access, Influent Pumps, Grit Channel, Grit Pumps), Primary Treatment (Primary Influent Channel, Primary Sludge Pumps, Primary Scum Pumps, Primary Effluent Channel), and Secondary Treatment (Biological Process Evaluation and Process Improvement, Aeration Blower System, Secondary Clarifiers, RAS Pumps, WAS Pumps, Secondary Scum Pumps). The project will include associated electrical systems and SCADA and PLC systems improvements. Also, the project will replace existing light fixtures with new LED pole mounted lighting throughout the liquid stream trains including new conduit and wire.

Project Need: Most of the existing liquid treatment facilities have been in operation since 1991 and are at the end of their useful life. Several components of these systems have been further impacted by plantwide subsidence. In addition to the condition of the current equipment needing to be addressed, it is likely that the RWQCB will be implementing nutrient removal requirements for the facility producing Title 22 Reclaimed Water in the future that will require installation of more advanced treatment processes (Biological Nutrient Removal) than what is currently in place at 3A.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$2,500,000
CEQA Compliance	\$100,000
Construction Contract	\$16,345,000
Inspection/Other	\$2,000,000
Total Project Budget	\$20,945,000



Plant 3A Odor Control System Evaluation and Rehabilitation

Project No: TBD
System: Plant 3A
Fund: 7

Project Location: Plant 3A, Mission Viejo

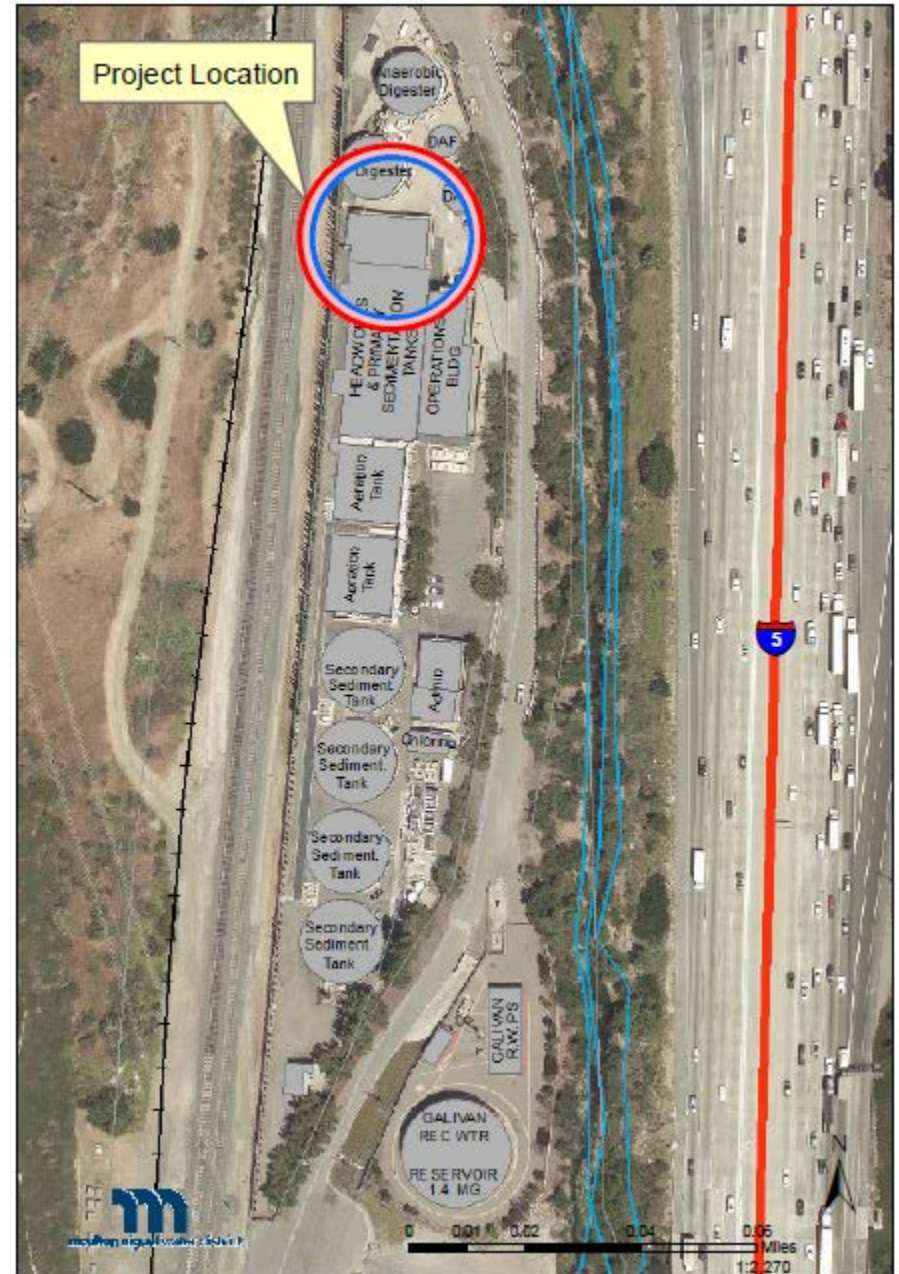
Project Description: The existing odor control system should be evaluated its current condition and performance including media replacement for bioscrubber and activated carbon media. The odor monitoring system also should be evaluated and rehabilitated for maximum performance.

Project Need: The existing odor control system at Plant 3A has not been evaluated its performance and rehabilitated since its first service start in 1997. Activated carbon media never been replaced but replacement of carbon media is required at regular intervals to maintain odor control efficacy and prevent odor complaints.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$90,000
CEQA Compliance	Exempt
Construction Contract	\$550,000
Inspection/Other	\$85,000
Total Project Budget	\$725,000



2021-22 Operations-Led Capital Improvements – 3A

Project No: 2021.300

System: Plant 3A

Fund: 7

Project Location: Plant 3A, Mission Viejo

Project Description: This project covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, programmable logic controllers, mechanical systems, and related equipment.

Project Need: Capital equipment and parts needs are identified by District Operations Staff, as existing equipment reaches the end of its useful life.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Purchases and Installation	\$400,000
Total Project Budget	\$400,000



Plant 3A Emergency Standby Generator

Project No: TBD

System: Plant 3A

Fund: 14

Project Location: Plant 3A, Mission Viejo

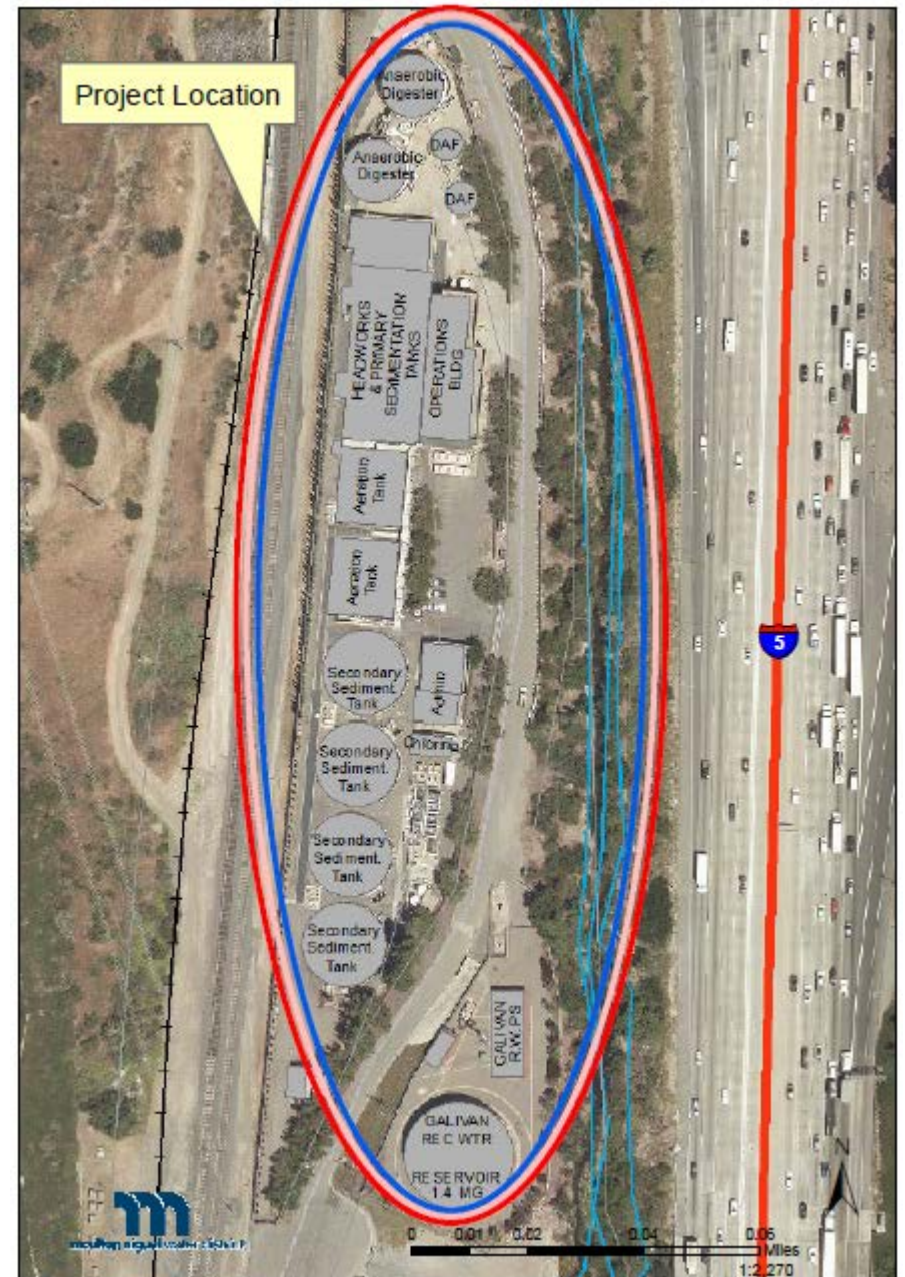
Project Description: A new emergency standby diesel generator and associated fuel storage system, cables, and necessary structures will be installed within Plant 3A to supply power for the critical loads during power outage.

