

FISCAL YEAR

2024-25

ADOPTED

BUDGET



Prepared by :



moulton niguel water district

On behalf of the Moulton Niguel Board of Directors, we proudly present the Fiscal Year 24-25 Budget to our customers.

As we enter the new fiscal year, Moulton Niguel continues to maintain a strong financial position with the highest-possible AAA credit rating from Fitch Ratings and S&P Global Ratings. While our financial position remains positive, we continue to balance critical infrastructure investments with external financial pressures, such as rising imported water costs and inflation.

Upon approval of this year's \$172.5 million budget, the Moulton Niguel Board of Directors will retain its commitment to reinvesting our customers' money into critical water and wastewater infrastructure and financing our reliable water supply. During the upcoming fiscal year, our largest expenditure budgeted is approximately \$72.8 million in capital investments to support our robust infrastructure system while also enhancing water supply resiliency for our customers. This year's balanced budget includes vital infrastructure improvements that will sustain our water and wastewater services for more than 170,000 residents and 6,000 businesses and institutions in South Orange County.

Moulton Niguel is proud of our record of providing safe and reliable water service at one of the lowest rates in Orange County. Under this year's budget, Moulton Niguel will continue to offer our customers the lowest average bill in South Orange County.

We remain committed to responsible long-term planning that ensures ongoing safe, high-quality water services for our customers. Moulton Niguel conducts more than 12,000 water quality tests per year to ensure all water delivered to our customers meets the rigorous federal and state standards for safe drinking water. This year's budget includes funding for our water quality systems to keep our water safe for you.

As we look ahead to the opportunities in the coming year, Moulton Niguel will continue to develop the core of our FOCUS strategic vision. Our strategic plan lays the foundation for ensuring the District not only remains resilient in the face of adversity, but also continues to provide high-quality services to our community.

Respectfully Submitted,



Joone Kim-Lopez, General Manager/CEO

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moulton niguel water district



Executive Summary

Executive Highlights

\$470.3 Million Investment in Capital Infrastructure

Over the next ten years, Moulton Niguel will reinvest more than \$470.3 million in building, maintaining, and upgrading our capital infrastructure assets. This investment in our water and wastewater infrastructure includes ongoing rehabilitation and replacement of District reservoirs, pump and lift stations, transmission and distribution pipelines, service lines, valves and communications equipment, as well as projects to ensure the reliability of future water sources.

Exploring Water Re-Use: Planning for Our Community's Long-Term Water Needs

Moulton Niguel is engaging in long-term planning to explore new ways to re-use water locally through its Optimized Adaptive Sustainable Integrated Supply (OASIS) Water Resources Center. The project builds on the District's history of water recycling, commitment to environmental stewardship, and regional collaboration to develop a watershed project that both improves the environment and develops a new sustainable local source of water. In 2022, Moulton Niguel assumed the capital planning and operations of the Advanced Water Treatment Plant at the Regional Treatment Plant that produces recycled water for customers. Moulton Niguel is projected to recycle nearly 2.5 billion gallons of water this year, meeting more than 20% of our total water demand through water we recycle locally.

\$77.4 Million in Financial Reserves

The Fiscal Year 24-25 budget sets aside \$77.4 million in reserve funds to be prepared for uncertainty in an ever-changing natural and economic environment. These reserves provide the District with cash flow for ongoing operations, funds to provide rate stability to our customers, and funds to address natural disasters or infrastructure emergencies.

South OC Regional Coordination for Wastewater Optimization and Resolving Expiring Wastewater Agreements

Moulton Niguel is collaborating with our neighboring water agencies to address expiring operating agreements for our locally owned wastewater treatment facilities. As was outlined in the South OC Wastewater Optimization Blueprint, jointly developed in 2023 by Moulton Niguel Water District and Santa Margarita Water District, there is a shared vision to optimize wastewater operations, increase local water supply development, and modernize the governance for our region's wastewater treatment facilities. Core to this vision: Moulton Niguel regaining capital planning and operations of the Regional Treatment Plant, which would allow for the advancement of the OASIS Water Resources Center.

\$60.5 Million in Water Reliability Projects

The District continues to explore water reliability projects to secure our future water supply in the face of both unplanned short-term emergencies and long-term diminished supplies. Two key projects in this effort include the new Memorandum of Understanding with the San Diego County Water Authority to explore a potential water exchange and an interconnection to the Orange County Water District groundwater basin. These infrastructure improvements and partnerships promote water reliability and would provide our customers with an emergency source of groundwater through the construction of a new well and pump station or drought proof supplies. Other key projects include constructing a second South County Pipeline Takeout Facility and a Salinity Management System for the recycled water system at the Regional Treatment Plant.

FOCUS Strategic Vision & The Big 6

Last year, the MNWD Board of Directors reaffirmed its FOCUS strategic vision: Fiscal Responsibility, Operational Optimization, Community & Government Relations, Unified Workforce, Secure & Reliable Service. As part of that process, MNWD established six functional areas, referred to as "The Big 6", that would require heightened attention over the next several years:

1. Resiliency Action Plan
2. All Things Wastewater
3. Construction Activities
4. Water Reliability Efforts
5. MET Tracking & Advocacy
6. Utility Billing System Replacement

As we look ahead to the challenges and opportunities in the coming year, MNWD will continue to develop the core of the FOCUS strategic vision with critical efforts placed on "The Big 6" as we work to ensure resilient service for our customers.

\$72.8 Million in Proposed Bond Proceeds

\$72.8 million in bond proceeds are anticipated in the upcoming fiscal year which will fund critical infrastructure.

Balanced Budget Based on Customer Feedback

Moulton Niguel is committed to an open and transparent budget process that incorporates direct feedback from our customers. On May 1, 2024, customers, staff, and the Board of Directors held a combined strategic planning and budget workshop to discuss progress and updates on the "Big 6" strategic initiatives and funding for those initiatives that are incorporated into the Fiscal Year 24-25 budget.

Budget Overview

The District appropriates a balanced budget for all funds, with total recurring revenues equal to or greater than total recurring expenses, such that at year-end, all funds maintain a positive fund balance and reserves are maintained. Funding sources and uses in the budget are discussed and displayed in *Figure 1: Funding Sources and Funding Uses*.

Funding Sources

The budget includes total funding sources of \$172.5 million. Major categories include Cash Spenddown, Water Sales, Water Use Efficiency (WUE), Recycled Sales, Wastewater (WW) Service, Property Tax, Investment Income, Cell Site Income, and Other Income.

Planned Cash Spenddown of \$47.8 million is the largest funding source for the upcoming fiscal year. This planned drawdown consists mainly of proceeds from bond issuances to execute capital projects. The draw on anticipated bond proceeds and available cash reserves is consistent with the previously adopted Long-Range Financial Plan and supplements funding needs of critical infrastructure while maintaining intergenerational equity among customers.

Operating revenues from customer fees and charges for the delivery of potable and recycled water and collection and treatment of wastewater are also key funding sources for the District. In addition to these fees and charges, District revenues are supplemented by an apportionment of Ad Valorem property taxes from the County of Orange which are reinvested into infrastructure. When combined with other supplemental income, these non-rate revenues represent 36% of annual revenue that would otherwise need to be collected from customer bills.

Funding Uses

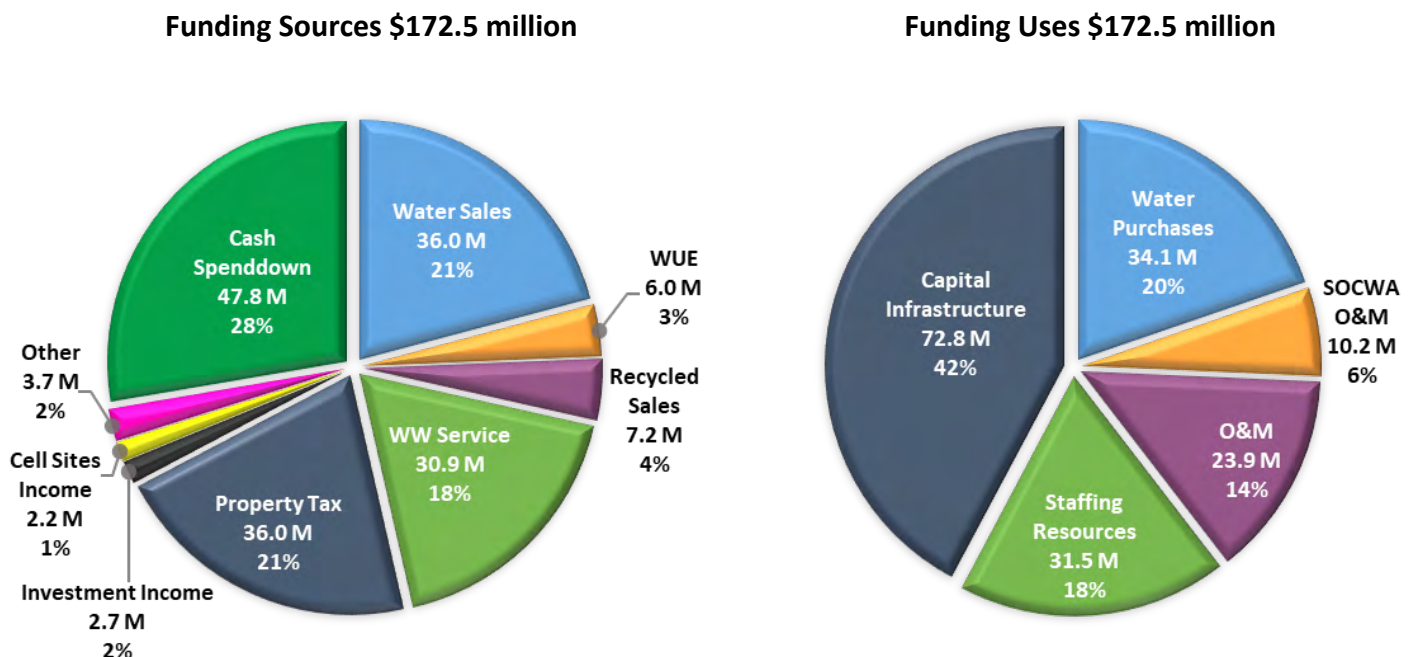
The budget includes total funding uses of \$172.5 million. Major categories include Capital Infrastructure, Water Purchases, SOCWA O&M, Staffing Resources, and District Operations & Maintenance (O&M).

Consistent with utility enterprises, the \$72.8 million in Capital Infrastructure costs represents the largest use of funds, accounting for over 42% of total expenditures. The Capital Infrastructure category is comprised of both new capital projects expenditures and bond payments for past projects. New capital project appropriations for the FY 24-25 budget total \$62.3 million. Bond payments total \$10.5 million and are drawn from restricted accounts funded through transfers authorized by the budget resolution.

The operating budget of \$99.7 million includes Water Purchases, Staffing Resources, O&M, and wastewater treatment operating costs from SOCWA. Water Purchases of \$34.1 million represent over 20% of total expenditures and the largest use of operating funds.

The operating budget is managed at the fund level and is primarily composed of expenditures in Funds 1 and 6. Fund 1, the General Fund, is utilized for the majority of operations while Fund 6, the Water Use Efficiency Fund, is used for water efficiency programs and operations.

Figure 1: Funding Sources and Funding Uses



Assumptions & Factors

General assumptions and factors that guided the development of the MNWD FY 24-25 budget included:

- 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 demands are unchanged from prior year levels and total water purchases are budgeted at 23,580 acre-feet. Though customer water usage remains considerably lower during the last 2 "wet" years, this budget conservatively assumes demands representative of a typical year in case weather begins to revert back to "dry" conditions which increased demands as high as 25,144 AF as recently as FY 20-21. It should be noted that the District's rate structure is designed to balance fixed and variable costs and revenues, and the District's financial position is not negatively affected by unanticipated reductions in water sales revenue.
- Potable water deliveries from the Baker Water Treatment Plant for FY 24-25 are budgeted at 8,908 AF, reflecting a full year of water deliveries. The remaining 14,672 AF of potable water deliveries will be supplied from imported sources by Metropolitan Water District of Southern California (MET) via the District's wholesaler, the Municipal Water District of Orange County (MWDOC).
- Projections for recycled water demand are unchanged from prior year levels and recycled water production is budgeted at 6,723 acre-feet. Similar to potable water, recycled water use has reduced significantly during the last two "wet" years, with actual demand for FY 22-23 falling below 5,000 AF. However, because recycled water use is entirely for outdoor irrigation, demands typically increase proportionally in response to weather with "dry" year demands as high as 7,000 AF as recently as FY 20-21. As such, this budget conservatively assumes demands representative of a more typical year in case weather begins to revert back to "dry" conditions.
- Property tax revenue is expected to increase by 3.8% due to the appreciation of home values and the recapture of adjusted property values due to Proposition 8, based on data and forecasts from the Orange County's Treasurer-Tax Collector and the District's property tax consultant. Staff monitors property tax projections for Years 2-10 on an annual basis and will update forecasts as conditions change, in particular if a declining interest rate environment prompts an acceleration in home sales.
- Implementing year two of the four-year, 2023 Memorandum of Understanding (MOU) with District employees.
- Continued educational programs and resources to support customers in utilizing water efficiently.
- Cost escalations due to inflation and the current economic environment.
- Cost escalation assumptions from external sources outside of the District's control. External sources account for 57% of the year over year increase in the operating budget. Notable external factors that attribute to the year over year budget increase include:
 - **Water Purchases** - Imported water purchases represent the District's largest operating expense category and increases are primarily driven by rates set by the Metropolitan Water District of Southern California (MET). MET rate increases have a direct and substantial impact on the District budget. Financial impacts from the higher than forecasted wholesale rates are offset by the assumed implementation of a \$0.14/ccf volumetric pass-through rate to District customers. Refer to the [Expense Summary & Discussion](#) section in this document for additional discussion.
 - **SOCWA O&M** - The District's share of operating costs for wastewater treatment services provided by the South Orange County Wastewater Authority is another external driver of operating budget increases. The District continues to promote changes at SOCWA to improve operational efficiencies and cost control measures for wastewater treatment on behalf of our customers. Refer to the [Expense Summary & Discussion](#) section in this document for additional discussion.
 - **District Insurance** - The District's property, general liability, and automobile insurance are provided by ACWA/JPIA. The District has seen its insurance costs double within the last three years, driven by ACWA/JPIA rates as well as conditions experienced broadly by the insurance industry. Refer to the [Expense Summary & Discussion](#) section in this document for additional discussion.



moulton niguel water district



Strategic Planning

Strategic Planning

The District's strategic planning process provides an opportunity to ensure alignment between the Board of Directors and staff on the key priorities and project objectives for the upcoming fiscal year. Further, the process allows for confirmation that the objectives identified by staff are consistent with the policy direction of the Board of Directors. These identified priorities are incorporated into the budget to allocate fiscal and staffing resources accordingly.

FOCUS Strategic Vision

Beginning in 2023, the District's key goals and objectives were consolidated into the five FOCUS areas. While these do not account for all District's activities, they substantially encapsulate the services necessary in the upcoming fiscal year to continue carrying out the District's mission.

- Fiscal Responsibility – Ensuring public trust by delivering accurate, timely financial information with well supported financial decisions.
- Operational Optimization – Leading in innovation and seeking to utilize technology and workforce creativity to efficiently provide a high level of service throughout the asset lifecycle.
- Community & Government Relations – Engaging with regional leaders and customers to ensure alignment of services with the community's needs and impactful advocacy to regional, state, and federal representatives.
- Unified Workforce – Working together, as one team, to execute the District's strategic priorities.
- Secure and Reliable Service – Planning and implementing adaptively to be safe, secure, and resilient.

Each FOCUS area and its objectives and strategies are listed in [*Table 1: Strategic Goals and Strategies*](#) on the next page. Each of the District's Departments have initiatives that contribute to these FOCUS areas. In addition, performance measures are monitored at the Department level and can be found in the [Departmental Information](#) section of this budget document.

Priorities & Issues - The Big 6

Last year, the Moulton Niguel Water District (MNWD) Board of Directors reaffirmed its FOCUS strategic vision and, part of that process, established six functional areas, referred to as "The Big 6", that would require heightened attention over the next several years:

1. Resiliency Action Plan
2. All Things Wastewater
3. Construction Activities
4. Water Reliability Efforts
5. Metropolitan Water District of Southern California Tracking & Advocacy
6. Utility Billing System Replacement

As we look ahead to the challenges and opportunities of the coming year, MNWD will continue to develop the core of the FOCUS strategic vision with critical focus placed on "The Big 6" as we look to ensure resilient service for our customers. Each of the 6 priorities and the work planned for this budget year are discussed in detail in the following section.

Table 1: Strategic Goals and Strategies

Strategic Goals	Objectives and Strategies
1. Fiscal Responsibility	<ul style="list-style-type: none"> a. Provide actionable, timely financial information through adaptive modeling, regular reporting and third-party reviews, and forecasts to meet changing conditions with a view towards long-term, sustained fiscal health. <ul style="list-style-type: none"> i. Maintain fiduciary responsibility ii. Provide financial transparency iii. Implementing equitable rates
2. Operational Optimization	<ul style="list-style-type: none"> a. Develop and implement a comprehensive Asset Management Program that will optimize the life-cycle management of the District's infrastructure and assets. Develop new and improve existing strategies to cost effectively reduce the District's water and energy demands. <ul style="list-style-type: none"> i. Assess infrastructure condition ii. Replace infrastructure proactively iii. Address infrastructure needs iv. Maximize useful lives of assets v. Pilot potential new technologies
3. Community & Government Relations	<ul style="list-style-type: none"> a. 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. <ul style="list-style-type: none"> i. Build brand recognition ii. Increase public awareness b. 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. <ul style="list-style-type: none"> i. Engage customers c. 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. <ul style="list-style-type: none"> i. Increase partnerships and networking
4. Unified Workforce	<ul style="list-style-type: none"> a. 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. <ul style="list-style-type: none"> i. Fill open vacancies ii. Comprehensive recruitments iii. Succession doing iv. Active employee training and engagement
5. Secure & Reliable Service	<ul style="list-style-type: none"> a. 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. <ul style="list-style-type: none"> i. Proactive physical security for District sites ii. Monitor emerging water and wastewater issues and regulations iii. Emergency preparedness b. Plan, invest and execute programs and projects to implement Board policy on water reliability and develop resilient water resource programs to meet projected future water demands to sustain the economic and watershed health of the region. <ul style="list-style-type: none"> i. Work towards service reliability and efficiency policy goals ii. Provide a sustainable, adequate water supply per Board policy

Priorities and Issues

1. Resiliency Action Plan (RAP)

Engaged our staff, Board of Directors, external partners, and global experts as part of a first-of-its-kind preparedness assessment to develop a people-centered approach to sustained organizational resilience in the event of cyber-security threats, natural disasters, and other emergency situations. The assessment focused on key challenges and solutions for being resilient across the following pillars:

- Security (Physical/Cyber)
 - Explore new security frameworks and partnerships
- External events (natural disaster, recession, supply chain)
 - Expand disruption exercises to core systems, adjacency services, and market dynamics
 - Expand supply chain partnerships for redundancy
- Workforce Dynamics
 - Invest in core business system redundancy and continuity
 - Expand knowledge management and soft-skills training
- Customer Experience
 - Invest in customer preparation and experience through emergencies

The resulting Resiliency Action Plan (RAP) is a forward-thinking and district-wide collaborative framework designed to strengthen operational resilience and ensure continuous service across all conditions. A key theme of RAP is securing business continuity in the event of a crisis, an imperative consideration in today's rapidly evolving landscape. This budget allocates resources for staff to explore cutting-edge solutions to centralize and integrate critical operational datasets, thus streamlining management, enhancing condition-based maintenance, and promoting cost efficiency.

2. All Things Wastewater

Working collaboratively with neighboring water agencies to address operations of wastewater treatment facilities for increased water reuse and improved environmental sustainability.

- South Orange County (South OC) Wastewater Optimization Blueprint
 - Last year, the District prepared and presented a proposal that was intended to change the dynamics of wastewater treatment and recycled water supply in South OC.
 - This South OC Wastewater Optimization Blueprint would result in more oversight of the facilities, given the rising costs from SOCWA. The Blueprint, which was jointly developed with Santa Margarita Water District, represented our shared vision to optimize wastewater operations, increased local water supply development and modernize the governance of our region's wastewater treatment facilities. Core to this vision is for Moulton Niguel to assume the ownership and operation of the Regional Treatment Plant in its entirety, which would allow for the advancement of the OASIS Water Resources Center.
- Moulton Niguel proposed ownership and operation of the Regional Treatment Plant:
 - The Regional Treatment Plant provides wastewater treatment services for nearly 75% of the District's customers, and is operated by a third-party operator, the South Orange County Wastewater Authority.
 - Moulton Niguel has proposed to assume ownership and operation of the treatment plant to increase water reuse programs and reduce ocean discharges of treated wastewater.
 - The other partners in the Regional Treatment Plant support Moulton Niguel owning and operating the plant and the agencies are currently discussing proposals to transfer the ownership and operation of the Regional Treatment Plant to Moulton Niguel.

2. All Things Wastewater, cont.

- Wastewater Treatment Plant Reinvestment
 - The District's wastewater treatment plants have begun to reach the end of their useful lives and require significant investment to update the facilities. However, rather than restore the facilities to their original state the District has elected to align these needed investments with its long-term reliability goals. The FY 24-25 Budget includes:
 - Plant 3A Solids - comprehensive rehabilitation of mechanical, electrical, instrumentation, and controls systems of the solids handling facilities to restore redundancy and provide operational improvements with modern technologies.
 - Plant 3A Liquids - comprehensive rehabilitation of mechanical, electrical, instrumentation, and controls systems of the liquids handling facilities to provide operational improvements, improve efficiencies, and to incorporate salinity management and co-generation into the facility.
 - Regional AWT: comprehensive rehabilitation and retrofit of modern filter technology to ensure reliable recycled water production. In addition, the District has recently embarked on its first ever Progressive Design Build contract to install a new salinity management system to ensure reliability for recycled water customers.
 - Regional Treatment Plant comprehensive assessment of existing facilities and prioritization of improvements necessary for the facility that has been in continuous operation since 1984.

3. Major Construction Activities

\$62.3 million will be reinvested into capital infrastructure with the following significant construction activities planned during FY 24-25:

- Crown Valley Parkway Pipelines Replacement (includes Lower Salada Lift Station Force Main Replacement, CVP Transmission Main Lower Reach Replacement, and I.D. No. 1 Master Meter Replacement) – The remaining \$10.0 million of the total project budget of \$18.0 million is planned to be completed in FY 24-25. This project includes the replacement of critical water and wastewater pipelines that serve a large population of the District's customers. As part of this "once in 60 years" project, enhanced public outreach will be implemented in consideration of the effects of construction activities on the surrounding community.
- Plant 3A Solids Handling Facilities Improvements – \$15.0 million of a total project budget of \$45.5 million is planned to be completed in FY 24-25. This project will comprehensively rehabilitate and re-establish the desired level of service and redundancy for the solids treatment facilities at Plant 3A.
- Regional Lift Station Force Main Replacement - \$5.0 million of a total project budget of \$24.5 million is planned to be completed in FY 24-25. This project includes the replacement of critical sewer force mains that convey wastewater from the Regional Lift Station, which handles more than half of all the wastewater generated in the District, to the Regional Treatment Plant. Though not included in the financing assumptions for the project, actual project will be offset by \$10.3 million in funding from the FEMA Hazard Mitigation grant program.
- Other major projects include the comprehensive rehabilitations of the Aliso Creek and North Aliso Lift Stations, Phase 4 of the Reservoir Management System Replacements (4 sites), slope stabilization at La Paz Road, as well as additional renovations and improvements at the District's Headquarters.

4. Water Reliability Efforts

The District is advancing several projects and studies to implement its Long-Range Water Reliability Plan to enhance water resiliency for the District’s customers. The first study is far enough along to be included in the ten-year CIP plan at \$20 million. The other projects and innovative partnerships listed below are currently being studied and will be incorporated into future budgets once they are formalized:

Orange County Water District (OCWD) Basin Emergency Interconnection at Santa Ana East Station

Retail water agencies in South OC, including the District, rely primarily on imported water from MET for their potable water supply, making it imperative for these agencies to identify and develop alternative emergency supply sources. Following a comprehensive study to evaluate emergency interconnection alternatives with the Orange County Groundwater Basin, the District entered into an agreement with OCWD and the City of Santa Ana to prepare the preliminary design and required environmental documentation for the East Station project. The preliminary design effort is currently underway and anticipated to be completed mid-2024. The environmental documentation effort will commence thereafter.

Optimized, Adaptive, Sustainable, Integrated Supply (OASIS) Water Resources Center

Moulton Niguel is evaluating opportunities to create new sources of drinking water and recycled water supplies by maximizing the reuse of wastewater and capturing runoff water in the watershed. The OASIS Water Resources Center could provide our customers with a drought resistant, local water supply that would also increase operational flexibility, reduce Moulton Niguel’s dependence on drought stricken imported water sources, and reduce discharges of urban runoff and treated wastewater to Aliso Creek and the ocean. The project is evaluating the feasibility of implementing a direct potable reuse facility at or near the Regional Wastewater Treatment Plant, diverting runoff from the Aliso Creek watershed with a nature-based treatment system, and building a watershed education facility to support the community outreach program. Planning studies are underway and anticipated to be complete by mid-2026. The District is anticipating receiving a \$1.5 million grant through FEMA’s Building Resilient Infrastructure Communities (BRIC) Program to fund a significant portion of these initial planning studies.

San Diego County Water Authority Partnership

In February 2024, the District entered into a Memorandum of Understanding (MOU) with the San Diego County Water Authority (SDCWA) to work collaboratively and dedicate in-kind resources to explore potential water transfers. Staff from both agencies will evaluate various water supply options to identify potential scenarios that address the goals of both agencies. The District aims to improve future local water resiliency through this innovative partnership. The initial focus of these efforts will be to explore possible exchange opportunities for the excess water supply that SDCWA currently has available at its existing desalination facility in Carlsbad.

Doheny Desalination Tracking

South Coast Water District (SCWD) is developing an ocean water desalination facility in the City of Dana Point. The project would desalinate saline groundwater pumped from slant beach intake wells at the mouth of San Juan Creek at Doheny State Beach. The brine would be combined with treated wastewater in the existing San Juan Creek Ocean Outfall pipeline and discharged to the ocean. SCWD intends to construct a facility with an initial capacity of 5 million gallons/day (MGD), with potential for future expansions up to a capacity of 15 MGD. Moulton Niguel is tracking developments with this project and evaluating opportunities to participate in the project.

5. Metropolitan Water District of Southern California Tracking and Advocacy

Moulton Niguel Water District imports 100% of its potable water from Colorado River Aqueduct and State Water Project via Metropolitan Water District of Southern California (MET) through Municipal Water District of Orange County (MWDOC). As a result, changes in MET rates directly impact Moulton Niguel Water District rates. In tracking the current state of MET's financial stability and future reliability it is important to note the following:

- The MNWD Water Purchases budget is based on MET's FY 24-25 / 25-26 biennial budget, which includes a rate increase of 11% for treated water and 1% for untreated water. The volumetric rates are set at \$1,395/AF for treated water and \$912/AF for untreated water, effective January 1, 2025.
- Volumetric water transactions at MET have reached their lowest level in the past 50 years, significantly impacting MET's current financial health and long-range financial plan. MET rate structures are heavily reliant on recovering costs from volumetric water sales. Experiencing lower water demand than forecasted in financial plans challenges the long-term outlook at MET.
- MET has the ability to levy ad valorem property tax on property owners within their member agency service areas. This is a tool that MET is utilizing in the FY 24-25 / 25-26 biennial budget to increase fixed cost recovery. The MET Board is expected to take action in August 2024 to raise the ad valorem tax rate from 0.0035% to 0.0070%. As a result, volumetric rates for treated and untreated water have higher chances of stabilizing in future years as MET shifts more fixed cost recovery onto the property tax roll.

6. Utility Billing System Replacement

Utility Billing System Replacement is a multi-year project with \$595K budgeted in FY 24-25. This project replaces the legacy billing system while enhancing customer experience with the customer portal and other District information systems integrated with customer billing. In January 2024, the Board awarded a contract for consulting support to conduct a comprehensive needs assessment of our billing processes to inform and develop an RFP for system replacement, with software selection anticipated in late 2024. The project will directly impact more than 650,000 customer bills annually and significant staffing time is allocated to implementation and testing to ensure an uneventful transition for customers. The budget includes two temporary Customer Accounts staff to support day-to-day customer interactions and workload while full-time staff resource the replacement project.

District Profile

The District delivers high-quality drinking water, recycled water, and wastewater services to more than 55,000 service connections, representing more than 170,000 residents and 6,000 businesses and institutions. While operations have evolved as the service area has grown, the District's primary focus has remained unchanged: ensuring customers have reliable, sustainable, and affordable services today and into the future. The most significant land use is Residential, occupying 51% of the service area. Open space and park lands comprise the second largest land use, occupying 31% of the service area. Commercial/Industrial/Institutional (CII) land uses occupy 17% of the service area, and miscellaneous land uses occupy 1%.

Service Area

The District service area (*Figure 2: Map of Service Area*) is located in South Orange County, California, encompassing approximately 37 square miles, serving the cities of Laguna Niguel, Aliso Viejo, Laguna Hills, Mission Viejo, San Juan Capistrano, and Dana Point. Located just inland of the Pacific Ocean, the District enjoys a Mediterranean climate with mild winters, dry, warm summers, and moderate rainfall. The service area averages 13.81 inches of rain annually, almost entirely within six months, from November through April. The usually mild climatological pattern is interrupted by periods of hot weather, winter storms, and Santa Ana winds. Elevation within the District ranges from 230-904 feet above sea level and incorporates 9 different pressure zones. The District's service area experienced a net taxable value increase of 5.3% for the most current tax roll. The assessed net taxable valuation of the properties within the District's service area has grown to \$46.1 billion for the 2023/24 lien year. Property tax revenues account for approximately 29% of the District's annual revenue.

Local Community

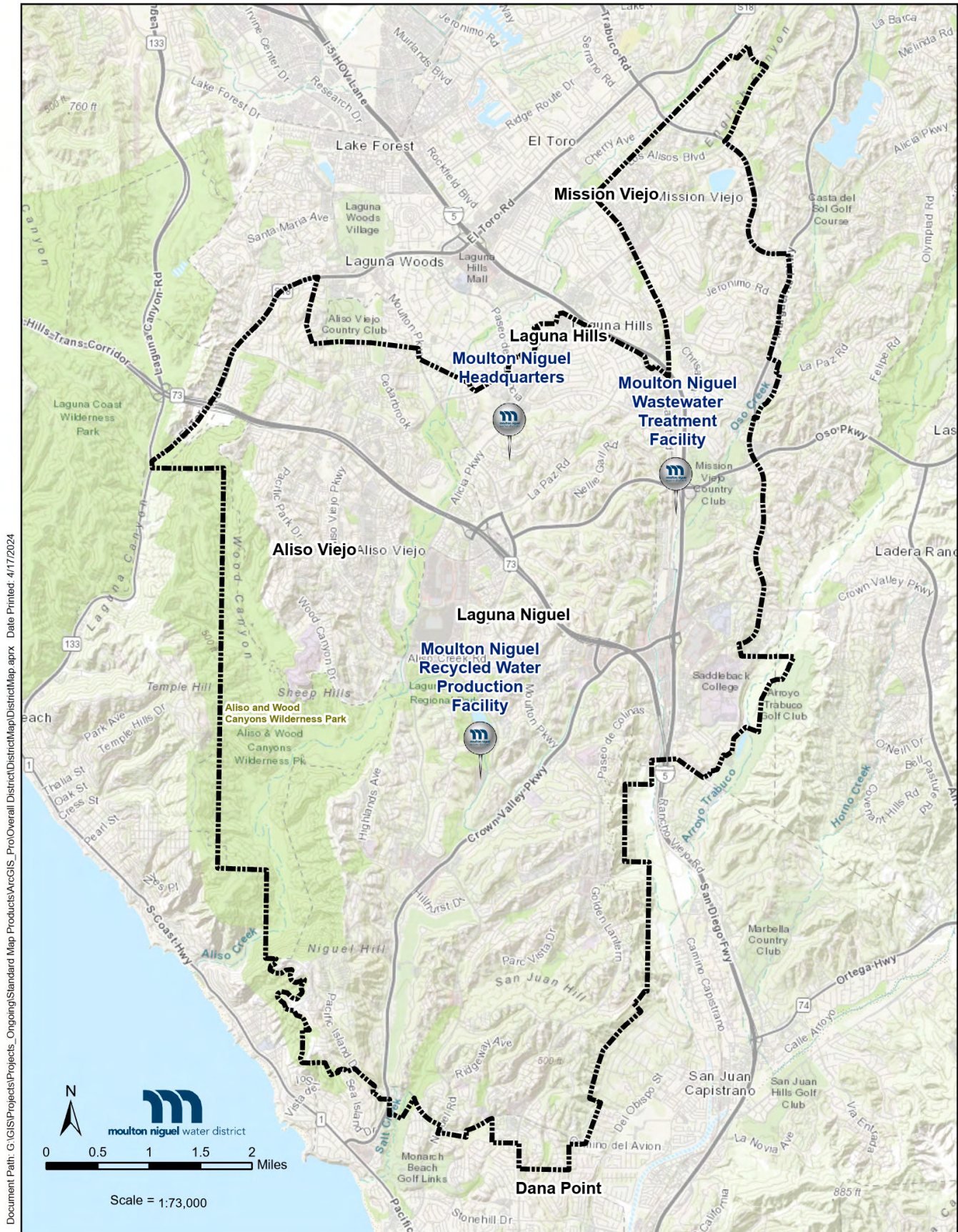
The District serves communities within South Orange County that historically report stronger financial indicators than those of the nation and state. Residential development is the predominant land use throughout the service area. The highest concentration of commercial development is in the City of Mission Viejo, which includes the Shops at Mission Viejo, an affluent shopping mall, and in the City of Aliso Viejo, which includes the Pacific Park Business Center. The highest concentration of schools (students) is within the cities of Mission Viejo and Aliso Viejo, which includes Mission Viejo High School, Capistrano Valley High School, Saddleback Community College, Aliso-Niguel High School, and Soka University. The highest concentration of recreation areas is within Laguna Niguel and Aliso Viejo, where each city has a golf course and numerous community parks. Future growth will primarily occur on a redevelopment basis of existing property and land.

Social Media & Information

A copy of this budget can be found on the District website (mnwd.com/finance). Links to the adopted budget will also be posted on District social media platforms:



Figure 2: Map of Service Area



Document Path: C:\GIS\Projects\Projects_Ongoing\Standard Map Products\ArcGIS_Pro\Overall District\DistrictMap.aprx Date Printed: 4/17/2024

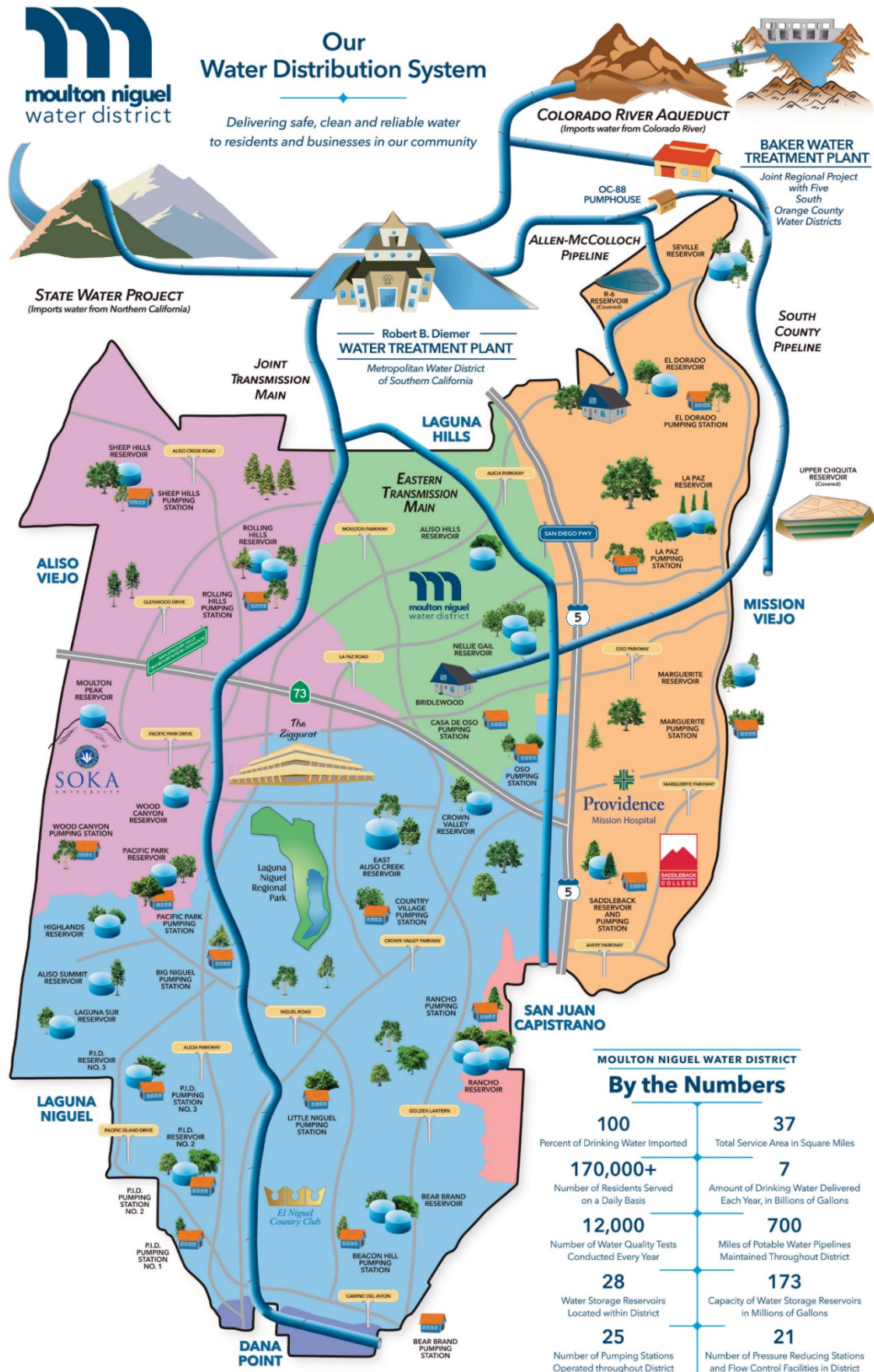
Water Supply & Services

The District imports 100% of its potable water from Metropolitan Water District of Southern California (MET) through the Municipal Water District of Orange County (MWDOC), a wholesale agency that facilitates water purchases on behalf of retail agencies in Orange County. MET's primary sources of water include water from the Colorado River Aqueduct and the State Water Project. The District receives treated potable water from the Diemer Filtration Plant in Yorba Linda, California. The plant supplies approximately two-thirds of the District's potable water supply. The remaining one-third of the water supply is imported raw water treated at the Baker Water Treatment Plant (Baker WTP) in Lake Forest, California. Through the Board's investment, the Baker WTP is owned by the District in partnership with four other water agencies, providing a critical secondary treatment plant for imported water and improving local water reliability. Potable water is delivered through three major transmission facilities: the South County Pipeline, the Joint Transmission Main/Eastern Transmission Main, and the Allen-McColloch Pipeline (*Figure 3: Potable Water Distribution System*).

Long-range water supply planning is a key focus of the District and ensures our customers will continue to have access to adequate water supplies. The District invests in water supply reliability projects as an appropriate and cost-effective solution to creating sustainable water supplies into the future. In March 2021, the District updated its Long-Range Water Reliability Plan (LRWRP) and adopted a resolution setting forth goals to enhance potable water system and supply reliability. The goals included evaluating and developing reliability projects and demand management measures that will provide at least 31 days, and up to 60 days, of supplies to meet customer demands in the event of planned or unplanned outages of imported water and considers phasing in dry-year storage levels of up to 10,000 acre-feet. Through investments in projects like the Baker WTP, the Upper Chiquita Reservoir, and other water reliability projects and funding demand management programs, the District is currently able to meet an average system outage of approximately 32 days. The District has continued to pursue expansion of its recycled water system based on the outputs of its Recycled Water Optimization Study and is engaged in several feasibility studies and joint planning efforts to further expand the District's local water reliability.

From 2020 to 2022, California experienced the three driest years in its history. Record-breaking winter storms have helped restore depleted reservoirs, boosted snowpack in the Sierra Nevada and allowed the State to increase available water supplies to Southern California with this year representing the second wet year with above average snowpack. While conditions in California have improved, the future of Colorado River Basin supplies remains uncertain. The District continues to ask customers to reduce water waste and use water efficiently in support of improving long term water reliability.

Figure 3: Potable Water Distribution System



Wastewater Services

The District maintains approximately 500 miles of wastewater pipelines. The District's wastewater system has 17 lift stations that pump wastewater over ridge lines to the various treatment plants for disposal or recycling. The District is a member of and contributes flow to the South Orange County Wastewater Authority (SOCWA), a joint powers agency comprised of 7 governmental agencies, who collectively own and operate 3 regional treatment plants and 2 ocean outfalls. The District's cost to SOCWA for wastewater treatment and disposal is for operations and maintenance costs and a pro-rata share of the capital costs based on the capacity, type, and location of each project. The District owns and operates Wastewater Treatment Plant 3A. This facility treats flow from both Moulton Niguel Water District and Santa Margarita Water District (SMWD). Since assuming operations in 2019, the District has made significant investments to rehabilitate the facility (as shown in the capital budget). The District also owns and operates the Advanced Wastewater Treatment (AWT) facilities located at the Regional Treatment Plant. This facility treats water to Title 22 standards for recycled water to supply up to 20% of the District's total water demands.

In compliance with the State Water Resources Control Board's wastewater regulations, the District implements its Sewer System Management Plan (SSMP). The SSMP outlines the District's activities for operating and maintaining the wastewater collection system to mitigate any potential causes of a sanitary sewer overflow and includes elements such as: the District's Sanitary Sewer Overflow Prevention Plan, Sanitary Sewer Overflow Response Plan, and pretreatment and engineering programs. The last formal update was in February 2019 with internal audits occurring annually. The subsequent update/re-certification will occur in 2024.

SOCWA was formed through agreements dating back to the 1970s, which could not have foreseen the technological advancements and opportunities available today that would make water reuse a viable and cost-effective option for wastewater disposal. Therefore, in January 2023, the District, in partnership with SMWD, introduced the South OC Wastewater Optimization Blueprint (Blueprint) which outlined a strategy in which retail agencies directly oversee operations of local treatment facilities to optimize wastewater service delivery, integrate system operations, and implement a long-term vision for safe, reliable, and efficient wastewater treatment in South Orange County for generations to come. Assuming ownership and operation of the Regional Treatment Plant will allow the District to further advance its water reuse program to enhance water reliability for its customers. The District continues to work with its partners in the Regional Treatment Plant to realize this water reuse vision. However, at this time, the budget continues to show operation of the Regional Treatment Plant through SOCWA.

Recycled Water Supply & Services

The District promotes the use of recycled water to reduce reliance on imported water by maximizing the reuse of available resources. The recycled water system consists of two Advanced Water Treatment (AWT) plants to treat wastewater and supply recycled water, as well as 150 miles of recycled water distribution pipelines with 5 prestressed concrete and 6 steel storage reservoirs to service the recycled water system. The District also operates 9 pump stations to pump recycled water from zones with lower pressure to zones with higher pressure. In addition, the District owns 1,000 acre-feet of capacity rights in the Upper Oso recycled water reservoir owned by SMWD. The Recycled Water Optimization Study (RWOS) was developed to identify cost-effective opportunities to expand the system to new customers and the necessary infrastructure to support the expansion, as well as to encourage and open the door to cooperation and involvement from regional partners. The District has expanded its recycled water distribution system through implementation of the RWOS which includes model development, supply and storage assessments, and identification of new recycled water users, along with all associated capital needs. The District offers a recycled water retrofit rebate as an incentive to encourage recycled water use. Additionally, the District has partnered with the MET to help customers in its service area access additional financial incentives for recycled water use through its Onsite Retrofit Program.

For more than 60 years, water reuse has been a key component of the District's supply reliability efforts since it began producing recycled water for irrigation. Looking forward, reuse will continue to be a critical piece of the District's long-term reliability strategy. South Orange County agencies are evaluating how to advance local supply reliability by implementing programs to increase recycled water production, enhance treatment technologies to improve recycled water quality, integrate urban runoff and first flush storm flows into the recycled water supply, and develop indirect and direct potable reuse projects consistent with evolving regulatory guidelines. The District resumed operations of its Regional AWT in November 2022 to integrate the recycled water production with the District's water system management and to ensure that upcoming capital plans are developed with these long-term supply reliability goals in mind.

Board of Directors (Governance)

The District is governed by a seven member Board of Directors (Board), shown in [*Figure 4: BOD President and Vice Presidents*](#) and [*Figure 5: Board of Directors*](#). Board members are publicly elected by registered voters within the District's service area for staggered four year terms. The Board is dedicated to providing the 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 community.

Policy making and legislative authority are vested with the Board. The Board sets the 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 Board policy, managing the day to day operations of the District, and hiring staff.

[*Figure 4: BOD President and Vice Presidents*](#)



Duane Cave serves as President of the Moulton Niguel Water District. Mr. Cave has served as a member of the Moulton Niguel Board of Directors since 2014. President Cave has worked to build a robust infrastructure, approve balanced budgets, and maintain prudent emergency reserves. An experienced utility professional, President Cave uses his extensive knowledge of public utilities and public affairs to cement Moulton Niguel's reputation as an award-winning utility provider.



Brian Probolsky serves as first Vice President of MNWD and has served as a member of the Board of Directors since 2008. During his tenure, the district has won numerous awards from the WaterNow Alliance, Association of California Cities Orange County, Orange County Business Council, and SustainOC as well as the State of California's highest environmental honor. Vice President Probolsky's priorities include maintaining reliable access to a clean water supply, protecting our beaches and local waterways from pollution, and embracing state-of-the-art water technology to improve customer service and reduce operating costs.



Diane Rifkin serves as second Vice President 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 elected to the Board in 2022 to serve her second term. Vice President Rifkin has over 30 years of experience in the legal, attorney-recruiting, and public relations sectors. Known for her detail-oriented approach, straight forward counsel, and passion for achieving results on behalf of her clients, Vice President Rifkin brings that same focus to representing her Moulton Niguel constituents.

Figure 5: Board of Directors



Richard S. "Dick" Fiore serves as an elected member of the Board of Directors for the Moulton Niguel Water District. First elected to the Moulton Niguel Board in 1977, Director Fiore has played a key role in guiding the District through its years of rapid growth and development, and multiple periods of drought. Director Fiore has held numerous leadership positions at Moulton Niguel, including serving as President of the MNWD Board of Directors and Chairman of the District's Finance, Legal, Engineering, Outreach, and Community Relations committees.



William "Bill" Moorhead serves as an elected Director of MNWD. A registered civil engineer and principal water engineer, Director Moorhead understands the challenges of managing complex projects while ensuring fair and equitable water rates for customers. First elected to the Board in 2018, Director Moorhead supports investing in state-of-the-art infrastructure and promoting sustainable water policies that will help the District prepare for perennial drought cycles and uncertainty over imported water supplies. He currently serves as the chair of the Technical and Administrative Committee.



Sherry Wanninger serves as an elected Director of the Moulton Niguel Water District. Elected in 2020, Director Wanninger brings to the Board her impressive professional background in finance and contracts, coupled with her dedication to prioritizing long-term water resiliency and infrastructure issues. Director Wanninger has more than 30 years of experience, including 20 years at a Fortune 100 company. As a Certified Professional Contract Manager, she is recognized for her expertise in negotiating multi-million dollar contracts and managing budgets, forecasts, and long-range plans.

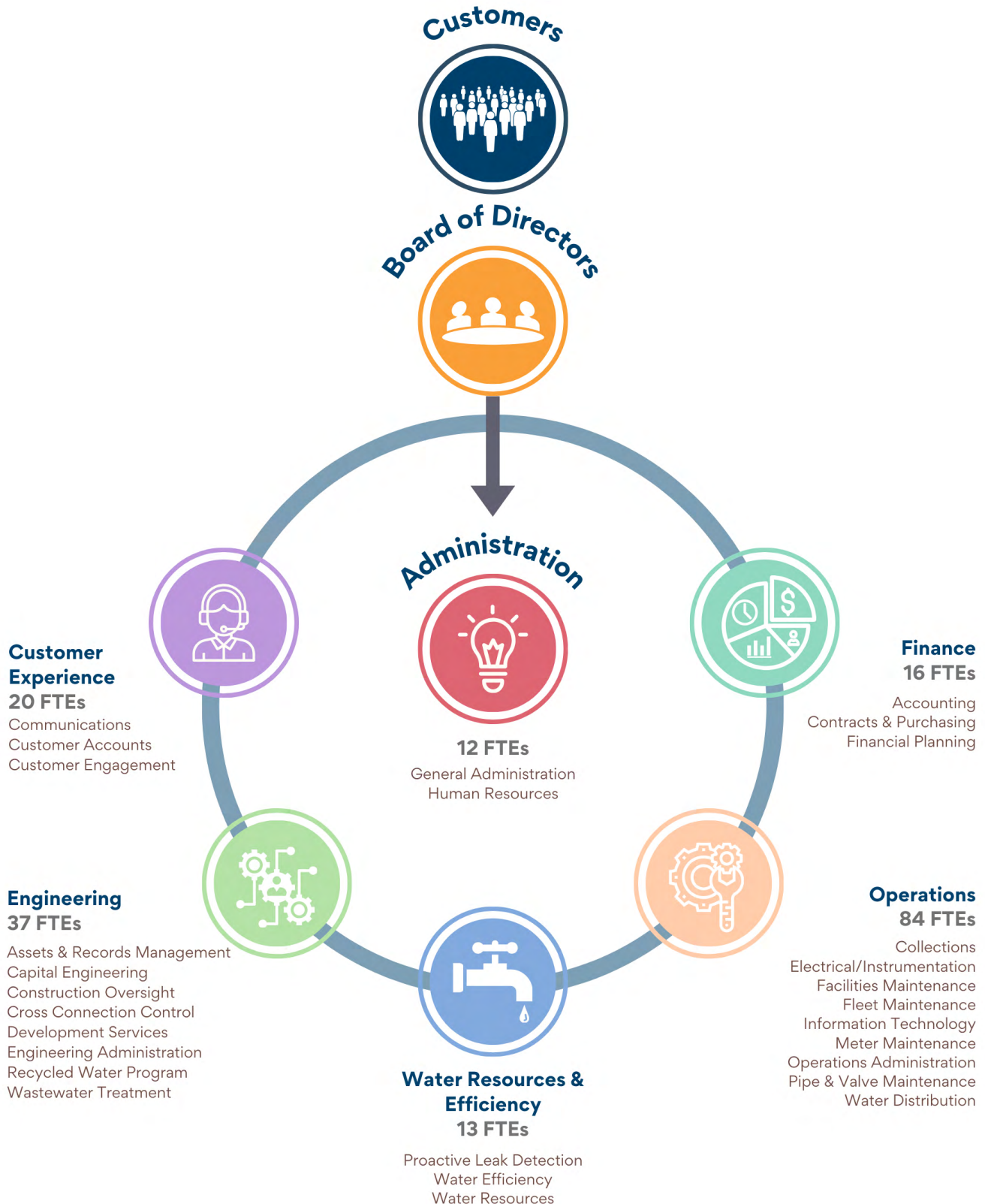


Donald R. Froelich serves as an elected member of the Board of Directors for MNWD. For the past decade, Director Froelich has applied his engineering knowledge, legal acumen, and technical skills in overseeing Moulton Niguel's robust infrastructure system. During his tenure on the Board, Director Froelich assisted in the development of the District's ten-year capital improvement program, which will invest into upgrading MNWD's extensive water infrastructure system.

Organization Chart (FY 24-25)

The District utilizes a functional organizational structure, unique from a traditional hierarchy, focused on increasing operational efficiency by promoting collaboration between Departments to achieve District-wide goals and objectives. Details of each Division and associated Departments are located within the [Departmental Information](#) section.

Figure 6: FY 24-25 Organization Chart





moulton niguel water district



Financial Structure, Policy, & Process

Fund Descriptions & Structure

This primary purpose of the District’s operating and capital funds are discussed in this section. The distinct classification of expenses into operating or capital is provided in more detail in [Appendix F](#). The flow of funds is displayed in [Figure 7: Flow of Funds](#).

Operating Funds

Fund 1 – General Fund

The General Fund accounts for programs and activities related to providing service for the efficient use of potable and recycled water and the management of wastewater collection and treatment systems. This fund includes the *General Operating Reserve* and *Emergency Reserve*, discussed in more detail in the [Financial Policy Summaries](#) section. Operating expenses and capital outlays are paid by the General Fund.

Fund 4 – Self Insurance Fund

The Self Insurance Fund is funded through transfers from the General Fund and is utilized to pay for insurance claims paid by the District. This fund includes the *Self Insurance Reserve*, discussed in more detail in the [Financial Policy Summaries](#) section.

Fund 52 – Rate Stabilization Fund

The Rate Stabilization fund is funded through transfers from the General Fund and includes the *Rate Stabilization Reserve*, which is discussed in more detail in the [Financial Policy Summaries](#) section.

Fund 6 – Water Use Efficiency Fund

The Water Use Efficiency (WUE) Fund is funded through WUE charges as well as demand offset fees. The District rate structure calculates individualized water budgets for each customer and recovers increased costs from higher rates tied to inefficient use. This promotes efficient water use and recovers the increased potable and recycled water system costs from inefficient water use. The WUE fund is used to pay for WUE operating and capital expenditures which are related to enhancing District water supply reliability.

Capital Funds

Fund 7 – Replacement & Refurbishment Fund

The Replacement and Refurbishment (R&R) Fund is used for capital expenditures which: (1) replace existing assets, (2) refurbish or materially extend the useful life of existing assets, and/or (3) upgrade assets. The R&R Fund is funded from bond proceeds, capacity fees, or transfers in from the General Fund identified during the budget process.

Fund 12 – Water Supply Reliability Fund

The Water Supply Reliability Fund is used to pay capital expenditures associated with projects which enhance the reliability of the potable and recycled water systems. The Water Supply Reliability Fund is funded from bond proceeds or transfers in from the General Fund identified during the budget process.

Fund 14 – Planning and Construction Fund

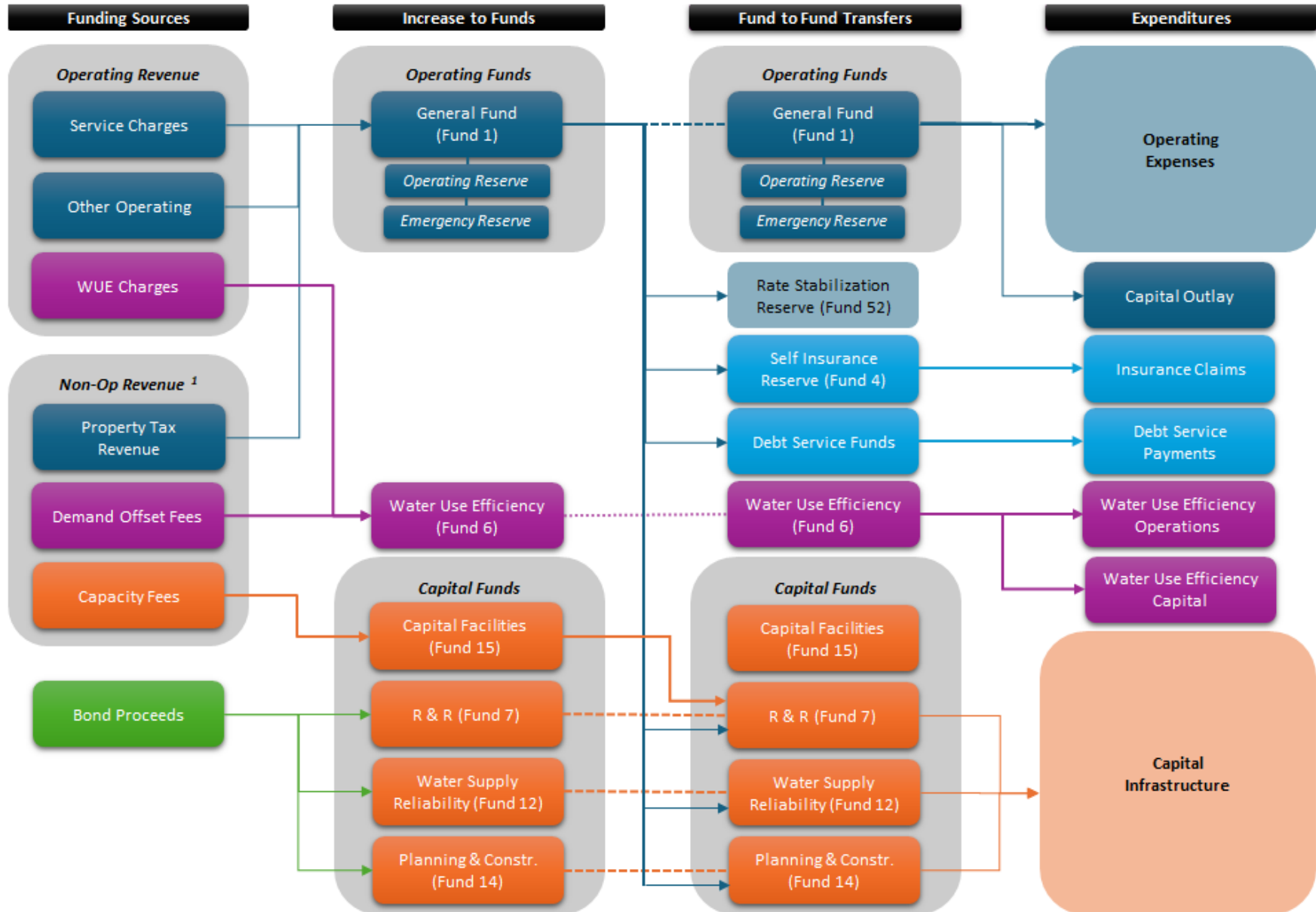
The Planning and Construction Fund is used to pay capital expenditures associated with the development of new District facilities that do not result in new potable or recycled water supplies as identified in the District’s Capital Improvement Plan. The Planning and Construction Fund is funded from bond proceeds or transfers in from the General Fund identified during the budget process.

Fund 15 – Capital Facilities Fund

The Capital Facilities Fund is a restricted fund to collect capacity fees paid by developers for new or expanded connections to the water and wastewater systems. Capacity fees are collected and accounted for in this fund as they are received. During the annual budget process, funds contributed in the prior year are transferred into the Replacement & Refurbishment Fund to pay for capital projects in the upcoming year.

Fund to Fund Relationships

Figure 7: Flow of Funds



¹ Non-operating revenue also includes investment earnings which are maintained in the fund within which they are earned.

Budget Process

Development, Review, and Adoption

The budget process begins annually in November. Financial Planning works with each Department to develop a comprehensive budget based on resource needs to meet District goals. In December, Engineering coordinates with staff on new capital projects and integration of those projects into the 10-year CIP which informs the 10-year Capital Financing Plan. The annual budget covers a fiscal year but is developed in tandem with the impacts of a 10-year forecast.

Over the years, the District has identified core functional areas that define the scope of activities executed by the Board of Directors. The District develops a management strategy for each goal along with objectives, encapsulated as areas of FOCUS, as highlighted in the [Strategic Plan](#) section of this document. The Strategic Plan contributes to informing the annual budget.

Staff presents a proposed 10-year Capital Improvement Program, Capital Financing Plan, and Operations & Maintenance Budget at an annual Board workshop held in April or May each year. Opportunities for Board discussion and public comment are an integral part of the budget process, and a proposed budget is discussed at multiple public meetings prior to consideration for adoption by the Board. District staff integrates feedback from the public meetings and compiles a final proposed budget, which the Board considers and adopts in June each year. The budget timeline is shown in [Figure 8: Budget Timeline](#).

Amendments and Fund Transfers

Through an annual budget resolution, the Board of Directors authorizes expenditure and appropriation of funds for the fiscal year. Any unexpected expenses that require additional funding beyond the authorized budgeted appropriations or fund transfers requires a budget amendment via resolution by the District's Board of Directors, as outlined in [Appendix B](#).

The budget resolution outlines fiscal controls placed on the use and transfer of appropriated funds. Transfers between categories within the same fund may be authorized by the General Manager, who may subsequently delegate authority to Director level staff, the Assistant and Deputy General Managers and/or the Controller. 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 can be made multiple times throughout the fiscal year as long as the total does not exceed the maximum amounts for each fund identified in the budget resolution.

Figure 8: Budget Timeline

Budget Timeline FY 2024-25

**NOVEMBER 2023
-MARCH 2024**

Budget Process Kickoff

- Budget sheets distributed
- Meetings with departments
- Budget compilation
- Executive review sessions



**FEBRUARY 2024 -
APRIL 2024**

Updates with Board of Directors

- Budget Process
- MWDOC and Metropolitan rates



MAY 2024

Budget Proposal

- 5/1: Strategic Planning and Budget Workshop
- 5/6: Committee meeting
- 5/16: BOD meeting for budget review



JUNE 2024

Final Review & Adoption

- 6/13: Board of Directors meeting for final budget review and adoption



Financial Policies & Basis of Budgeting Overview

This section includes a summary of the District's financial policies and basis of budgeting. All financial policies are adopted 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 achieved. The financial policy review and adoption by the Board of Directors occurs annually within the budget process, or as needed to provide timely updates as public agency laws or conditions change. The financial policies are attached to this document from [Appendix E](#) to [Appendix J](#). All accounting and financial reporting systems are maintained in conformance with all state and federal laws, Generally Accepted Accounting Principles (GAAP), and standards of the Governmental Accounting Standards Board (GASB). The District is a proud recipient of the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award and the California Society of Municipal Finance Officers (CSMFO) Award in Budgeting.

Figure 9: GFOA's Distinguished Budget Presentation Award



Figure 10: CSMFO Operating Excellence Award



Basis of Budgeting

Cash Basis Budgeting

Consistent with GFOA best practices, the District utilizes the cash basis method of budgeting. The cash basis method provides a global understanding of the budgeting method across District Departments and accurately identifies financial resources for the upcoming fiscal year.

In contrast, financial statements presented in the Annual Comprehensive Financial Report (ACFR) utilize the accrual basis of accounting, and are prepared under Generally Accepted Accounting Principles (GAAP). The differences between the cash and accrual methods and financial statement presentations are discussed further in the [Financial Statements](#) section of this document.

Budget Appropriations

The District appropriates a balanced budget for all funds, with total recurring revenues equal to or greater than total recurring expenses, such that at year-end, all funds maintain a positive fund balance and reserves are maintained. Fund balance is the difference between the fund's assets and liabilities. Funds appropriated for capital are carried over and the current year capital budget authorization continues.

Financial Planning

The District will continue to effectively utilize internally developed short-term financial planning tools, while emphasizing long-range financial planning. Staff maintains a monthly cash flow model to forecast temporal distributions of cash inflows and outflows to ensure sufficient liquid funds are available for ongoing expenses throughout the year. The Financial Planning Department receives monthly capital expense projections from the Engineering Department and updates the monthly cash flow model to identify potential cash flow constraints and to coordinate portfolio restructuring with the District's Investment Advisor when necessary. This proactive communication between Departments has allowed the District to maximize investment earnings as cash reserves are expended between planned bond issuances.

The Long-Range Financial Plan (LRFP) aims to identify strategies and actions to ensure sufficient financial resources are available for the District to achieve its mission. The LRFP includes financial projections for operations and incorporates the capital improvement program to project future needs and assist in the development of strategies to address those needs. The District operating budget serves as a critical input into the long-term financial outlook for the District. Additionally, the District's 10-year cash flow summary provides long-term context for making near-term financial decisions.

Enterprise Funds - Rates

The District calculates potable 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. The District will review and adjust enterprise fee and rate structures as required to ensure that they remain appropriate, equitable and reflect the true 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 owners 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 beneficial use 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. [...]."

Financial Policy Summaries

This section summarizes the financial policies of the District, guided and written in accordance with GFOA best practices.

Managing Water District Debt (Policy A-3)

The District utilizes debt as a tool to provide intergenerational equity between past, present, and future customers and to smooth out future rate adjustments to provide customers with predictable and incremental rate adjustments. The District strives to maintain a strong financial position through targeting a debt service coverage ratio (DCR) above 1.75, which is included in the policy. The District's Debt Management Policy is updated as needed and is reviewed annually during the budget process. The complete policy is attached as [Appendix E](#).

Capitalization & Surplus (Policy A-4)

The District maintains the Capitalization & Surplus policy to direct the types of costs that will be capitalized in accordance with GASB reporting requirements. This is also used as a guideline for budgeting purposes and the distinction of funding differences for operating and capital expenditures. Key policy specifications for capital assets include:

- The capital asset threshold is maintained at \$5,000 excluding service connections at \$3,000.
- Capital assets must have a minimum useful life of five years.
- Capital assets will be depreciated using the straight-line method and reported at historical value.
- Specific costs included in the reporting value, including fully burdened labor and indirect costs.
- Repairs and maintenance costs are classified as operating expenses.

The policy also provides specifications for regulated assets. The District's Capitalization & Surplus Policy is updated as needed and is reviewed annually during the budget process. The complete policy is attached as [Appendix F](#).

Purchasing Services, Materials & Public Works Projects (Policy A-5)

The Purchasing Services, Materials & Public Works Projects Policy encourages transparency and sufficient fiscal controls on all purchases and sales to the extent required by law for Special Districts or as included in this policy. It delegates purchasing authority and maintains procurement limits and contract signature authority for the District. The Policy is updated as needed and is reviewed annually during the budget process. The complete policy is attached as [Appendix G](#).

Federal Grant Management (Policy A-6)

The Federal Grant Management Policy is intended to supplement the management and fiscal accountability of Federal Grants for the District. It requires procurement for services and materials included in Federal Grants to comply with the Uniform Guidance. The District's Federal Grant Management Policy is updated as needed and is reviewed annually during the budget process. The complete policy is attached as [Appendix H](#).

Maintaining Water District Investment Funds (Policy A-7)

The Investment Policy documents delegation and guidelines for the investment of public funds in accordance with California Government Code. The Board takes action annually to delegate investments and cash management responsibilities and authority to the District Treasurer or designee. The District's primary investment objective is to achieve a reasonable rate of return while minimizing the potential for losses arising from market changes or issuer default. Accordingly, the following factors are considered in determining individual investment placements:

1. Safety
2. Liquidity
3. Yield

The Policy is updated as needed and is reviewed annually during the budget process. The complete policy is attached as [Appendix I](#).

Financial Policy Summaries (Continued)

Maintaining Water District Cash Reserve Funds (Policy A-8)

The Policy for Maintaining Water District Cash Reserve Funds mitigates risks associated with revenue and expense volatility and reduces potential unexpected and significant rate adjustments. The policy helps in maintaining the District's creditworthiness by providing adequate safeguards against economic uncertainty, natural disaster, extraordinary costs, or other emergency conditions. Reserves can be utilized when there are fluctuations in revenues such as reductions in property tax receipts, disasters or catastrophic events, losses not covered by insurance, compliance with bond covenants, and funding designated infrastructure replacement and refurbishment. The Policy is updated as needed and reviewed annually during the budget process. The various types of financial reserves are briefly described below and the complete policy is attached as [Appendix J](#).

General Operating Reserve

This reserve is established to provide funding for sufficient liquidity and cash flow for operations on a day-to-day basis. Maintaining this reserve is key to managing routine 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 budgeted operating expenses, consistent with industry best practices for agencies with monthly rate revenue. The General Operating Reserve is maintained in the General Fund (Fund 1).

Self Insurance Reserve

This reserve is used to provide funding 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).

Rate Stabilization Reserve

This reserve is used to provide funding to smooth out potential fluctuations in water service rates of the District that may result from changes in wholesale water rates or unanticipated reductions in non-rate revenue. The Rate Stabilization Reserve target level is set equal to 50% of the District's ad valorem property tax revenue. The Rate Stabilization Reserve is maintained in the Rate Stabilization Fund (Fund 52).

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 2 % 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).



moulton niguel water district



Financial Summaries

Financial Statements

Description of Statements by Fund

Table 2: All Funds Statement summarizes annual operating and non-operating revenues, bond proceeds, operating expenses, capital investments, and debt service. Operating expense line items are grouped and presented in a manner consistent with financials reported by the Accounting Department to the Board.

In addition to the All Funds statement, there are two additional fund statements included in this section. The General Fund is the primary fund of the District and houses the majority of District operations and activities (*Table 3: General Fund Statement*). The Water Use Efficiency Fund includes operations and activities specific to water efficiency, conservation, and allocated water reliability projects (*Table 4: Water Efficiency Fund Statement*). These Fund statements are consolidated and included in the All Funds statement.

All budget statements within this section include activities from all associated Departments. Transfer activities between funds that occur in the budget are captured and displayed in *Table 5: Summary of Revenues, Expenses and Transfers*.

Cash v. Accrual Basis of Accounting

The following financial statements are presented on a cash basis method for budgeting purposes.

The cash basis method budgets for revenues and expenses in the period they are received or disbursed. Bond proceeds are included in the budget as well as the full amount of debt service payments, including repayment of principal. Cash payments for pension, Other Post-Employment Benefits (OPEB), and other long-term obligations are planned within the budget as disbursements are made. Non-cash expenses, such as depreciation and amortization, are not included.

In contrast, Financial statements presented in the Annual Comprehensive Financial Report (ACFR) are prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP). Under the accrual method, revenues and expenses are recognized and reported in the period they are earned or incurred. Pension, Other Post-Employment Benefits (OPEB), and other long-term obligations are recorded in the period they are due and payable.

As a result, financial statements presented in the ACFR may differ slightly from those included in this budget document.

Table 2: All Funds Statement

	FY 22-23	FY 22-23	FY 22-23	FY 23-24	FY 24-25	FY 24-25	FY 24-25 vs	
	Budget	Actual	\$Δ	Adopted Budget	Adopted Budget	Budget Forecast*	\$Δ	%Δ
Revenue (Operating):								
								5 %
			(1,618,328)	6,877,107	7,152,192	7,152,192	275,084	4 %
			2,608,533	29,676,776	30,914,799	30,914,799	1,238,023	4 %
			(2,303,920)	5,927,633	5,927,633	5,927,633	-	— %
			206,014	1,321,848	1,427,569	1,132,763	105,721	8 %
			(3,911,169)	77,992,071	81,470,302	81,080,401	3,478,231	4 %
	32,621,422	34,369,798	1,748,376	34,780,406	36,048,817	35,885,265	1,268,411	4 %
	2,711,285	2,270,217	(441,068)	2,241,924	2,667,934	2,075,968	426,010	19 %
	2,091,040	1,635,521	(455,519)	2,168,860	2,249,665	2,249,665	80,804	4 %
	245,090	3,892,095	3,647,005	2,242,932	2,252,932	2,348,032	10,000	— %
	136,715	191,004	54,290	62,429	52,154	12,000	(10,275)	-16 %
	36,000	92,726	56,726	36,000	54,004	36,000	18,004	50 %
	-	-	-	-	72,750,000	72,750,000	72,750,000	— %
		42,451,360	4,609,809	41,532,551	116,075,505	115,356,929	74,542,954	179 %
Total Revenue	112,385,822	113,084,461	698,640	119,524,623	197,545,807	196,437,330	78,021,185	65 %
Expense (Operating):								
Salaries	18,102,327	16,974,063	(1,128,264)	20,431,281	22,739,739	21,738,910	2,308,458	11 %
PERS Employer Contributions	3,496,652	3,328,350	(168,302)	3,842,496	4,157,539	4,389,193	315,043	8 %
Defined Contribution 401A	333,144	249,401	(83,743)	373,687	412,740	396,871	39,053	10 %
Educational Courses	100,395	39,100	(61,295)	75,000	74,999	76,500	(1)	0 %
Travel & Meetings	342,165	461,736	119,572	340,000	400,000	346,800	60,000	18 %
Employee Relations	111,717	20,113	(91,604)	125,123	81,510	127,625	(43,613)	-35 %
General Services	507,381	459,140	(48,241)	589,000	473,600	489,720	(115,400)	-20 %
Annual Audit	55,000	52,374	(2,626)	62,000	68,000	63,240	6,000	10 %
Member Agencies O&M	545,071	630,315	85,244	555,972	567,092	567,092	11,119	2 %
Dues & Memberships	245,595	157,625	(87,970)	220,388	201,396	224,796	(18,992)	-9 %
Election Expenses	180,000	182,579	2,579	-	240,000	240,000	240,000	0 %
Consulting Services	3,600,470	3,003,187	(597,283)	3,511,674	3,181,500	3,579,187	(330,174)	-9 %
Equipment Rental	62,520	28,909	(33,612)	27,000	36,000	27,540	9,000	33 %
District Fuel	412,500	342,123	(70,377)	412,500	377,000	420,750	(35,500)	-9 %
Insurance - District	758,300	642,433	(115,867)	661,300	1,053,300	674,526	392,000	59 %
Insurance - Personnel	473,705	456,512	(17,193)	568,909	640,103	623,422	71,194	13 %
Insurance - Benefits	3,618,150	3,815,435	197,285	3,661,715	4,228,935	3,865,019	567,220	15 %
Legal Services - Personnel	50,000	20,534	(29,467)	50,000	50,000	51,000	-	0 %
Legal Services - General	415,000	479,784	64,784	430,000	425,000	438,600	(5,000)	-1 %
District Office Supplies	1,610,000	1,034,893	(575,107)	1,115,180	950,000	1,131,504	(165,180)	-15 %
District Operating Supplies	950,900	1,410,485	459,585	2,154,900	2,086,282	1,559,438	(68,618)	-3 %
Repairs & Maint. - Equipment	1,375,855	1,339,496	(36,359)	1,576,940	1,652,148	1,608,479	75,208	5 %
Repairs & Maint. - Facilities	4,422,435	4,838,819	416,383	5,045,072	4,277,466	5,145,974	(767,606)	-15 %
Safety & Compliance	398,843	503,042	104,199	444,562	483,699	453,453	39,137	9 %
SOCWA	9,019,278	10,914,197	1,894,919	9,841,962	10,246,248	9,999,433	404,287	4 %
Special Outside Assessments	159,634	147,589	(12,045)	178,000	168,298	181,560	(9,702)	-5 %
Utilities	3,283,650	3,863,282	579,633	4,922,006	5,085,584	5,020,446	163,577	3 %
Water Purchases**	30,057,298	27,147,729	(2,909,569)	31,717,237	33,508,301	33,401,335	1,791,064	6 %
Water Efficiency	1,963,063	1,638,646	(324,417)	2,226,500	1,864,000	2,233,230	(362,500)	-16 %
Total Expense (Operating)	86,651,048	84,181,890	(2,469,157)	95,160,403	99,730,479	99,075,642	4,570,076	5 %
Change in Operating Position	25,734,774	28,902,571		24,364,219	97,815,328	97,361,688		
Debt Service Payments	10,922,835	10,922,835	-	10,852,731	10,490,481	10,490,481	(362,250)	-3 %
Capital Expense								
General Fund	1,450,000	2,877,434	1,427,434	1,100,000	393,750	500,000	(706,250)	-64 %
R&R Fund	56,538,358	24,735,996	(31,802,362)	46,523,794	44,983,943	43,692,901	(1,539,851)	-3 %
Water Supply Reliability Fund	2,435,000	1,226,407	(1,208,593)	584,000	595,877	-	11,877	2 %
Planning & Construction Fund	3,930,000	674,061	(3,255,939)	7,626,219	15,303,105	17,523,992	7,676,886	101 %
Water Efficiency Fund	1,510,000	256,964	(1,253,036)	1,600,000	1,050,000	150,000	(550,000)	-34 %
Total Capital Expense	65,863,358	29,770,862	(36,092,496)	57,434,013	62,326,675	61,866,893	4,892,662	44 %
Projected Change in Funds	(51,051,419)	(11,791,126)		(43,922,525)	24,998,172	25,004,314		

Statement Footnotes

Non-cash activity is excluded and totals may not foot due to minor rounding presentation differences in this statement.

*Forecasted values are based on the FY 24-25 projections developed within the FY 23-24 Adopted Budget.