Project Need: Plant 3A does not currently have an emergency standby power source that can maintain electrical power for the critical loads at the Plant 3A during the loss of utility power. Currently, in the event that Plant 3A is inoperable due to loss of utility power, wastewater flows are bypassed to the JB Latham Treatment Plant.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$150,000
CEQA Compliance	Exempt
Construction Contract	\$1,000,000
Inspection/Other	\$100,000
Total Project Budget	\$1,250,000



Plant 3A Security Improvements

Project No: TBD

System: Plant 3A

Fund: 14

Project Location: Plant 3A, Mission Viejo

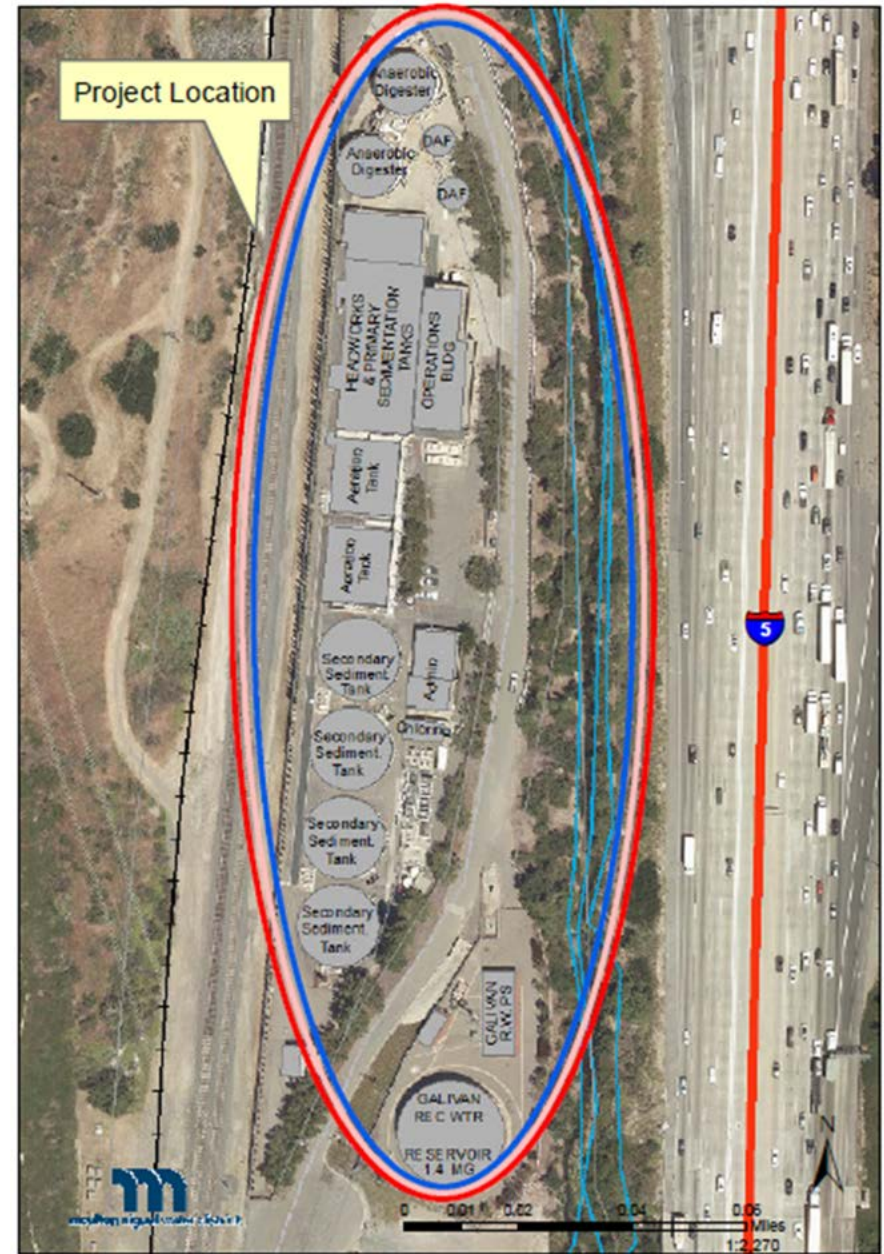
Project Description: Implement and update security and safety measures for the Plant 3A site, including intrusion detection, access control, and fire and safety systems.

Project Need: To secure our existing infrastructure and during construction of new infrastructure, the need to have reliable and robust security and safety measures is increasingly important. The existing connectivity onsite is out of date and failing, the access control system only covers a minimal amount of the buildings, and the site does not currently have fire and smoke alarms.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$25,000
CEQA IS/MND	Exempt
Construction Contract	\$100,000
CM and Specialty Inspection	\$0
Legal/Permit/Other	\$0
Total Project Budget	\$125,000



Plant 3A Solids Loadout Facility

Project No: TBD

System: Plant 3A

Fund: 14

Project Location: Plant 3A, Mission Viejo

Project Description: This project will construct a new solids loadout facility including solids storage silo, associated conveyor system, truck scale system and other associated equipment.

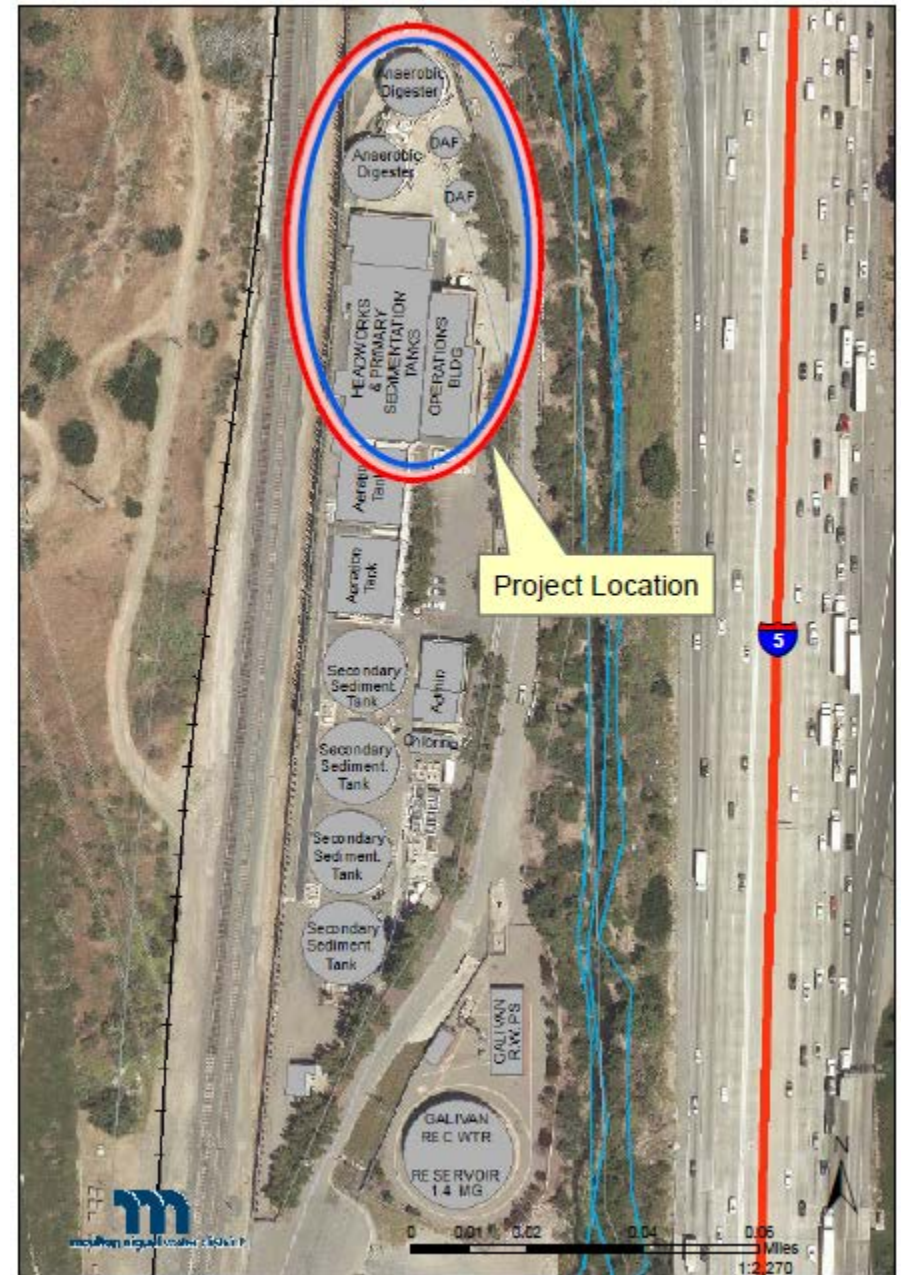
Project Need: The solids produced during the treatment process at Plant 3A are currently disposed through a series of 20-yard roll-off style bins, which are retrieved by a contracted service company for disposal.

Based on the thorough cost-benefit analysis of the solids loadout facility, adding solids loadout facility will have more competitive response from vendors for solids hauling and disposal services, reduced hauling and disposal costs, reduced O&M costs, reduced safety concerns for the current disposal system, reduced environmental risk associated with storing full sludge bins on site prior to disposal, and reduced risk associated with uncertain upcoming biosolids disposal regulations.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$350,000
CEQA Compliance	Exempt
Utility Relocation	\$300,000
Construction Contract	\$5,000,000
Inspection/Other	\$350,000
Total Project Budget	\$6,000,000



Plant 3A Tertiary Treatment Expansion

Project No: TBD

System: Plant 3A

Fund: 6

Project Location: Plant 3A, Mission Viejo

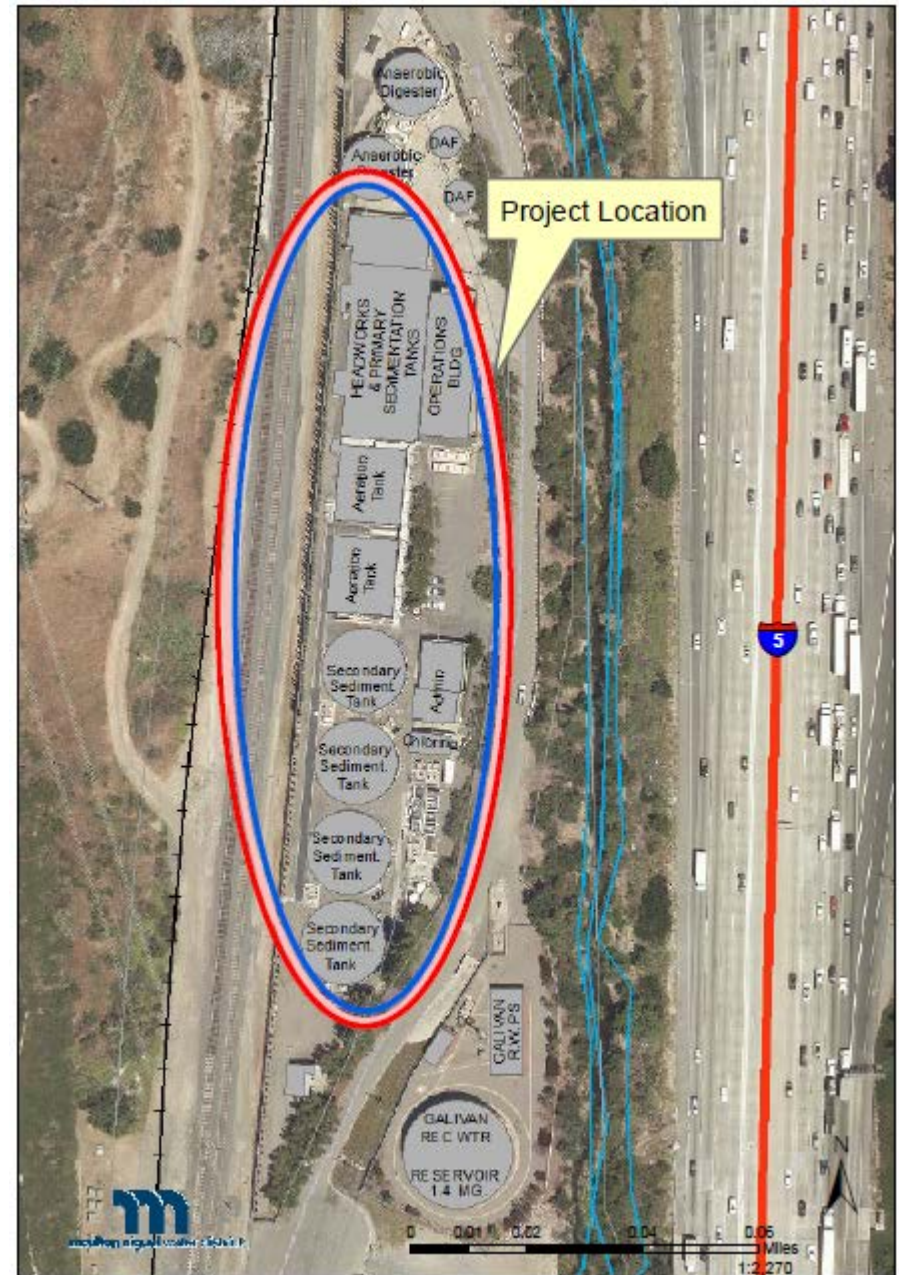
Project Description: Demolish existing sand filters with treatment capacity of 2.4 MGD and install new tertiary filter system with capacity of 4.4 MGD to address additional recycled water demand. The design concept for the project is to construct new higher efficient Title 22 tertiary filtration system for the additional flow, expand the pumping capacity at the Galivan Pump Station, and rehabilitate the existing Secondary Clarifier #3 to accommodate the additional wastewater flows to the facility.

Project Need: The existing sand filter equipment has reached its useful life, is experiencing poor performance, requires increased maintenance, and should be replaced. Additionally, to meet increasing recycled water demands, the tertiary treatment capacity needs to be increased.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$300,000
CEQA Compliance	\$100,000
Construction Contract	\$2,500,000
Inspection/Other	\$100,000
Total Project Budget	\$3,000,000



IRWD Baker Water Treatment Plant Capital Projects

Project No: IRWD

System: Regional (Potable)

Fund: 7

Project Location: Baker Water Treatment Plant, Lake Forest

Project Description: Various CIP projects identified by IRWD for Baker Water Treatment Plant.

Project Need: Annual budget required for projects that have not yet been identified.