**Water purchases are based on an overall 8.5% increase to MET rates, effective January 1st.

Table 3: General Fund Statement

	FY 22-23	FY 22-23	FY 22-23	FY 23-24	FY 24-25	FY 24-25	FY 24-25 vs FY 23-24	
	Budget	Actual	Difference	Budget	Adopted Budget	Forecast*	\$Δ	%Δ
Revenue (Operating):								
Water Revenue	32,895,199	30,091,731	(2,803,468)	34,188,707	36,048,110	35,953,014	1,859,403	5 %
Recycled Water Revenue	6,762,798	5,144,470	(1,618,328)	6,877,107	7,152,192	7,152,192	275,084	4 %
Sewer Revenue	28,255,850	30,864,383	2,608,533	29,676,776	30,914,799	30,914,799	1,238,023	4 %
Other Operating Revenue	702,782	918,610	215,828	1,321,848	1,427,569	1,132,763	105,721	8 %
Total Operating Revenue	68,616,630	67,019,194	(1,597,435)	72,064,438	75,542,670	75,152,768	3,478,231	5 %
Revenue (Non-Operating):								
Property Tax Income	32,621,422	34,369,798	1,748,376	34,780,406	36,048,817	35,885,265	1,268,411	4 %
Investment Income	2,663,281	2,258,000	(405,281)	2,186,898	2,622,070	2,043,864	435,172	20 %
Cell Site Income	2,091,040	1,635,521	(455,519)	2,168,860	2,249,665	2,249,665	80,804	4 %
Misc. Non-Operating Income	250,812	279,002	28,190	2,342,932	2,352,932	2,450,032	10,000	0 %
Total Non-Operating Revenues	37,626,556	38,542,321	915,766	41,479,096	43,273,484	42,628,826	1,794,387	4 %
Total Revenue	106,243,186	105,561,515	(681,669)	113,543,534	118,816,152	117,781,593	5,272,618	5 %
Expense (Operating)								
Salaries	16,491,374	15,478,106	(1,013,268)	18,709,299	20,796,095	19,902,880	2,086,796	11 %
PERS Employer Contributions	3,253,837	3,059,899	(193,939)	3,608,182	3,998,552	4,117,112	390,370	11 %
Defined Contribution 401A	303,733	220,621	(83,111)	340,806	376,277	362,093	35,471	10 %
Educational Courses	94,895	36,493	(58,402)	68,893	47,766	70,271	(21,127)	-31 %
Travel & Meetings	292,797	418,463	125,666	287,225	356,373	292,969	69,148	24 %
Employee Relations	111,717	20,113	(91,604)	125,123	81,510	127,625	(43,613)	-35 %
General Services	507,381	459,140	(48,241)	589,000	473,600	489,720	(115,400)	-20 %
Annual Audit	55,000	52,374	(2,626)	62,000	68,000	63,240	6,000	10 %
Member Agencies O&M	545,071	630,315	85,244	555,972	567,092	567,092	11,119	2 %
Dues & Memberships	119,914	138,283	18,369	142,638	157,604	145,491	14,966	10 %
Election Expenses	180,000	182,579	2,579	-	240,000	240,000	240,000	0 %
Consulting Services	2,340,470	2,307,682	(32,788)	2,261,674	1,931,500	2,304,187	(330,174)	-15 %
Equipment Rental	62,520	28,909	(33,612)	27,000	36,000	27,540	9,000	33 %
District Fuel	412,500	342,123	(70,377)	412,500	377,000	420,750	(35,500)	-9 %
Insurance - District	758,300	642,433	(115,867)	661,300	1,053,300	674,526	392,000	59 %
Insurance - Personnel	436,840	421,379	(15,461)	533,291	594,270	585,075	60,979	11 %
Insurance - Benefits	3,320,255	3,483,924	163,669	3,365,401	3,902,930	3,552,067	537,529	16 %
Legal Services - Personnel	50,000	20,534	(29,467)	50,000	50,000	51,000	-	0 %
Legal Services - General	400,000	449,262	49,262	400,000	400,000	408,000	-	0 %
District Office Supplies	1,278,500	821,226	(457,274)	778,180	672,302	787,764	(105,878)	-14 %
District Operating Supplies	938,400	1,401,994	463,594	2,142,900	2,075,782	1,547,198	(67,118)	-3 %
Repairs & Maint. - Equipment	1,345,355	1,314,069	(31,286)	1,550,440	1,331,148	1,581,449	(219,292)	-14 %
Repairs & Maint. - Facilities	4,422,435	4,838,819	416,383	5,045,072	4,277,466	5,145,974	(767,606)	-15 %
Safety & Compliance	392,943	500,316	107,373	438,662	477,924	447,435	39,262	9 %
SOCWA	9,019,278	10,914,197	1,894,919	9,841,962	10,246,248	9,999,433	404,287	4 %
Special Outside Assessments	159,634	147,589	(12,045)	178,000	168,298	181,560	(9,702)	-5 %
Utilities	3,283,650	3,863,282	579,633	4,922,006	5,085,584	5,020,446	163,577	3 %
Water Purchases**	30,057,298	27,147,729	(2,909,569)	31,717,237	33,508,301	33,401,335	1,791,064	6 %
Total Operating Expense	80,634,097	79,341,853	(1,292,246)	88,814,763	93,350,922	92,514,232	4,536,158	5 %
Change in Operating Position	25,609,089	26,219,662		24,728,771	25,465,230	25,267,361		
Capital Expense								
Capital Outlay Expense	1,450,000	2,877,434	1,427,434	1,100,000	393,750	500,000	(706,250)	-64 %
Total Capital Expense	1,450,000	2,877,434	1,427,434	1,100,000	393,750	500,000	(706,250)	-64 %
Projected Change in Funds	24,159,089	23,342,228		23,628,771	25,071,480	24,767,361		

Statement Footnotes

Non-cash activity is excluded and totals may not foot due to minor rounding presentation differences in this statement.

*Forecasted values are based on the FY 24-25 projections developed within the FY 23-24 Adopted Budget.

**Water purchases are based on an overall 8.5% increase to MET rates, effective January 1st.

Table 4: Water Efficiency Fund Statement

	FY 22-23	FY 22-23	FY 22-23	FY 23-24	FY 24-25	FY 24-25	FY 24-25 vs FY 23-24	
	Budget	Actual	Difference	Budget	Adopted Budget	Forecast*	\$Δ	%Δ
Revenue (Operating):								
Projected Water Efficiency Revenue	5,927,640	3,623,720	(2,303,920)	5,927,633	5,927,633	5,927,633	—	— %
Total Operating Revenues	5,927,640	3,623,720	(2,303,920)	5,927,633	5,927,633	5,927,633	(7)	— %
Revenue (Non-Operating):								
Investment Income	48,003	12,217	(35,786)	55,026	45,867	32,104	(9,159)	(17)%
Demand Offset Fees	36,000	92,726	56,726	36,000	54,004	36,000	18,004	50 %
Total Non-Operating Revenues	84,003	104,943	20,940	91,026	99,871	68,104	8,845	10 %
Total Revenue	6,011,643	3,728,664	(2,282,980)	6,018,659	6,027,504	5,995,737	8,838	— %
Expense (Operating)								
Labor	2,217,939	1,876,352	(341,587)	2,321,108	2,510,933	2,494,187	189,825	8 %
Educational Courses	5,500	2,607	(2,893)	6,107	27,234	6,229	21,127	346 %
Travel & Meetings	49,368	43,274	(6,094)	52,775	43,627	53,831	(9,148)	-17 %
Dues & Memberships	125,681	19,342	(106,339)	77,750	43,792	79,305	(33,958)	-44 %
Consulting Services	1,260,000	695,506	(564,494)	1,250,000	1,250,000	1,275,000	-	0 %
Legal Services	15,000	30,523	15,523	30,000	25,000	30,600	(5,000)	-17 %
Conservation Supplies	344,000	222,157	(121,843)	349,000	288,198	355,980	(60,802)	-17 %
Repairs & Maint. – Equipment	30,500	25,427	(5,073)	26,500	321,000	27,030	294,500	1111 %
Safety & Compliance	5,900	2,726	(3,174)	5,900	5,775	6,018	(125)	-2 %
Water Efficiency	1,963,063	1,638,646	(324,417)	2,226,500	1,864,000	2,233,230	(362,500)	-16 %
TOTAL OPERATING EXPENSES	6,016,950	4,556,558	(1,460,392)	6,345,640	6,379,558	6,561,410	33,918	1 %
Change in Operating Position	(5,307)	(827,895)		(326,981)	(352,054)	(565,673)		
Capital Expense								
Total Capital Expense	1,510,000	256,596	(1,253,404)	1,600,000	1,050,000	150,000	(550,000)	-34 %
Projected Change In Funds	(1,515,307)	(1,084,491)		(1,926,981)	(1,402,054)	(715,673)		

Statement Footnotes

Non-cash activity is excluded and totals may not foot due to minor rounding presentation differences in this statement.

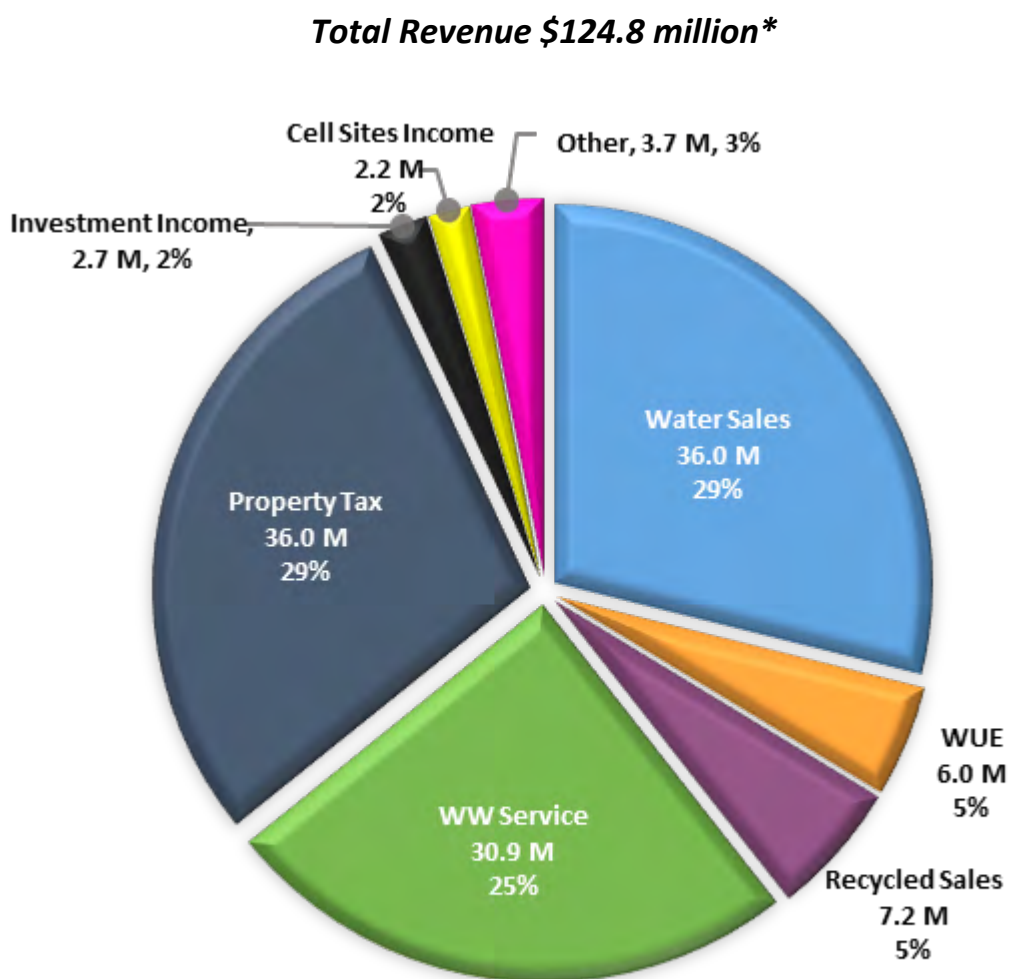
*Forecasted values are based on the FY 24-25 projections developed within the FY 23-24 Adopted Budget.

Revenue Summary & Discussion

In January 2022, the Board adopted a four-year rate schedule for potable, recycled, and wastewater service charges based on the 2021 Cost of Service (COS) Study. Year-over-year changes in total revenue are mainly driven by adopted rates from the 2021 COS, changes in water consumption behaviors, and annual receipts of Ad Valorem property taxes. Revenue budgets and projections are based on the trends displayed within the figures later in this section. The primary revenue sources of Moulton Niguel Water District for FY 24-25 are grouped into the following categories as shown in [Figure 11: Major Revenue Categories](#):

- Water Sales
- Recycled Water Sales
- Wastewater Service
- Water Use Efficiency Revenue
- Property Tax
- Investment Income
- Cell Site Income
- Other Income

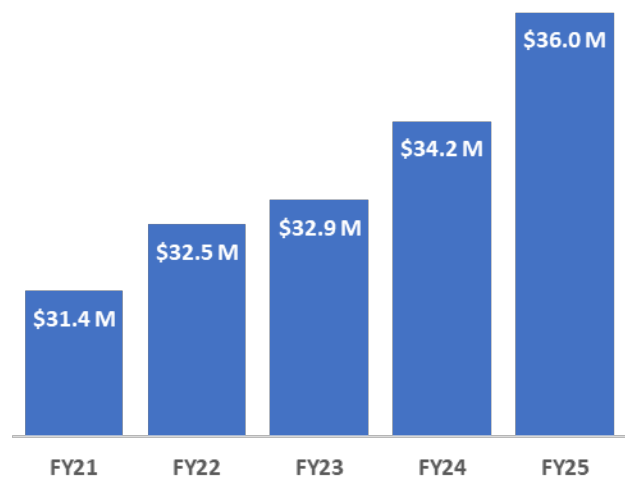
[Figure 11: Major Revenue Categories](#)



**To better illustrate the make up of incoming revenue streams, Figure 11: Major Revenue Categories excludes cash inflows from bond proceeds and the spend down of cash reserves that are shown in Figure 1: Funding Sources and Funding Uses of the [Executive Summary](#) and Table 2: All Funds Statement.*

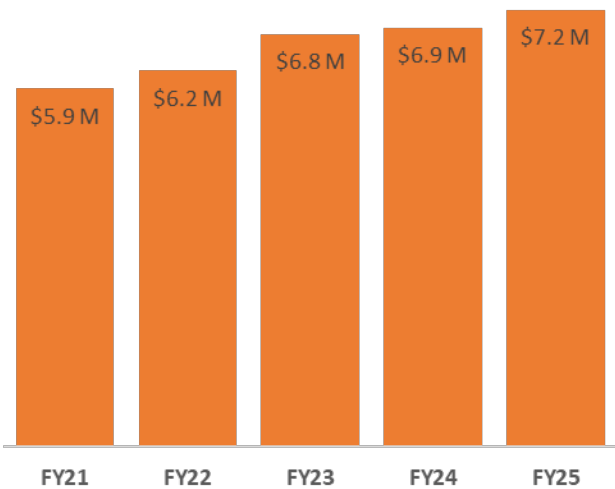
Revenue Summary & Discussion (Continued)

Water Sales



Water sales revenue is generated from customer usage of imported potable water. FY 24-25 potable water demand is budgeted at FY 23-24 levels. Though customer water usage continues to be considerably lower in the last 2 “wet” years, this budget conservatively assumes demands representative of a typical year in case weather begins to revert back to “dry” conditions that have increased demands up to 25,144 AF as seen recently in FY 20-21. The increase in revenue is attributed to an approved 3% water rate increase as well as the anticipated implementation of a volumetric pass-through rate of \$0.14 / ccf to to recover the increase in Metropolitan Water District of Southern California (MET) rates for imported water, both of which are effective January 1, 2025. The pass-through rate recovers the difference between what was anticipated in the 2021 Cost-of-Service (COS) Study and MET’s adopted rates.

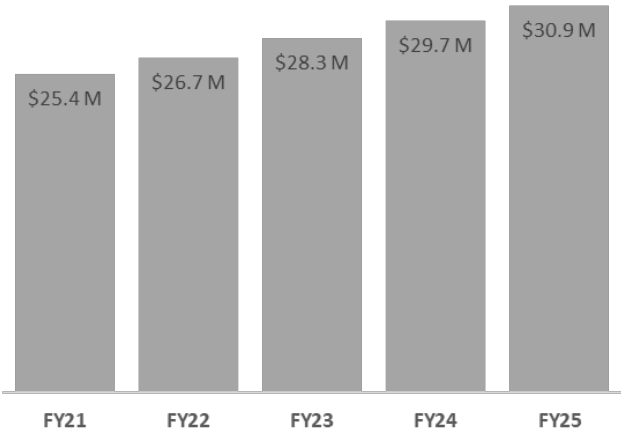
Recycled Water Sales



Recycled water sales revenue is generated from customer usage of recycled water for irrigation. Projections for recycled water demand are unchanged from prior year levels and recycled water production is budgeted at 6,723 acre-feet. Similar to potable water, recycled water use has reduced significantly during the last two “wet” years, with actual demand for FY 22-23 falling below 5,000 AF. However, because recycled water use is entirely for outdoor irrigation, demands can increase proportionally in response to weather with “dry” year demands as high as 7,000 AF as recently as FY 20-21. As such, this budget conservatively assumes demands representative of a more typical year in case weather begins to revert back to “dry” conditions. The increase in revenue is attributed to an approved 3% recycled water rate increase, effective January 1, 2025.

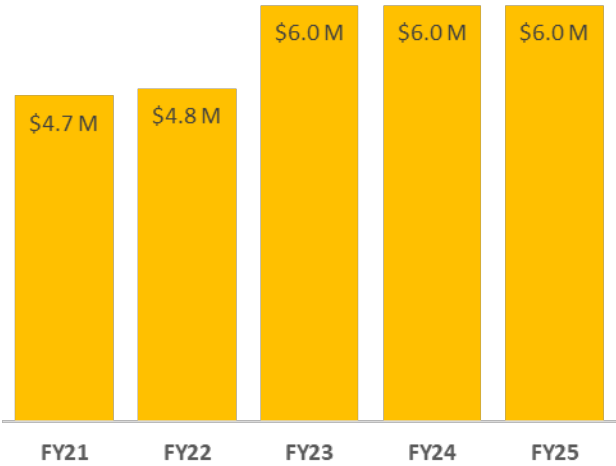
Revenue Summary & Discussion (Continued)

Wastewater Services



Wastewater services revenue is generated from the collection and treatment of wastewater. The increase in revenue is attributed to an approved 5.5% wastewater service rate increase, effective January 1, 2025

Water Efficiency Revenue



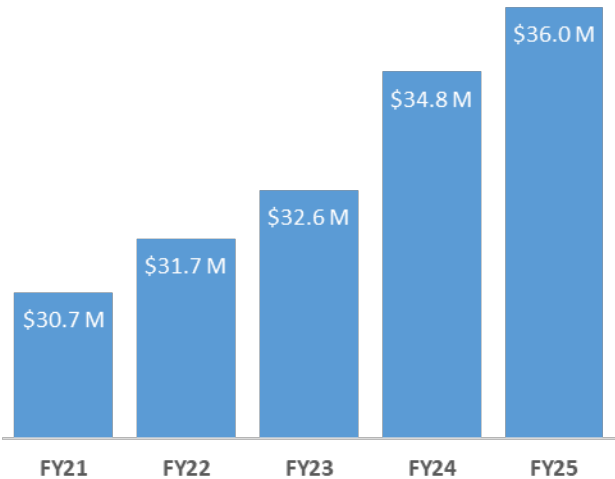
Customers who exceed their water budgets are billed at higher rates for the amount of water they use above their water budget. All water rate revenue over the retail cost of imported water will be designated for the Water Use Efficiency Fund to fund new water supply projects and invest in water efficiency improvements to maintain reliability. The District’s tiered rates can be found here: <https://www.mnwd.com/waterrates/>

The increase in FY 22-23 was due to the one-time 25% increase in water efficiency rates that was approved in January 2022 to fund water efficiency programs and water reliability planning projects.

Given customers' responsiveness to wet weather conditions, no increases in out-of-budget water use are anticipated. As such, no drought penalties are assumed and Water Efficiency revenues are projected to remain level for FY 24-25.

Revenue Summary & Discussion (Continued)

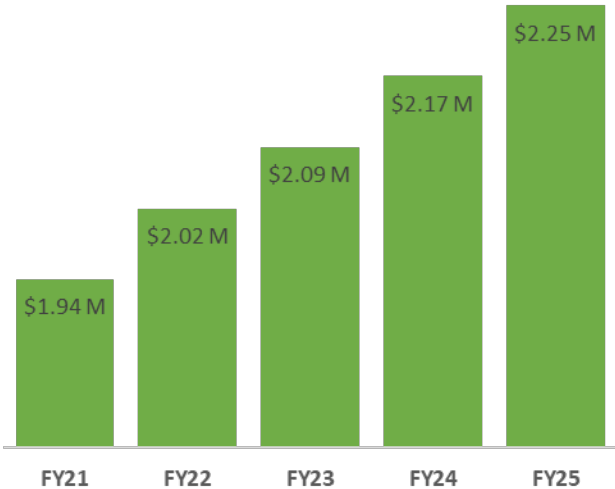
Property Tax Income



The District receives an apportionment of Ad Valorem property taxes from the County of Orange. These revenues are reinvested into infrastructure which offsets funding requirements that would otherwise need to be collected through rates or debt, providing customers with the lowest average monthly bill in South Orange County.

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 by 3.8% due to the appreciation of home values and the recapture of adjusted property values due to Proposition 8. Staff monitors property tax projections for Years 2-10 on an annual basis and will update forecasts as conditions change, in particular if a declining interest rate environment prompts an acceleration in home sales.

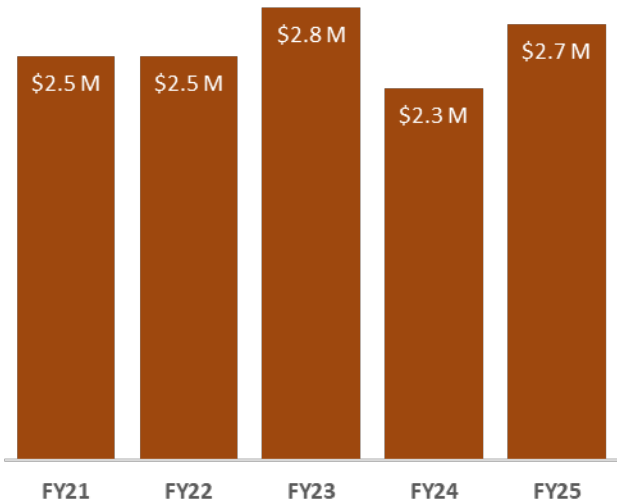
Cell Site Income



This revenue is collected from leasing District facilities to cell carriers to place cell towers and equipment on reservoirs and other District locations. Since implementing the Communications Lease Agreement and Lease Policy, the Program has grown to include 49 agreements with various amendments. These communications facilities are distributed among 19 District sites. Anticipated cell site income for the upcoming fiscal year is forecasted to increase 4%, consistent with the growth rate used in previous fiscal period forecasts.

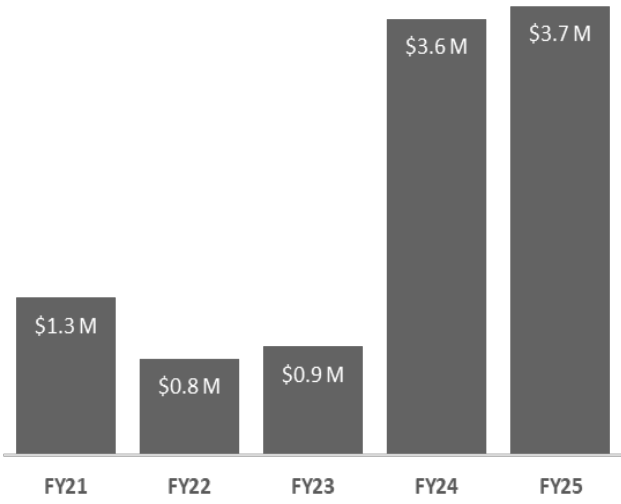
Revenue Summary & Discussion (Continued)

Investment Income



The District maintains a diverse portfolio of investments to meet 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 projected \$2.7 million is a result of the growth in returns on unrestricted cash balances as a higher percentage of capital expenditures are funded from restricted bond proceeds. Increased coordination between the District’s Financial Planning, Accounting, and Engineering Departments has increased the accuracy of short-term and long-term cash flow forecasts, which has allowed the District’s Investment Advisor to confidently restructure the District’s investment portfolio to meet short-term liquidity needs and cash funded Capital Improvement Program costs while maintaining long-term earnings. The assumed 1.75% earnings are unchanged from conservative expectations of portfolio performance used in prior fiscal years; however, with efficient management and vigilant monitoring of market conditions, the District has successfully leveraged recent short-term strategies and seen opportunities for higher earnings rates of approximately 5% in recent months, reflecting the District’s proactive approach to optimizing financial performance. Financial Planning staff and the District’s Investment Advisor will continue to monitor these developments and will evaluate increasing the investment return rate over the course of the fiscal year.

Other Income



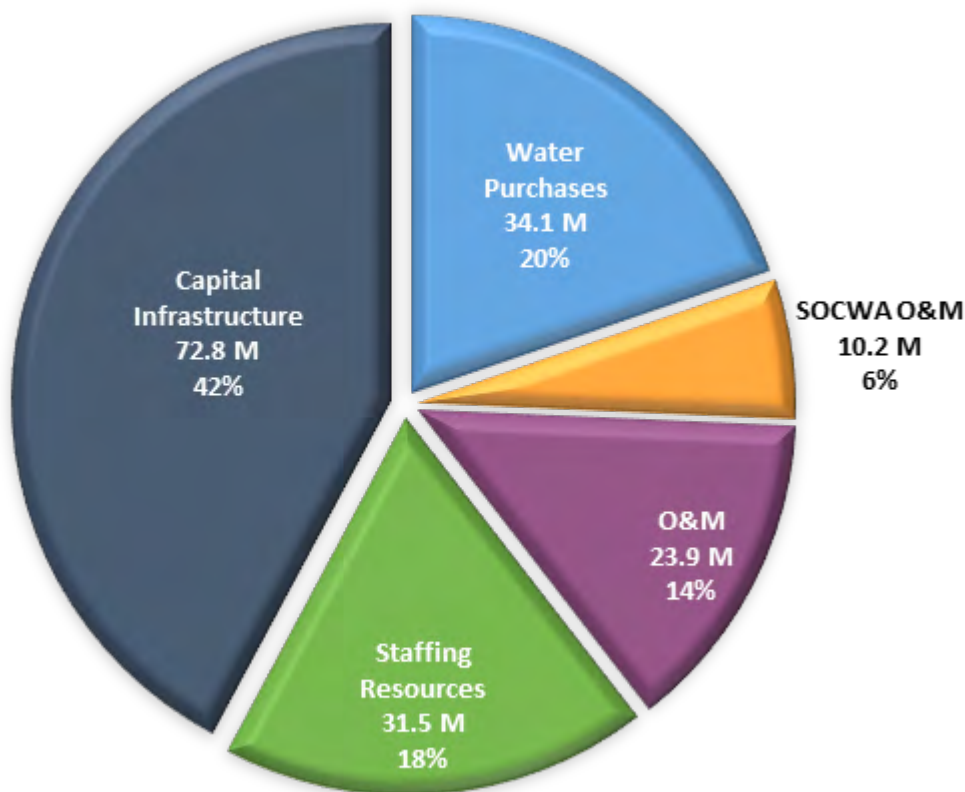
Other Income includes the user fees customers pay to utilize specific services, such as turn on/turn off, late bill payments, and other user fees. Revenues from permitting-related activities, such as the Fat, Oils, and Grease (FOG) program and Plan Check and Inspection (PCI) process, are also captured here. Beginning in FY 23-24, forecasts for Other Income were increased to recognize that the District has consistently collected between \$1 million and \$3 million in revenues from sources such as grants or asset sales that were not considered in the budget. The rise from the previous fiscal year is due to an uptick in plan check & inspection fee from the commencement of a new residential housing tract development within the service area.

Expense Summary & Discussion

Expenses for FY 24-25 are grouped into five major categories as shown below in [Figure 12: Major Expense Categories](#):

[Figure 12: Major Expense Categories](#)

Total Expense \$172.5 million



Capital Infrastructure

Anticipated Capital Infrastructure investments of \$72.8 million represent over 42% of total expenditures. This budget appropriates \$62.3 million towards the Capital Improvement Program as well as \$10.5 million towards annual bond payments for past capital infrastructure investments. This category is the largest expense in the FY 24-25 budget and demonstrates the District's commitment to investing in critical water and wastewater infrastructure.

The Capital Improvement Program is discussed in detail within the [Capital Program](#) section of this document. Bond payments are outlined and discussed within the [Debt Management](#) section of this document.

Operating Expense

Operating expense includes the following major categories:

- Water Purchases
- SOCWA O&M
- Operations & Maintenance (O&M)
- Staffing Resources

Operating expenses are primarily accounted for in two funds. The costs of providing continued services are reported and budgeted in the General Fund ([Table 3: General Fund Statement](#)), while costs for conservation and water efficiency efforts are reported and budgeted in the Water Use Efficiency Fund ([Table 4: Water Efficiency Fund Statement](#)). Each operating expense category is also combined and presented in total within [Table 2: All Funds Statement](#).

Expense Summary & Discussion (Continued)

Operating Expenses Highlights

As shown in [Table 2: All Funds Statement](#), total District operating expenses are budgeted to increase by 4.8% to a total of \$99.7 million. External sources account for nearly 60% of the year over year increase in the operating budget. The financial statements display the line-item detail of changes in operating expenses.

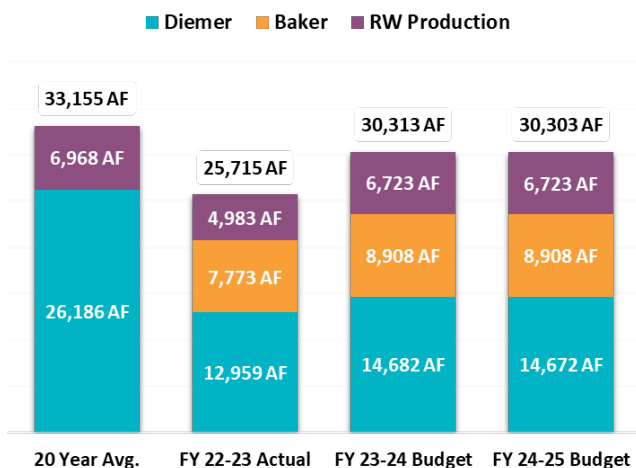
Water Purchases

Water Purchases includes treated and untreated wholesale water, charges for the provision of wholesale water, Baker Treatment Plant charges and member agency O&M charges (the District's participation in other shared facilities). The total \$34.1 million budget in FY 24-25 is made up of the following financial statement line items:

- \$33.5 million in Water Purchases
- \$0.6 million in Member Agencies O&M

The Water Purchases budget increased by \$1.8 million for FY 24-25 in comparison to the prior year budget. It is the largest District operating expense and is driven by external agency rates and charges. The FY 24-25 budget increase is due to the 8.5% MET rate increase, effective January 1, 2025. The volume of imported water for FY 24-25 is projected as shown in [Figure 13: Water Purchases & Production](#). The budget increase is not driven by fluctuations in customer demand or the volume of water purchases. Though customer water usage has been considerably lower in the last two "wet" years, this budget assumes demands representative of a typical year as shown in the figure below:

Figure 13: Water Purchases & Production



SOCWA O&M

SOCWA O&M represents the District share of operating costs for the South Orange County Wastewater Authority. The FY 24-25 budget totals \$10.2 million, representing an increase of \$404,287 as shown in the fund statements and in [Table 17: Operating Expenses, Engineering](#). As an adopted FY 24-25 budget from SOCWA was not available at the time of District budget preparation, the budget for FY 24-25 is based on forecasts identified in SOCWA's FY 23-24 Budget.

The cost of SOCWA operations continues to increase above forecasted amounts year over year. SOCWA O&M expenses have increased roughly \$1 million on average between FY 20-21 and FY 22-23. As the District funds over 40% of total SOCWA O&M, staff is closely monitoring trends in these costs. MNWD is promoting changes within SOCWA to increase water reuse, improve operational efficiencies, and implement cost control measures for wastewater treatment on behalf of our customers. The amount of total SOCWA O&M expenses are shown in the table below:

	SOCWA Total O&M Costs	\$ Increase	% Increase
FY 20-21	\$21.51 M		
FY 21-22	\$22.30 M	\$0.79 M	3.7%
FY 22-23	\$23.67 M	\$1.37 M	6.2%

Operations & Maintenance (O&M)

The total O&M budget for FY 24-25 is \$23.9 million and represents less than 14% of the total budget. This category includes all operating expense line items from the fund statements that are not otherwise included in Water Purchases, SOCWA O&M, or Staffing Resources. Notable O&M line item budgets from the fund statements are discussed below:

General Services

General Services includes outside services providers for billing, accounting, property tax collection, mapping updates, uniforms, and bad debt write offs. The FY 24-25 budget decreased \$100,000 due to nearly \$250,000 in grant funding secured by staff from the State Water Resources Control Board which reduced customer accounts in arrears. The FY 24-25 forecast for bad debt expense was previously estimated at \$100,000; however, no bad debt expense is anticipated due to the application of these funds to delinquent customer accounts. The reduction in bad debt write offs are also discussed in the [Customer Experience](#) section included under Departmental Information.

Expense Summary & Discussion (Continued)

Consulting Services

Consulting Services includes expenses associated with consultants and contractors required to support ongoing operations as well as initiatives to meet temporary or project specific resource requirements.

The FY 24-25 budget of \$3.2 million reflects a \$330,174 decrease from the prior year budget. Over the last three fiscal years, the consulting services budget has approximated \$3.5 million on average. This decrease is partially attributed to active contract management and cost control measures performed by District staff as well as the evaluation and utilization of internal resources. In addition, all software costs have been reallocated out of Consulting Services.

A new specialty software object account was created for District-wide use and grouped into the Repairs & Maintenance - Equipment line item. This new object is purposed for specialty software that will not be capitalized. This action was taken to properly align the budget with GASB 96 reporting requirement updates related to accounting for Subscription Based IT Arrangements (SBITAs). SBITAs are identified by specific criteria but essentially include any software or IT program that the District maintains the right to use over a defined period. SBITAs that meet the criteria defined in the new reporting requirements are budgeted for as capital expenses, outside of the new specialty software object account included in operations. Prior to GASB 96, SBITAs were also included in the Consulting Services line item.

The budget for Consulting Services allocates resources for water quality contracts, engineering and operations studies, inspection services, water use surveys, and landscape surveys aimed at assisting customers with water management. It also covers cell site management, FOG program, external finance review, and supports the District's outreach, communication, and marketing efforts. New provisions for this fiscal year include program management services related to OASIS Water Resources Center, as well as consulting services focused on legislative support and regional planning endeavors. These allocations underscore the District's commitment to enhancing operational efficiency, promoting strategic initiatives, and meeting the evolving needs of the community.

Repairs & Maintenance - Facilities

The District maintains or reinvests in its facilities and systems and the FY 24-25 budget for \$4.3 million includes provisions for: System Maintenance and System Repairs, Paving Repairs, Raising Valves and Manholes, Permits, Janitorial Services, Landscape and Tree Maintenance, Waste Disposal, and Contract and Maintenance Agreements.

The Repairs & Maintenance Facilities budget decreased by \$767,606 from the prior year budget because of two factors. First, updates to projections for pavement resurfacing projects have been made based on historical billings from cities. Secondly, the District's staff has taken over fire hydrant maintenance in-house, a responsibility previously outsourced.

Furthermore, changes have been implemented regarding expenses for permits from district-led projects. Permits related to capital expenditures are now capitalized, while non-capitalized operational expenses permits were previously based on fee projections by cities. Moving forward, a new budgeting practice has been adopted, utilizing a 3-year average of actual permit costs. Any deviations from this trend would be attributed to fluctuations in the number of permits required for city work.

Expense Summary & Discussion (Continued)

Utilities

Utilities consists of electricity provided by Southern California Edison (SCE) and San Diego Gas & Electric (SDG&E) as well as gas provided by Southern California Gas Company (So Cal Gas). These agencies supply electricity and natural gas to District facilities, including wastewater facilities.

The Utilities budget for FY 24-25 totals \$4.8 million, with electricity accounting for the budget majority (Gas utilities are budgeted at \$13,000). Utility rates in Southern California have been rising substantially in recent years. This trend is expected to continue and the FY 24-25 budget anticipates an average rate increase of 5% from both the agencies. The District has observed a continual increase in electricity rates and seeks to explore opportunities for enhancing cost management. Multiple projects in the FY 24-25 CIP budget involve the replacement of mechanical equipment where the new equipment will have a higher efficiency than the existing equipment, such as pumps and generators, and are expected to result in reduced electricity consumption associated with those assets. Once completed, the Micro-Hydro Turbine at Bridlewood FCF and Solar Panels at Headquarters Projects will generate electricity to help offset future electricity costs.

Insurance - District

The District maintains general liability, automobile and property insurance policies through its membership with the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA). A hard excess insurance market has driven consecutive ACWA/JPIA rate increases in recent years for District insurance plans ranging from 10-20% each year. As a result, the premiums for insurance have increased substantially industry-wide, contributing to a budget increase of \$392,000 when compared to the prior year. The FY 24-25 budget is comprised of Automobile & General Liability and Property Insurances, budgeted at \$750,000 and \$300,000, respectively.

Water Efficiency Programs & Rebates

Water Efficiency Programs and Rebates expenses are associated with leak detection efforts, resources and programs for water demand management, and efforts to promote water reliability. These costs are included in various line items within the fund statements and are discussed in more detail in the Water Resources & Efficiency section included under Departmental Information.

Staffing Resources

Staffing Resources include the following line item expenses within the fund statements:

- Salaries
- PERS Employer Contributions
- Defined Contribution 401A
- Insurance - Benefits

The total Staffing Resources budget for FY 24-25 is \$31.5 million and represents 18% of the total expenses budgeted for the fiscal year. The FY 24-25 budget is driven by the following factors:

- The current memorandum of understanding (MOU) between the District and its employees. This MOU was developed to protect the financial health of the District while investing in high-quality personnel. The budget is inclusive of the terms reflected within the second year of the MOU.
- Pension rates provided by CalPERS for the miscellaneous plans of the District.
- Rates for employee insurance benefits were unknown at the time of the development of the budget, but were assumed at current insurance premiums levels with a 5.5% increase to the District share.
- Two (2) additional Full-Time Equivalents (FTEs). These additional FTEs are discussed in greater detail within the sections for [Engineering](#) and [Finance](#) in the Departmental Information section.