Project Status: Annual as provided by IRWD. Funds are paid to IRWD upon receipt of and review of CIP associated invoices.

Estimated Project Amount:

Item	Estimated Cost
Design	TBD
CEQA Compliance	TBD
Construction Contract	TBD
Inspection/Other	TBD
Total Project Budget	\$1,500,000



SCWD/JRWSS Capital Projects

Project No: JRWSS

System: Regional (Potable)

Fund: 7

Project Location: Joint Transmission Main

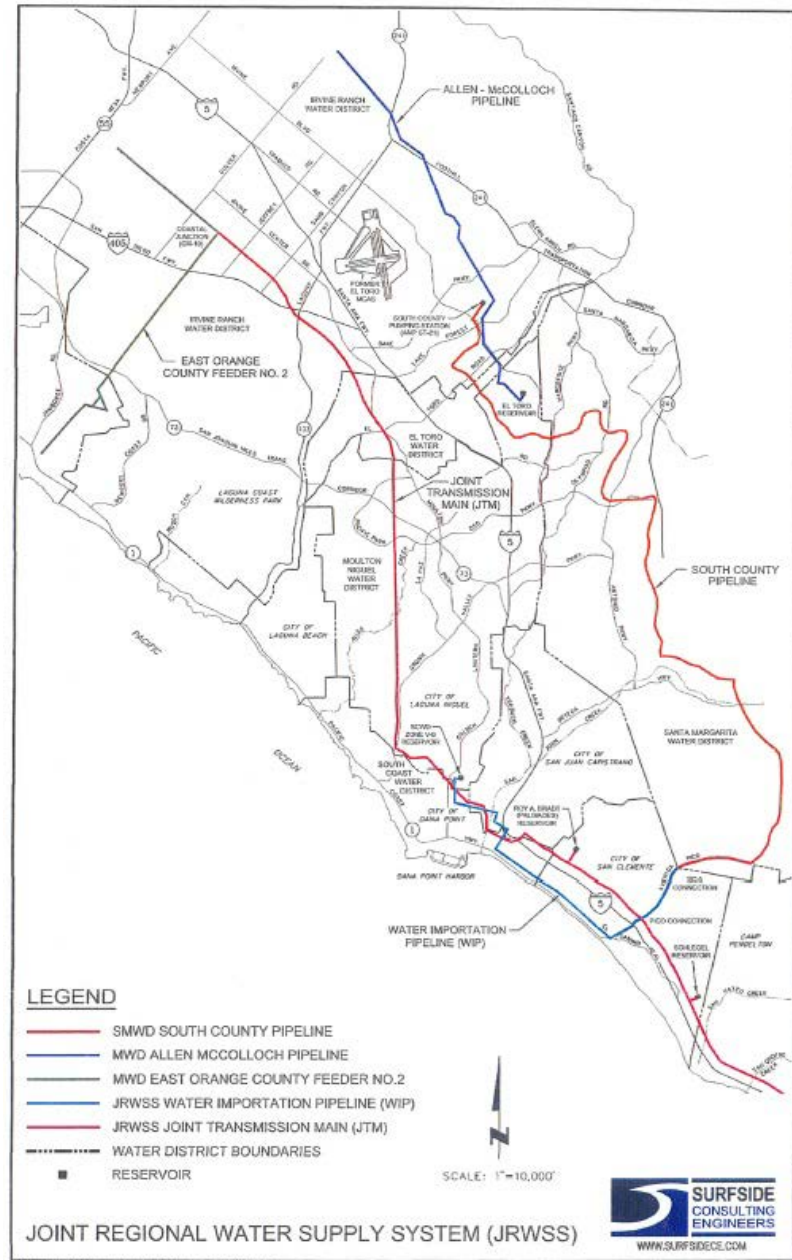
Project Description: Perform capital improvements to the Joint Transmission Main (JTM).

Project Need: The JTM is operated and maintained by the South Coast Water District (SCWD) per an inter-agency project agreement entered in 2000. The District owns about 43% of the JTM capacity, up to 43 cubic feet per second (cfs). SCWD develops a capital improvement program (CIP) for the JTM. This project provides the funding for these CIP expenditures. SCWD updates its 6-year CIP annual and provides that information to the District.

Project Status: Annual as provided by SCWD. Funds are paid to SCWD upon receipt of and review of JTM associated invoices.

Estimated Project Amount:

Item	Estimated Cost
Design	TBD
CEQA Compliance	TBD
Construction Contract	TBD
Inspection	TBD
Total Project Budget	\$6,663,111



SMWD Capital Projects – Joint Facilities

Project No: SMWD

System: Regional (Potable, Wastewater)

Fund: 7

Project Location: Various

Project Description: Various CIP projects identified by SMWD for facilities that are jointly owned by MNWD and SMWD.

Project Need: Annual budget required for projects that have not yet been identified. Historically, funds are required to cover costs associated with these unanticipated projects.

Project Status: Annual as provided by SMWD. Funds are paid to SMWD upon receipt of and review of CIP associated invoices.

Estimated Project Amount:

Item	Estimated Cost
Design	TBD
CEQA Compliance	TBD
Construction Contract	TBD
Inspection/Other	TBD
Total Project Budget	\$667,537



SOCWA Capital Project Committee 2

Project No: SOCWA

System: Regional (Wastewater)

Fund: 7

Project Location: J.B. Latham Wastewater Treatment Plant, Dana Point

Project Description: Implement capital improvements as recommended by South Orange County Wastewater Authority (SOCWA).

Project Need: SOCWA provides wastewater treatment to the District's service area. SOCWA develops a capital improvement program (CIP) for all of the facilities through various project committees (PC).

Project Status: Annual as provided by SOCWA. Funds are paid to SOCWA upon receipt of and review of CIP associated invoices. The total project budget is a 10-year budget projection.

Estimated Project Amount:

Item	Estimated Cost
Design	TBD
CEQA Compliance	TBD
Construction Contract	TBD
Inspection	TBD
Total Project Budget	\$18,781,661



SOCWA Capital Project Committee 5

Project No: SOCWA

System: Regional (Wastewater)

Fund: 7

Project Location: San Juan Creek Ocean Outfall, Dana Point

Project Description: Implement capital improvements as recommended by South Orange County Wastewater Authority (SOCWA).

Project Need: South Orange County Wastewater Authority (SOCWA) provides wastewater treatment to the District's service area. SOCWA develops a capital improvement program (CIP) for all of the facilities through various project committees (PC).

Project Status: Annual as provided by SOCWA. Funds are paid to SOCWA upon receipt of and review of CIP associated invoices. The total project budget is a 10-year budget projection.

Estimated Project Amount:

Item	Estimated Cost
Design	TBD
CEQA Compliance	TBD
Construction Contract	TBD
Inspection	TBD
Total Project Budget	\$297,077

SOCWA Capital Project Committee 15

Project No: SOCWA

System: Regional (Wastewater)

Fund: 7

Project Location: Coastal Treatment Plant, Aliso Viejo

Project Description: Implement capital improvements as recommended by South Orange County Wastewater Authority (SOCWA).

Project Need: South Orange County Wastewater Authority (SOCWA) provides wastewater treatment to the District's service area. SOCWA develops a capital improvement program (CIP) for all of the facilities through various project committees (PC).

Project Status: Annual as provided by SOCWA. Funds are paid to SOCWA upon receipt of and review of CIP associated invoices. The total project budget is a 10-year budget projection.

Estimated Project Amount:

Item	Estimated Cost
Design	TBD
CEQA Compliance	TBD
Construction Contract	TBD
Inspection	TBD
Total Project Budget	\$13,158,639



SOCWA Capital Project Committee 17

Project No: SOCWA

System: Regional (Wastewater)

Fund: 7

Project Location: Regional Treatment Plant, Laguna Niguel

Project Description: Implement capital improvements as recommended by South Orange County Wastewater Authority (SOCWA).

Project Need: South Orange County Wastewater Authority (SOCWA) provides wastewater treatment to the District's service area. SOCWA develops a capital improvement program (CIP) for all of the facilities through various project committees (PC).

Project Status: Annual as provided by SOCWA. Funds are paid to SOCWA upon receipt of and review of CIP associated invoices. The total project budget is a 10-year budget projection.

Estimated Project Amount:

Item	Estimated Cost
Design	TBD
CEQA Compliance	TBD
Construction Contract	TBD
Inspection	TBD
Total Project Budget	\$88,042,730



SOCWA Capital Project Committee 21

Project No: SOCWA

System: Regional (Wastewater)

Fund: 7

Project Location: Effluent Transmission Main in Aliso Creek

Project Description: Implement capital improvements as recommended by South Orange County Wastewater Authority (SOCWA).

Project Need: South Orange County Wastewater Authority (SOCWA) provides wastewater treatment to the District's service area. SOCWA develops a capital improvement program (CIP) for all of the facilities through various project committees (PC).

Project Status: Annual as provided by SOCWA. Funds are paid to SOCWA upon receipt of and review of CIP associated invoices. The total project budget is a 10-year budget projection.

Estimated Project Amount:

Item	Estimated Cost
Design	TBD
CEQA Compliance	TBD
Construction Contract	TBD
Inspection	TBD
Total Project Budget	\$467,260

SOCWA Capital Project Committee 24

Project No: SOCWA

System: Regional (Wastewater)

Fund: 7

Project Location: Aliso Creek Ocean Outfall

Project Description: Implement capital improvements as recommended by South Orange County Wastewater Authority (SOCWA).

Project Need: South Orange County Wastewater Authority (SOCWA) provides wastewater treatment to the District's service area. SOCWA develops a capital improvement program (CIP) for all of the facilities through various project committees (PC).

Project Status: Annual as provided by SOCWA. Funds are paid to SOCWA upon receipt of and review of CIP associated invoices. The total project budget is a 10-year budget projection.

Estimated Project Amount:

Item	Estimated Cost
Design	TBD
CEQA Compliance	TBD
Construction Contract	TBD
Inspection	TBD
Total Project Budget	\$3,966,728

El Toro Water District R6 Reservoir Cover Replacement

Project No: ETWD

System: Regional (Potable)

Fund: 7

Project Location: R6 Reservoir

Project Description: Replace cover of R6 Reservoir.

Project Need: Replacement is needed due to age and condition. ETWD is the lead agency. MNWD's share is five percent of the total project cost.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$29,050
CEQA Compliance	Exempt
Construction Contract	\$556,250
Total Project Budget	\$585,300



Santiago Aqueduct Commission Baker Pipeline Relocation

Project No: SAC

System: Regional (Potable)

Fund: 7

Project Location: Santiago Creek, Irvine Regional Park

Project Description: The project will lower an exposed portion of Reach 1U of the 54-inch diameter Baker Pipeline by approximately 10 feet along its current alignment for approximately 350 feet across the width of Santiago Creek.

Project Need: The Baker Pipeline was constructed in 1961 and initially was designed with approximately six feet of cover across Santiago Creek. Since that time, the creek has widened by approximately 50 feet and scoured more than seven feet, which has resulted in the exposure of approximately 35 linear feet of the upper portion of the pipeline. MNWD's share is 13.13 percent of the total project cost.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$22,450
CEQA Compliance	Exempt
Construction Contract	\$66,570
Inspection/Other	\$40,615
Total Project Budget	\$129,635



APPENDIX FP - A:
Debt Management Policy



POLICY A-3: MANAGING WATER DISTRICT DEBT

See also:
POL A-7

6.11.2020
Page | 1
Last Revised:
6.13.2019

POLICY A-3: MANAGING WATER DISTRICT DEBT

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

1. Policy Statement

This policy documents Moulton Niguel Water District's goals and guidelines for the use of debt instruments for financing District water, recycled water, and wastewater infrastructure, projects, and other financing needs. The District recognizes the need to invest in ongoing capital replacement and rehabilitation of its facilities as well as new infrastructure to ensure future viability of services, and that the appropriate use of debt can facilitate the timely construction of such facilities.

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

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

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

2. Purpose of Policy

The purpose of this debt management policy is to:

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



POLICY A-3: MANAGING WATER DISTRICT DEBT

See also:
POL A-7

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

3. Purpose and Use of Debt

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

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

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

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

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

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



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

4. District Policies Provide Guidance for Debt Management

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

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

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

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

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

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

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



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trustee will administer the disbursement of bond proceeds pursuant to the applicable Indenture of Trust or similar document.

Requisition for the disbursement of bond funds will be approved by the District's General Manager or Treasurer.

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

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

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

5. District Will Maintain Acceptable Debt Service Coverage

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

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

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

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



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

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

7. Managers and Financial Advisors Will Structure District Debt

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

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

8. Types of Debt

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

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



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

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

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

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

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

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

10. District Will Maintain Highest Possible Credit Ratings

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

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



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11. Any Major Credit Rating Agencies May be Used

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

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

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

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

- **Competitive sale.** Bonds will be marketed to a wide audience of investment banking (underwriting) firms. The underwriter is selected based on its best bid for its securities. The District will award the sale of the competitively sold bonds on a true interest cost (TIC) basis. Due to this policy, the General Manager or Treasurer may sign the bid form on behalf of the District to fix the interest rates on bonds sold on a competitive basis.
- **Negotiated sale.** The General Manager, Director of Finance & Water Resources and Financial Planning Manager will select the underwriter, or team of underwriters, of its securities before the bond sale, subject to Board approval. The District works with the underwriter to bring the issue to market and negotiates all rates and terms of the sale. Before the sale, the General Manager, with advice from the District's financial advisor, will determine compensation for and liability of each underwriter employed and the designation rules and priority of orders under which the sale itself will be conducted. With this policy, the General Manager or Treasurer may sign the bond purchase agreement on behalf of the District to fix the interest rates on bonds sold on a negotiated basis.
- **Private placement.** The District may elect to issue debt on a private placement



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

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

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

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

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

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

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

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

14. Policy Goals Related to Planning Goals and Objectives

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



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

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

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

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

15. Internal Control Procedures

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

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

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

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



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16. Bond and Disclosure Counsel

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

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

17. Financial Advisors

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

The financial advisor will:

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

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



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

18. Underwriters

For negotiated sales, the District will generally select or pre-qualify underwriters through a competitive process. This process may include a request for proposal or qualifications to all firms considered appropriate for the underwriting of a particular issue or type of bonds.

The Financial Planning Manager, in consultation with the District's financial advisor, will determine the appropriate method to evaluate the underwriter submittals and then select or qualify firms on that basis, and recommend the firm or firms to function as the District's underwriter. The Board will approve the underwriter(s) to be used for each transaction or a series of transactions. The District is not bound by any underwriting agreement; oral or written, to which it was not a party.

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

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

The Controller and Financial Planning Manager will:

- Monitor the expenditure of bond proceeds to ensure they are used only for the purpose and authority for which the bonds were issued and exercising best efforts to spend bond proceeds in such a manner that the District shall meet the spend-down exemptions from arbitrage rebate. Tax-exempt bonds will not be issued unless it can be reasonably expected that 85% of the proceeds will be expended within the three-year temporary period.
- Monitor the investment of bond proceeds with awareness of rules pertaining to yield restrictions. Maintaining detailed investment records, including purchase prices, sale prices and comparable market prices for all securities.
- Contract with outside arbitrage consultants to establish and maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of federal tax code.



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

20. Continuing Disclosure

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

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

21. Compliance with Bond Covenants

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

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

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



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

22. Updates to this Policy

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



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APPENDIX A: Types of Debt and Uses

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

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

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

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

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

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

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



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

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

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

These short term notes may be structured as:

- **Bond Anticipation Notes (BANs)** - BANs are short term obligations that will be repaid by proceeds of a subsequent long-term bond issue. The District may choose to issue Bond Anticipation Notes as a source of interim construction financing. Before issuing such notes, financing for such notes must be planned for and determined to be feasible by the General Manager and Financial Planning Manager, in consultation with the District's financial advisor.
- **Commercial Paper (CP)** - CP is a form of debt that has maturities up to 270 days although it may be rolled to a subsequent maturity date. Tax Exempt Commercial Paper shall not be issued for capital programs unless it is of sufficient economic size, as determined by the General Manager, Director of Finance & Water Resources, and Financial Planning Manager, in consultation with the District's Financial Advisor.
- **Tax and Revenue Anticipation Notes (TRANs)** - TRANs are short term notes secured by a pledge of taxes and other revenues in the current fiscal year. TRANs, if issued, will constitute direct obligations of the District. All TRANs will be redeemed in the same fiscal year in which they are issued.