Fund Balance Summary

Table 5: Summary of Revenues, Expenses and Transfers

Fund No.	Fund	Projected Cash Fund Balance 6/30/2024	Reserve Funds	Net Available	Increase		Total Available	Decrease		Total Decrease	Projected Ending Balance 6/30/2025	Fund Balance Change
					Revenue	Transfer		Expense	Transfer			
1	General	87,044,930	59,090,101	27,954,829	191,466,152	-	219,420,981	93,744,671	41,330,016	135,074,687	143,436,395	65%
6	Water Efficiency	3,003,150	-	3,003,150	6,027,501	-	9,030,651	7,429,558	-	7,429,558	1,601,093	-47%
Capital Improvement Funds												
7	Replacement & Refurbishment	24,846,516	-	24,846,516	-	20,137,427	44,983,943	44,983,943	-	44,983,943	-	-100%
12	Water Supply Reliability	-	-	-	-	595,877	595,877	595,877	-	595,877	-	0%
14	Planning & Construction	5,235,145	-	5,235,145	-	10,067,960	15,303,105	15,303,105	-	15,303,105	-	-100%
Miscellaneous Funds												
15	Capital Facilities	173,002	-	173,002	52,154	-	225,156	-	173,002	173,002	52,154	-70%
4	Self Insurance	340,739	250,000	90,739	-	-	90,739	-	-	-	340,739	0%
52	Rate Stabilization	17,813,135	18,024,408	(211,273)	-	211,273	-	-	-	-	18,024,408	1%
Debt Service Funds												
12	2019 Revenue Bonds	-	-	-	-	4,433,875	4,433,875	4,433,875	-	4,433,875	-	0%
73	2019 COPS	-	-	-	-	3,314,706	3,314,706	3,314,706	-	3,314,706	-	0%
74	2021 COPS	-	-	-	-	2,741,900	2,741,900	2,741,900	-	2,741,900	-	0%
Total		138,456,617	77,364,509	61,092,108	197,545,807	41,503,018	300,140,933	172,547,635	41,503,018	214,050,653	163,454,789	18%

Notes to Change in Fund Balances:

Fund 1 General Fund - Emergency Reserves and Operating Reserves are included in General Fund Reserve Funds in target amounts of \$35,300,000 and \$23,790,101 respectively. The proposed \$72.8 million in proceeds from bond issuance are shown in the General Fund as a FY 24-25 revenue but will be held in an dedicated fund once received. No debt service payments from the issuance are anticipated until Fiscal Year 2025-26.

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

Fund Balance Details

General Fund – Fund 1

Revenues and expenses that make up the aggregate totals reported in *Table 5: Summary of Revenues, Expenses and Transfers* are presented in *Table 3: General Fund Statement*. In addition to the \$93.7 million budgeted operating and capital outlay expenses, total use of funds for the General Fund includes \$41.3 million in transfers to the Capital, Miscellaneous, and Debt Service Funds for total cash outflows of \$135.1 million in FY 24-25.

Water Efficiency – Fund 6

The District's Water Use Efficiency Fund receives revenue from customers who use water in excess of their individually calculated water budgets. These revenues go towards funding projects and programs which improve customer water efficiency and water supply reliability. The District plans to invest Water Use Efficiency funds in new water supplies and developing new water efficiency programs as detailed in *Table 4: Water Efficiency Fund Statement* and the [Water Resources & Efficiency section](#). The decrease of \$7.4 million in fund balance is consistent with the overall plan.

Capital Improvement & Misc. Funds

The District's overall Capital Financing Plan includes the decrease in Capital Improvement funds shown. The following sections provide a high-level summary of major project categories and highlight significant nonrecurring capital expenses. The large decrease in fund balance shown for fiscal year end is consistent with the District's practice of identifying funds earmarked for transfer, which are then authorized by the Board via resolution and executed throughout the fiscal year. The transfer is funded through proceeds from bond issuance, net revenues or existing cash held within Fund 1.

Replacement and Refurbishment (R&R) – Fund 7

Capital investments of \$45.0 million for Fund 7 are driven by the FY 24-25 budget appropriation for the following projects:

- \$15.0 million for the Plant 3A Solids Handling Facilities Improvements
- \$6.8 million for externally managed projects
- \$5.0 million for the Regional Lift Station Force Main Replacement
- \$5.0 million for the Reservoir Management System Replacement Phase 4
- \$5.0 million for the Lower Salada Lift Station Force Main Replacement

Water Supply Reliability – Fund 12

Project designs for the South County Pipeline (SCP) Takeout Facility will improve potable water supply reliability should the SCP have a shutdown. In addition, the OCWD Basin Emergency Interconnection at Santa Ana East Station would provide an emergency interconnection to the OCWD groundwater basin.

Planning and Construction – Fund 14

Capital investments of \$15.3 million for Fund 14 are driven by the FY 24-25 budget appropriation for the following projects:

- \$6.0 million for the Regional Treatment Plant AWT Salinity Management
- \$4.8 million for the Slope Stabilization at La Paz Road
- \$3.0 million for the EV Charging Stations at Headquarters

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 increase in the fund balance reflects increased infill projects and is annually updated in accordance with the efforts of the District's private development group.

Debt Service Funds

The District has established debt service funds to ensure the timely payment of debt. The payment amounts for each debt service fund are transferred in during the course of fiscal year for debt service payments as they are due.

Long-Range Financial Plan (LRFP)

The LRFP aims to identify strategies and actions that ensure sufficient financial resources are available for the District to achieve its mission and to utilize those resources effectively. The LRFP projects the annual operating budget and incorporates the 10-year capital financing plan to determine the financial impact of future operating and capital needs and develops strategies to address those needs. The annual budget serves as a key input to project long-range financial health.

The long-range financial planning model (10-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 10-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 solid financial position based on conservative planning and budgeting, maintenance of adequate cash balances, and solid debt service coverage. A primary 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 \$668 million Capital Improvement Plan (CIP) 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 10-year CIP based on prioritization of needed projects and potential replacement costs for large projects over the 10-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 actual results to CIP budgets and expectations of future project costs. The \$470.3 million Capital Financing Plan is displayed in the shaded blue area plotted within [*Figure 15: District CIP \(General Fund\)*](#).

The District's high bond rating and strong financial position, aided by the 10-year Model, serve as tools to aid in appropriately sizing future issuances to mitigate volatile rate increases and maintain a consistent financial plan. The 10-year financial outlook for rate increases has remained consistent across updates to the Long-Range Financial Plan with the exclusion of differences in anticipated MET rates. Subsequent to the Cost-of-Service (COS) study, MET has increased rates beyond projections and revised anticipated 10-year rate projections. This directly affects the District's long range rate projection since MET is the District's sole provider of potable water. Staff will continue to track any regional changes and update the LRFP accordingly. The next comprehensive Cost-of-Service (COS) Study is anticipated to take place in Fiscal Year 24-25 when these updated factors will be considered and included in the District rate structure.

Long-Range Financial Plan (Continued)

Table 6: 10-Year Cash Flow Model Outputs Comparison

LRFP Update	Forecasted Rate Adjustments				Projected Bond Issuances	
	FY 24-25	FY 25-26	FY 26-27	FY 27-28	Fiscal Year	Amount
Sep 2021	4.0%	4.0%	4.0%	4.0%	21-22	\$60 million
					24-25	\$80 million
					27-28	\$78 million
Apr 2022	5.6%*	6.0%	6.0%	6.0%	24-25	\$83 million
					27-28	\$71 million
					30-31	\$28 million
Mar 2023	5.6%*	7.0%	7.0%	7.0%	24-25	\$73 million
					26-27	\$53 million
					29-30	\$84 million
Apr 2024	5.8%*	9.0%	9.0%	9.0%	24-25	\$73 million
					27-28	\$53 million
					30-31	\$85 million

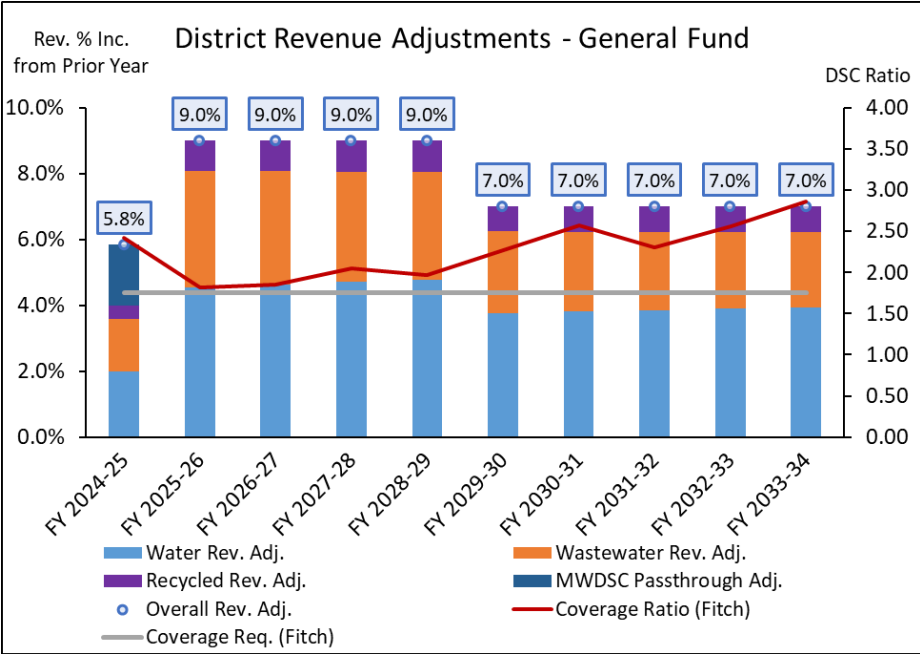
This scenario represents forecasted rate adjustments and debt issuances included in the LRFP. Forecasted rate adjustments have been increased in line with recently adopted rates from MET for imported water. Based on updated fund balance projections and capital financing plan adjustments, the timing of two bond issuances have shifted later one year to FY 27-28 and FY 30-31 from FY 26-27 and FY 29-30. In addition, the 3rd issuance increased \$1M to maintain financial policy reserve targets throughout all 10 years.

Purple font indicates changes from the last update to the Long-Range Financial Plan.

**An asterisk indicates the inclusion of a pass-through of MET's increased rate forecasts.*

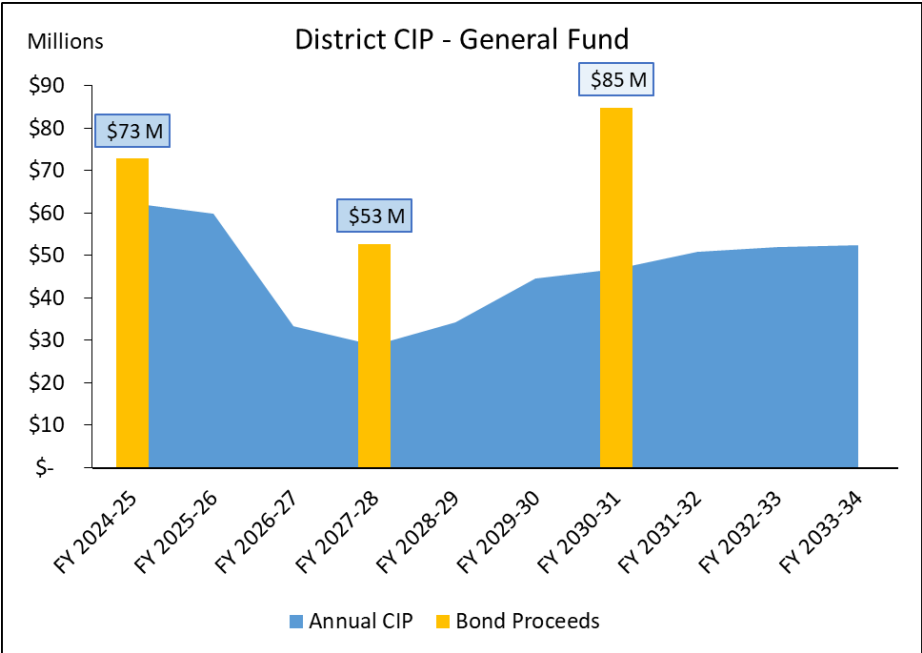
Long-Range Financial Plan (Continued)

Figure 14: District Revenue Adjustments (General Fund)



The 10-year forecast for General Fund revenue adjustments for water, wastewater, and recycled water keeps debt service coverage ratios at or above the Board policy target of 1.75 and well above the 1.25 required by bond covenants. In Years 2-10, the rate adjustments depicted in this chart are projected based on current forecasts, which have been influenced by MET's revised 10-year rate projection. These projections are subject to change as MET updates its business plan. The District will undertake a Cost of Service Study in FY 24-25. Subsequently, the Board will engage in a rate-setting process to formalize new rates. Additionally, the District commits to annually updating the LRFP during the budget process to reflect evolving circumstances and priorities.

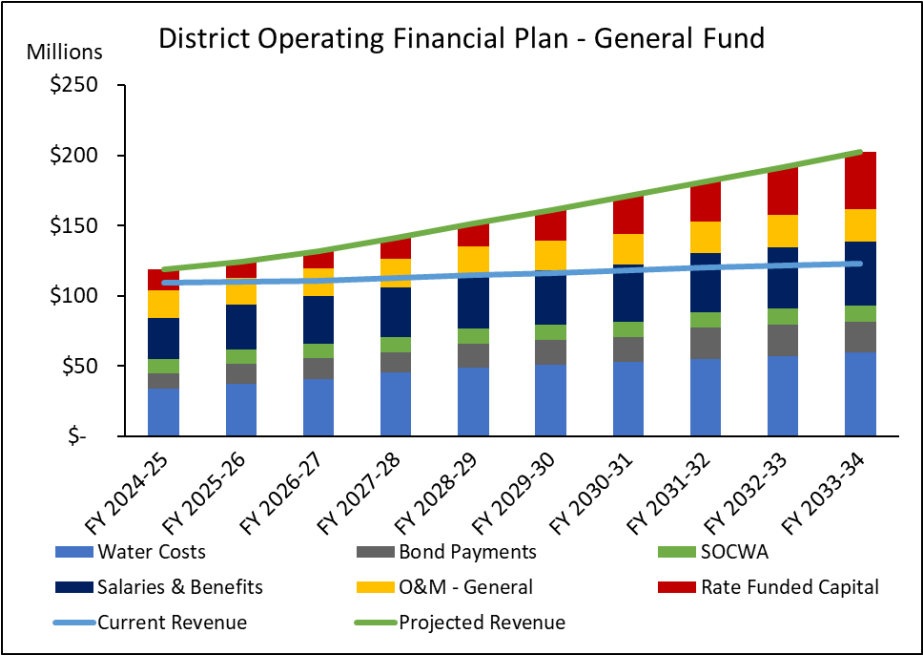
Figure 15: District CIP (General Fund)



The District maintains a strong debt service coverage ratio to keep financing options available. The strategy and timing of future issuances is key to executing the Capital Improvement Program. As the District's capacity to issue bonds increases, the proposed financial plan supports the projected annual rate adjustments from Figure 14: District Revenue Adjustments (General Fund), while providing for inter-generational equity amongst today's customers and the customers of tomorrow. The bond issuances included within the updated LRFP total \$211 million over the forecast period.

Long-Range Financial Plan (Continued)

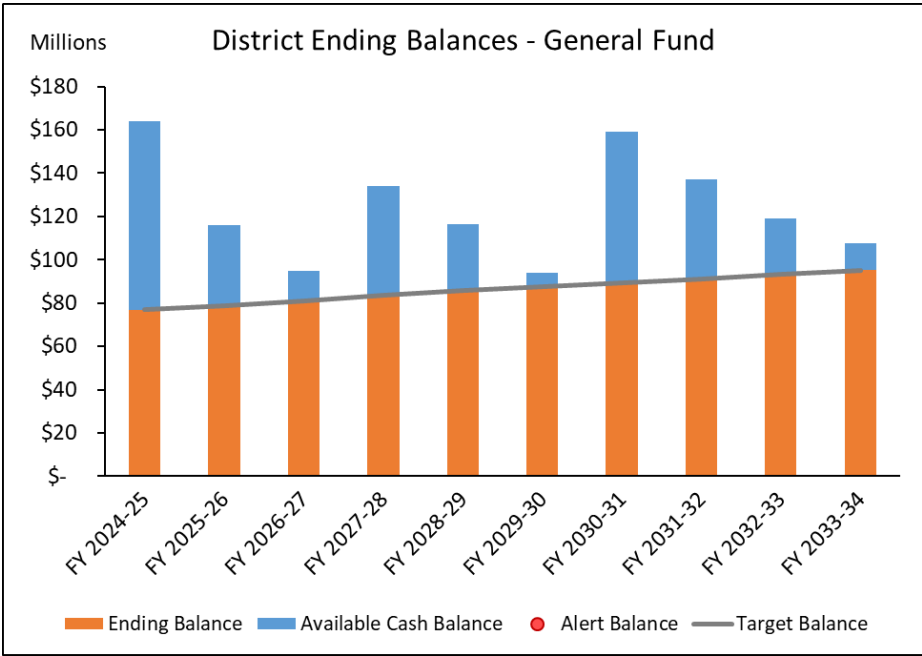
Figure 16: District Operating Financial Plan (General Fund)



The Operating Financial Plan breaks down significant component costs and compares the proposed revenue stream to the status quo.

Rate Funded Capital is total revenue, net of operating and debt service-related expenses that is used to cash-fund capital expenses or replenish reserves if necessary.

Figure 17: District Ending Balances (General Fund)



The proposed revenue adjustments and bond issuances provide adequate cash balances to fully fund reserves in all years.

Available cash balances can be used to fund capital projects and provide additional policy options including the ability to meet unforeseen risks should they arise.



moulton niguel water district



Departmental Information

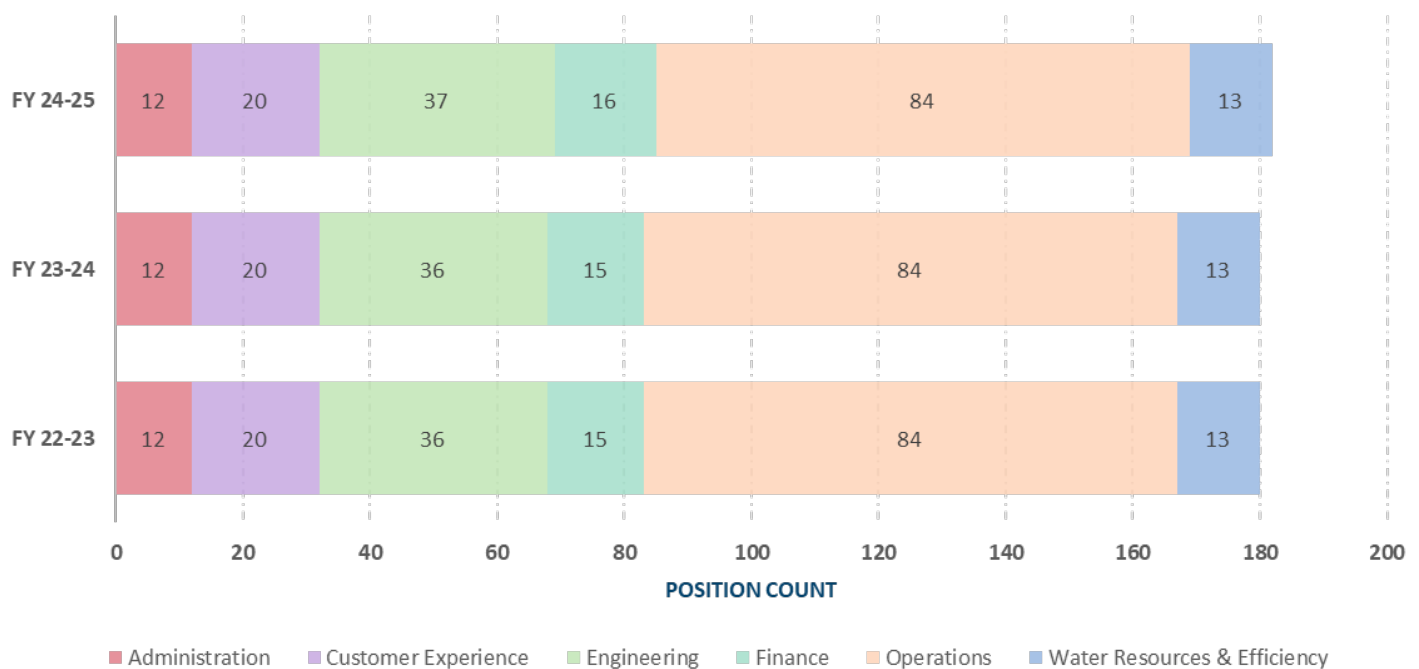
Position Summary Schedule

The District prides itself on cross-Departmental collaboration and each employee is expected to be a Moulton H.E.R.O. which stands for Honesty, Effort, Respect, and One-team. These guiding principles allow for continued operational efficiencies as crews and Departments cross-train, share resources and provide support to one another. Table 7: Trend of Position Count by Division lists the total position counts by Division while Figure 18: Trend of Position Count by Functional Division stacks it visually.

Table 7: Trend of Position Count by Division

Functional Divisions	FY 22-23	FY 23-24	FY 24-25
Administration	12	12	12
Customer Experience	20	20	20
Engineering	36	36	37
Finance	15	15	16
Operations	84	84	84
Water Resources & Efficiency	13	13	13
District Department Totals	180	180	182

Figure 18: Trend of Position Count by Functional Division





ADMINISTRATION



moulton niguel water district

Administration

The Administration Division is responsible for the overall day-to-day management and support of the District. The Division is comprised of the General Administration and Human Resources Departments.

General Administration

The Office of General Administration oversees and provides administrative support for the other Divisions and Departments in the District. This Department also supports the Board of Directors (posting meeting notices/agendas, conducting Board and Committee meetings, etc.) and assures that Board policies, resolutions, and ordinances are appropriately administered.

This Office also includes Government Affairs to expand the District's engagement and influence on local, county, state, and federal issues associated with water, wastewater, and recycled water. The District has recognized tremendous value in pursuing interagency partnerships and grant funding opportunities. To identify and pursue these opportunities, 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 inform policy and secure funding at every level.

Human Resources

The Human Resources Department strives to maintain strong employee morale and enhance organizational performance through recruiting and retaining top talent personnel, supporting employees and their families through concierge-level benefits assistance, enhancing existing labor force's skill sets through educational and professional training opportunities, ensuring a safe and equitable workplace by complying with all labor regulations and enforcing District labor policies, and delivering a positive overall employee experience by administering the collectively developed labor terms.

Table 8: Trend of Position Count in Administration

	FY 22-23	FY 23-24	FY 24-25	Changes/Trends
Administration				
Total Personnel	12	12	12	No changes in personnel from last FY

Table 9: Operating Expenses, Administration

	FY 22-23	FY 22-23	FY 22-23	FY 23-24	FY 24-25	FY 24-25	FY 24-25 vs FY 23-24	
	Budget	Actual	Difference	Budget	Adopted	Forecast	\$Δ	%Δ
Labor	\$ 3,031,521	\$ 2,934,215	\$ (97,306)	\$ 3,284,192	\$ 3,695,081	\$ 3,464,578	\$ 410,889	12.5 %
Educational Courses	3,440	75	(3,365)	1,375	2,056	1,403	681	49.5 %
Travel & Meetings	94,035	146,280	52,244	106,686	138,246	108,820	31,560	29.6 %
Employee Relations	111,717	93,010	(18,707)	125,123	81,510	127,625	(43,613)	(34.9)%
Dues & Memberships	77,452	94,927	17,475	105,600	114,465	107,712	8,865	8.4 %
Election Expenses	180,000	182,579	2,579	—	240,000	240,000	240,000	100.0 %
Consulting Services	156,400	209,766	53,366	156,000	233,000	156,400	77,000	49.4 %
Legal Services - Personnel	50,000	20,534	(29,467)	50,000	50,000	51,000	—	— %
Legal Services - General	400,000	449,262	49,262	400,000	400,000	408,000	—	— %
District Office Supplies	7,600	13,016	5,416	6,750	5,741	6,885	(1,009)	(14.9)%
Repairs & Maint. - Equipment	1,000	—	(1,000)	1,000	1,000	1,020	—	— %
Safety & Compliance	—	294	294	600	1,350	612	750	125.0 %
TOTAL	\$ 4,113,165	\$ 4,153,218	\$ 40,054	\$ 4,237,327	\$ 4,962,450	\$ 4,674,055	\$ 725,123	17.1 %

Operating Expenses Discussion - Administration

Line-item budgets included within *Table 9: Operating Expenses, Administration* that changed by more than \$50,000, or have other significance are discussed below:

Labor

Labor is inclusive of salaries, CalPERS retirement, employee insurance, workers compensation and other employee benefits. The increase in Labor is driven by the following factors:

1. Planned implementation of year two of the Memorandum of Understanding with District employees during FY 24-25
2. CalPERS pension rates
3. Assumed increases for employee health insurance benefits

These factors are discussed in more detail in the [Expense Summary - Staffing Resources section](#).

Travel & Meetings

The FY 24-25 budget anticipates increased travel costs due to the rising cost of fuel, airfare and lodging. Previous budgets experienced reduced travel due to the COVID-19 pandemic and virtual conferences. Travel activity has since returned to normal pre-pandemic levels, and the budget has been adjusted to account for increased rates for travel. Staff will continue to monitor these costs throughout the fiscal year and take advantage of opportunities to fulfill training and certifications online.

Employee Relations

The FY 24-25 budget is reduced to reflect a change in accounting of events hosted by different Divisions. The previous practice was to budget for this entirely in Administration whereas the FY 24-25 budget shifts budget responsibility to each respective Division.

Election Expenses

Election Expenses includes costs related to the election of the District's seven-member Board of Directors. Board members are publicly elected by registered voters for staggered four-year terms. The increase in Election Expenses is due to the upcoming election. In November 2024, four Director seats will be on the ballot. Actual costs may vary depending on the number of candidates. This expense is expected every two years.

Consulting Services

The FY 24-25 budget includes additional consulting services focused on legislative support and regional wastewater planning efforts.

Performance Measures and Achievements - Administration

This section outlines performance measures and achievements for the Administration Division. *Table 10: Administration Goals* displays a list of completed, in-progress, and planned items related to the District's Strategic Goals & Objectives. *Table 11: Administration KPIs* summarizes Key Performance Indicators (KPIs) for the Division.

Table 10: Administration Goals

Strategic Plan Alignment	Administration
COMPLETED	
3.c	a. Planned and hosted the inaugural Water Infrastructure Networking Summit (WINS) with over 300 representatives from Los Angeles, Orange, and San Diego Counties
3.c	b. Conducted briefings and tours for several local, regional, and state elected officials in our office and off-site facilities. Presented updates on key Moulton Niguel initiatives (Crown Valley Parkway Construction Project, OASIS Water Resources Center, MNWD/OCWD/Santa Ana emergency interconnection) at local City Council meetings.
3.c	c. Hosted meetings and events with new ACWA and MET leaders, alongside other local water agencies.
3.c	d. Advocated in Sacramento and Washington, DC with California Forward to promote need for additional infrastructure funding and streamlining for construction of water projects.
4.a	e. Implemented all the changes that were part of Year-1 of the 4-year MOU
4.a	f. Achieved Top Workplace for the 7th Year in a row.
4.a	g. Participated in the Capistrano Valley Unified School District Job Fair and Santiago Canyon College career fair.
3.c.i	h. Established partnership with Saddleback College for a Mechanic internship program
3.c.i	i. Partnered with California Data Collaborative on the 8th Annual Water Data Summit.
4.a.iv	j. Implemented the Moulton Passport program as an internal cross-training and education opportunity for District staff.
3.c.i	k. Completed feasibility assessment for the OCWD/Santa Ana emergency interconnection.
4.a	l. Coordinated the 2023 Future Leaders of Water Internship Program.
IN-PROGRESS	
3.c	a. Working with government affairs consultants, ACWA, California WaterReuse, Southern California Water Coalition, and other partners to monitor legislation and funding opportunities that may benefit or impact our District.
3.c	b. Evaluating upcoming District projects and programs and identifying possible new grant funding opportunities.
	c. Monitoring proposals and actions at Metropolitan Water District related to:
3.c	i. Financial Policies & Business Plan
3.c	ii. Water Supply Planning
3.c	iii. Climate Change Planning
3.c	d. Monitoring proposals and discussions at OC LAFCO related to the potential consolidation of OCWD/MWDOC.
3.c	e. Continuing to participate in a Seismic Benefit Cost Analysis (BCA) Water/Utilities Workgroup with FEMA, CalOES, and others to implement specific BCA recommendations that will help additional water and other utility projects become eligible for grant funding from FEMA related to seismic mitigation projects.
3.c	f. Participating in ongoing discussions regarding the expiring agreements for the SOCWA project facilities and the strategic direction for the operation of the various wastewater treatment facilities and associated agreements.
3.c	g. Continue working closely with Council Members, Board members, and staff from the Orange County Water District (OCWD), the City of Santa Ana, and other interested parties related to a potential emergency interconnection.
3.c.i	h. Partnering with Danish water utility, Aarhus Vand A/S, and the Danish Water Technology Alliance, to collaborate on innovations in wastewater treatment, system optimization, and customer engagement.
	i. Delivering upon the objectives of the FLOW Initiative by:
4.a.ii	i. Building upon our collaborative partnerships with Santiago Canyon College and UC Irvine to educate their students about careers in the water industry and to apply for our FLOW internship program

4.a.ii	ii. Equipping existing water professionals with leadership skills by developing and implementing an internal Supervisory Boot camp.
4.a.iv	j. Develop the state mandated Workplace Violence Prevention Plan and train all staff on the Plan.
4.a	l. Continue to monitor state and federal legislation and court cases that directly affect labor and employee relations
4.a.iv	k. Continue the close working relationship with staff and the Orange County Employees Association.
4.a	l. Conduct an internal review of all benefits to ensure the District is in a competitive position in the labor market and make recommendations as needed.
4.a.ii	m. Continue to recruit and select top talent and ensure vacant positions are filled in a timely manner.
2.a.v	n. Developing a centralized database and digital twin to support future water loss, energy efficiency, power generation, and other system optimization projects.
3.a.ii	o. Continue outreach campaign related to the Crown Valley Parkway Pipeline Replacement.
3.a	p. Continue educational programs – Project WET (Water Education Today) and 6th annual WHALES (Watershed Heroes: Actions Linking Education to Stewardship), partnership with MWDOC – CHOICE programs and water awareness poster contest.
3.a.ii	q. Participating in events to ensure that we are present in the community, seizing opportunities to educate customers about the impactful work being carried out by Moulton Niguel .
3.a.i	r. As the Resiliency Action Plan (RAP) outreach campaign is already underway, our focus now shifts towards refining and implementing strategies to effectively engage our audience.
3.c	s. Engaging with MET, MWDOC, and the State regarding drought conditions in the Colorado River Basin.
PLANNED	
3.c.	a. Meet with Congress Members, State Legislators, and local officials in our District area and their staff and continue to involve them in District events and activities (e.g., community events, online virtual programs, grant proposals, and state and federal agency official briefings).
3.c.	b. Continue to evaluate upcoming District projects and programs and identify possible new grant funding opportunities, including support and funding for the OASIS Water Resource Center.
3.c.	c. Coordinate second annual Water Infrastructure Networking Summit with representatives from Los Angeles, Orange, and San Diego Counties, and add partners from Riverside and San Bernardino Counties.
3.c.	d. Work with government affairs consultants, ACWA, California WaterReuse, Southern California Water Coalition, and other partners to monitor legislation and funding opportunities that may benefit or impact our District, including advocacy to promote need for additional infrastructure funding and streamlining for construction of water projects.
4.a	e. Implement and process all changes associated with the MOU and Exempt Labor Resolution.
3.c.i	f. Partner with California Data Collaborative on the 9th Annual Water Data Summit.
4.a.iv	g. Facilitate the completion of semi-annual Ethics and Harassment Prevention Training of applicable staff

Table 11: Administration KPIs

<i>Strategic Plan Alignment</i>	<i>Key Performance Indicators</i>	<i>FY 22-23</i>	<i>FY 23-24 Projected</i>	<i>FY 24-25 Forecast</i>
4.a.ii	Recruitments	39	30	29
4.a.i	New Employee Orientations	37	35	33
4.a.i	Applications Received	1,094	1,100	875
	<i>Applications per Recruitment</i>	28	37	30



CUSTOMER EXPERIENCE



moulton niguel water district

Customer Experience

The District has developed a comprehensive Customer Experience Division as part of an integrated approach to customer communications, community engagement, public outreach, and education programs. The Division is comprised of the Communications, Customer Accounts, and Customer Engagement Departments.

Communications

The Communications Department has experienced a remarkable uptick in public engagement, driven by expanded outreach initiatives, community programs and education efforts, as well as strengthened collaborations with local and regional partners. Utilizing a data-driven multichannel strategy to connect with stakeholders across various platforms to ensure that we are effectively boosting customer engagement. Feedback from customers and member cities underscore the community's gratitude for increased interaction, communication, and active participation in events.

Customer Accounts

The Customer Accounts Department is the first point of contact for customers, for issue resolution and concerns on a wide variety of service-related issues. This group provides reception services, call center activity, customer portal support, walk-up counter payment service, internet payment service, ACH and credit card payment processing, customer billing, new account processing, service order generation, leak notifications, and delinquent account processing, including collection processing, bill adjustments and budget modifications.

Customer Engagement

The Customer Engagement Department coordinates, plans and implements a variety of programs, tools, and analysis in support of both internal customer service staff and District customers. Specifically, this group designs, implements and maintains data and user interface integrations between customer-facing technology solutions to ensure a seamless customer experience across all stages and touchpoints of the customer journey that incorporates multiple channels. Furthermore, the team develops business transformation solutions to support District initiatives driving efficiencies in customer experience.

Table 12: Trend of Position Count in Customer Experience

	FY 22-23	FY 23-24	FY 24-25	Changes/Trends
Customer Experience				
Total Personnel	20	20	20	No Changes in personnel from last FY

Table 13: Operating Expenses, Customer Experience

	FY 22-23	FY 22-23	FY 22-23	FY 23-24	FY 24-25	FY 24-25	FY 24-25 vs FY 23-24	
	Budget	Actual	Difference	Budget	Adopted	Forecast	\$Δ	%Δ
EXPENSES (Operating)								
Labor								
Educational Courses	10,000	2,980	(7,020)	8,390	6,598	8,558	(1,793)	
Travel & Meetings	9,000	26,973	17,973	19,791	32,925	20,186	13,134	
General Services	233,500	125,208	(108,292)	298,000	200,000	198,000	(98,000)	
Dues & Memberships	540	—	(540)	1,000	1,442	1,020	442	
Consulting Services	283,000	191,835	(91,165)	286,000	259,000	291,720	(27,000)	
District Office Supplies	533,230	507,192	(26,038)	667,230	571,216	674,595	(96,014)	
Repairs & Maint. - Equipment	3,060	6,195	3,135	3,000	31,500	3,060	28,500	
Repairs & Maint. - Facilities	11,500	10,864	(636)	27,287	67,287	27,833	40,000	
Safety & Compliance	1,800	1,358	(442)	2,400	4,200	2,448	1,800	
TOTAL	\$ 3,324,037	\$ 2,723,150	\$ (600,887)	\$ 3,798,218	\$ 4,094,444	\$ 3,969,003	\$ 296,227	7.8 %

Operating Expenses Discussion - Customer Experience

Line-item budgets included within [Table 13: Operating Expenses, Customer Experience](#) that changed by more than \$50,000, or have other significance are discussed below:

Labor

Labor is inclusive of salaries, CalPERS retirement, employee insurance, workers compensation and other employee benefits. The increase in Labor is driven by the following factors:

1. Planned implementation of year two of the Memorandum of Understanding with District employees during FY 24-25
2. CalPERS pension rates
3. Assumed increases for employee health insurance benefits
4. Temporary part-time staff to support the utility billing replacement project

These factors are discussed in more detail in the [Expense Summary & Discussion - Staffing Resources](#) section.

General Services

The FY 24-25 bad debt expense was forecasted at \$100,000; however, no bad debt expense is anticipated due to the application of grant funding to delinquent customer accounts. The FY 24-25 budget for bad debt expense has been reduced to zero due to the \$250,000 in grant funding secured by staff from the State Water Resources Control Board that was applied to customer accounts in arrears.

District Office Supplies

The FY 24-25 budget is decreased in an effort to reduce operating expenses. This line item was reduced by 15% District-Wide to cut costs and promote long-term financial stability.

R&M Equipment

The FY 24-25 budget is increased partially due to a change in budgeting practice for SBITAs, or District licensing of software and IT programs. Expenses that were previously budgeted in Consulting Services are now included within R&M Equipment. Additional discussion on this change is discussed in the Consulting Services category included within the [Expense Summary & Discussion](#).

The payment plan request software for Customer Experience has been reclassified into this category and correlates with the reduction of \$27,000 in Consulting Services. The payment plan request software allows residents to submit a request online for a 12 month payment plan for past-due balances.

R&M Facilities

The FY 24-25 budget has increased due to new contract services associated with processing hard copy checks from customers for bill payments.

Performance Measures and Achievements - Customer Experience

This section outlines performance measures and achievements for the Customer Experience Division. *Table 14: Customer Experience Goals* displays a list of completed, in-progress, and planned items related to the District's Strategic Goals & Objectives. *Table 15: Customer Experience KPIs* summarizes Key Performance Indicators (KPIs) for the Division.