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



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

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

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

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

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

APPENDIX FP - B:
Investment Policy



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

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

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

1. Purpose of Policy

The purpose of this Investment Policy is to:

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

2. The Board May Delegate Investment Authority and Management

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

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

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



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

3. District Fiduciaries Shall Follow Prudent Investor Standards

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

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

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

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

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

1. Safety: The District will seek investments in a manner that seeks to ensure the preservation of capital in the overall portfolio. To accomplish this, the District will diversify its portfolio by investing funds among a variety of securities with independent returns.
2. Liquidity: The portfolio will remain sufficiently liquid to meet all reasonably anticipated operating requirements.
3. Return on Investments: The portfolio will be designed to obtain a market rate of return throughout budgetary and economic cycles, recognizing investment risk limits for safety and liquidity requirements.



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5. District Investments Shall be Organized by Performance Objective

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

1. Liquid Fund:

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

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

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

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

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

2. Limited Maturity Fund:

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

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

3. Operating Reserve Fund:

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



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

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

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

4. Debt Service Restricted Reserve Funds:

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

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

6. **The District Will Only Work with Qualified Financial Institutions**

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

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

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



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

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

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

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

Mitigating Credit Risk:

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

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



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

Mitigating Market Risk:

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

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

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

8. District Investments Shall Comply with State Laws

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

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



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

9. Authorized Investments

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

Municipal Securities

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

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

U.S. Treasuries

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

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

Federal Agencies

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

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



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issuer.

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

Banker's Acceptances

Banker's Acceptances provided that:

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

Commercial Paper

Commercial Paper provided that:

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

Negotiable Certificates of Deposit (NCDS)

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

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



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higher by at least one NRSRO.

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

Federally Insured Time Deposits (Non-Negotiable Certificates of Deposit)

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

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

Collateralized Time Deposits (Non-Negotiable Certificates of Deposit)

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

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

Collateralized Bank Deposits

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

Repurchase Agreements

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

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



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

State of California Local District Investment Fund (LAIF)

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

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

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

Local Government Investment Pools

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

- CALTRUST
- California Asset Management Program (CAMP)

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

Corporate Medium Term Notes (MTNS)

Corporate Medium Term Notes (MTNS), provided that:

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

Mutual Funds

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



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inclusive and that meet either of the following criteria:

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

Money Market Mutual Funds

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

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

Supranationals

Supranationals, provided that:

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



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

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

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

Prohibited Investment Vehicles and Practices

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

10. The District Requires Collateralization for Specific Securities

Certificates of Deposit (CDs)

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



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Collateralization of Bank Deposits

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

Repurchase Agreements

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

- The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
- The District and its investment adviser shall receive monthly statements of collateral.

11. Custodian Keeps District's Investments in Safekeeping

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

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

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

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

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

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



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12. Reporting

Quarterly Reports

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

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

13. Fiduciaries Shall Report to the Board Regularly

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

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



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

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

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

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

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



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DEFINITIONS:

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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



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cost of borrowing by purchasing interest rate swap agreements.

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

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

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

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

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

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

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

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

APPENDIX FP - C:
Purchasing Policy



POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

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POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

This policy applies to the purchase of services and materials, equipment, supplies (referred to collectively as “materials”), and Public Works projects for the Moulton Niguel Water District (“District”) as required by California State law (Code Sections 54201, 54202 and 54204) and the Office of Management and Budget Uniform Grants Guidance Title 2, Subtitle A, Chapter II, Part 200, Subpart D (UGG 2 CFR 200).

All purchases of services or materials and Public Works projects paid for by the District must adhere to the authority level and dollar limits set in this Policy.

1. Delegation of Purchasing Authority

The Board has authorized the General Manager, or assigned representatives, to perform essential duties for District operations, including purchase authority.

The General Manager may delegate purchasing authority to others who may use purchasing cards, purchase orders, check requests, or other written authorization.

Board-established purchasing limits and contract signatory authority are listed in Table 1. These limits apply on a per-purchase/per-contract basis, not on an aggregated basis, for unrelated activities.

Purchases and Contract awards must be authorized by the appropriate authority in Table 1.

If an authorized signatory (other than the General Manager) for a given request is absent, the next highest authority in Table 1 may provide the purchase authority.

2. Unauthorized Purchasing is Prohibited and Subject to Penalties

Anyone making purchases outside this Policy and without General Manager or Board authorization, will be subject to disciplinary action and/or termination as outlined in the District Personnel and Salary Policy.

3. Division of Contracts

The District prohibits separating or dividing Contracts, reducing its cost below a specified sum to avoid the requirements of this or any related policy. But Contracts may be divided to meet unique scheduling needs of a project or to meet necessary time frames. Also, no Contract shall include language to limit competitive bidding or



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solicitation to any one specific vendor, brand, product, thing, or service, except for the exempt items listed in this policy. (See Item #14)

4. Purchase Amounts Include Taxes and Shipping

Purchase amounts include taxes and the cost of shipping, freight fees, and any other charges billed by the supplier or contractor within the authorized limits in this Policy.

5. Online Purchases and Utilization of Electronic Signatures

The District may use electronic commerce whenever reasonable or cost-effective. The District may accept electronic signatures and records for District procurement.

6. Requisitions for Purchasing Materials and Services

District staff who require materials or services to carry out the defined duties of their positions shall submit Requisitions, in advance, for purchases in accordance with this Policy. The Purchasing Department will generate a Purchase Order (PO) from the Requisition.

7. Check Requests

A check request can be used for certain limited materials or services without a PO. Check requests may be used to request payment for Non-Discretionary Purchases, such as services rendered, subscriptions, membership dues, workshop/seminar/conference registrations, and use of facilities. Check requests are subject to the authorization limits established in Table 1.

8. Purchasing Cards

Authorized District staff may be assigned Cal Cards to make miscellaneous purchases within the limits of Table 1. Cal Card purchases are subject to the terms and conditions of the District Cardholder Acceptance Agreement.

Services may not be purchased with Cal Cards due to lack of insurance and indemnification language associated with these purchases. District staff using Cal Cards are subject to the terms of this Policy and all related Cal Card usage terms or amendments. A Cal Card should not be used if a Purchase Order or other procurement method would be appropriate.



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9. Blanket Purchase Orders

A Blanket Purchase Order is issued to cover all amounts expected to be paid to the supplier/contractor/Consultant for the fiscal year or through a Contract term. Blanket Purchase Orders expire at the end of the fiscal year or as soon as a Contract ends, whichever comes first.

For Blanket Purchase Orders exceeding \$75,000, the District will utilize work order forms to initiate work with the supplier/contractor/Consultant. The work order forms will indicate the estimated cost for the work order, and must be signed by a Staff Director or Staff Officer prior to initiating the work with the supplier/contractor/Consultant. If the Director or Officer for a given work order is absent, the next highest authority in Table 1 may provide the authorization.

10. References and Financial Responsibility Before Awarding Contracts

Before awarding any Contract, the District will verify the references and financial responsibility of the contracting parties. After award, all Contracts shall be executed on behalf of the District by the appropriate authorized signatory indicated in Table 1.

No Contract will be awarded if funds are not available to make payment upon delivery or completion, or by payment schedule, unless authorized and approved by the Board or General Manager.

11. Contracts are Required for Any Services and Public Works Projects over \$5,000

Contracts for Non-Professional Services, Professional Services and Public Works shall be executed when the cost exceeds \$5,000 (except for an Emergency as defined in this policy).

12. Authorization of Multi-Year Contracts in the District's Best Interest

Multiple Year Contracts are allowed when they are in the best interest of the District as determined by the General Manager.

The dollar value of a Multiple Year Contract shall be the total contract value, including optional renewal periods. Once initially approved, any contract renewals may be authorized by the General Manager, regardless of dollar amount, if the pre-priced option is consistent with the terms of the initial Contract.

13. Non-Discretionary Purchases



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Non-Discretionary Purchases do not require Board approval for payment, including those over the General Manager limit of \$75,000. Initial software license agreements and cloud-based services are subject to the purchase limits in Table 1. Purchase Orders are not required for Non-Discretionary Purchases.