Table 14: Customer Experience Goals

Strategic Plan Alignment	Customer Experience
COMPLETED	
3.c.i	a. Developed and executed the communications strategy for the Crown Valley Parkway Pipeline Replacement Project. Collaborated closely with the City of Laguna Niguel, South Coast Water District, and Emergency Services to facilitate transparent and coordinated communication with both the public and internal stakeholders.
3.a.	b. Digital Door Hangers: Created and implemented a process to send planned outage notifications to customers via email.
3.a.ii	c. Educated 1046 unique students last year through 34 in-class lessons and 23 field trips with 6 schools through WHALES.
3.a.ii	d. Joined CAPO USD STEM Advisory Board and Department of Water Resources' Water Education Committee.
3.c.i	e. Hosted a press conference and executed a comprehensive communication plan related to \$10 million grant through FEMA's Hazard Mitigation Grant Program. Developed videos to showcase event content, ensuring that customers and stakeholders who couldn't attend in person can still access valuable information
3.a.ii	f. Actively participating in events to ensure that we are present in the community, seizing opportunities to educate customers about the impactful work being carried out by Moulton Niguel. This past year we participated in 135 community events.
3.a.ii	g. Presented the State of the District at an interactive Moulton Community Forum.
IN-PROGRESS	
3.c.i	a. Hosting a press conference and executing a comprehensive communications plan with OCFA and Aliso Viejo Community Association, and City of Aliso Viejo for the Helicopter Hydrant.
3.a.ii	b. Expanding Electronic Outage Notifications: informing customers of service outages via text message.
3.a.i	c. Crafting and implementing outreach strategies and plan or assist in planning for NatureScape Garden Tour and Water Infrastructure Networking Summit (WINS).
3.b.i	d. Expanding online resources and videos (i.e., leak alert videos, workshop videos, event recaps) to give our customers options on programs and services.
PLANNED	
3.c	a. Craft and implement outreach strategies and plan or assist in planning for H2O for HOAs, and California Data Collaborative (CaDC) Water Data Summit.
3.c	b. OASIS Water Resource Center: develop an outreach campaign to support project goals, objectives, and associated planning activities.
3.a.i	c. Resiliency Action Plan (RAP): Develop and implement an outreach campaign.
3.a.ii	d. Host 4 Project WET teacher trainings in coordination with the Water Education Foundation, Orange County Department of Education, Saddleback Valley Unified School District, and Capistrano Unified School District.
3.a.ii	e. Identify opportunities to expand education outreach programs to engage with more students and teachers on the District's water resources, efficiency initiatives, and career opportunities within the water sector.
3.a.ii	f. Increase number of schools participating in WHALES - we currently engage an estimated 1,100 students.
3.c	g. Expand education outreach/connections, join more organizations/groups to connect with more educators.

Table 15: Customer Experience KPIs

Strategic Plan Alignment	Key Performance Indicators	FY 22-23	FY 23-24 Projected	FY 24-25 Forecast
3.a	1. Customer Portal Engagement			
	Enrolled	38,607	40,099	41,728
	New Enrollments	5,261	5,025	5,136
	Total Active Customers	55,099	55,105	55,105
	Cumulative % of Active Customer Base	70%	73%	76%
3.a	2. Customer Meter Activity			
	Turn On	4,881	4,488	4,640
	Turn Off	1,418	1,300	1,346
3.a	3. Customer Outreach Activity			
	Social Media Reach (Facebook, LinkedIn, X, Nextdoor, Instagram)			
	Impressions	149,374	160,000	170,000
	Engagements	8,701	9,700	10,700
	Post Link Clicks	3,650	4,000	4,350
	Emails			
	Emails Sent	1.17M	1.35M	1.20M
	Open Rate	53.91%	55.00%	54.00%
	Click Rate (1.0% is ideal)	0.82%	0.84%	0.82%



ENGINEERING



moulton niguel water district

Engineering

The Engineering Division manages all aspects of engineering and project management including the planning, environmental, design, construction, inspection, permitting, and functional operation of the District's water, wastewater, and recycled water systems. Engineering also oversees asset management, private development, records management, and wastewater treatment operations. The Division is comprised of the following Departments: Assets & Records Management, Capital Engineering, Construction Oversight, Cross Connection Control, Development Services, Engineering Administration, Recycled Water Program, and Wastewater Treatment.

Assets & Records Management

A comprehensive asset management strategy is essential for accurate Capital Improvement Program planning and budgeting and ensuring adequate replacement and refurbishment of the District's assets. This Department oversees the Asset Management functions of the District, including comprehensive Geographic Information System (GIS) and Computerized Maintenance Management System (CMMS) services. GIS services include data updates, spatial analyses, field GIS applications to support field workflows and data collection (e.g., valve exercising, water loss reporting, valve isolation tracing, sewer CCTV, hydrant maintenance, etc.), exhibit creation, and sectional map book generation. Primary CMMS services include work order management, timesheet entry and tracking, and maintenance metrics/reporting. Records Management provides document management services for the Engineering and Operations Divisions, including archival scanning and indexing of all Capital Improvement and Private Development project documents, assisting with document retrieval, publishing sectional books, processing staff redlines, responding to public records requests, and tracking bond releases.

Capital Engineering

This Department primarily oversees the day-to-day implementation of the District's robust 10-Year Capital Improvement Projection, including all elements of planning, environmental, design, and construction. Responsibilities generally include project management and engineering expertise required to complete items such as a wide variety of technical studies and analyses, condition assessments, construction documents, and cost estimates, to ensure the successful completion of individual projects. The Department also provides engineering support to the Operations Division and works collaboratively with the Operations Division and the Financial Planning and Innovation Department in the development of the Capital Improvement Budget.

Construction Oversight

This Department provides construction oversight of all Capital Improvement and Private Development projects, inspection of annual paving programs for cities in the District's service area, and response to after-hours emergencies, including the facilitation of required repairs. The Department also ensures that District facilities are protected through the Underground Service Alert Program and develops scopes of work for District projects to assist other Departments.

Cross Connection Control

This Department is responsible for the development, management, administration, and execution of the District's Cross Connection Control/Backflow Protection Programs including the oversight of approximately 5,400 backflow devices.

Development Services

This Department manages the permitting process for customers and Private Development projects, ensuring that all development projects meet current District Standards. This includes processing applications for service, site plan checks, performing hydraulic analyses for project demands and fire flow, securing easements, projecting 10-year demand growth and collecting fees, establishing construction meter accounts, and issuing will serve letters to cities. The Department also manages the District's Communications Facilities License Program.

Engineering Administration

This Department provides administrative oversight of all Departments within the Engineering Division.

Recycled Water Program

This Department is responsible for conducting inspections and oversight of the District's 1,300+ recycled water use site accounts and facilitating and overseeing installation of new recycled water irrigation retrofits, as well as the construction of new recycled water use sites. The Department also employs public education and runoff mitigation strategies, in addition to complying with regulatory reporting requirements.

Wastewater Treatment

This Department successfully operates and maintains Plant 3A Wastewater Treatment facilities as well as the Advanced Water Treatment facilities at the Regional Wastewater Treatment Plant while protecting public health, the environment, and remaining in compliance with regulatory and public health agencies. The Department performs sampling, monitoring, and testing of wastewater treatment processes and responds to treatment plant issues and emergency situations. As part of the operation of these facilities, Title 22 recycled water is produced for the District's customers and accounts for approximately 20% of the District's total water demand. Additionally, staff facilitates all capital work at Plant 3A and the Advanced Water Treatment facilities at the Regional Wastewater Treatment Plant in compliance with District objectives and regulatory performance standards.

Table 16: Trend of Position Count in Engineering

	FY 22-23	FY 23-24	FY 24-25	Changes/Trends
Engineering				

Table 17: Operating Expenses, Engineering

	FY 22-23 Budget	FY 22-23 Actual	FY 22-23 Difference	FY 23-24 Budget	FY 24-25 Adopted	FY 24-25 Forecast	FY 24-25 vs FY 23-24 \$Δ	%Δ
Labor	\$ 5,619,910	\$ 5,067,794	\$ (552,116)	\$ 6,108,574	\$ 6,872,213	\$ 6,702,954	\$ 763,639	12.5 %
Educational Courses	18,600	15,564	(3,036)	19,601	16,619	19,993	(2,982)	(15.2)%
Travel & Meetings	78,725	77,642	(1,083)	49,304	63,106	50,291	13,801	28.0 %
General Services	15,000	21,555	6,555	26,000	12,000	26,520	(14,000)	(53.8)%
Dues & Memberships	33,050	26,342	(6,708)	16,050	22,400	16,371	6,350	39.6 %
Consulting Services	1,457,000	1,531,716	74,716	1,426,300	833,000	1,454,826	(593,300)	(41.6)%
Insurance - District	758,300	642,433	(115,867)	661,300	1,053,300	674,526	392,000	59.3 %
District Office Supplies	29,900	25,296	(4,604)	24,900	19,902	25,398	(4,998)	(20.1)%
District Operating Supplies	1,045,000	820,528	(224,472)	1,580,000	1,485,000	973,040	(95,000)	(6.0)%
Repairs & Maint. - Equipment	65,100	87,381	22,281	72,400	70,700	73,848	(1,700)	(2.3)%
Repairs & Maint. - Facilities	2,194,000	2,570,528	376,528	2,515,856	1,739,100	2,566,173	(776,756)	(30.9)%
Safety & Compliance	24,292	22,514	(1,778)	253,530	30,550	258,601	(222,980)	(88.0)%
SOCWA	9,019,278	10,914,197	1,894,919	9,841,962	10,246,248	9,999,433	404,287	4.1 %
Special Outside Assessments	5,000	—	(5,000)	5,000	5,000	5,100	—	— %
Utilities	662,000	868,166	206,166	1,125,000	1,088,000	1,147,500	(37,000)	(3.3)%
TOTAL	\$21,025,156	\$22,691,655	\$ 1,666,500	\$23,725,776	\$23,557,139	\$23,994,572	\$ (168,638)	(0.7)%

Operating Expenses Discussion - Engineering

Line-item budgets included within [Table 17: Operating Expenses, Engineering](#) that changed by more than \$50,000, or have other significance are discussed below:

Labor

Labor is inclusive of salaries, CalPERS retirement, employee insurance, workers compensation and other employee benefits. The increase in Labor is driven by the following factors:

1. Planned implementation of year two of the Memorandum of Understanding with District employees during FY 24-25
2. CalPERS pension rates
3. Assumed increases for employee health insurance benefits
4. An additional full-time position to support Capital Engineering.

These factors are discussed in more detail in the [Expense Summary & Discussion - Staffing Resources](#) section.

Consulting Services

This year's decrease is due to movement of non-capital program management services related to OASIS Water Resources Center to the Water Resources and Efficiency Division and FOG Program expenses to the Operations Division.

Insurance – District

The District is a member of ACWA-JPIA and the premiums for insurance have increased industry-wide, contributing to this increase of \$392,000. The FY 24-25 budget is increased to reflect that these costs have doubled over the past three fiscal years. District insurance is discussed in more detail in the [Expense Summary & Discussion - Operations & Maintenance](#) section.

District Operating Supplies

The District assumed operations of Advanced Water Treatment at the Regional Treatment Plant in November 2022 and staff has since gained a more comprehensive understanding of the operating requirements at the facility. The FY 24-25 budget was decreased to reflect chemical dosing process refinements for wastewater treatment by staff.

Repairs & Maintenance - Facilities

Updates to projections for pavement resurfacing projects have been made based on historical billings from cities and corresponding FY 24-25 budget is reduced accordingly.

Safety & Compliance

The FY 24-25 budget transfers regulatory compliance expenses from the Engineering Division to the Operations Division. The FY 23-24 regulatory compliance budget was \$220K and has been reduced to zero in the Engineering Division.

SOCWA (South Orange County Wastewater Authority)

The FY 24-25 budget is based on a 4.1% projected increase from the FY 23-24 budget. The SOCWA budget was not finalized at the time of District budget development. SOCWA costs are expected to continue to rise in the future and the District recognizes the need to closely monitor the treatment of wastewater to ensure compliance with 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 SOCWA to review opportunities to identify the most cost efficient ways to treat wastewater while managing any controllable costs.

Performance Measures and Achievements - Engineering

This section outlines performance measures and achievements for the Engineering Division. *Table 18: Engineering Goals* displays a list of completed, in-progress, and planned items related to the District's Strategic Goals & Objectives. *Table 19: Engineering KPIs* summarizes Key Performance Indicators (KPIs) for the Division.

Table 18: Engineering Goals

Strategic Plan Alignment		Engineering
COMPLETED		
	a. Completed construction of the following significant projects:	
2.a.ii	i. Valve Replacements in support of the Valve Replacement Program	
2.a.iii	ii. Reservoir Management Systems Replacement Phase 3	
2.a.iii	iii. Potable Water Steel Reservoir Seismic Retrofits	
2.a.iii	iv. Regional Treatment Plant Advanced Water Treatment Filter System Improvements	
2.a.iii	v. Plant 3A Subsidence Mitigation Project	
	b. Completed design of the following significant projects:	
2.a.i	i. North Aliso Lift Station Reconstruction	
2.a.i	ii. Aliso Creek Lift Station Rehabilitation	
2.a.ii	c. Completed implementation of Low-Resolution Meter Replacement Program – Phase 1	
2.a.i	d. Completed assessment of collection system inflow and infiltration and developed pipeline rehabilitation projects in targeted subbasins based on field data collection.	
3.c	e. Substantially completed coordination with Caltrans on facility conflicts and improvements for the Interstate 5 Widening project.	
2.a.v	f. Developed workflow and configured GIS-based application to track meter route inspections, helping to ensure the District’s meter assets are accessible and in good repair.	
IN-PROGRESS		
2.a.v	a. Continuing Phase 2 of the new CMMS implementation, including developing the NEXGEN asset management module.	
	b. Continuing construction of the following significant projects:	
2.a.iii	i. Crown Valley Pipelines Replacement	
2.a.iii	ii. Regional Lift Station Force Main Replacement	
2.a.iv	iii. Aliso Creek Lift Station Rehabilitation	
2.a.iv	iv. North Aliso Lift Station Reconstruction	
2.a.iii	v. Reservoir Management Systems Replacement Phase 4	
2.a.iii	vi. Plant 3A Solids Handling Facilities Improvements	
	c. Continuing design of the following significant projects:	
2.a.iv	i. Beacon Hill Pump Station Rehabilitation	
2.a.iv	ii. Lower Salada Lift Station Rehabilitation	
2.a.iii	iii. Plant 3A Liquids Handling Facilities Improvements	
2.a.v	iv. Regional Treatment Plant AWT Salinity Management System	
3.c.i	v. OCWD/Santa Ana Emergency Interconnection	
2.a.i	d. Coordinating infrastructure requirements at the Regional Treatment Plant to support the District’s long-term vision of wastewater reuse.	
2.a.i	e. Continuing with programmatic pipeline condition assessment to support the planning of future pipeline rehabilitation and replacement projects.	
2.a.i	f. Populating data across increasing amounts of priority asset classes in the distribution/collection system in support of asset management.	
2.a.i	g. Water Loss proactive leak detection has resulted in water loss of 5.5% and trending downward	

PLANNED	
2.a.	a. Complete annual update to the 10-year Capital Improvement Program.
2.a.v	b. Install in-conduit, small hydropower units at Bridlewood Flow Control Facility.
2.a.i	d. Initiate facility reviews and condition assessments to update capital planning for wastewater facilities.
2.a.v	e. Implement additional refinements, enhancements, reporting, and training for the new Computerized Maintenance Management System.
2.a.iv	f. Commence rehabilitation of the Eastern and Northern Transmission Mains based on the results of condition assessments.
	g. Initiate design of the following significant projects:
2.a.i	i. Regional Lift Station Rehabilitation
2.a.i	ii. Upper Salada Lift Station Rehabilitation
2.a.i	iii. South County Pipeline Takeout Facility
2.a.i	iv. Valve Replacements supporting the Valve Replacement Program
2.a.i	v. Electrical System Improvements Phase 5
2.a.i	h. Initiate the design of the South County Pipeline Takeout Facility.
2.a.i	i. Initiate the design and construction of the Regional Treatment Plant AWT Salinity Management Project to ensure high-quality recycled water is provided to the District's customers in compliance with all regulatory requirements.

Table 19: Engineering KPIs

Strategic Plan Alignment	Key Performance Indicators	FY 22-23	FY 23-24 Projected	FY 24-25 Forecast
2.a.ii	1. CIP Expenditure vs Depreciation <i>Ideally, the ratio of CIP expenditures to depreciation is greater than 1.0. This is an indicator that the District's capital investments are staying ahead of age-based infrastructure needs.</i>	1.23	1.63	2.42
2.a.i	2. Fats, Oil, and Grease (FOG) Program <i>Manhole inspections</i>	7,996	7,505	7,600
	<i>Best Management Practices Inspections</i>	680	630	640
	<i>Number of Food Service Establishments</i>	516	530	535
5.a	3. Recycled Water Use Sites <i>Recycled Water Inspections</i>	415	416	422
	<i>Total Recycled Water Use Sites</i>	1,296	1,303	1,308
	<i>Percentage of Use Sites Inspected</i>	32%	32%	32%
2.a.i	4. Cross Connection Tests	418	423	428
2.a.i-iii	5. Backflow devices: <i>Inspected</i>	5,496	5,566	5,611
	<i>Repaired</i>	472	446	450
	<i>Replaced</i>	145	111	113
5.a	6. Will serve letters	135	190	170



FINANCE



moulton niguel water district

Finance

The Finance Division maintains the financial oversight of all District funds by ensuring conformance with modern finance and accounting theory, practices, and compliance with applicable state and federal laws. The Division is comprised of the Accounting, Contracts, Purchasing, Warehouse, and Financial Planning and Innovation Departments.

Accounting

The Accounting Department works collaboratively with other Departments in support of the District's financial functions. The Department oversees payroll, accounts receivable, accounts payable, capital expenses, and preparation of the Annual Comprehensive Financial Report and Schedule of Expenditures of Federal Awards.

Financial Planning & Innovation

Financial Planning & Innovation oversees the management of the District's existing debt and planning to support future debt issuances, setting equitable rates, and oversight of the District's investment portfolio in collaboration with the Accounting team.

Contracts & Purchasing

Contracts & Purchasing Departments provide value-oriented contract services by assisting all District Departments in procuring the highest quality services in a timely manner while adhering to applicable State and Federal requirements, as well as District policies and procedures. Purchasing staff works closely with each Department to manage vendor invoices and to order and organize critical inventory in the warehouse.

Table 20: Trend of Position Count in Finance

	FY 22-23	FY 23-24	FY 24-25	Changes/Trends
Finance				

Table 21: Operating Expenses, Finance

	FY 22-23	FY 22-23	FY 22-23	FY 23-24	FY 24-25	FY 24-25	FY 24-25 vs FY 23-24	
	Budget	Actual	Difference	Budget	Adopted	Forecast	\$Δ	%Δ
EXPENSES (Operating)								
Labor								
Educational Courses	24,440	3,801	(20,639)	7,918	4,479	8,077	(3,439)	
Travel & Meetings	16,956	14,511	(2,445)	15,613	14,881	15,925	(731)	
General Services	258,881	239,169	(19,712)	265,000	261,600	265,200	(3,400)	
Annual Audit	55,000	52,374	(2,626)	62,000	68,000	63,240	6,000	
Dues & Memberships	2,664	1,735	(929)	2,850	2,290	2,907	(560)	
Consulting Services	155,070	175,788	20,718	102,374	70,500	104,421	(31,874)	
Equipment Rental	27,000	17,277	(9,723)	12,000	24,000	12,240	12,000	
District Fuel	412,500	342,123	(70,377)	412,500	377,000	420,750	(35,500)	
District Office Supplies	68,520	67,356	(1,164)	65,050	60,133	66,351	(4,917)	
District Operating Supplies	1,500	2,529	1,029	2,500	5,000	2,550	2,500	
Repairs & Maint. - Equipment	1,510	4,163	2,653	1,500	85,000	1,530	83,500	
Repairs & Maint. - Facilities	27,000	27,647	647	40,000	30,000	40,800	(10,000)	
Safety & Compliance	3,306	3,164	(142)	3,350	4,000	3,417	650	
Special Outside Assessments	154,634	147,589	(7,045)	173,000	163,298	176,460	(9,702)	
TOTAL	\$3,003,953	\$2,616,383	\$ (387,570)	\$3,534,369	\$3,795,490	\$3,361,539	\$ 261,121	7.4 %

Operating Expenses Discussion - Finance

Line-item budgets included within [Table 21: Operating Expenses, Finance](#) that changed by more than \$50,000, or have other significance are discussed below:

Labor

Labor is inclusive of salaries, CalPERS retirement, employee insurance, workers compensation and other employee benefits. The increase in Labor is driven by the following factors:

1. Planned implementation of year two of the Memorandum of Understanding with District employees during FY 24-25
2. CalPERS pension rates
3. Assumed increases for employee health insurance benefits
4. An additional full-time accounting position to support the department's implementation of latest accounting best practices, management of grant report requirements, capital cost accounting, and enhanced internal controls testing.

These factors are discussed in more detail in the [Expense Summary & Discussion - Staffing Resources](#) section.

Equipment Rental

The FY 24-25 budget increase is due to anticipated vehicle leasing requirement whereas in FY 23-24, there was no such requirement for this budget item. However, historical data indicates a need for equipment rental due to the rising maintenance costs associated with forklifts. The District plans to assess the feasibility of replacing the forklifts as a capital expenditure in the upcoming fiscal year.

Consulting Services

The FY 24-25 budget decrease is due to the transfer of software related expenses from Consulting Services to Repairs & Maintenance - Equipment group.

Repairs & Maintenance - Equipment

The FY 24-25 budget is increased largely due to a change in budgeting practice for SBITAs, or District licensing of software and IT programs. Expenses that were previously budgeted in Consulting Services are now included within R&M Equipment to facilitate GASB 96 reporting on software subscription costs. Additional discussion on this change is included in the Consulting Services category discussion included within the [Expense Summary & Discussion](#).

Specifically, this increase is linked to the

1. Adoption of a software platform designed to enhance reporting capabilities, ensure compliance, and streamline processes
2. Transfer of Project management platform subscription from consulting services
3. New addition of Periscope NIGP Codes for control over procurement processes and standardize purchasing processes
4. Transfer of Planet Bids software from consulting services. This software subscription supports management of bids, vendors and contracts

Performance Measures and Achievements - Finance

This section outlines performance measures and achievements for the Finance Division. *Table 22: Finance Goals* displays a list of completed, in-progress, and planned items related to the District's Strategic Goals & Objectives. *Table 23: Finance KPIs* summarizes Key Performance Indicators (KPIs) for the Division.

Table 22: Finance Goals

Strategic Plan Alignment	Finance
COMPLETED	
1.a.ii	a. Applied and received awards from Government Finance Officers Association (GFOA) for the fiscal year ended 2022, Annual Comprehensive Financial Report, and the Popular Annual Financial Report; culminating in the Triple Crown designation from GFOA.
1.a.ii	b. Applied and received budget presentation award from GFOA (fiscal years ended 2023 and 2024) and California Society of Municipal Finance Officers (fiscal year ended 2024).
1.a	c. Developed and issued Utility Billing System Project Management RFP.
1.a.ii	d. Implemented GASB 96, Subscription Based IT Arrangements, in fiscal year 2023 audited financial statements.
1.a.i	e. Onboarded new bond counsel, Norton Rose Fulbright.
4.a	f. Implemented solutions for process automation in payroll.
1.a	g. Reviewed and updated financial policies as part of the annual budget review.
1.a	h. Contracted with a new independent audit firm.
IN-PROGRESS	
1.a	a. Implementing solutions for process automation in accounts payable.
1.a	b. Expanding District-wide risk assessment and enhancing internal control testing plan.
1.a	c. Developing process documentation and RFP with consultant to issue RFP for new billing system late 2024.
PLANNED	
1.a.ii	a. Review and update financial policies as part of the annual budget review.
1.a.ii	b. Partner with Insurance Broker to assist in strategy for insurance coverages.
1.a	c. Kick off 2025 Cost of Service Study and issue RFP for rate study peer review.

Table 23: Finance KPIs

Strategic Plan Alignment	Key Performance Indicators	FY 22-23	FY 23-24 Projected	FY 24-25 Forecast
1.a	Debt Coverage Ratio: <i>The District is required by bond covenants to collect revenues that will be at least sufficient to yield net revenues equal to 1.25 of debt service payable during the fiscal year. To support its high-quality credit rating, the District's Board of Directors has established a coverage target of 1.75.</i>	3.02	2.61	2.38
1.a	Current Ratio <i>Current Assets/Current Liabilities = 1.1 or higher for liquidity</i>	2.02	2.40	2.40
1.a	Credit Rating	AAA	AAA	AAA



OPERATIONS



moulton niguel water district

Operations

The Operations Division is responsible for the day-to-day operations and maintenance of potable water, recycled water, and wastewater infrastructure to meet the service expectations of the District's customers. Consistent and regular inspection and maintenance of all infrastructure and equipment are necessary to ensure regulatory compliance, staff and public safety, and high service levels. The District has prioritized operational strategies to maximize the useful lives of its assets efficiently and cost-effectively. System operations are enhanced through regular education and training programs, implementation of new innovative strategies and tools, and updates to industry best practices. The Departments within this Division include Collections, Electrical/Instrumentation, Facilities Maintenance, Fleet Maintenance, Information Technology, Meter Maintenance, Operations Administration, Pipe & Valve Maintenance, and Water Distribution.

Collections

This Department inspects, cleans, and maintains the District's wastewater collection system, consisting of over 11,000 manholes and 500 miles of pipeline. This Department responds to gravity sewer system issues such as odor concerns, pest control, root/grease issues and blockages.

Electrical/Instrumentation

This Department maintains electrical equipment at vertical assets, the District's Supervisory Control And Data Acquisition (SCADA) system and other instrumentation to ensure reliable communication between asset infrastructure and command centers.

Facilities Maintenance

This Department performs routine maintenance and repairs to the District's facilities, including potable pump stations, recycling pump stations, and sewer lift stations. The Department is responsible for all pump refurbishments and keeping the District's oxygen generation systems online. The facilities maintenance crew responds to emergencies at all hours, from communication to motor/pump failures.

Fleet Maintenance

This Department is responsible for maintaining and repairing over 115 vehicles, including fuel management hardware and software. In addition, portable equipment and stationary backup emergency generators are also maintained in this shop.

Information Technology

This Department supports District strategic business requirements by providing technology services. The Department manages all technology assets, including SCADA, telecommunications, mobile communications, hardware and infrastructure, and software applications. In addition, this group also manages all cloud services, including applications, data storage and backup, and integration with third-party service providers. The Department implements and maintains software applications and related processes to meet current and future business needs and regulatory compliance obligations while protecting the District's digital assets.

Meter Maintenance

This Department supports 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 Division regarding claims and District policies. Each month, staff reviews Advanced Metering Infrastructure (AMI) data with the District's Data Team to better implement the meter maintenance and replacement program. This group also works with Customer Accounts and handles work order investigations, turn on/off service requests, and responds to leaks, breaks, odors, and overflows.

Operations Administration

This Department provides support to the entire Division and specializes in regulatory and safety compliance.

Pipe & Valve Maintenance

This Department is responsible for maintaining and repairing the District's potable water and recycled water system, providing an around-the-clock response to line breaks, damaged hydrants, valve leaks, and customer inquiries. In addition, this group manages the completion of concrete and asphalt repairs resulting from District repairs and projects. This Department also replaces and exercises all District-owned valves.

Water Distribution

This Department is responsible for maintaining and repairing the District's reservoirs and pressure-reducing stations and 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.

Table 24: Trend of Position Count in Operations

	FY 22-23	FY 23-24	FY 24-25	Changes/Trends
Operations				
Collections	7	7	7	
Electrical/Instrumentation	6	6	5	1 reorganization out
Facilities Maintenance	10	10	10	
Fleet Maintenance	4	4	4	
Information Technology	8	8	9	1 reorganization in
Meter Maintenance	15	15	14	1 reorganization out
Operations Administration	8	8	9	1 reorganization in
Pipe & Valve Maintenance	21	21	21	
Water Distribution	5	5	5	
Total Personnel	84	84	84	

Table 25: Operating Expenses, Operations

	FY 22-23	FY 22-23	FY 22-23	FY 23-24	FY 24-25	FY 24-25	FY 24-25 vs FY 23-24	
	Budget	Actual	Difference	Budget	Adopted	Forecast	\$Δ	%Δ
EXPENSES (Operating)								
Labor	\$11,121,229	\$11,294,220	\$ 172,991	\$12,310,378	\$13,555,244	\$13,432,441	\$ 1,244,866	10.1 %
Educational Courses	38,415	14,073	(24,342)	31,608	18,014	32,241	(13,595)	(43.0)%
Travel & Meetings	94,080	153,056	58,976	95,831	107,215	97,747	11,384	11.9 %
Member Agencies O&M	545,071	630,315	85,244	555,972	567,092	567,092	11,119	2.0 %
Dues & Memberships	6,208	15,279	9,071	17,138	17,007	17,481	(131)	(0.8)%
Consulting Services	289,000	198,577	(90,423)	291,000	536,000	296,820	245,000	84.2 %
Equipment Rental	35,520	11,632	(23,888)	15,000	12,000	15,300	(3,000)	(20.0)%
District Office Supplies	14,250	208,355	194,105	14,250	15,310	14,535	1,060	7.4 %
District Operating Supplies	516,900	578,937	62,037	560,400	585,782	571,608	25,382	4.5 %
Repairs & Maint. - Equipment	1,274,685	1,216,330	(58,355)	1,472,540	1,142,948	1,501,991	(329,592)	(22.4)%
Repairs & Maint. - Facilities	2,189,935	2,220,517	30,581	2,461,929	2,441,079	2,511,168	(20,850)	(0.8)%
Safety & Compliance	363,545	472,986	109,441	178,782	437,824	182,358	259,042	144.9 %
Utilities	2,621,650	2,995,116	373,467	3,797,006	3,997,584	3,872,946	200,577	5.3 %
Water Purchases	30,057,298	27,147,729	(2,909,569)	31,717,237	33,508,301	33,401,335	1,791,064	5.6 %
TOTAL	\$49,167,786	\$47,157,122	\$(2,010,664)	\$53,519,073	\$56,941,399	\$56,515,063	\$ 3,422,326	6.4 %

Operating Expenses Discussion - Operations

Line-item budgets included within [Table 25: Operating Expenses, Operations](#) that changed by more than \$50,000, or have other significance are discussed below:

Labor

Labor is inclusive of salaries, CalPERS retirement, employee insurance, workers compensation and other employee benefits. The increase in Labor is driven by the following factors:

1. Planned implementation of year two of the Memorandum of Understanding with District employees during FY 24-25
2. CalPERS pension rates
3. Assumed increases for employee health insurance benefits

These factors are discussed in more detail in the Expense Summary - Staffing Resources section.

Safety and Compliance

The FY 24-25 budget increase is due to the transfer of expenses from the Engineering Division's budget to the Operations Division (\$220,000). In addition, increased budget has been allocated for safety related equipment and general safety and compliance efforts.

Utilities

Utility rates in Southern California have been rising substantially in recent years. The District depends on Southern California Edison and San Diego Gas & Electric for power. In line with recent trends, the FY 24-25 budget anticipates an average rate increase of 5% from both the agencies.

The majority of projects in the FY 24-25 CIP budget impacting O&M 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. Once completed, the Micro-Hydro Turbine at Bridlewood FCF and Solar Panels at Headquarters Projects will generate electricity to help offset future electricity costs. The District has observed a continual increase in electricity rates and seeks to explore opportunities for enhancing cost management.

Chemicals

Chemicals includes sodium hypochlorite, polymer, ferric chloride, lab supplies and other chemicals used during operations. These chemicals are included within the District Operating Supplies line item in the fund statements.

The Chemicals budget for FY 24-25 is budgeted at \$1.5 million. Chemical costs have been rising in recent years, particularly for sodium hypochlorite. Although this trend continues, chemicals is budgeted \$98K lower than the prior year. This reduction can be attributed to District staff gaining a comprehensive understanding of the operational needs of the Advanced Water Treatment at the Regional Facility. The District assumed responsibility of these operations in 2022 and has refined the dosing for wastewater treatment, effectively controlling costs.

Repairs & Maintenance – Equipment

The FY 24-25 budgeting practice has changed for SBITAs, or the District licensing of certain software and IT programs. Software that qualifies as a SBITA under GASB reporting requirements is now budgeted as a capital expense. Additional discussion on this change is discussed in the Consulting Services category included within the [Expense Summary & Discussion](#).

The specialty software budgeted in R&M - Equip are related to GIS, Mainframes, Cloud Services, Cyber Security, and SCADA. \$486,500 of these costs are now being capitalized and is driving the decrease in the FY 24-25 budget compared to prior year.

Water Purchases

Water purchases represent the largest District operating expense. Changes in MET rates directly impact the budget. This increase reflects the overall 8.5% MET increase, effective January 1, 2025. Projections for water demands are unchanged from prior year levels and total water purchases are budgeted at 23,580 acre-feet. Though customer water usage continues to be considerably lower in the last two "wet" years, this budget conservatively assumes demands representative of a more typical year in case weather begins to revert back to "dry" conditions.

Consulting Services

The FY 24-25 budget has increased mainly due to:

1. The transfer of FOG Program expenses from the Engineering Division to the Operations Division.
2. Project management support for the utility billing system replacement project.

Performance Measures and Achievements - Operations

This section outlines performance measures and achievements for the Operations Division. [Table 26: Operations Goals](#) displays a list of completed, in-progress, and planned items related to the District's Strategic Goals & Objectives. [Table 27: Operations KPIs](#) summarizes Key Performance Indicators (KPIs) for the Division.

Table 26: Operations Goals

Strategic Plan Alignment		Operations
COMPLETED		
	a. Completed design of the following significant projects:	
2.a.iii	i. Electrical System Improvements – Phase 4	
5.a	b. Established internet service to the Regional Treatment Plant Advanced Water Treatment site.	
5.a	c. Improved cyber resilience by adding secondary internet communications to Plant 3A.	
5.a	d. Cyber assessments of District’s cloud infrastructure and identified mitigation steps.	
5.a	e. Implemented cyber security awareness training program.	
5.a	f. Implemented two factor authentication.	
5.a	g. Upgrades and enhancement of District’s email server and email flow processes.	
5.a	h. Upgrades of District’s phone and voicemail system.	
5.a	i. Various cyber security improvements including improving cloud backup processes, website backup processes, and endpoint (PC’s, tablets, and phones) security.	
5.a	j. PLC Panel replacements at Crown Point, Southridge, La Paz, San Joaquin, and Bridlewood.	
5.a	k. Pavement restoration at Sheep Hills and Rolling Hills.	
5.a	l. Valve and service line replacements as highlighted in the Operations Quarterly Report.	
5.a	m. Maintenance of the Districts Collection system to stay compliant with SSMP.	
5.a	n. Easement pipeline rehabilitation at three sites utilizing trenchless technology.	
5.a	o. Pump and Check Valve Replacements at a number of District Facilities, most notably Plant 3A, Wood Canyon, Southridge, and Alicia Recycled Water Pump Stations.	
IN-PROGRESS		
5.b	a. Continuing programmatic upgrades of reservoir management systems. Phases 1 through 3 are completed. Phase 4 is in construction. Design of Phase 5 is completed, and construction is scheduled to start in FY25/26.	
3.b.i	b. Targeting active leak response time of 24 hours or less.	
5.a.iii	c. Following the Coastal Fire, utilizing an emergency preparedness work group to assure unified incident response; currently making recommendations and implementing new projects, including strategically-located mobile pump connections and facility hardening improvements.	
3.a	d. Implementing comprehensive drone inspection of both outfalls.	
4.a.iv	e. Increasing to quarterly confined space entry and rescue training.	
2.a.v	f. Exploring new technologies for less intrusive easement repair.	
5.b	g. Assessing the Advanced Water Treatment (AWT) System at Joint Regional Plant and moving forward with safety and operational upgrades.	
5.a.ii	h. Conducting an assessment of lead service lines across the entire district	
5.a.iii	i. Developing design to reconfigure and rehabilitate Building E at District Headquarters to accommodate Water Emergency Response Organization of Orange County’s (WEROC’s) Emergency Operating Center (EOC).	
5.a.iii	j. Developing internal emergency scenarios and exercises requiring activation of the Emergency Operations Center.	
5.a	k. Enhancing field communications ability through proposed GoTenna devices.	
5.a.iii	l. Developing and implementing a GIS disaster recovery/failover environment for utilization in emergencies where the primary GIS deployment is inaccessible due to natural or man-made disasters.	
2.a.v	m. Evaluating meter technology at supply and takeout meters and exploring potential meter communication upgrades.	

5.b.i	n. Improving Plant 3A computer network by installing fiber optic cable throughout site.
2.a.iii	o. Partnering with San Diego Gas & Electric's Power Your Drive for Workplaces program to develop a fleet electrification plan and install 12 additional charging stations for future electric vehicles.
2.a.ii	p. Commence implementation of Low-Resolution Meter Replacement Program – Phase 2
2.a.v	q. Implement Hach's Water Information Management Solution system to standardize water quality reporting.
PLANNED	
2.a	a. Support implementation of the District's 10-year Capital Improvement Program.
2.a	b. Support the planned construction of South County Pipeline Takeout Facility, Regional Treatment Plant AWT Salinity Management Project and other planned construction initiatives
5.a.i	c. Initiate security improvements at Plant 3A.
5.a.ii	d. Update Sewer System Management Plan to comply with New State Sanitary Sewer Overflow wastewater discharge order.
4.a.iv	e. Receive mobile communications unit and deployment training.
2.a.v	f. Review the use of artificial intelligence tools to understand benefits and pitfalls.
2.a.iii	p. Install solar and battery system at the District's Headquarters.

Table 27: Operations KPIs

<i>Strategic Plan Alignment</i>	<i>Key Performance Indicators</i>	<i>FY 22-23</i>	<i>FY 23-24 Projected</i>	<i>FY 24-25 Forecast</i>
2.a.iii	1. Valves - Potable and Recycled			
	<i>Exercised</i>	3,523	3,576	3,287
	<i>Replaced</i>	163	178	172
2.a.iii	2. Mainline Breaks	18	15	n/a
2.a.iii	3. Sewer Line, feet			
	<i>Inspected</i>	350,905	404,235	321,079
	<i>Cleaned</i>	1,964,295	2,565,274	2,336,943
2.a.iv	4. Meters Changed	2,766	1,864	2,580
2.a.iii	5. Water Service Lines Replaced	416	492	448



WATER RESOURCES & EFFICIENCY



moulton niguel water district

Water Resources & Efficiency

The Water Resources and Efficiency Division manages the District's water efficiency and rebate programs, assists customers with questions about water efficiency programs and inefficient water usage, provides reliability and demand management analysis, proactive leak detection, 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 the review, evaluation and potential development of water resources projects and programs.

Proactive Leak Detection

This Department works closely with Engineering and Operations to focus on leak detection efforts. The group proactively seeks, documents, and tracks sub-surface leaks. When detected, the team works with internal staff or contractors to repair the leak.

Water Efficiency

The District is seen as a leader in providing a portfolio of innovative resources and programs to help customers manage their water demands. This Department's water efficiency programs, partnerships with state and regional organizations, coordination of the statewide data collaborative, and budget-based rate structure are some of the keys to the District's success. This department continuously develops strategies and tools to help customers use water efficiently while ensuring reliable service and the economic health of the community. Departmental programs and resources include, but are not limited to:

- Offering assistance to customers 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 water efficiency messaging.
- Engaging and partnering with MWDOC and MET on rebate and water efficiency programs, and engaging with associations, consultants, landscape professionals, and businesses to develop and support local, regional, and statewide water efficiency programs and initiatives.
- Managing and evaluating water efficiency programs and implementing refinements based on customer feedback and water savings estimates.
- 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

The District has been proactive in its water resources planning efforts to meet water reliability objectives to ensure a reliable, high-quality water supply is available to customers. Successful implementation of the 2020 Long-Range Water Reliability Plan (LRWRP) adaptive management plan has been essential to ensuring future reliable water supplies for customers. Stewarding water supply projects and partnerships such as the OASIS Water Resources Center has been a critical focus of the Department. Staff reviews regional water supply projections monthly and compares them against projected water demands to identify necessary actions the District's Board of Directors may consider to maintain water reliability. Staff will work towards implementing the appropriate Board approved recommendations in the 2020 LRWRP and the associated Water Reliability Policy objectives for cost-effective emergency and base-loaded water supplies. 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 LRWRP and exploring reliability and savings opportunities while supporting development and implementation of planning projects or pilot programs.
- Reviewing and updating the District's water supply and water demand forecasts. Coordinating with MET and MWDOC on future supply conditions. Reviewing and engaging with MET and MWDOC on the update of the MET's Climate Adaptation Master Plan for Water (CAMP4W).
- 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.
- Supporting the water loss control program through data compilation and analysis, annual water loss audit and validation, implementing pilot programs, introducing technologies to streamline water loss and leak detection program management and coordination with Operations to implement the water loss control program.

Table 28: Trend of Position Count in Water Resources & Efficiency

	FY 22-23	FY 23-24	FY 24-25	Changes/Trends
Water Resource & Efficiency				
Proactive Leak Detection	2	2	2	
Water Efficiency	9	8	8	
Water Resources	2	3	3	
Total Personnel	13	13	13	No changes in personnel from last FY

Table 29: Operating Expenses, Water Resources & Efficiency

	FY 22-23 Budget	FY 22-23 Actual	FY 22-23 Difference	FY 23-24 Budget	FY 24-25 Adopted	FY 24-25 Forecast	FY 24-25 vs FY 23-24 \$Δ	%Δ
EXPENSES (Operating)								
Labor	\$2,217,939	\$2,159,832	\$ (58,107)	\$2,321,108	\$2,510,933	\$2,494,187	\$ 189,825	8.2 %
Educational Courses	5,500	2,607	(2,893)	6,107	27,234	6,229	21,127	345.9 %
Travel & Meetings	49,368	43,274	(6,094)	52,775	43,627	53,831	(9,148)	(17.3)%
Dues & Memberships	125,681	19,342	(106,339)	77,750	43,792	79,305	(33,958)	(43.7)%
Consulting Services	1,260,000	695,506	(564,494)	1,250,000	1,250,000	1,275,000	—	— %
Legal Services - General	15,000	30,523	15,523	30,000	25,000	30,600	(5,000)	(16.7)%
District Office Supplies	331,500	213,666	(117,834)	337,000	277,698	343,740	(59,302)	(17.6)%
District Operating Supplies	12,500	8,490	(4,010)	12,000	10,500	12,240	(1,500)	(12.5)%
Repairs & Maint. - Equipment	30,500	25,427	(5,073)	26,500	321,000	27,030	294,500	1111.3 %
Safety & Compliance	5,900	2,726	(3,174)	5,900	5,775	6,018	(125)	(2.1)%
Water Efficiency	1,963,063	1,638,646	(324,417)	2,226,500	1,864,000	2,233,230	(362,500)	(16.3)%
TOTAL	\$ 6,016,950	\$ 4,840,038	\$(1,176,912)	\$ 6,345,640	\$ 6,379,558	\$ 6,561,410	\$ 33,918	0.5 %

Operating Expenses Discussion - Water Resources & Efficiency

Line-item budgets included within *Table 29: Operating Expenses, Water Resources & Efficiency* that changed by more than \$50,000, or have other significance are discussed below:

Labor

Labor is inclusive of salaries, CalPERS retirement, employee insurance, workers compensation and other employee benefits. The increase in Labor is driven by the following factors:

1. Planned implementation of year two of the Memorandum of Understanding with District employees during FY 24-25
2. CalPERS pension rates
3. Assumed increases for employee health insurance benefits

These factors are discussed in more detail in the Expense Summary - Staffing Resources section.

District - Office Supplies

The FY 24-25 budget is decreased due to reductions in drought marketing efforts. In recent years, Southern California has experienced increased rainfall that led to demand reductions and marketing for drought conditions is not anticipated.

Repairs & Maintenance - Equipment

The FY 24-25 budget is increased partially due to a change in budgeting practice for SBITAs, or District licensing of software and IT programs. Expenses that were previously budgeted in Consulting Services are now included within R&M Equipment. Additional discussion on this change is included in the Consulting Services category discussion included within the [Expense Summary & Discussion](#).

The software subscription costs that moved from Consulting Services to Repairs & Maintenance - Equipment include: document management service supporting and tracking customer participation in rebate programs; customer portal, a standalone publishing platform for services ranging from customer applications on the District's website to AMI data pipeline management, and a meter asset management platform.

Water Efficiency

The FY 24-25 budget has undergone a reduction following a scope adjustment for the NatureScape turf removal program. This program has been transformed into the Residential NatureScape Garden Design Program to better align with the evolving needs of our customers.

This strategic change was prompted by the District's remarkable achievement of surpassing the goals set by the previous turf removal program, which saw the removal of 7 million square feet of turf and the installation of 130 California native landscapes.

It is important to emphasize that this budget reduction does not signify a decrease in our commitment to water use efficiency. Rather, it signifies a strategic realignment of the program to cater to customers who have not yet participated, ensuring that our efforts remain aligned with our overarching objectives.

Educational Courses

Increase due to staff pursuing continued education with the support of District's tuition reimbursement program.

Dues & Memberships

Water Resources & Efficiency staff continues to monitor and evaluate the necessary dues and memberships and has consolidated and prioritized the budget to critical organizations.

Consulting Services

As detailed in the Repairs & Maintenance - Equipment section, software and IT programs have been transferred from Consulting Services to Repairs & Maintenance - Equipment. However, Consulting Services FY 24-25 budget remains at the same level as that of prior year's budget, with no decrease. This is because of inclusion of budget for OASIS Water Resources Center in FY 24-25.

Performance Measures and Achievements - Water Resources & Efficiency

This section outlines performance measures and achievements for the Water Resources & Efficiency Division. *Table 30: Water Resources & Efficiency Goals* displays a list of completed, in-progress, and planned items related to the District's Strategic Goals & Objectives. *Table 31: Water Resources & Efficiency KPIs* summarizes Key Performance Indicators (KPIs) for the Division.

Table 30: Water Resources & Efficiency Goals

Strategic Plan Alignment	Water Resources & Efficiency	
	COMPLETED	
3.b	a.	Hosted the 7th H2O for HOAs workshop at the Norman P. Murray Senior Center in Mission Viejo.
3.b	b.	Hosted the District's 3rd NatureScape Garden Tour and first-ever Open House at the District's Headquarters.
3.b	c.	Digitally mapped the irrigation areas associated with commercial and potable dedication irrigation accounts.
3.b.i	d.	Crafted and implemented outreach strategies, actively participating in planning, which led to the highest attendance at H2O for HOAs, California Data Collaborative (CaDC) Water Data Summit, NatureScape Garden Tour, Water Infrastructure Networking Summit (WINS), and Moulton Niguel Community Forum.
3.b.i	e.	Held the District's first in-person residential landscape design workshop.
3.c.i	f.	Partnered with Metropolitan to jointly host two professional landscaper trainings on irrigation water use efficiency in English and Spanish.
3.c.i	g.	Partnered with Saddleback College on their extensive irrigation and landscape retrofit project and launched a pilot study to test the effectiveness of master valves and flow sensors under field conditions.
3.c.i	h.	Partnered with Amazon to support commercial leak detection analytics at their retail markets and pave a path toward future collaboration.
3.b	i.	Installed the final California native landscape through the NatureScape Turf to Native Garden Program, marking the end of a 6-year program resulting in 130 residential native and watershed-friendly landscapes.
3.b	j.	Received \$500,000 grant from USBR's Water and Energy Efficiency Grant Program to support commercial turf removal and efficiency rebates.
	k.	Significant outreach efforts to south Orange County agencies and project partners to support a pathway for implementing the OASIS Water Resources Center
3.c	i.	Presented OASIS Water Resources Center at several conferences, including California Stormwater Quality Association, California WaterReuse, and National Watershed Protection conferences.
3.c	l.	OASIS BRIC Grant was identified by FEMA as a project selected for the 2022 funding cycle pending further review by FEMA.
3.c	m.	Presented the Smart Watershed Network Project to the Metropolitan Water District of Southern California as part of the Future Supply Action Grant.
3.b.i	n.	Hosted the Moulton Niguel Open House, featuring various departments within our water district, providing an in-depth look at the processes involved in delivering safe and reliable water and wastewater services to our customers. This special occasion coincided with the NatureScape Garden Tour, offering our customers a chance to visit our headquarters and explore our California Native Garden.
3.b.i	o.	Engaged residents in our service area by implementing the 6th annual Fix-a-Leak Week Campaign, along with hosting a hands on Fix-a-Leak Workshop tailored to help customers detect and address common household leaks effectively.
IN-PROGRESS		
3.a.ii	a.	Expanding the District's workshop and class offerings to include new topics and video format.
3.b.i	b.	Retrofit the remaining two Capistrano Unified School District schools with high-efficiency plumbing devices.
3.b	c.	Digitally map irrigated areas associated with multi-family accounts and classify commercial accounts into business categories.
3.c	d.	Partnering with Santa Margarita Water District to jointly host a special topic irrigation training on two-wire systems in English and Spanish.
2.a.i	e.	Continuing with advanced leak detection efforts at recycled water use sites to minimize unintended discharges.

5.a	f. Scoping a comprehensive water efficiency plan to evaluate existing programming and provide guidance over a 5-year planning horizon.
3.a.ii	g. Piloting the residential NatureScape Garden Design Program.
5.a	h. Evaluating performance of internally-operated Smart Timer Direct Installation Program.
3.b	i. Taking action to meet current and anticipated regulatory compliance reporting requirements, including expanded monthly water supply and demand reporting, submission of water loss target and supporting documentation, and submission of urban water use objective.
3.a.ii	j. Performing peer effect study of the District's turf removal program to inform the comprehensive water efficiency plan.
	k. Ongoing implementation of the recommendations from the adopted 2020 LRWRP Update adaptive management plan:
5.b.ii	i. Engaging with MET, MWDOC, and other local water agencies to monitor water resource and reliability projects in the planning phase to track future implementation and evaluate how that may impact the District's water reliability.
5.b.ii	ii. Continuing preliminary design efforts for the OCWD/Santa Ana emergency interconnection.
5.b.ii	l. Implementing the second-year water quality monitoring program to support a future direct potable reuse and runoff diversion project (under the OASIS Water Resources Center).
	m. Engaging with south Orange County agencies and project partners to support a pathway for implementing the OASIS Water Resource Center.
5.b.ii	i. Applied for USBR Grant Funds to support the OASIS Water Resources Center runoff diversion planning efforts.
2.a.ii	n. Developing tools in the GIS to track the inventory of service lines in support of Lead and Copper Rule Revision compliance.
2.a.v	o. Working with consultant to develop metering software that automatically identifies indoor and outdoor water use; pilot findings could support long-term regulatory compliance and advanced analytics of Inflow and Infiltration (I&I), water use, and water reuse.
2.a.v	p. Piloting with consultant software implementation to enhance regulatory reporting.
3.b.i	q. Implement the 7th annual Fix-A-Leak Week Campaign and host a hands-on Fix-A-Leak workshop to help customers find and fix common household leaks.
3.b.i	r. Continue to provide timely, informative, and educational messaging to encourage efficient water use.
3.b	s. Continue proactive leak alert outreach and communications to help customers with potential leaks.
3.c	t. Continue to craft comprehensive outreach materials to educate and inform customers and stakeholders about the OASIS Water Resources Center project ensuring clarity and accessibility of information.
PLANNED	
3.a	a. Host the 8th H2O for the HOAs workshop.
3.a	b. Host the District's 4th NatureScape Garden Tour.
3.a.ii	d. Partnering with Metropolitan to jointly host up to two professional landscaper trainings on irrigation water use efficiency.
3.a.ii	e. Expand the NatureScape Garden Design Program from a pilot to a full-scale program for the District's residents.
5.a.	f. Recommend the next iteration of the internally-operated Smart Timer Direct Installation Program.
3.b.ii	g. Partner with the County of Orange to provide stacked incentives and enhanced services for the District's commercial turf removal program.
5.b.ii	h. Ongoing implementation of the recommendations from the adopted 2020 Long-Range Water Reliability Plan update adaptive management plan.
	i. Advance the OASIS Water Resources Center Program:
5.b.ii	i. Work with the County of Orange and other South Orange County agencies to prepare the Runoff Diversion Study. The Study will evaluate the opportunity for a cooperative runoff diversion project from the Aliso Creek Watershed to increase local water supplies and improve downstream water quality.
5.b.ii	ii. Prepare the Direct Potable Reuse (DPR) Concept and Feasibility Study to define the drinking water treatment concepts further, the planning for a DPR Demonstration, and an evaluation of the existing Regional Treatment Plant facilities to support the DPR project.

Table 31: Water Resources & Efficiency KPIs

Strategic Plan Alignment	Key Performance Indicators	FY 22-23	FY 23-24 Projected	FY 24-25 Forecast
5.b.ii	1. Emergency Water Supply, days: The supply fluctuates and is dependent on demand. Lower demand through conservation and higher rain totals contribute to more days.	32	32	32
3.b	2. Turf Removal, square feet	494,916	300,808	397,862
3.b.i	3. Home Savings Surveys	202	252	227
2.a.iii	4. Water Loss (real) 1-Year Time Lag for Reporting gallons/connection/day	FY 21-22 25.66	FY 22-23 16.40	FY 23-24 20.00



moulton niguel water district



Capital & Debt

Capital Improvement Program (CIP)

Overview

The Moulton Niguel Water District Capital Improvement Program (CIP) outlines the projected future capital projects for the next decade and provides a budget for the upcoming Fiscal Year (FY). The 10-year look-ahead can be viewed as a projection of capital needs based on identified projects. As part of the annual review, many projects are ultimately refined in scope or prioritized after additional investigation or condition assessments. Project costs are planning estimates and are reviewed and refined on an annual basis.

Spending authorization is given when the Board of Directors adopts the proposed budget, and, at that time, funds are appropriated for the upcoming fiscal year. 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 is funded from five sources:

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

CIP development 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, pump and lift station rehabilitation, pipeline rehabilitation and replacement, manhole rehabilitation, valve replacement, fire hydrant replacement, service line replacement, and meter replacement. Through various planning processes, staff also identifies projects to enhance water reliability and system performance. All 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 factors such as criticality, operational efficiency, and potential liability. Engineering and Operations staff conduct a series of annual budget development workshops to review and discuss all on-going and new projects based on each of these factors. These workshops help prioritize projects within the 10-year program and are used as a basis for selecting specific projects for implementation in the upcoming fiscal year.

The CIP includes both recurring and non-recurring capital expenditures. Recurring capital expenditures include programmatic activities that are budgeted annually such as manhole rehabilitation, valve replacement, fire hydrant replacement, service line replacement, meter replacement, and operations-led capital improvements. A significant portion of the recurring capital expenditures is associated with activities that are performed using District resources instead of an outside contractor. Non-recurring capital expenditures include project-based activities and capital outlays. Project-based activities are those that are related to identified projects that have a specific scope of work and limited duration. Project-based expenditures are budgeted under the restricted capital Funds 7, 12, and 14. Capital outlays include expenditures for capital assets such as vehicles and mobile equipment that are not associated with a particular project. Capital outlay expenditures are budgeted under Funds 1 and 6.

10-Year Capital Improvement Program

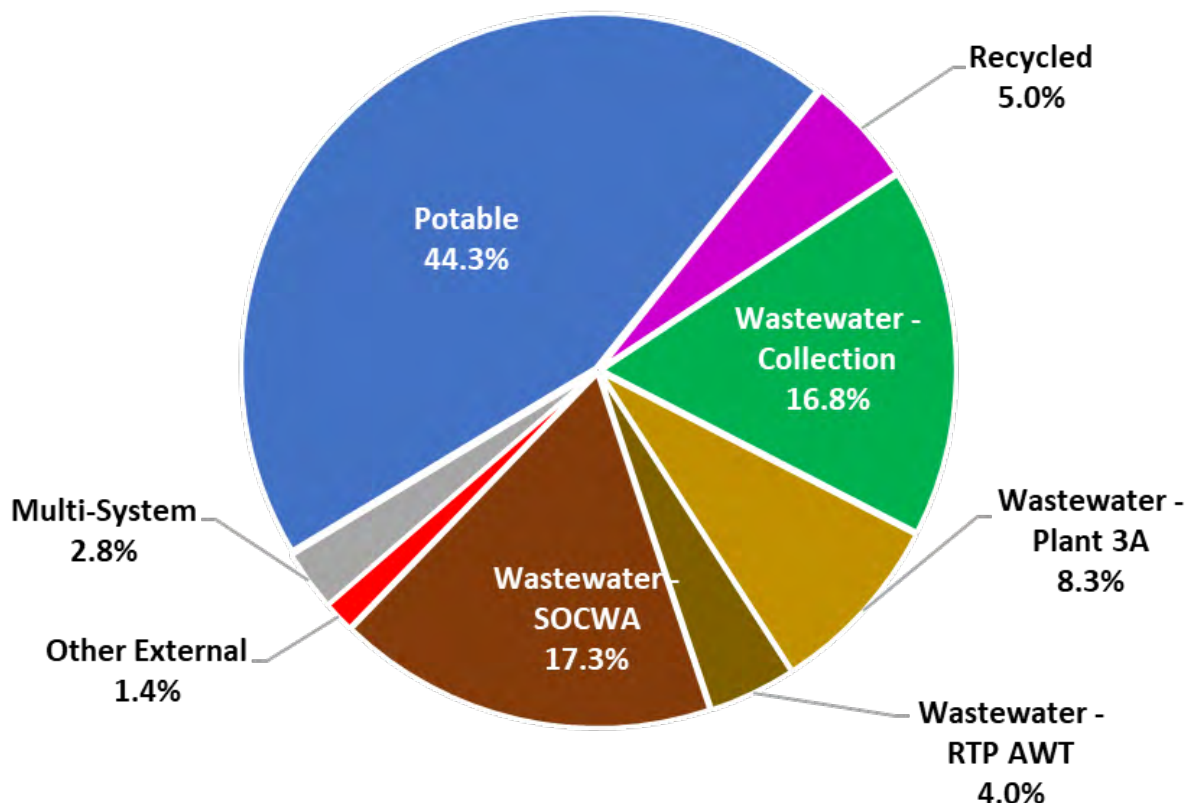
The 10-year CIP represents potable, recycled, wastewater, and multi-system projects that are required to maintain and operate the District's infrastructure. [Appendix D](#) lists the detailed individual projects of the 10-year CIP. The budgets are planning level costs based on similar completed projects and engineering estimates and are refined as new information becomes available. The planning efforts that contributed to the list of projects include 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 \$668.4 million for FY 24-25 through FY 33-34. About 19% (\$125 million) of these projected CIP projects are associated with the District's participation in external activities such as Joint Power Authorities (JPAs).

The breakdown of the 10-year CIP is shown between systems in [Figure 19: Distribution of the 10-Year CIP](#). The system categories are described below:

- Multi-System – projects associated with facilities that provide benefits to the entire District such as vehicle replacements, geographic information systems, operational software enhancements 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, Regional Treatment Plant Advanced Water Treatment (RTP AWT), and facilities operated by South Orange County Wastewater Authority (SOCWA).
- External – projects in which there is more than one agency participating and which are managed by an agency other than the District, such as: Joint Regional Water Supply System (JRWSS), Upper Oso Reservoir, Upper Chiquita Reservoir, R6 Reservoir, and Baker Water Treatment Plant.

Figure 19: Distribution of the 10-Year CIP



FY 23-24 CIP Budget (Prior Year)

The CIP for FY 23-24 as adopted by the Board of Directors in June of 2023 had a budget of \$80.6 million. The FY 23-24 budget contained 73 individual projects, along with external projects. District Engineering staff anticipates that at fiscal year-end, 36 projects will have been completed, 21 projects will be in construction and 30 projects will be in various stages of design.

Staff estimates that by fiscal year-end, \$132.2 million will be contracted or otherwise committed (includes multi-year projects with expenditures beyond the end of FY 23-24, approximately \$50 million of which is associated with the Plant 3A Solids Handling Facilities Improvements Project) and approximately \$39.8 million will have been expended. [Table 32: FY 23-24 Adopted CIP Budget](#) summarizes the FY 23-24 adopted budget.

[Table 32: FY 23-24 Adopted CIP Budget](#)

Item / Fund	FY 23-24 Adopted Budget
General - Fund 1	\$1,100,000
Water Efficiency - Fund 6	\$1,600,000
Replacement and Refurbishment - Fund 7	\$57,423,437
SOCWA and Other External (JRWSS, SMWD, ETWD, and IRWD) – Fund 7	\$9,209,370
Water Supply Reliability - Fund 12	\$800,000
Planning and Construction - Fund 14	\$10,446,875
Total	\$80,579,682
Projected Expenditures for FY 23-24 ⁽¹⁾	\$39,789,236
Projected Committed Funds/Contracts ⁽²⁾	\$132,150,667

(1) Based on actual expenditures through March 31, 2024 and projected expenditures through the end of FY 23-24.

(2) Includes multi-year projects with expenditures beyond the end of FY 23-24.

FY 24-25 CIP Budget

The FY 24-25 CIP outlines \$85.2 million in appropriations to continue funding existing projects and provide funding for new projects. Projects carried forward from FY 23-24 account for roughly \$70 million of the FY 24-25 CIP budget - \$46.4 million is currently in construction and \$24.0 million is in various design phases. Appropriations for new projects are about \$8.1 million, primarily for design and bidding. Construction of the new projects will occur during later fiscal years and is projected in the 10-year CIP. External projects, totaling \$6.8 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; and Irvine Ranch Water District (IRWD) for Baker Water Treatment Plant. [Appendix D](#) lists the projects and provides detailed descriptions of proposed projects.

In [Table 33: FY 24-25 Adopted CIP Budget by Fund](#) the budget for each of the various funds is shown while [Figure 20: Distribution of CIP Budget by Fund](#) shows the percentage allocation. Rehabilitation and replacement of infrastructure generally drive budget requirements and account for approximately 75% 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 funding for water supply reliability in the FY 24-25 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, a new takeout facility on the South County Pipeline, 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 more apparent, there could be a high degree of variability in these projects that would be considered and addressed as part of future budgets.

Within [Table 34: FY 24-25 Adopted CIP Budget by System](#) the expenditure by system is shown, while [Figure 21: Distribution of CIP Budget by System](#) displays the percentage distribution across systems. The Wastewater and Potable systems account for approximately 54% and 28%, respectively, of the fiscal year budget due in large part to external projects; Lower Salada Lift Station Force Main Replacement; Regional Lift Station Force Main Replacement; Crown Valley Parkway Transmission Main Lower Reach Replacement; Reservoir Management System Replacement; Aliso Creek Lift Station Rehabilitation; North Aliso Lift Station Reconstruction; ongoing replacement of valves, services lines, and meters; filter system improvements and salinity management projects at the Regional Treatment Plant Advanced Water Treatment System; as well as continuing the comprehensive rehabilitation of the 3A Wastewater Treatment Plant.

Capital Financing Plan

The District capital financing plan better accounts for differences 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 conducts monthly cash flow projections on a project-by-project basis and revises these annual capital spending projections based on new asset data and current trends. The District's Finance and Engineering staff have jointly developed a 10-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 external facilities. The 10-year capital financing plan total of \$470.3 million is utilized in the 10-year cash flow modeling to forecast revenue requirements in the future.

Table 33: FY 24-25 Adopted CIP Budget by Fund

ITEM/FUND	FY 24-25 Adopted Budget
General - Fund 1	\$393,750
Water Efficiency - Fund 6	\$1,050,000
Replacement and Refurbishment - Fund 7	\$56,818,437
SOCWA and Other External (JRWSS, SMWD, ETWD, and IRWD) – Fund 7	\$6,835,945
Water Supply Reliability - Fund 12	\$800,000
Planning and Construction - Fund 14	\$19,337,500
Total FY 24-25 Adopted Budget	\$85,235,632

Figure 20: Distribution of CIP Budget by Fund

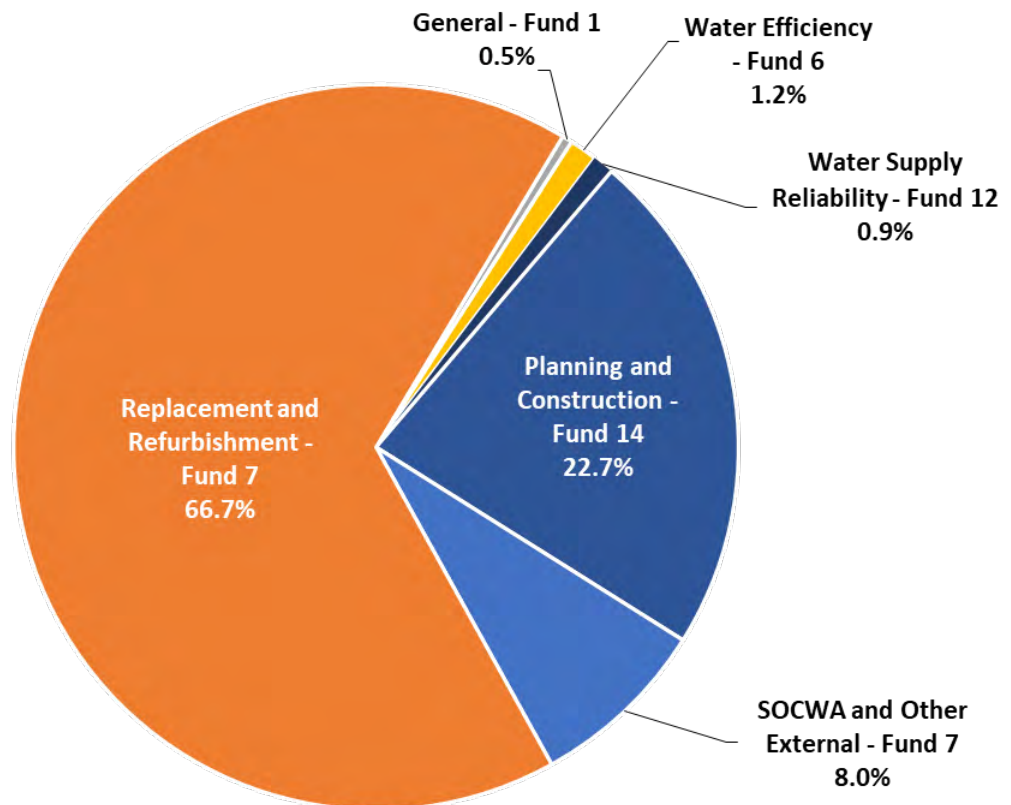


Table 34: FY 24-25 Adopted CIP Budget by System

SYSTEM	FY 24-25 Adopted Budget
Multi-System	\$10,268,750
Potable Water	\$23,525,000
Recycled Water	\$2,270,000
Wastewater	
Collection	\$23,300,000
Treatment (Plant 3A)	\$12,685,937
Treatment (RTP AWT)	\$6,350,000
Treatment (SOCWA)	\$3,425,366
Other External JRWSS, Upper Oso/Upper Chiquita, Baker WTP, etc.	\$3,410,579
Total Adopted Budget	\$85,235,632

Figure 21: Distribution of CIP Budget by System

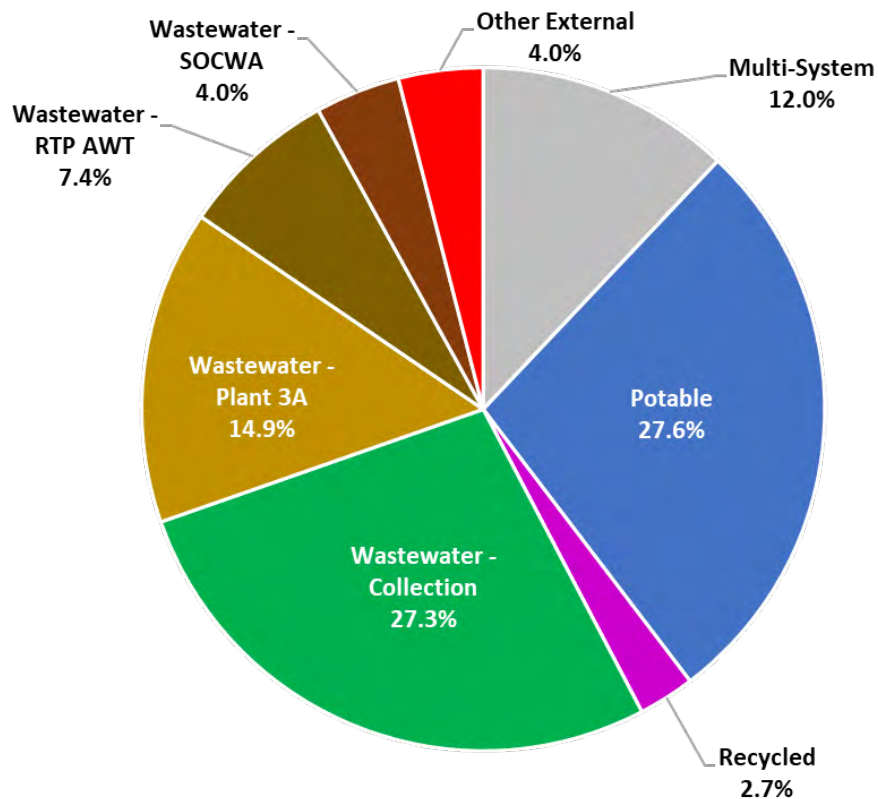
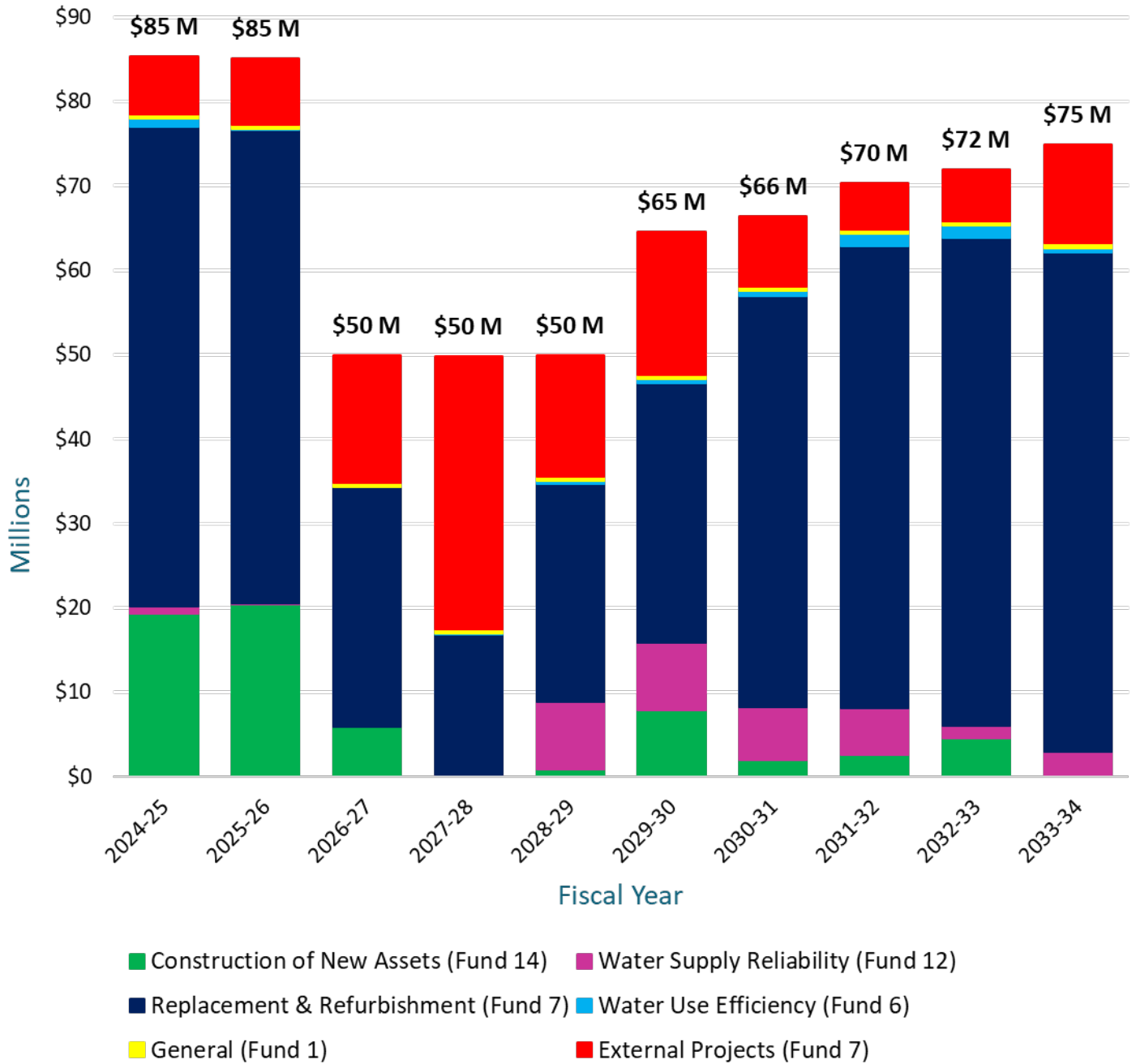


Figure 22: 10-Year CIP Budget Distribution



CIP Impacts on Operating Budget

The capital improvement program will impact the operating budget if particular projects result in operational efficiencies, changes in operating procedures, or other circumstances. The projected impacts to the operating budget associated with the FY 24-25 CIP budget are outlined below.

Staffing Resources

Approximately \$5.2M of staff resources from working on CIP will be capitalized, or allocated to capital projects. As staff spends their time executing projects included in the capital program, the cost of those efforts will be recognized and accounted for.

Debt / Funding

Where appropriate, the District desires to bond finance the construction of new facilities or the replacement of existing facilities, including reservoirs, pump stations, lift station enhancements, transmission main improvements, and other capital improvements. Financing provides a distribution of intergenerational equity over time and a source of funds for executing these projects. During FY 24-25, the District anticipates a bond issuance in the amount of \$72.8M that will be available to fund eligible capital projects. Grant revenues can also be a vital source of funding for projects if and when these funds become available to the District. The balance of remaining capital projects that are not funded by bond proceeds or grant revenues will be drawn from existing cash balances.

Maintenance

The FY 24-25 adopted CIP budget includes 67 individual projects in addition to external projects. The 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. The District is utilizing a Computerized Maintenance Management System (CMMS) to effectively monitor the maintenance requirements of assets and evaluate how they change over time.

Utilities

Utilities impacts are similar to those of maintenance. The majority of projects in the FY 24-25 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. Once completed, the Micro-Hydro Turbine at Bridlewood FCF and Solar Panels at Headquarters Projects will generate electricity to help offset future electricity costs. The District has observed a continual increase in electricity rates and seeks to explore opportunities for enhancing cost management.

Debt Management

As the District has grown over the past 60 years, bond issuances have been a critical strategy to expand service area infrastructure while keeping rates affordable. Bonds are a key funding source for capital projects that increase the District's system reliability. Additionally, the District works with its Financial Advisor to identify potential opportunities to refinance its debt portfolio at optimal interest rates. The District currently holds a AAA rating from Fitch and S&P Global Ratings, which enables the District to obtain the lowest possible rates from the public finance markets when funding future infrastructure projects.

As presented in the [Long-Range Financial Plan](#) section, a key component of funding the 10-year Capital Improvement Program is bond issuance to stabilize customer rate increases. [Figure 15: District CIP \(General Fund\)](#) displays anticipated bond issuances and [Figure 16: District Operating Financial Plan \(General Fund\)](#) displays anticipated debt service over the next ten years. This strategy is guided by District financial policy to meet a debt service coverage ratio of 1.75 while meeting Reserve Policy targets. [Table 35: FY 24-25 Debt Service Payments Summary](#) presents debt service payments for each of the District's existing bonds, certificates, and loans during the budget year. A proposed bond issuance is included in the FY 24-25 budget but note that debt service payments are not anticipated until FY 25-26. [Table 36: Debt Service Payment Schedules](#) presents the maturity schedule of outstanding debt.

[Table 35: FY 24-25 Debt Service Payments Summary](#)

	Principal	Interest	Total
2021 Certificate of Participation – Fund 74	\$1,120,000	\$1,621,900	\$2,741,900
2019 Certificate of Participation – Fund 73	\$1,405,000	\$1,909,706	\$3,314,706
2019 Revenue Bonds (Refunding of 2009 COPs) – Fund 12	\$2,055,000	\$2,378,875	\$4,433,875
Total Debt Service	\$4,580,000	\$5,910,481	\$10,490,481

Debt Fund Descriptions

[Fund 12 – 2019 Revenue Bond \('09 Refunding\)](#)

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 the Baker Water Treatment Plant, Upper Chiquita Reservoir, Emergency Interconnection with the Orange County groundwater basin and additional projects that provide greater water system reliability for the distribution of potable and recycled water.

[Fund 73 – 2019 Certificates of Participation](#)

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 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 were identified as part of the District's adopted Capital Improvement Program.

[Fund 74 – 2021 Certificates of Participation](#)

On December 16, 2021, the District issued \$60,000,000 of 2021 Revenue Refunding Bonds. Due to the historic low interest rates, District staff identified an opportunity to advance a planned debt issuance, which ultimately reduced total issuance costs by \$14 million compared to if the certificates were issued when originally planned. Proceeds from the issuance have been used to finance construction and other project costs related to the District's adopted Capital Improvement Program.