14. Emergency Services Above \$75,000

The General Manager, Assistant General Manager or the assigned Emergency Operations Director may authorize Emergency expenditures for work, services, and/or supplies where the cost exceeds \$75,000 pursuant to Board policy. The Board shall be notified of any expenditures for Emergency work, services and/or supplies exceeding the General Manager's authorization limit at the next regularly scheduled Board meeting.

15. District Warehouse Inventory

Purchase requests to replenish the District's warehouse inventory within established inventory re-order levels require no prior authorization or signatory approval under Table 1.

16. Non-Professional Services and Materials Procurement

The District requires a competitive bid or selection process for purchasing non-professional services and materials, and for Public Works projects.

For non-professional services and materials estimated to cost \$10,000 or less, District staff may request a proposal from one qualified Consultant or Vendor.

District staff will request a minimum of three bids or proposals for non-professional services and materials when the contract amount is expected to cost between \$10,001 and \$75,000.

For a non-professional services and materials contract expected to cost more than \$75,000, the District will initiate an RFP or RFQ.

- All quotes, bids and proposals must be in writing. Email is acceptable.
- RFP, RFQ, and Invitation to Bid submissions must comply with all terms of the solicitation, or any related laws. Submissions that fail to comply may be disqualified.

17. Exceptions to Competitive Solicitations

- Sole Source Purchases



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- Single Source Purchases
- Emergency expenditures
- Supplies, materials or equipment procured through a Cooperative Purchasing program with federal, state, county, or other public agencies
- Purchases made after a reasonable attempt to obtain competitive bids and:
 - No additional suppliers/providers/contractors/Consultants can be located.
 - The District receives no response from suppliers/providers/contractors/Consultants to a competitive bid.
 - No other satisfactory bids/proposals are received.

Except for purchases greater than \$75,000 and requiring Board authorization, the General Manager or Assistant General Manager may decide whether a purchase meets the criteria above to be exempt from competitive solicitation.

18. Public Works Contracts

Contracts for Public Works projects shall comply with all requirements for Public Works contracts under State law, including rules for:

- Listing subcontractors.
- Posting payment bonds equal to no less than 100 percent of the total contract amount (for all Public Works contracts over \$25,000).
- Paying prevailing wages (for all contracts for Public Works exceeding \$1,000), or as otherwise required by law.

Unless the General Manager and legal counsel approve a waiver, the District requires performance bonds for all Public Works Contracts equal to no less than 100 percent of the total contract amount. Public Works Contracts let by an Invitation to Bid will be awarded to the lowest responsive, responsible bidder as allowed by State law and the District's standard Public Works contract documents.

19. Professional Services Procurement

Professional Services Contracts must meet the terms of California Government Code §4525 et seq., and §53060, based on proof of competence and qualifications for the types of services to be performed at fair and reasonable prices, as determined by the District.

For Professional Services estimated to cost \$25,000 or less, District staff may request a proposal from one qualified Consultant.



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District staff will request three proposals for Professional Services when the contract amount is expected to cost between \$25,001 and \$75,000.

For a Professional Services Contract expected to cost more than \$75,000, the District will initiate an RFP.

The following criteria shall apply as exceptions to the competitive solicitation requirements as indicated for Professional Services where such requirements would otherwise apply:

- In the case of sole or single source procurements of Professional Services, only one proposal from a qualified firm is required.
- For Professional Services in which it is infeasible to comply with the selection process because of the unique, exploratory or experimental nature of the project, District staff may request a proposal from one qualified Consultant.

20. Nonresponsive or Unqualified Bid or Response

In response to any Invitation to Bid, RFQ, or RFP, the District may reject any unqualified bid or other response that is incomplete, irregular, amplified, unqualified, conditional or otherwise not in compliance with the solicitation documents in all material respects, and in accordance with law.

The District may waive any informality, irregularity, immaterial defects or technicalities in any bids or other responses received; and/or cancel an invitation for bids or RFP/RFQ, or reject all bids or responses for any other reason, which indicates the cancellation or rejection of all bids or responses is in the District's best interest, and in accordance with law.

Rejection of all bids or responses or cancellation of competitive solicitations, including determinations to re-bid, or re-solicit is subject to the same authority level required to award a Contract in Table 1, and as required by law.

In the case of RFPs and RFQs, the General Manager and the Board reserve the right to award Contracts based upon the best interests of the District, as determined by the District.

21. Change Orders for Goods and Services

The District may issue Change Orders, as required by changes in the specifications or conditions of a project, services performed, or materials issued.



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Change orders or amendments that extend the expiration date of the original or Board approved contract by no more than 12 months, but do not affect the total contract price can be approved subject to the contract signing authority indicated in Table 1.

The Purchasing department may issue Change Orders up to 10 percent over the original PO without further approvals if the original purchase amount was \$10,000 or less. For any Change Order request over the original PO by more than 10 percent or the \$1,000 limit, the requesting department will complete a revised Purchase Order Requisition (approved at the levels in Table 1.)

- For Contracts and Amendments up to \$75,000:
 - Change Orders can be approved by the total appropriate authorization levels as outlined in Table 1 up to a total Contract amount of \$75,000 without Board approval.
 - Board approval is required for a Change Order if the proposed Change Order would cause the total Contract amount to exceed \$75,000.
- For Contracts and Amendments over \$75,000:
 - Board approval is required for Change Order requests which increase the contract amount, unless sufficient contract contingency was previously approved by the Board.

A Change Order above the Change Order limits set forth in this policy may be authorized by the General Manager or Assistant General Manager prior to Board approval if:

- A delay in Change Order authorization could result in a negative financial impact to the District.
- A delay in Change Order authorization could result in damage to or impairment of the operations of a District facility.
- An Emergency exists which requires immediate work/services.

The Board shall be notified by the General Manager of any Change Order above the General Manager's authorized limit at the next Board meeting.

22. Personal Financial Interest in District Contract



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Board members and District staff, spouses, or dependent children shall not be financially interested in any contract made by them in their official capacity. (Government Code Section 1090). Board Members and District staff, spouses, or dependent children shall not participate in any way to influence a governmental decision in which they have a financial interest. (Government Code Section 87100).

All District employees (other than Administrative Personnel not under Designated Positions in the District's Conflict of Interest Code) authorized under this Policy to make purchases or enter into agreements on behalf of the District will complete a Statement of Economic Interests (Form 700) and comply with the District's Conflict of Interest Code.

Confidential or proprietary information must be handled with due care and proper consideration of ethical and legal ramifications and governmental regulations. Purchasing activities must be performed in accordance with all applicable laws and this policy. Employees/individuals who violate the standards set forth in this Section are subject to disciplinary action consistent with District Personnel and Salary Policy.

23. This District Makes Purchases as a California Water District

As a California Water District, the District is not required by State law to competitively bid any purchases, unless otherwise stated in this policy.

The District may:

- Enter into non-bid contracts for Public Works.
- Purchase materials, services and supplies.
- Contract for design-build work.
- Job-order contracting.
- Enter into Cooperative Purchasing contracts to plan, build, and maintain Public Works.
- Undertake any other form of contract found to be in the District's lawful best interest.

24. Maintenance of this Policy

The General Manager and assigned representatives, working with the District's legal counsel, will maintain and propose revisions to this policy as needed. All changes to this policy shall require the approval of the Board of Directors. In all cases, the District shall implement this policy in a manner that is consistent with Federal, State or local regulations.



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DEFINITIONS:

Administrative Personnel – District administrative employees authorized by the General Manager to purchase miscellaneous items, food and travel in support of District functions; includes Administrative Assistant, Administrative Analyst, Human Resources Administrator and any other administrative position as authorized by the General Manager.

Amendment – A written change or addition to a legal document which, when properly executed, has the same legal validity of the original document.

Blanket Purchase Orders - Used for payment to the same supplier/contractor/Consultant multiple times, or for ongoing monthly purchases/expenses.

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

Change Order – A written Amendment modifying the terms of an existing Contract or Purchase Order.

Consultant – An individual, firm or entity that provides or offers to provide Professional Services to the District.

Contingency - A predetermined amount or percentage of a Contract held for changes in a Public Works project.

Contract - Written agreement authorizing a contractor, Consultant, supplier or service provider to provide materials or services, or Public Works, in accordance with the material requirements, conditions or scope of work stated in the Contract.