Table 36: Debt Service Payment Schedules

FY	2021 Certificate of Participation			2019 Certificate of Participation		
	Principal	Interest	Total	Principal	Interest	Total
24-25	\$1,120,000	\$1,621,900	\$2,741,900	\$1,405,000	\$1,909,706	\$3,314,706
25-26	\$1,180,000	\$1,564,400	\$2,744,400	\$1,475,000	\$1,837,706	\$3,312,706
26-27	\$1,235,000	\$1,504,025	\$2,739,025	\$1,550,000	\$1,762,081	\$3,312,081
27-28	\$1,300,000	\$1,440,650	\$2,740,650	\$1,625,000	\$1,682,706	\$3,307,706
28-29	\$1,365,000	\$1,374,025	\$2,739,025	\$1,710,000	\$1,599,331	\$3,309,331
29-30	\$1,430,000	\$1,304,150	\$2,734,150	\$1,795,000	\$1,511,706	\$3,306,706
30-31	\$1,505,000	\$1,230,775	\$2,735,775	\$1,885,000	\$1,419,706	\$3,304,706
31-32	\$1,580,000	\$1,153,650	\$2,733,650	\$1,975,000	\$1,333,081	\$3,308,081
32-33	\$1,655,000	\$1,081,050	\$2,736,050	\$2,055,000	\$1,273,031	\$3,328,031
33-34	\$1,725,000	\$1,013,450	\$2,738,450	\$2,095,000	\$1,230,222	\$3,325,222
34-35	\$1,795,000	\$943,050	\$2,738,050	\$2,140,000	\$1,183,888	\$3,323,888
35-36	\$1,865,000	\$879,175	\$2,744,175	\$2,190,000	\$1,126,963	\$3,316,963
36-37	\$1,920,000	\$822,400	\$2,742,400	\$2,255,000	\$1,065,925	\$3,320,925
37-38	\$1,980,000	\$763,900	\$2,743,900	\$2,310,000	\$1,008,863	\$3,318,863
38-39	\$2,035,000	\$703,675	\$2,738,675	\$2,370,000	\$950,363	\$3,320,363
39-40	\$2,100,000	\$652,150	\$2,752,150	\$2,430,000	\$888,844	\$3,318,844
40-41	\$2,140,000	\$609,750	\$2,749,750	\$2,490,000	\$819,600	\$3,309,600
41-42	\$2,185,000	\$566,500	\$2,751,500	\$2,565,000	\$743,775	\$3,308,775
42-43	\$2,225,000	\$522,400	\$2,747,400	\$2,645,000	\$665,625	\$3,310,625
43-44	\$2,270,000	\$476,031	\$2,746,031	\$2,725,000	\$585,075	\$3,310,075
44-45	\$2,320,000	\$425,813	\$2,745,813	\$2,805,000	\$502,125	\$3,307,125
45-46	\$2,370,000	\$373,050	\$2,743,050	\$2,890,000	\$416,700	\$3,306,700
46-47	\$2,425,000	\$319,106	\$2,744,106	\$2,975,000	\$328,725	\$3,303,725
47-48	\$2,480,000	\$263,925	\$2,743,925	\$3,065,000	\$238,125	\$3,303,125
48-49	\$2,535,000	\$207,506	\$2,742,506	\$3,155,000	\$144,825	\$3,299,825
49-50	\$2,595,000	\$149,794	\$2,744,794	\$3,250,000	\$48,750	\$3,298,750
50-51	\$2,650,000	\$90,788	\$2,740,788			
51-52	\$2,710,000	\$30,488	\$2,740,488			
Total by Issue	\$54,695,000	\$22,087,576	\$76,782,576	\$59,830,000	\$26,277,447	\$86,107,447

FY	2019 Revenue Refunding Bonds		
	Principal	Interest	Total
24-25	\$2,055,000	\$2,378,875	\$4,433,875
25-26	\$2,155,000	\$2,273,625	\$4,428,625
26-27	\$2,265,000	\$2,163,125	\$4,428,125
27-28	\$2,380,000	\$2,046,100	\$4,426,100
28-29	\$2,500,000	\$1,925,000	\$4,425,000
29-30	\$2,620,000	\$1,797,000	\$4,417,000
30-31	\$2,755,000	\$1,662,625	\$4,417,625
31-32	\$2,890,000	\$1,521,500	\$4,411,500
32-33	\$3,035,000	\$1,373,375	\$4,408,375
33-34	\$3,185,000	\$1,217,875	\$4,402,875
34-35	\$3,345,000	\$1,054,625	\$4,399,625
35-36	\$3,515,000	\$883,125	\$4,398,125
36-37	\$3,690,000	\$703,000	\$4,393,000
37-38	\$3,875,000	\$513,875	\$4,388,875
38-39	\$4,070,000	\$315,250	\$4,385,250
39-40	\$4,270,000	\$106,750	\$4,376,750
Total by Issue	\$48,605,000	\$21,935,725	\$70,540,725

Glossary

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.
Assets	Resources owned or held by the District that have monetary value.
Balanced Budget	Budgeted revenues are sufficient to cover all budgeted expenditures, principal payments on long-term debt, and minimum funding of all reserve requirements as required by the District's reserve policy.
Basis of Accounting	The timing of recognition, that is, when the effects of transactions or events should be recognized. The basis of accounting used for purposes of financial reporting in accordance with generally accepted accounting principles (GAAP) is not necessarily the same basis used in preparing the budget document.
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). They are used for construction of long-lasting capital assets such as buildings, reservoirs, pipelines and pump stations.
Capital Budget	Funds appropriated within the annual budget for investment into Capital Infrastructure and capital equipment. These are independent and separate from normal operating expenses such as staffing resources and purchased water.
Capital Improvement Program (CIP)	Expenses related to the construction, replacement, rehabilitation and modernization of District owned and operated infrastructure.
Capital Outlays	Expenditure on an item that meets the District's \$5,000 threshold for capitalization. This includes purchases of various types of vehicles and equipment.
Certificates of Participation (COPs)	A long-term financing instrument authorized for construction or acquisition of facilities, equipment, and more.
Debt Service	The District's obligation to pay the principal and interest of bonds and other debt instruments according to a predetermined payment schedule.
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 for determined fees.
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.

Generally Accepted Accounting Principles (GAAP)	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).
Geographic Information System (GIS)	A system combining computer hardware, software, and geographic data for collecting, storing, analyzing and displaying geographically referenced information.
Government Finance Officers Association (GFOA)	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, storage facilities, and treatment plants of the District, including meters, valves, pumps, filters and other appurtenances.
Liabilities	Present obligations of the District arising from past events.
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 (MET) through the Municipal Water District of Orange County (MWDOC).
Reserve Fund	The District maintains Reserve Funds per the District's policy for both designated and restricted funds. Designated Reserve Funds are "general use" funds designated by the Board. Restricted Reserve Funds are those that are set aside for a particular purpose due to a legal or contractual commitment and cannot be used for any other purpose.
Revenue	Revenues measure the value of District services provided to customers.
Supervisory Control and Data Acquisition (SCADA)	The system that collects operational data from remote units to monitor and control water and wastewater systems and facilities throughout the District service area.
User Charge	A charge levied against users of a service or purchasers of a product.

Acronym Guidebook

ACWA/JPIA	Association of California Water Agencies / Joint Powers Insurance Authority
AF	Acre-Foot
AFY	Acre-feet per Year
Allocation	Personalized Water Budget per Customer
AMI	Advanced Metering Infrastructure
AMP	Allen-McColloch Pipeline
AWE	Alliance for Water Efficiency
AWS	Amazon Web Services
AWT	Advanced Wastewater Treatment
AWWA	American Water Works Association
BMP	Best Management Practices
Board/BOD	District Board of Directors
BU	Billing Unit = 748 gallons or 100 Cubic Feet of Water
ccf	centum cubic feet or hundred cubic feet
CDR	Center for Demographic Research
CEC	California Energy Commission
CERBT	California Employers' Retiree Benefit Trust
cfs	Cubic Feet per Second
CIP	Capital Improvement Plan
CMMS	Computerized Maintenance Management System
COP	Certificates of Participation
CPI	Consumer Price Index
CY	Calendar Year
DOHS	Department of Health Services
DPR	Direct Potable Reuse
DWR	Department of Water Resources
EOCF #2	East Orange County Feeder No.2
ETM	Eastern Transmission Main
ETWD	El Toro Water District
FEMA	Federal Emergency Management Agency
FLOW	Future Leaders of Water Initiative
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
GPCD	Gallons Per Capita per Day
GPM	Gallons per Minute
IPR	Indirect Potable Reuse
IRP	Integrated Resources Plan
IRWD	Irvine Ranch Water District
IT	Information Technology
JPA	Joint Powers Authority

JRTP	Joint Regional Treatment Plant
JRWSS	Joint Regional Water Supply System
LRFP	Long-Range Financial Plan
LRWRP	Long-Range Water Reliability Plan
MAF	Million Acre-Feet
MET	Metropolitan Water District of Southern California
MG	Million Gallons
MGD	Million Gallons per Day
MNWD	Moulton Niguel Water District
MOU	Memorandum of Understanding
MWDOC	Municipal Water District of Orange County
O&M	Operations and Maintenance
Op Ex	Operating Expenses
OASIS	Optimized and Adaptive Sustainable Integrated Supply
OPEB	Other Post-Employment Benefits
R&R	Replacement and Refurbishment
SCADA	Supervisory Control and Data Acquisition
SCP	South County Pipeline
SCWD	South Coast Water District
SDCWA	San Diego County Water Authority
SJBA	San Juan Basin Authority
SJC	San Juan Capistrano
SMWD	Santa Margarita Water District
SOCWA	South Orange County Wastewater Authority
SWP	State Water Project
SWRCB	State Water Resources Control Board
USBR	U.S. Department of the Interior, Bureau of Reclamation
USEPA	U.S. Environmental Protection Agency
UWMP	Urban Water Management Plan
WBBRS	Water Budget Based Rate Structure
WBIC	Weather Based Irrigation Controller
WEF	Water Environment Federation
WUE	Water Use Efficiency

Appendix A: Salary Schedules

MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 29, 2024
GENERAL UNIT

JOB CLASSIFICATION	RANGE
Accountant	G31
Accounting Assistant I	G3
Accounting Assistant II	G8
Accounting Assistant III	G18
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	G3
Customer Account Representative II	G8
Customer Account Representative III	G18
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
Inventory Control Technician	G18
Leak Detection Technician I	G10
Leak Detection Technician II	G21
Leak Detection Technician III	G32
Maintenance Worker I - Collections	G10
Maintenance Worker I - Facilities	G10
Maintenance Worker I - Streets	G10
Maintenance Worker II - Collections	G21
Maintenance Worker II - Facilities	G21
Maintenance Worker II - Streets	G21
Maintenance Worker III - Collections	G32

MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 29, 2024
GENERAL UNIT

Maintenance Worker III - Facilities	G32
Maintenance Worker III - Streets	G32
Mechanic I	G11
Mechanic II	G22
Mechanic III	G33
Permit Technician	G20
Purchasing Agent	G47
Records & Mapping Analyst	G31
Records & Mapping Technician	G20
Recycled Water Inspector I	G12
Recycled Water Inspector II	G24
Recycled Water Inspector III	G34
Senior Accountant	G39
Senior Cross Connection Inspector	G42
Senior Customer Account Representative	G31
Senior Customer Service Field Technician	G31
Senior Electrical/Instrumentation Technician	G48.1
Senior GIS Analyst	G47.1
Senior Inspector	G42
Senior Leak Detection Technician	G40
Senior Maintenance Worker - Collections	G40
Senior Maintenance Worker - Facilities	G40
Senior Maintenance Worker - Streets	G40
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 29, 2024
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
	G1	Monthly	4,721.60	4,839.47	4,960.80	5,083.87	5,212.13	5,342.13	5,475.60	5,612.53	5,752.93	5,896.80	6,044.13
Hourly		27.24	27.92	28.62	29.33	30.07	30.82	31.59	32.38	33.19	34.02	34.87	
Annually		56,659.20	58,073.60	59,529.60	61,006.40	62,545.60	64,105.60	65,707.20	67,350.40	69,035.20	70,761.60	72,529.60	
	G2	Monthly	5,007.60	5,132.40	5,260.67	5,392.40	5,527.60	5,666.27	5,806.67	5,952.27	6,101.33	6,253.87	6,409.87
Hourly		28.89	29.61	30.35	31.11	31.89	32.69	33.50	34.34	35.20	36.08	36.98	
Annually		60,091.20	61,588.80	63,128.00	64,708.80	66,331.20	67,995.20	69,680.00	71,427.20	73,216.00	75,046.40	76,918.40	
Accounting Assistant I Customer Account Representative I Customer Service Field Technician I Inventory Clerk Water Efficiency Representative I	G3	Monthly	5,011.07	5,135.87	5,264.13	5,395.87	5,531.07	5,669.73	5,811.87	5,955.73	6,104.80	6,257.33	6,415.07
		Hourly	28.91	29.63	30.37	31.13	31.91	32.71	33.53	34.36	35.22	36.10	37.01
		Annually	60,132.80	61,630.40	63,169.60	64,750.40	66,372.80	68,036.80	69,742.40	71,468.80	73,257.60	75,088.00	76,980.80
	G4	Monthly	5,312.67	5,446.13	5,581.33	5,721.73	5,863.87	6,011.20	6,160.27	6,314.53	6,472.27	6,635.20	6,799.87
		Hourly	30.65	31.42	32.20	33.01	33.83	34.68	35.54	36.43	37.34	38.28	39.23
		Annually	63,752.00	65,353.60	66,976.00	68,660.80	70,366.40	72,134.40	73,923.20	75,774.40	77,667.20	79,622.40	81,598.40
	G5	Monthly	5,390.67	5,525.87	5,662.80	5,804.93	5,950.53	6,099.60	6,252.13	6,408.13	6,567.60	6,732.27	6,900.40
		Hourly	31.10	31.88	32.67	33.49	34.33	35.19	36.07	36.97	37.89	38.84	39.81
		Annually	64,688.00	66,310.40	67,953.60	69,659.20	71,406.40	73,195.20	75,025.60	76,897.60	78,811.20	80,787.20	82,804.80
	G6	Monthly	5,401.07	5,536.27	5,674.93	5,817.07	5,960.93	6,110.00	6,264.27	6,420.27	6,581.47	6,744.40	6,914.27
		Hourly	31.16	31.94	32.74	33.56	34.39	35.25	36.14	37.04	37.97	38.91	39.89
		Annually	64,812.80	66,435.20	68,099.20	69,804.80	71,531.20	73,320.00	75,171.20	77,043.20	78,977.60	80,932.80	82,971.20
	G7	Monthly	5,636.80	5,777.20	5,922.80	6,070.13	6,222.67	6,376.93	6,536.40	6,701.07	6,867.47	7,039.07	7,215.87
		Hourly	32.52	33.33	34.17	35.02	35.90	36.79	37.71	38.66	39.62	40.61	41.63
		Annually	67,641.60	69,326.40	71,073.60	72,841.60	74,672.00	76,523.20	78,436.80	80,412.80	82,409.60	84,468.80	86,590.40
Accounting Assistant II Customer Account Representative II Customer Service Field Technician II Water Efficiency Representative II	G8	Monthly	5,640.27	5,780.67	5,926.27	6,073.60	6,226.13	6,382.13	6,541.60	6,704.53	6,872.67	7,044.27	7,219.33
		Hourly	32.54	33.35	34.19	35.04	35.92	36.82	37.74	38.68	39.65	40.64	41.65
		Annually	67,683.20	69,368.00	71,115.20	72,883.20	74,713.60	76,585.60	78,499.20	80,454.40	82,472.00	84,531.20	86,632.00
Administrative Assistant I	G9	Monthly	5,661.07	5,803.20	5,947.07	6,096.13	6,248.67	6,404.67	6,565.87	6,728.80	6,896.93	7,070.27	7,247.07
		Hourly	32.66	33.48	34.31	35.17	36.05	36.95	37.88	38.82	39.79	40.79	41.81
		Annually	67,932.80	69,638.40	71,364.80	73,153.60	74,984.00	76,856.00	78,790.40	80,745.60	82,763.20	84,843.20	86,964.80
Leak Detection Technician I Maintenance Worker I - Collections Maintenance Worker I - Facilities Maintenance Worker I - Streets	G10	Monthly	5,728.67	5,872.53	6,018.13	6,168.93	6,323.20	6,480.93	6,643.87	6,810.27	6,980.13	7,153.47	7,333.73
		Hourly	33.05	33.88	34.72	35.59	36.48	37.39	38.33	39.29	40.27	41.27	42.31
		Annually	68,744.00	70,470.40	72,217.60	74,027.20	75,878.40	77,771.20	79,726.40	81,723.20	83,761.60	85,841.60	88,004.80
Mechanic I	G11	Monthly	5,742.53	5,886.40	6,033.73	6,184.53	6,338.80	6,496.53	6,659.47	6,825.87	6,997.47	7,170.80	7,351.07
		Hourly	33.13	33.96	34.81	35.68	36.57	37.48	38.42	39.38	40.37	41.37	42.41
		Annually	68,910.40	70,636.80	72,404.80	74,214.40	76,065.60	77,958.40	79,913.60	81,910.40	83,969.60	86,049.60	88,212.80
Cross Connection Inspector I Inspector I Recycled Water Inspector I	G12	Monthly	5,834.40	5,980.00	6,129.07	6,283.33	6,439.33	6,600.53	6,766.93	6,935.07	7,108.40	7,286.93	7,468.93
		Hourly	33.66	34.50	35.36	36.25	37.15	38.08	39.04	40.01	41.01	42.04	43.09
		Annually	70,012.80	71,760.00	73,548.80	75,400.00	77,272.00	79,206.40	81,203.20	83,220.80	85,300.80	87,443.20	89,627.20

MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 29, 2024
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
Water Systems Operator I	G13	Monthly	5,915.87	6,063.20	6,215.73	6,370.00	6,529.47	6,692.40	6,860.53	7,032.13	7,207.20	7,387.47	7,572.93
		Hourly	34.13	34.98	35.86	36.75	37.67	38.61	39.58	40.57	41.58	42.62	43.69
		Annually	70,990.40	72,758.40	74,588.80	76,440.00	78,353.60	80,308.80	82,326.40	84,385.60	86,486.40	88,649.60	90,875.20
	G14	Monthly	5,976.53	6,125.60	6,279.87	6,435.87	6,597.07	6,761.73	6,931.60	7,104.93	7,281.73	7,463.73	7,650.93
		Hourly	34.48	35.34	36.23	37.13	38.06	39.01	39.99	40.99	42.01	43.06	44.14
		Annually	71,718.40	73,507.20	75,358.40	77,230.40	79,164.80	81,140.80	83,179.20	85,259.20	87,380.80	89,564.80	91,811.20
	G15	Monthly	6,075.33	6,227.87	6,382.13	6,543.33	6,706.27	6,874.40	7,046.00	7,221.07	7,403.07	7,586.80	7,777.47
		Hourly	35.05	35.93	36.82	37.75	38.69	39.66	40.65	41.66	42.71	43.77	44.87
		Annually	72,904.00	74,734.40	76,585.60	78,520.00	80,475.20	82,492.80	84,552.00	86,652.80	88,836.80	91,041.60	93,329.60
	G16	Monthly	6,085.73	6,238.27	6,394.27	6,553.73	6,716.67	6,884.80	7,058.13	7,233.20	7,415.20	7,600.67	7,789.60
		Hourly	35.11	35.99	36.89	37.81	38.75	39.72	40.72	41.73	42.78	43.85	44.94
		Annually	73,028.80	74,859.20	76,731.20	78,644.80	80,600.00	82,617.60	84,697.60	86,798.40	88,982.40	91,208.00	93,475.20
	G17	Monthly	6,338.80	6,496.53	6,659.47	6,825.87	6,997.47	7,172.53	7,351.07	7,534.80	7,723.73	7,916.13	8,113.73
		Hourly	36.57	37.48	38.42	39.38	40.37	41.38	42.41	43.47	44.56	45.67	46.81
		Annually	76,065.60	77,958.40	79,913.60	81,910.40	83,969.60	86,070.40	88,212.80	90,417.60	92,684.80	94,993.60	97,364.80
Accounting Assistant III Customer Account Representative III Customer Service Field Technician III Inventory Control Technician	G18	Monthly	6,340.53	6,498.27	6,661.20	6,827.60	6,999.20	7,174.27	7,352.80	7,536.53	7,725.47	7,917.87	8,117.20
		Hourly	36.58	37.49	38.43	39.39	40.38	41.39	42.42	43.48	44.57	45.68	46.83
		Annually	76,086.40	77,979.20	79,934.40	81,931.20	83,990.40	86,091.20	88,233.60	90,438.40	92,705.60	95,014.40	97,406.40
Administrative Assistant II	G19	Monthly	6,387.33	6,546.80	6,711.47	6,877.87	7,051.20	7,226.27	7,406.53	7,592.00	7,782.67	7,976.80	8,176.13
		Hourly	36.85	37.77	38.72	39.68	40.68	41.69	42.73	43.80	44.90	46.02	47.17
		Annually	76,648.00	78,561.60	80,537.60	82,534.40	84,614.40	86,715.20	88,878.40	91,104.00	93,392.00	95,721.60	98,113.60
GIS Technician Permit Technician Records & Mapping Technician	G20	Monthly	6,428.93	6,590.13	6,754.80	6,922.93	7,096.27	7,273.07	7,455.07	7,642.27	7,832.93	8,028.80	8,229.87
		Hourly	37.09	38.02	38.97	39.94	40.94	41.96	43.01	44.09	45.19	46.32	47.48
		Annually	77,147.20	79,081.60	81,057.60	83,075.20	85,155.20	87,276.80	89,460.80	91,707.20	93,995.20	96,345.60	98,758.40
Leak Detection Technician II Maintenance Worker II - Collections Maintenance Worker II - Facilities Maintenance Worker II - Streets	G21	Monthly	6,439.33	6,600.53	6,765.20	6,935.07	7,108.40	7,285.20	7,467.20	7,654.40	7,845.07	8,042.67	8,243.73
		Hourly	37.15	38.08	39.03	40.01	41.01	42.03	43.08	44.16	45.26	46.40	47.56
		Annually	77,272.00	79,206.40	81,182.40	83,220.80	85,300.80	87,422.40	89,606.40	91,852.80	94,140.80	96,512.00	98,924.80
Mechanic II	G22	Monthly	6,460.13	6,621.33	6,787.73	6,957.60	7,130.93	7,309.47	7,491.47	7,678.67	7,871.07	8,068.67	8,269.73
		Hourly	37.27	38.20	39.16	40.14	41.14	42.17	43.22	44.30	45.41	46.55	47.71
		Annually	77,521.60	79,456.00	81,452.80	83,491.20	85,571.20	87,713.60	89,897.60	92,144.00	94,452.80	96,824.00	99,236.80
Wastewater Treatment Plant Operator in Training	G22.1	Monthly	6,494.80	6,657.73	6,824.13	6,994.00	7,169.07	7,347.60	7,531.33	7,720.27	7,912.67	8,110.27	8,313.07
		Hourly	37.47	38.41	39.37	40.35	41.36	42.39	43.45	44.54	45.65	46.79	47.96
		Annually	77,937.60	79,892.80	81,889.60	83,928.00	86,028.80	88,171.20	90,376.00	92,643.20	94,952.00	97,323.20	99,756.80
Inspector II	G23	Monthly	6,565.87	6,730.53	6,898.67	7,070.27	7,247.07	7,429.07	7,614.53	7,805.20	7,999.33	8,200.40	8,404.93
		Hourly	37.88	38.83	39.80	40.79	41.81	42.86	43.93	45.03	46.15	47.31	48.49
		Annually	78,790.40	80,766.40	82,784.00	84,843.20	86,964.80	89,148.80	91,374.40	93,662.40	95,992.00	98,404.80	100,859.20

MOULTON NIGUEL WATER DISTRICT
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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
Cross Connection Inspector II	G24	Monthly	6,616.13	6,780.80	6,950.67	7,124.00	7,302.53	7,486.27	7,673.47	7,864.13	8,061.73	8,262.80	8,469.07
Recycled Water Inspector II		Hourly	38.17	39.12	40.10	41.10	42.13	43.19	44.27	45.37	46.51	47.67	48.86
		Annually	79,393.60	81,369.60	83,408.00	85,488.00	87,630.40	89,835.20	92,081.60	94,369.60	96,740.80	99,153.60	101,628.80
Water Systems Operator II	G25	Monthly	6,654.27	6,820.67	6,990.53	7,165.60	7,345.87	7,527.87	7,716.80	7,909.20	8,106.80	8,309.60	8,517.60
		Hourly	38.39	39.35	40.33	41.34	42.38	43.43	44.52	45.63	46.77	47.94	49.14
		Annually	79,851.20	81,848.00	83,886.40	85,987.20	88,150.40	90,334.40	92,601.60	94,910.40	97,281.60	99,715.20	102,211.20
	G26	Monthly	6,725.33	6,893.47	7,065.07	7,241.87	7,423.87	7,609.33	7,800.00	7,994.13	8,193.47	8,399.73	8,609.47
		Hourly	38.80	39.77	40.76	41.78	42.83	43.90	45.00	46.12	47.27	48.46	49.67
		Annually	80,704.00	82,721.60	84,780.80	86,902.40	89,086.40	91,312.00	93,600.00	95,929.60	98,321.60	100,796.80	103,313.60
Electrical/Instrumentation Technician I	G26.1	Monthly	6,770.40	6,940.27	7,113.60	7,290.40	7,472.40	7,659.60	7,852.00	8,047.87	8,248.93	8,455.20	8,666.67
		Hourly	39.06	40.04	41.04	42.06	43.11	44.19	45.30	46.43	47.59	48.78	50.00
		Annually	81,244.80	83,283.20	85,363.20	87,484.80	89,668.80	91,915.20	94,224.00	96,574.40	98,987.20	101,462.40	104,000.00
	G27	Monthly	6,822.40	6,992.27	7,167.33	7,347.60	7,531.33	7,718.53	7,912.67	8,110.27	8,313.07	8,521.07	8,732.53
		Hourly	39.36	40.34	41.35	42.39	43.45	44.53	45.65	46.79	47.96	49.16	50.38
		Annually	81,868.80	83,907.20	86,008.00	88,171.20	90,376.00	92,622.40	94,952.00	97,323.20	99,756.80	102,252.80	104,790.40
	G28	Monthly	6,838.00	7,009.60	7,184.67	7,363.20	7,548.67	7,735.87	7,930.00	8,127.60	8,332.13	8,540.13	8,753.33
		Hourly	39.45	40.44	41.45	42.48	43.55	44.63	45.75	46.89	48.07	49.27	50.50
		Annually	82,056.00	84,115.20	86,216.00	88,358.40	90,584.00	92,830.40	95,160.00	97,531.20	99,985.60	102,481.60	105,040.00
Buyer	G29	Monthly	7,049.47	7,226.27	7,406.53	7,592.00	7,780.93	7,975.07	8,174.40	8,378.93	8,588.67	8,803.60	9,023.73
		Hourly	40.67	41.69	42.73	43.80	44.89	46.01	47.16	48.34	49.55	50.79	52.06
		Annually	84,593.60	86,715.20	88,878.40	91,104.00	93,371.20	95,700.80	98,092.80	100,547.20	103,064.00	105,643.20	108,284.80
	G30	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
Accountant Records & Mapping Analyst Senior Customer Account Representative Senior Customer Service Field Technician Senior Water Efficiency Representative	G31	Monthly	7,132.67	7,311.20	7,493.20	7,680.40	7,872.80	8,070.40	8,271.47	8,477.73	8,690.93	8,907.60	9,131.20
		Hourly	41.15	42.18	43.23	44.31	45.42	46.56	47.72	48.91	50.14	51.39	52.68
		Annually	85,592.00	87,734.40	89,918.40	92,164.80	94,473.60	96,844.80	99,257.60	101,732.80	104,291.20	106,891.20	109,574.40
Facilities Coordinator Leak Detection Technician III Maintenance Worker III - Collections Maintenance Worker III - Facilities Maintenance Worker III - Streets	G32	Monthly	7,247.07	7,429.07	7,614.53	7,803.47	7,999.33	8,198.67	8,404.93	8,614.67	8,829.60	9,049.73	9,276.80
		Hourly	41.81	42.86	43.93	45.02	46.15	47.30	48.49	49.70	50.94	52.21	53.52
		Annually	86,964.80	89,148.80	91,374.40	93,641.60	95,992.00	98,384.00	100,859.20	103,376.00	105,955.20	108,596.80	111,321.60
Mechanic III	G33	Monthly	7,267.87	7,449.87	7,635.33	7,826.00	8,021.87	8,222.93	8,429.20	8,638.93	8,855.60	9,075.73	9,302.80
		Hourly	41.93	42.98	44.05	45.15	46.28	47.44	48.63	49.84	51.09	52.36	53.67
		Annually	87,214.40	89,398.40	91,624.00	93,912.00	96,262.40	98,675.20	101,150.40	103,667.20	106,267.20	108,908.80	111,633.60
Wastewater Treatment Plant Operator I	G33.1	Monthly	7,306.00	7,488.00	7,675.20	7,867.60	8,065.20	8,266.27	8,472.53	8,684.00	8,902.40	9,124.27	9,353.07
		Hourly	42.15	43.20	44.28	45.39	46.53	47.69	48.88	50.10	51.36	52.64	53.96
		Annually	87,672.00	89,856.00	92,102.40	94,411.20	96,782.40	99,195.20	101,670.40	104,208.00	106,828.80	109,491.20	112,236.80

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Cross Connection Inspector III	G34	Monthly	7,387.47	7,572.93	7,761.87	7,956.00	8,153.60	8,358.13	8,567.87	8,781.07	9,001.20	9,226.53	9,457.07
Inspector III		Hourly	42.62	43.69	44.78	45.90	47.04	48.22	49.43	50.66	51.93	53.23	54.56
Recycled Water Inspector III		Annually	88,649.60	90,875.20	93,142.40	95,472.00	97,843.20	100,297.60	102,814.40	105,372.80	108,014.40	110,718.40	113,484.80
Water Systems Operator III	G35	Monthly	7,489.73	7,676.93	7,869.33	8,065.20	8,268.00	8,474.27	8,685.73	8,902.40	9,126.00	9,353.07	9,587.07
		Hourly	43.21	44.29	45.40	46.53	47.70	48.89	50.11	51.36	52.65	53.96	55.31
		Annually	89,876.80	92,123.20	94,432.00	96,782.40	99,216.00	101,691.20	104,228.80	106,828.80	109,512.00	112,236.80	115,044.80
Electrical/Instrumentation Technician II	G36	Monthly	7,619.73	7,810.40	8,006.27	8,205.60	8,410.13	8,621.60	8,836.53	9,056.67	9,283.73	9,516.00	9,753.47
		Hourly	43.96	45.06	46.19	47.34	48.52	49.74	50.98	52.25	53.56	54.90	56.27
		Annually	91,436.80	93,724.80	96,075.20	98,467.20	100,921.60	103,459.20	106,038.40	108,680.00	111,404.80	114,192.00	117,041.60
	G37	Monthly	7,678.67	7,871.07	8,066.93	8,269.73	8,476.00	8,687.47	8,904.13	9,127.73	9,356.53	9,588.80	9,829.73
		Hourly	44.30	45.41	46.54	47.71	48.90	50.12	51.37	52.66	53.98	55.32	56.71
		Annually	92,144.00	94,452.80	96,803.20	99,236.80	101,712.00	104,249.60	106,849.60	109,532.80	112,278.40	115,065.60	117,956.80
	G38	Monthly	7,694.27	7,886.67	8,084.27	8,285.33	8,493.33	8,704.80	8,923.20	9,146.80	9,373.87	9,609.60	9,848.80
		Hourly	44.39	45.50	46.64	47.80	49.00	50.22	51.48	52.77	54.08	55.44	56.82
		Annually	92,331.20	94,640.00	97,011.20	99,424.00	101,920.00	104,457.60	107,078.40	109,761.60	112,486.40	115,315.20	118,185.60
GIS Analyst	G39	Monthly	8,136.27	8,339.07	8,548.80	8,762.00	8,980.40	9,205.73	9,436.27	9,672.00	9,912.93	10,160.80	10,415.60
Senior Accountant		Hourly	46.94	48.11	49.32	50.55	51.81	53.11	54.44	55.80	57.19	58.62	60.09
Water Efficiency Analyst		Annually	97,635.20	100,068.80	102,585.60	105,144.00	107,764.80	110,468.80	113,235.20	116,064.00	118,955.20	121,929.60	124,987.20
Senior Leak Detection Technician	G40	Monthly	8,153.60	8,358.13	8,566.13	8,781.07	8,999.47	9,224.80	9,455.33	9,692.80	9,933.73	10,183.33	10,438.13
Senior Maintenance Worker - Collections		Hourly	47.04	48.22	49.42	50.66	51.92	53.22	54.55	55.92	57.31	58.75	60.22
Senior Maintenance Worker - Facilities		Annually	97,843.20	100,297.60	102,793.60	105,372.80	107,993.60	110,697.60	113,464.00	116,313.60	119,204.80	122,200.00	125,257.60
Senior Mechanic	G41	Monthly	8,172.67	8,377.20	8,586.93	8,801.87	9,020.27	9,247.33	9,477.87	9,715.33	9,958.00	10,205.87	10,462.40
		Hourly	47.15	48.33	49.54	50.78	52.04	53.35	54.68	56.05	57.45	58.88	60.36
		Annually	98,072.00	100,526.40	103,043.20	105,622.40	108,243.20	110,968.00	113,734.40	116,584.00	119,496.00	122,470.40	125,548.80
Wastewater Treatment Plant Operator II	G41.1	Monthly	8,217.73	8,424.00	8,633.73	8,850.40	9,070.53	9,297.60	9,529.87	9,769.07	10,011.73	10,263.07	10,519.60
		Hourly	47.41	48.60	49.81	51.06	52.33	53.64	54.98	56.36	57.76	59.21	60.69
		Annually	98,612.80	101,088.00	103,604.80	106,204.80	108,846.40	111,571.20	114,358.40	117,228.80	120,140.80	123,156.80	126,235.20
Senior Cross Connection Inspector	G42	Monthly	8,309.60	8,517.60	8,730.80	8,949.20	9,172.80	9,401.60	9,637.33	9,878.27	10,124.40	10,377.47	10,637.47
Senior Inspector		Hourly	47.94	49.14	50.37	51.63	52.92	54.24	55.60	56.99	58.41	59.87	61.37
Senior Recycled Water Inspector		Annually	99,715.20	102,211.20	104,769.60	107,390.40	110,073.60	112,819.20	115,648.00	118,539.20	121,492.80	124,529.60	127,649.60
	G43	Monthly	8,332.13	8,540.13	8,753.33	8,973.47	9,197.07	9,427.60	9,663.33	9,904.27	10,152.13	10,405.20	10,665.20
		Hourly	48.07	49.27	50.50	51.77	53.06	54.39	55.75	57.14	58.57	60.03	61.53
		Annually	99,985.60	102,481.60	105,040.00	107,681.60	110,364.80	113,131.20	115,960.00	118,851.20	121,825.60	124,862.40	127,982.40
Information Systems Analyst I	G44	Monthly	8,408.40	8,618.13	8,834.80	9,054.93	9,282.00	9,512.53	9,751.73	9,994.40	10,244.00	10,500.53	10,764.00
		Hourly	48.51	49.72	50.97	52.24	53.55	54.88	56.26	57.66	59.10	60.58	62.10
		Annually	100,900.80	103,417.60	106,017.60	108,659.20	111,384.00	114,150.40	117,020.80	119,932.80	122,928.00	126,006.40	129,168.00

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Senior Water Systems Operator	G45	Monthly	8,424.00	8,635.47	8,850.40	9,072.27	9,299.33	9,531.60	9,769.07	10,013.47	10,263.07	10,519.60	10,783.07
		Hourly	48.60	49.82	51.06	52.34	53.65	54.99	56.36	57.77	59.21	60.69	62.21
		Annually	101,088.00	103,625.60	106,204.80	108,867.20	111,592.00	114,379.20	117,228.80	120,161.60	123,156.80	126,235.20	129,396.80
	G46	Monthly	8,566.13	8,781.07	8,999.47	9,224.80	9,455.33	9,691.07	9,933.73	10,181.60	10,436.40	10,698.13	10,965.07
		Hourly	49.42	50.66	51.92	53.22	54.55	55.91	57.31	58.74	60.21	61.72	63.26
		Annually	102,793.60	105,372.80	107,993.60	110,697.60	113,464.00	116,292.80	119,204.80	122,179.20	125,236.80	128,377.60	131,580.80
Electrical/Instrumentation Technician III	G46.1	Monthly	8,569.60	8,784.53	9,002.93	9,228.27	9,458.80	9,696.27	9,938.93	10,186.80	10,441.60	10,701.60	10,970.27
		Hourly	49.44	50.68	51.94	53.24	54.57	55.94	57.34	58.77	60.24	61.74	63.29
		Annually	102,835.20	105,414.40	108,035.20	110,739.20	113,505.60	116,355.20	119,267.20	122,241.60	125,299.20	128,419.20	131,643.20
Purchasing Agent	G47	Monthly	8,805.33	9,025.47	9,250.80	9,483.07	9,718.80	9,963.20	10,211.07	10,467.60	10,727.60	10,996.27	11,271.87
		Hourly	50.80	52.07	53.37	54.71	56.07	57.48	58.91	60.39	61.89	63.44	65.03
		Annually	105,664.00	108,305.60	111,009.60	113,796.80	116,625.60	119,558.40	122,532.80	125,611.20	128,731.20	131,955.20	135,262.40
Senior GIS Analyst Senior Wastewater Treatment Plant Operator	G47.1	Monthly	9,247.33	9,477.87	9,715.33	9,958.00	10,207.60	10,462.40	10,724.13	10,992.80	11,266.67	11,549.20	11,836.93
		Hourly	53.35	54.68	56.05	57.45	58.89	60.36	61.87	63.42	65.00	66.63	68.29
		Annually	110,968.00	113,734.40	116,584.00	119,496.00	122,491.20	125,548.80	128,689.60	131,913.60	135,200.00	138,590.40	142,043.20
Information Systems Analyst II	G48	Monthly	9,457.07	9,692.80	9,935.47	10,185.07	10,438.13	10,699.87	10,966.80	11,240.67	11,523.20	11,810.93	12,105.60
		Hourly	54.56	55.92	57.32	58.76	60.22	61.73	63.27	64.85	66.48	68.14	69.84
		Annually	113,484.80	116,313.60	119,225.60	122,220.80	125,257.60	128,398.40	131,601.60	134,888.00	138,278.40	141,731.20	145,267.20
Senior Electrical/Instrumentation Technician	G48.1	Monthly	9,640.80	9,881.73	10,129.60	10,382.67	10,640.93	10,907.87	11,180.00	11,459.07	11,746.80	12,039.73	12,341.33
		Hourly	55.62	57.01	58.44	59.90	61.39	62.93	64.50	66.11	67.77	69.46	71.20
		Annually	115,689.60	118,580.80	121,555.20	124,592.00	127,691.20	130,894.40	134,160.00	137,508.80	140,961.60	144,476.80	148,096.00
	G49	Monthly	10,640.93	10,906.13	11,180.00	11,459.07	11,745.07	12,039.73	12,339.60	12,648.13	12,965.33	13,289.47	13,620.53
		Hourly	61.39	62.92	64.50	66.11	67.76	69.46	71.19	72.97	74.80	76.67	78.58
		Annually	127,691.20	130,873.60	134,160.00	137,508.80	140,940.80	144,476.80	148,075.20	151,777.60	155,584.00	159,473.60	163,446.40