Cooperative Purchasing – Participation with other agencies in cooperative purchasing arrangements and programs to leverage the benefits of volume purchases, delivery and supply chain advantages, best practices, and the reduction of administrative time and expenses.

District –Moulton Niguel Water District.

Emergency – A situation in which unforeseen circumstances present an immediate risk of harm or hazard to the public health, safety, and welfare, or to the District property, or threaten serious interruption of District operations.

General Manager – General Manager of the District or the person appointed by the Board to act in the capacity of the General Manager and authorized to administer this Policy on his/her behalf.

Invitation for Bids - A formal process for soliciting sealed bids from qualified prospective suppliers or Public Works contractors. Typically involves a formal bid opening, and the awarding



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of a Contract to a responsive and responsible supplier or contractor based on price and other specified factors, and as otherwise required by law.

Multiple Year Contract - A Contract for the purchase of services or materials, or for Public Works for a multiple year term or that may contain provisions to extend performance by exercising optional renewal periods. A Multiple Year Contract does not obligate the District beyond the initial award period and shall not provide for a cancellation payment to the contractor if options are not exercised.

Non-Discretionary Purchases – Payments to utilities and national, state or local agencies that relate to routine obligations and expenses essential to the District’s ability to provide service to customers and that have been approved in fiscal year operating or capital budgets, and for the purposes of this policy, shall also include expenses previously approved by the Board, which would require significant advanced planning to change service providers, such as software license agreement renewal/ cloud based services renewal, insurance providers, and healthcare providers.

Non-Professional Services – Services other than Professional Services, including supply and maintenance services.

Procurement - The purchase or lease of materials, supplies, equipment or services, or Public Works.

Professional Services – Any type of special service or advice in financial, economic, accounting, engineering, legal or administrative matters by persons specially trained and experienced and competent to perform the special services required. (California Government Code § 53060.) Such services include but are not limited to architectural; engineering; environmental; financial; land surveying; construction management; audits; training services; legal services; preparation of planning or studies; technology application development; and personnel, job classification and benefit studies.

Public Works – As defined by California Public Contract Code Section 22002, public projects include construction, reconstruction, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased or operated facility. Maintenance work is not considered a public project for purposes of this definition.

Purchasing Card - A form of charge card that allows materials and services to be purchased without using a Purchase Order. The District participates in the Cal Card and Home Depot credit card programs.

Purchasing Department – The District employees assigned the duties of identifying vendors, obtaining competitive bids, issuing and processing Purchase Order Requisitions, maintaining



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office inventory, and assisting the General Manager in the application of Policy procedures within the District.

Purchase Order (PO) – An authorization, under a standardized form in which the party designated as the “provider” is to provide materials and/or services for which the District agrees to pay.

Request for Proposal (RFP) - A solicitation used for the procurement of Professional Services and Non-Professional Services. Prospective suppliers or Consultants submit requested information and are evaluated/awarded based on pre-established criteria.

Request for Quotes (RFQ) - A solicitation used for procurement of supplies, materials, or equipment.

Requisition (REQ) - The procedural method by which departments may request a PO for the purchase of materials, supplies or equipment. Requisitions are entered into the District’s Enterprise Resource Planning system application.

Single Source Purchase - Procurement where: (1) there is a compelling reason for only one source, a preferred brand, like material, etc., to be procured; or (2) the commodity is unique, including, but not limited to, acquisition of data processing, telecommunications and word processing equipment, goods and services; or (3) the purchase of a specific brand name, make or model is necessary to match existing District equipment or facilitate effective maintenance and support; or (4) when it is in the best interest of the District to extend or renew a Contract from a previous contract period, based on satisfactory service, reasonable prices, avoidance of start-up costs, avoidance of interruptions to District business, or good business practices.

Sole Source Purchase - Procurement where only one viable source exists. This is usually due to legal restrictions of patent rights, a proprietary process, warranty issues, original equipment, copyrights, etc.

Work Order – Request and approval for services or performances of specific tasks to be completed, and placed against a pre-established contract. Vendors may also use the terms “task order” and “statement of work”. For District purposes, these items will be treated as “work orders”. (These typically apply to on call or as needed contracts or Blanket Purchase Orders).



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TABLE 1: Procurement Limits and Contract Signature Authority

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

APPENDIX FP - D:
Capitalization Policy

POLICY A-4: CAPITALIZATION, REGULATED ASSETS & SURPLUS

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

1. Capital Asset Threshold

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

This financial reporting system should include:

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

2. Depreciation of Capital Assets Using Straight-Line Method

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

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

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

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

3. Capital Assets Are Reported at Historical Value

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

These costs will include (when applicable):

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

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

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

4. Repairs and Maintenance Are Classified As Operating Expenses

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

5. Regulated Asset Threshold

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

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

6. Amortization of Regulated Assets

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

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

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

7. Regulated Assets Are Reported at Historical Value

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

These costs will include (when applicable):

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

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

8. Purchasing Department Maintains Inventory

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

This financial reporting system should include:

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

9. The District Will Sell or Dispose of Surplus Property

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

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

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

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

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

11. District Recycles Surplus Scrap Material

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

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

12. All Other Surplus Property Sales Require Approval

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

13. District Follows California Law When Disposing of Property

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

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

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

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

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



POLICY A-4: CAPITALIZATION & SURPLUS

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DEFINITIONS:

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

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

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

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

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

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

APPENDIX FP - E:
Reserve Policy



POLICY A-8: MAINTAINING WATER DISTRICT RESERVE FUNDS

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A-8: MAINTAINING WATER DISTRICT RESERVE FUNDS

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

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

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

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

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

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

2. Capital Reserves Will Fund Projects

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



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

The Emergency Reserve (Fund 1) will provide funds to enable the District to quickly repair critical assets in the event of a natural disaster or facility failure. The target balance of the Emergency Reserve will equal 2 percent of the replacement costs of the District's assets, as outlined in current guidelines from the Federal Emergency Management Agency (FEMA).

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

The Planning and Construction Reserve (Fund 14) will fund the development of new capital facilities that do not result in new water or recycled water supplies as identified in the District Capital Improvement Plan. All amounts will be maintained in a separate Planning and Construction Fund. Funding for the Planning and Construction Reserve will be from new debt issuances or fund transfers as part of the budget process.

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

3. District Debt Service Reserves Will Be Held in Trust

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



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4. District May Use Certain Reserves for Cash Flow Requirements

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

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

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

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

5. Funds Must Be Replenished As Soon As Possible

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

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



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

6. Reserve Analyses are Required for Review by the Board

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

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

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

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

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

APPENDIX FP - F:
Grant Management Policy



POLICY A-6: FEDERAL GRANT MANAGEMENT

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POLICY A-6: FEDERAL GRANT MANAGEMENT

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

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

1. Primary Point of Contact

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

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

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

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

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

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



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- a. The Controller initiates reimbursement requests per the stipulations of the grant award after review of federal expenditure activity.
 - b. Reimbursement is made via ACH wire directly into the District's bank account.
 - c. The cash receipt is entered into the financial system.
 - d. A copy of the ACH confirmation will be maintained with the cash receipt. The cash receipt is reviewed and approved in the financial system. Cash receipts are recorded in the "Grant funding" object account within the same fund used for the project business unit.
 - e. If the District receives an advance, per Federal requirement, any interest earned more than \$500 will be returned to the awarding agency.
- 4. Allowability of Costs** - *Legal requirement: 2 CFR 200.302(b)(7), 2 CFR 200.309, and 2 CFR 200.403 - 2 CFR 200.405*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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



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

16. Procurement Procedures - Legal requirement: 2 CFR 200.320

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

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

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

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

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

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

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

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

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

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

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

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

- A. For all equipment purchased with federal grant funds, the District will maintain accurate information about the equipment including the following:
 - i. A description and serial number or other identification number;
 - ii. Source of funding, including the Federal Award Information Number (FAIN);
 - iii. Whether title vests in the recipient or the federal government;
 - iv. Acquisition or received date and cost;
 - v. Percentage of federal participation in the cost;
 - vi. Location use, condition, and the date the information was reported;
 - vii. Ultimate disposition data, including date of disposal and sales price.

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

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

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

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

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

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

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

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

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

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

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

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

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