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 29, 2024
SUPERVISORY UNIT**

JOB CLASSIFICATION	RANGE
Accounting Supervisor	SU1
Collection System Supervisor	SU1
Cross Connection Supervisor	SU1
Customer Account Supervisor	SU1
Customer Service Field Supervisor	SU1
Electrical/Instrumentation Supervisor	SU2
Inspection Supervisor	SU1
Station Maintenance Supervisor	SU1
Street Crew Supervisor	SU1
Support Services Supervisor	SU1
Wastewater Treatment Plant Supervisor	SU2
Water Distribution Supervisor	SU2
Water Efficiency Supervisor	SU1

MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 29, 2024
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	
Accounting Supervisor	SU1	Monthly	9,680.67	9,923.33	10,171.20	10,424.27	10,686.00	10,952.93	11,226.80	11,507.60	11,795.33	12,090.00	12,391.60	
Collection System Supervisor														
Cross Connection Supervisor														
Customer Account Supervisor		Hourly	55.85	57.25	58.68	60.14	61.65	63.19	64.77	66.39	68.05	69.75	71.49	
Customer Service Field Supervisor														
Inspection Supervisor														
Station Maintenance Supervisor														
Street Crew Supervisor														
Support Services Supervisor														
Water Efficiency Supervisor		Annually	116,168.00	119,080.00	122,054.40	125,091.20	128,232.00	131,435.20	134,721.60	138,091.20	141,544.00	145,080.00	148,699.20	
Electrical/Instrumentation Supervisor	SU2	Monthly	10,847.20	11,117.60	11,396.67	11,680.93	11,973.87	12,272.00	12,578.80	12,894.27	13,216.67	13,546.00	13,885.73	
Water Distribution Supervisor		Hourly	62.58	64.14	65.75	67.39	69.08	70.80	72.57	74.39	76.25	78.15	80.11	
Wastewater Treatment Plant Supervisor		Annually	130,166.40	133,411.20	136,760.00	140,171.20	143,686.40	147,264.00	150,945.60	154,731.20	158,600.00	162,552.00	166,628.80	

MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 29, 2024
EXEMPT EMPLOYEES

JOB CLASSIFICATION	RANGE
Accounting Manager	E6
Administrative Analyst	E1
Administrative Services Manager	E13
Assistant Director of Construction	E15
Assistant Director of Engineering	E15.1
Assistant Director of Operations	E15
Assistant Director of Water Reuse	E15
Board Secretary/Executive Assistant	E4.1
Business Systems Manager	E11
Communications Coordinator	E4.1
Communications Manager	E11
Computerized Maintenance Management System (CMMS) Administrator	E5
Construction Administrator	E5
Contracts Analyst	E2
Controller	E16
Customer Accounts Manager	E11
Customer Engagement Coordinator	E3
Deputy General Manager	E17
Development Services Specialist	E1
Director of Engineering	E16
Director of Financial Planning & Innovation	E16
Director of Human Resources	E16
Director of Infrastructure & Reuse	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
Principal Accountant	E4
Principal Engineer	E13

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 29, 2024
EXEMPT EMPLOYEES**

JOB CLASSIFICATION	RANGE
Procurement & Risk Manager	E11
Regulatory Compliance Coordinator	E5
Regulatory Compliance Manager	E11
Reuse Operations Eng. Manager	E15
Safety & Emergency Manager	E11
Senior Administrative Analyst	E3
Senior Communications Coordinator	E5
Senior Construction Analyst	E4
Senior Contracts Analyst	E4
Senior Customer Engagement Coordinator	E5
Senior Engineer	E8
Senior Financial Data Analyst	E4
Senior Human Resources Analyst	E3
Senior Operations Analyst	E4
Senior Water Efficiency Specialist	E3
Senior Water Resources Analyst	E4
Senior Water Resources Planner	E8
Superintendent of Engineering	E12
Superintendent of Operations	E12
Sustainable Resources Officer	E15.1
Superintendent of Wastewater Operations	E12
Water Efficiency Manager	E11
Water Efficiency Specialist	E1
Water Resources Analyst	E2
Water Resources Manager	E11

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 29, 2024
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 Water Efficiency Specialist	E1	Monthly	7,384.00	7,531.33	7,682.13	7,836.40	7,992.40	8,151.87	8,314.80	8,481.20	8,651.07	8,824.40	9,001.20	9,181.47	9,365.20	9,552.40	9,743.07	9,937.20
Hourly		42.60	43.45	44.32	45.21	46.11	47.03	47.97	48.93	49.91	50.91	51.93	52.97	54.03	55.11	56.21	57.33	
Annually		88,608.00	90,376.00	92,185.60	94,036.80	95,908.80	97,822.40	99,777.60	101,774.40	103,812.80	105,892.80	108,014.40	110,177.60	112,382.40	114,628.80	116,916.80	119,246.40	
Contracts Analyst Financial Data Analyst Water Resources Analyst	E2	Monthly	7,891.87	8,049.60	8,210.80	8,375.47	8,541.87	8,713.47	8,886.80	9,065.33	9,247.33	9,431.07	9,620.00	9,812.40	10,008.27	10,209.33	10,413.87	10,621.87
Hourly		45.53	46.44	47.37	48.32	49.28	50.27	51.27	52.30	53.35	54.41	55.50	56.61	57.74	58.90	60.08	61.28	
Annually		94,702.40	96,595.20	98,529.60	100,505.60	102,502.40	104,561.60	106,641.60	108,784.00	110,968.00	113,172.80	115,440.00	117,748.80	120,099.20	122,512.00	124,966.40	127,462.40	
Customer Engagement Coordinator Sr. Administrative Analyst Sr. Human Resources Analyst Sr. Water Efficiency Specialist	E3	Monthly	8,897.20	9,075.73	9,256.00	9,441.47	9,630.40	9,822.80	10,020.40	10,219.73	10,424.27	10,632.27	10,845.47	11,062.13	11,284.00	11,509.33	11,739.87	11,973.87
Hourly		51.33	52.36	53.40	54.47	55.56	56.67	57.81	58.96	60.14	61.34	62.57	63.82	65.10	66.40	67.73	69.08	
Annually		106,766.40	108,908.80	111,072.00	113,297.60	115,564.80	117,873.60	120,244.80	122,636.80	125,091.20	127,587.20	130,145.60	132,745.60	135,408.00	138,112.00	140,878.40	143,686.40	
Principal Accountant Sr. Construction Analyst Sr. Contracts Analyst Sr. Financial Data Analyst Sr. Operations Analyst Sr. Water Resources Analyst	E4	Monthly	9,176.27	9,360.00	9,547.20	9,737.87	9,932.00	10,131.33	10,334.13	10,540.40	10,751.87	10,966.80	11,185.20	11,408.80	11,637.60	11,869.87	12,107.33	12,350.00
Hourly		52.94	54.00	55.08	56.18	57.30	58.45	59.62	60.81	62.03	63.27	64.53	65.82	67.14	68.48	69.85	71.25	
Annually		110,115.20	112,320.00	114,566.40	116,854.40	119,184.00	121,576.00	124,009.60	126,484.80	129,022.40	131,601.60	134,222.40	136,905.60	139,651.20	142,438.40	145,288.00	148,200.00	
Board Secretary/Executive Assistant Communications Coordinator Marketing & Social Media Coordinator	E4.1	Monthly	10,046.40	10,247.47	10,452.00	10,661.73	10,874.93	11,091.60	11,313.47	11,540.53	11,771.07	12,006.80	12,246.00	12,492.13	12,741.73	12,996.53	13,256.53	13,521.73
Hourly		57.96	59.12	60.30	61.51	62.74	63.99	65.27	66.58	67.91	69.27	70.65	72.07	73.51	74.98	76.48	78.01	
Annually		120,556.80	122,969.60	125,424.00	127,940.80	130,499.20	133,099.20	135,761.60	138,486.40	141,252.80	144,081.60	146,952.00	149,905.60	152,900.80	155,958.40	159,078.40	162,260.80	
CMMS Administrator Construction Administrator GIS Administrator Information Systems Administrator Regulatory Compliance Coordinator Sr. Communications Coordinator Sr. Customer Engagement Coordinator	E5	Monthly	10,956.40	11,174.80	11,398.40	11,627.20	11,859.47	12,096.93	12,337.87	12,585.73	12,837.07	13,093.60	13,355.33	13,622.27	13,896.13	14,173.47	14,456.00	14,745.47
Hourly		63.21	64.47	65.76	67.08	68.42	69.79	71.18	72.61	74.06	75.54	77.05	78.59	80.17	81.77	83.40	85.07	
Annually		131,476.80	134,097.60	136,780.80	139,526.40	142,313.60	145,163.20	148,054.40	151,028.80	154,044.80	157,123.20	160,264.00	163,467.20	166,753.60	170,081.60	173,472.00	176,945.60	
Accounting Manager Human Resources Manager Information Systems Manager	E6	Monthly	11,382.80	11,609.87	11,842.13	12,079.60	12,320.53	12,566.67	12,819.73	13,074.53	13,336.27	13,603.20	13,875.33	14,152.67	14,436.93	14,724.67	15,019.33	15,319.20
Hourly		65.67	66.98	68.32	69.69	71.08	72.50	73.96	75.43	76.94	78.48	80.05	81.65	83.29	84.95	86.65	88.38	
Annually		136,593.60	139,318.40	142,105.60	144,955.20	147,846.40	150,800.00	153,836.80	156,894.40	160,035.20	163,238.40	166,504.00	169,832.00	173,243.20	176,696.00	180,232.00	183,830.40	
	E6.1	Monthly	10,663.47	10,876.67	11,095.07	11,316.93	11,542.27	11,772.80	12,008.53	12,249.47	12,493.87	12,743.47	12,998.27	13,258.27	13,523.47	13,793.87	14,069.47	14,352.00
		Hourly	61.52	62.75	64.01	65.29	66.59	67.92	69.28	70.67	72.08	73.52	74.99	76.49	78.02	79.58	81.17	82.80
		Annually	127,961.60	130,520.00	133,140.80	135,803.20	138,507.20	141,273.60	144,102.40	146,993.60	149,926.40	152,921.60	155,979.20	159,099.20	162,281.60	165,526.40	168,833.60	172,224.00

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 29, 2024
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
	E7	Monthly	11,682.67	11,916.67	12,154.13	12,398.53	12,646.40	12,899.47	13,156.00	13,419.47	13,688.13	13,962.00	14,241.07	14,525.33	14,816.53	15,112.93	15,414.53	15,723.07
		Hourly	67.40	68.75	70.12	71.53	72.96	74.42	75.90	77.42	78.97	80.55	82.16	83.80	85.48	87.19	88.93	90.71
		Annually	140,192.00	143,000.00	145,849.60	148,782.40	151,756.80	154,793.60	157,872.00	161,033.60	164,257.60	167,544.00	170,892.80	174,304.00	177,798.40	181,355.20	184,974.40	188,676.80
Senior Engineer Senior Water Resources Planner	E8	Monthly	11,790.13	12,025.87	12,266.80	12,511.20	12,762.53	13,017.33	13,277.33	13,542.53	13,814.67	14,090.27	14,372.80	14,658.80	14,953.47	15,251.60	15,556.67	15,868.67
		Hourly	68.02	69.38	70.77	72.18	73.63	75.10	76.60	78.13	79.70	81.29	82.92	84.57	86.27	87.99	89.75	91.55
		Annually	141,481.60	144,310.40	147,201.60	150,134.40	153,150.40	156,208.00	159,328.00	162,510.40	165,776.00	169,083.20	172,473.60	175,905.60	179,441.60	183,019.20	186,680.00	190,424.00
	E9	Monthly	12,190.53	12,434.93	12,682.80	12,935.87	13,195.87	13,459.33	13,728.00	14,003.60	14,282.67	14,568.67	14,859.87	15,158.00	15,461.33	15,769.87	16,085.33	16,406.00
		Hourly	70.33	71.74	73.17	74.63	76.13	77.65	79.20	80.79	82.40	84.05	85.73	87.45	89.20	90.98	92.80	94.65
		Annually	146,286.40	149,219.20	152,193.60	155,230.40	158,350.40	161,512.00	164,736.00	168,043.20	171,392.00	174,824.00	178,318.40	181,896.00	185,536.00	189,238.40	193,024.00	196,872.00
	E10	Monthly	12,214.80	12,459.20	12,708.80	12,961.87	13,221.87	13,485.33	13,755.73	14,031.33	14,312.13	14,598.13	14,889.33	15,187.47	15,490.80	15,801.07	16,116.53	16,438.93
		Hourly	70.47	71.88	73.32	74.78	76.28	77.80	79.36	80.95	82.57	84.22	85.90	87.62	89.37	91.16	92.98	94.84
		Annually	146,577.60	149,510.40	152,505.60	155,542.40	158,662.40	161,824.00	165,068.80	168,376.00	171,745.60	175,177.60	178,672.00	182,249.60	185,889.60	189,612.80	193,398.40	197,267.20
Business Systems Manager Communications Manager Customer Accounts Manager Financial Planning Manager Procurement & Risk Manager Regulatory Compliance Manager Safety & Emergency Manager Water Efficiency Manager Water Resources Manager	E11	Monthly	12,254.67	12,499.07	12,750.40	13,005.20	13,265.20	13,530.40	13,800.80	14,076.40	14,358.93	14,644.93	14,937.87	15,237.73	15,541.07	15,853.07	16,170.27	16,492.67
		Hourly	70.70	72.11	73.56	75.03	76.53	78.06	79.62	81.21	82.84	84.49	86.18	87.91	89.66	91.46	93.29	95.15
		Annually	147,056.00	149,988.80	153,004.80	156,062.40	159,182.40	162,364.80	165,609.60	168,916.80	172,307.20	175,739.20	179,254.40	182,852.80	186,492.80	190,236.80	194,043.20	197,912.00
Superintendent of Engineering Superintendent of Operations Superintendent of Wastewater Operations	E12	Monthly	12,512.93	12,762.53	13,019.07	13,279.07	13,544.27	13,814.67	14,092.00	14,372.80	14,660.53	14,953.47	15,253.33	15,558.40	15,868.67	16,187.60	16,510.00	16,841.07
		Hourly	72.19	73.63	75.11	76.61	78.14	79.70	81.30	82.92	84.58	86.27	88.00	89.76	91.55	93.39	95.25	97.16
		Annually	150,155.20	153,150.40	156,228.80	159,348.80	162,531.20	165,776.00	169,104.00	172,473.60	175,926.40	179,441.60	183,040.00	186,700.80	190,424.00	194,251.20	198,120.00	202,092.80
Principal Engineer	E13	Monthly	13,124.80	13,386.53	13,655.20	13,927.33	14,206.40	14,490.67	14,780.13	15,076.53	15,378.13	15,684.93	15,998.67	16,319.33	16,645.20	16,978.00	17,317.73	17,664.40
		Hourly	75.72	77.23	78.78	80.35	81.96	83.60	85.27	86.98	88.72	90.49	92.30	94.15	96.03	97.95	99.91	101.91
		Annually	157,497.60	160,638.40	163,862.40	167,128.00	170,476.80	173,888.00	177,361.60	180,918.40	184,537.60	188,219.20	191,984.00	195,832.00	199,742.40	203,736.00	207,812.80	211,972.80
	E14	Monthly	13,351.87	13,618.80	13,890.93	14,168.27	14,452.53	14,742.00	15,036.67	15,336.53	15,643.33	15,957.07	16,276.00	16,601.87	16,932.93	17,272.67	17,617.60	17,969.47
		Hourly	77.03	78.57	80.14	81.74	83.38	85.05	86.75	88.48	90.25	92.06	93.90	95.78	97.69	99.65	101.64	103.67
		Annually	160,222.40	163,425.60	166,691.20	170,019.20	173,430.40	176,904.00	180,440.00	184,038.40	187,720.00	191,484.80	195,312.00	199,222.40	203,195.20	207,272.00	211,411.20	215,633.60

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 29, 2024
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
Assistant Director of Operations Engineering Manager Information Systems Officer	E15	Monthly	14,140.53	14,423.07	14,712.53	15,005.47	15,305.33	15,612.13	15,924.13	16,243.07	16,567.20	16,900.00	17,238.00	17,581.20	17,933.07	18,291.87	18,657.60	19,032.00
		Hourly	81.58	83.21	84.88	86.57	88.30	90.07	91.87	93.71	95.58	97.50	99.45	101.43	103.46	105.53	107.64	109.80
		Annually	169,686.40	173,076.80	176,550.40	180,065.60	183,664.00	187,345.60	191,089.60	194,916.80	198,806.40	202,800.00	206,856.00	210,974.40	215,196.80	219,502.40	223,891.20	228,384.00
Assistant Director of Engineering Government Affairs Officer	E15.1	Monthly	15,086.93	15,388.53	15,697.07	16,010.80	16,329.73	16,657.33	16,990.13	17,329.87	17,676.53	18,030.13	18,390.67	18,758.13	19,134.27	19,517.33	19,907.33	20,304.27
		Hourly	87.04	88.78	90.56	92.37	94.21	96.10	98.02	99.98	101.98	104.02	106.10	108.22	110.39	112.60	114.85	117.14
		Annually	181,043.20	184,662.40	188,364.80	192,129.60	195,956.80	199,888.00	203,881.60	207,958.40	212,118.40	216,361.60	220,688.00	225,097.60	229,611.20	234,208.00	238,888.00	243,651.20
Controller Director of Engineering Director of Financial Planning & Innovation Director of Human Resources Director of Operations	E16	Monthly	16,099.20	16,421.60	16,749.20	17,083.73	17,426.93	17,775.33	18,130.67	18,492.93	18,862.13	19,240.00	19,624.80	20,016.53	20,416.93	20,826.00	21,242.00	21,666.67
		Hourly	92.88	94.74	96.63	98.56	100.54	102.55	104.60	106.69	108.82	111.00	113.22	115.48	117.79	120.15	122.55	125.00
		Annually	193,190.40	197,059.20	200,990.40	205,004.80	209,123.20	213,304.00	217,568.00	221,915.20	226,345.60	230,880.00	235,497.60	240,198.40	245,003.20	249,912.00	254,904.00	260,000.00
Deputy General Manager	E17	Monthly	17,321.20	17,667.87	18,021.47	18,382.00	18,749.47	19,123.87	19,506.93	19,896.93	20,293.87	20,701.20	21,113.73	21,536.67	21,968.27	22,406.80	22,855.73	23,311.60
		Hourly	99.93	101.93	103.97	106.05	108.17	110.33	112.54	114.79	117.08	119.43	121.81	124.25	126.74	129.27	131.86	134.49
		Annually	207,854.40	212,014.40	216,257.60	220,584.00	224,993.60	229,486.40	234,083.20	238,763.20	243,526.40	248,414.40	253,364.80	258,440.00	263,619.20	268,881.60	274,268.80	279,739.20
	E18	Monthly	19,430.67	19,818.93	20,215.87	20,619.73	21,032.27	21,453.47	21,881.60	22,320.13	22,765.60	23,221.47	23,686.00	24,159.20	24,642.80	25,135.07	25,637.73	26,150.80
		Hourly	112.10	114.34	116.63	118.96	121.34	123.77	126.24	128.77	131.34	133.97	136.65	139.38	142.17	145.01	147.91	150.87
		Annually	233,168.00	237,827.20	242,590.40	247,436.80	252,387.20	257,441.60	262,579.20	267,841.60	273,187.20	278,657.60	284,232.00	289,910.40	295,713.60	301,620.80	307,652.80	313,809.60

**MOULTON NIGUEL WATER DISTRICT
JOB CLASSIFICATION SALARY SCHEDULE - JUNE 29, 2024
GENERAL MANAGER**

JOB CLASSIFICATION	RANGE
General Manager	\$360,601.00
Assistant General Manager	\$320,000.00

Appendix B: Budget Resolution

RESOLUTION NO. 24-05

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 2024-25

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 2024-25 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 13, 2024 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 2024-25 Budget," is hereby made part of this Resolution.

SECTION 2. Said Operations and Maintenance Budget and Capital Improvement Budget is hereby adopted for the Fiscal Year beginning July 1, 2024, and ending June 30, 2025, 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, Deputy General Managers 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, Deputy General Managers 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 \$62,326,675 to be spent on capital projects.
 2. The maximum amount which may be transferred by the General Manager between and among Funds 7, 12, and 14 shall be \$62,326,675.
 3. The maximum amount which may be transferred by the General Manager from the Capacity Fee Fund 15 to Fund 7 shall be \$173,002 to be spent on the identified projects in Table 1.

Table 1.

Description	FY 2024-25 Budget
CROWN VALLEY PARKWAY TRANSMISSION MAIN	\$3,000,000
REGIONAL LIFT STATION FORCE MAIN REPLACEMENT	\$5,000,000
RESERVOIR MANAGEMENT SYSTEM REPLACEMENT PHASE 4	\$5,000,000
Total	\$13,000,000

4. The maximum amount which may be transferred by the General Manager from Fund 1 to Funds 12, 73 and 74 shall be \$10,490,481 to be spent on debt service payments.
5. The maximum amount which may be transferred by the General Manager from Fund 1 to Fund 4 shall be \$100,000 to be spent on insurance deductibles and claims.

6. The maximum amount which may be transferred by the General Manager from Fund 1 to Fund 52 shall be \$211,273 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 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.

SECTION 5. All appropriations for the Capital Improvement Projects remaining unexpended on June 30, 2024, are hereby appropriated for such Capital Projects for the 2024-25 Fiscal Year.

SECTION 6. All appropriations and outstanding encumbrances for non-Capital Projects as of June 30, 2024, expire as of said date.

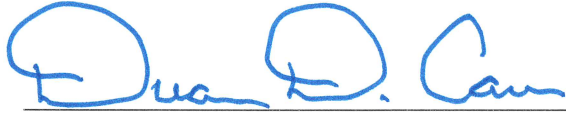
SECTION 7. The Board of Directors does hereby approve and adopt the General Manager, Assistant General Manager, General Unit, Supervisory Unit and Exempt Employees' Job Classification Salary Schedules effective June 29, 2024, for Fiscal Year 2024-25.

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 13th day of June, 2024.

MOULTON NIGUEL WATER DISTRICT

A handwritten signature in blue ink, appearing to read "Duane D. Cam", written over a horizontal line.

President

MOULTON NIGUEL WATER DISTRICT
and of the Board of Directors thereof

A handwritten signature in blue ink, appearing to read "Paige Gullett", written over a horizontal line.

Secretary

MOULTON NIGUEL WATER DISTRICT
and of the Board of Directors thereof

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, PAIGE GULCK, Secretary of the Board of Directors of the MOULTON
NIGUEL WATER DISTRICT, do hereby certify that the foregoing Resolution was duly
adopted by the Board of Directors of said District at a regular meeting of said Board held
on the 13th day of June, 2024 that it was so adopted by the following vote:

AYES: CAVE, FIORE, FROELICH, MOORHEAD, PROBOLSKY,
RIFKIN, WANNINGER

NOES:

ABSTAIN:

ABSENT:



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

Appendix C: GANN Appropriation Limit Resolution

RESOLUTION NO. 24-04

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT
APPROVING ITS APPROPRIATIONS LIMIT FOR FISCAL YEAR 2024-25 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 2024-25; and

WHEREAS, the Board of Directors desires to establish an Appropriations Limit for Fiscal Year 2024-25 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 Appropriations Limit for said Fiscal Year 2024-25 in connection with the Board of Directors' consideration of the proposed Budget;

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

Section 1. That an Appropriations Limit of **\$10,814,259** be and the same hereby is established as the limit to which funds derived from proceeds of taxes may be appropriated for general purposes during the Fiscal Year 2024-25.

Section 3. 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 13th day of June, 2024.

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, PAIGE GULCK, Secretary of the Board of Directors of the MOULTON
NIGUEL WATER DISTRICT, do hereby certify that the foregoing Resolution was duly
adopted by the Board of Directors of said District at a regular meeting of said Board held
on the 13th day of June, 2024 that it was so adopted by the following vote:

AYES: CAVE, FIORE, FROELICH, MOORHEAD, PROBOLSKY,
RIFKIN, WANNINGER

NOES:

ABSTAIN:

ABSENT:



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

Appendix D: 10-Year CIP Schedule & Project Description

APPENDIX D
FY 2024-25 | 10-YEAR CAPITAL IMPROVEMENT PROGRAM

PROJECT NO.	FUND	PROJECT NAME	PROJECT STATUS/ PRIORITY	TOTAL PROJECT BUDGET	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28 to 2033-34
MULTI-SYSTEM								
2019004	7	CYBER SECURITY ENHANCEMENTS	CONSTRUCTION	\$185,000	\$65,000	\$70,000		
2022015	7	CMMS PHASE II IMPLEMENTATION/INTEGRATION	CONSTRUCTION	\$365,000	\$210,000			
2022018	7	SCADA COMMUNICATIONS POLE REPLACEMENTS	CONSTRUCTION	\$307,832	\$200,000			
2023024	14	SCADA HISTORIAN DATABASE AND DASHBOARD	CONSTRUCTION	\$250,000	\$175,000			
2023029	14	ACCOUNTS PAYABLE AUTOMATION SOFTWARE IMPLEMENTATION	CONSTRUCTION	\$100,000	\$50,000			
2021014	7	BUILDING E REHABILITATION	DESIGN	\$3,000,000	\$2,750,000			
2021019	14	VIDEO SITE SURVEILLANCE SYSTEM	DESIGN	\$300,000	\$100,000	\$150,000		
2022014	7	BILLING SYSTEM UPGRADE	DESIGN	\$2,675,000	\$800,000	\$875,000		
2022030	14	EV CHARGING STATIONS AT HEADQUARTERS	DESIGN	\$3,500,000	\$3,000,000	\$400,000		
2023023	14	SCADA COMMUNICATIONS MONOPOLE AT MANDEVILLE PARK	DESIGN	\$250,000	\$125,000	\$125,000		
2023031	14	SOLAR PANELS AT HEADQUARTERS	DESIGN	\$2,100,000	\$1,350,000	\$700,000		
	1	CAPITAL OUTLAYS	PROGRAM	\$5,000,000	\$393,750	\$606,250	\$500,000	\$3,500,000
	7	OPERATIONS-LED CAPITAL IMPROVEMENTS - MS	PROGRAM	\$900,000		\$100,000	\$100,000	\$700,000
2024000	7	2024-25 OPERATIONS-LED CAPITAL IMPROVEMENTS - MS	NEW	\$100,000	\$100,000			
	7	AMI COMMUNICATIONS NETWORK IMPROVEMENTS	NEW	\$300,000	\$300,000			
	7	DOCUMENT MANAGEMENT SYSTEM IMPLEMENTATION PHASE 2	NEW	\$300,000		\$150,000	\$150,000	
	7	ENTERPRISE RESOURCE PLANNING SYSTEM ENHANCEMENT	NEW	\$200,000	\$150,000	\$50,000		
	14	SOFTWARE SUBSCRIPTIONS	NEW	\$500,000	\$500,000			
Subtotal - Multi-System Projects					\$10,268,750	\$3,226,250	\$750,000	\$4,200,000
POTABLE								
2015006	7	I.D. NO. 1 MASTER METER RELOCATION	CONSTRUCTION	\$2,239,055	\$2,000,000			
2018004	7	ELECTRICAL SYSTEM IMPROVEMENTS PHASE 4 - PW	CONSTRUCTION	\$928,307	\$400,000	\$330,000		
2019029	7	RESERVOIR MANAGEMENT SYSTEM REPLACEMENT PHASE 4	CONSTRUCTION	\$10,988,454	\$5,000,000	\$1,500,000		
2019037	7	CROWN VALLEY PARKWAY TRANSMISSION MAIN LOWER REACH REPLACEMENT	CONSTRUCTION	\$5,512,922	\$3,000,000			
2022013	6	LOW RESOLUTION METER REPLACEMENT	CONSTRUCTION	\$2,000,000	\$500,000			
2022029	14	MICRO-HYDRO TURBINE AT BRIDLEWOOD FCF	CONSTRUCTION	\$1,300,000	\$500,000	\$675,000		
2017016	12	SOUTH COUNTY PIPELINE TAKEOUT FACILITY	DESIGN	\$10,000,000	\$300,000	\$50,000	\$50,000	\$9,400,000
2017019	14	1050-ZONE SECONDARY FEED PUMP STATION AND TRANSMISSION MAIN	DESIGN	\$8,500,000	\$50,000	\$50,000	\$50,000	\$7,800,000
2020017	7	REHABILITATION OF THE MARGUERITE RESERVOIR	DESIGN	\$2,350,000	\$2,300,000			
2020018	7	RESERVOIR MANAGEMENT SYSTEM REPLACEMENT PHASE 5	DESIGN	\$8,880,000	\$100,000	\$5,000,000	\$3,000,000	\$300,000
2022010	7	2022-23 PRESSURE REDUCING STATION REHABILITATION - PW	DESIGN	\$300,000	\$250,000			
2022032	12	OCWD BASIN EMERGENCY INTERCONNECTION	DESIGN	\$20,000,000	\$500,000	\$50,000	\$50,000	\$18,050,000
2023013	7	CROWN VALLEY RESERVOIR NO. 3 ROOF PLATE REPLACEMENT AND INTERIOR RECOATING	DESIGN	\$1,250,000				\$1,200,000
2023014	7	BEACON HILL PUMP STATION REHABILITATION	DESIGN	\$3,200,000	\$500,000	\$50,000	\$50,000	\$2,600,000
2023018	7	MOULTON PEAK RESERVOIR SITE PAVING REPLACEMENT	DESIGN	\$150,000	\$150,000			
2023020	7	PACIFIC PARK RESERVOIR SITE PAVING REPLACEMENT	DESIGN	\$250,000	\$250,000			
2023021	7	SEVILLE RESERVOIR SITE PAVING REPLACEMENT	DESIGN	\$100,000	\$100,000			
2023022	14	HIGHLANDS PUMP STATION IMPROVEMENTS	DESIGN	\$150,000	\$150,000			
2023025	14	HIGHLANDS 790-ZONE PIPELINE LOOP	DESIGN	\$1,100,000	\$750,000	\$250,000		
2024001	7	2024-25 VALVE REPLACEMENT - PW	DESIGN	\$4,250,000	\$1,500,000	\$2,650,000		
	7	FIRE HYDRANT REPLACEMENT PROGRAM	PROGRAM	\$2,250,000		\$250,000	\$250,000	\$1,750,000
	7	METER REPLACEMENT PROGRAM - PW	PROGRAM	\$11,250,000		\$1,250,000	\$1,250,000	\$8,750,000
	7	OPERATIONS-LED CAPITAL IMPROVEMENTS - PW	PROGRAM	\$2,250,000		\$250,000	\$250,000	\$1,750,000
	7	PIPELINE REHABILITATION AND REPLACEMENT PROGRAM - PW	PROGRAM	\$100,000,000				\$100,000,000
	7	RESERVOIR RECOATING PROGRAM - PW	PROGRAM	\$5,000,000				\$5,000,000
	7	SERVICE LINE REPLACEMENT PROGRAM - PW	PROGRAM	\$22,500,000		\$2,500,000	\$2,500,000	\$17,500,000
	7	VALVE REPLACEMENT PROGRAM - PW	PROGRAM	\$26,000,000			\$3,250,000	\$22,750,000
	7	VERTICAL ASSETS REHABILITATION AND REPLACEMENT PROGRAM - PW	PROGRAM	\$10,400,000			\$100,000	\$10,300,000
2018021	7	SHEEP HILLS PUMP STATION IMPROVEMENTS		\$1,400,000				\$1,400,000
2018025	14	750-ZONE PW SYSTEM EXTENSION AT SALT SPRAY DRIVE		\$475,000				\$475,000
2019005	7	EAST ALISO CREEK RESERVOIR SITE PAVING REPLACEMENT		\$200,000		\$200,000		
2022016	7	EASTERN TRANSMISSION MAIN REHABILITATION		\$2,000,000				\$2,000,000
2022016	7	EASTERN TRANSMISSION MAIN REHABILITATION - SMWD REIMBURSEMENT	REIMBURSEMENT	-\$1,400,000				-\$1,400,000
2023015	7	ELECTRICAL SYSTEM IMPROVEMENTS PHASE 5 - PW		\$1,250,000				\$1,250,000
2023019	7	NORTHERN TRANSMISSION MAIN REHABILITATION		\$1,500,000				\$1,500,000
	7	450-ZONE ALISO CREEK PW PIPELINE RELOCATION		\$420,000				\$420,000

APPENDIX D
FY 2024-25 | 10-YEAR CAPITAL IMPROVEMENT PROGRAM

PROJECT NO.	FUND	PROJECT NAME	PROJECT STATUS/ PRIORITY	TOTAL PROJECT BUDGET	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28 to 2033-34
	14	750-ZONE BEACON-RANCHO IMPROVEMENTS		\$1,500,000				\$1,500,000
	7	ALISO VIEJO MOV REPLACEMENT		\$675,000				\$675,000
	7	BEAR BRAND PUMP STATION PUMP REPLACEMENT		\$600,000				\$600,000
	7	CASA DEL OSO PUMP STATION AUXILIARY GENERATOR REPLACEMENT		\$850,000				\$850,000
	12	CIP TAKEOUT FACILITY AT MARGUERITE PUMP STATION		\$5,000,000				\$5,000,000
	7	COUNTRY VILLAGE PUMP STATION AUXILIARY GENERATOR REPLACEMENT		\$850,000				\$850,000
	7	CROWN VALLEY PARKWAY AND FORBES ROAD PW PIPELINE REPLACEMENT		\$600,000				\$600,000
	7	CROWN VALLEY PARKWAY TRANSMISSION MAIN UPPER REACH REHABILITATION		\$10,000,000				\$10,000,000
	7	HIDDEN HILLS AND LAGUNA SERRANO APARTMENTS PIPELINE REPLACEMENT		\$360,000				\$360,000
	7	HIGH-LOW VALVE REPLACEMENT		\$1,125,000				\$1,125,000
	7	LA PAZ AND CABOT PW PIPELINE REPLACEMENT		\$1,250,000				\$1,250,000
	14	RANCHO CAPISTRANO 450-ZONE LOOP		\$845,000				\$845,000
	14	RANCHO CAPISTRANO 450-ZONE SERVICE		\$410,000				\$410,000
	14	ROLLING HILLS PUMP STATION AUXILIARY GENERATOR		\$850,000				\$850,000
	7	SADDLEBACK RESERVOIR SITE PAVING REPLACEMENT		\$125,000	\$125,000			
	7	SOUTHWESTERN TRANSMISSION MAIN REHABILITATION		\$7,000,000				\$6,900,000
2024100	7	2024-25 OPERATIONS-LED CAPITAL IMPROVEMENTS - PW	NEW	\$250,000	\$250,000			
	7	2024-25 EASEMENT PIPELINE REHABILITATION - PW	NEW	\$600,000	\$600,000			
	7	2024-25 FIRE HYDRANT REPLACEMENT	NEW	\$250,000	\$250,000			
	7	2024-25 METER REPLACEMENT - PW	NEW	\$1,250,000	\$1,250,000			
	14	2024-25 NEW SYSTEM VALVES	NEW	\$250,000	\$250,000			
	7	2024-25 SERVICE LINE REPLACEMENT - PW	NEW	\$2,500,000	\$2,500,000			
	7	REHABILITATION OF THE PACIFIC PARK RESERVOIR	NEW	\$2,300,000				\$2,300,000
Subtotal - Potable Projects					\$23,525,000	\$15,055,000	\$10,800,000	\$246,910,000
RECYCLED								
2010013	6	RWOS - LA PAZ ROAD BRIDGE CROSSING RW PIPELINE	CONSTRUCTION	\$743,034	\$500,000			
2018005	7	ELECTRICAL SYSTEM IMPROVEMENTS PHASE 4 - RW	CONSTRUCTION	\$2,535,525	\$400,000	\$1,930,000		
2022011	7	2022-23 PRESSURE REDUCING STATION REHABILITATION - RW	DESIGN	\$265,000	\$225,000			
2023010	7	2024-25 PRESSURE REDUCING STATION REHABILITATION - RW	DESIGN	\$470,000	\$150,000	\$320,000		
	7	METER REPLACEMENT PROGRAM - RW	PROGRAM	\$1,125,000		\$125,000	\$125,000	\$875,000
	7	OPERATIONS-LED CAPITAL IMPROVEMENTS - RW	PROGRAM	\$2,250,000		\$250,000	\$250,000	\$1,750,000
	7	RESERVOIR RECOATING PROGRAM - RW	PROGRAM	\$2,500,000				\$2,500,000
	6	RWOS - RECYCLED WATER RETROFITS PROGRAM	PROGRAM	\$2,750,000		\$50,000	\$50,000	\$2,650,000
	7	SERVICE LINE REPLACEMENT PROGRAM - RW	PROGRAM	\$630,000		\$70,000	\$70,000	\$490,000
	7	VALVE REPLACEMENT PROGRAM - RW	PROGRAM	\$2,250,000		\$250,000	\$250,000	\$1,750,000
	7	VERTICAL ASSETS REHABILITATION AND REPLACEMENT PROGRAM - RW	PROGRAM	\$800,000			\$100,000	\$700,000
2023016	7	ELECTRICAL SYSTEM IMPROVEMENTS PHASE 5 - RW		\$325,000				\$325,000
	7	CROWN POINT PUMP STATION PUMP REPLACEMENT AND VFD INSTALLATION		\$490,000				\$490,000
	7	LAGUNA NIGUEL REGIONAL PARK RW METER VAULT RECONFIGURATION		\$150,000				\$150,000
	7	OAKGROVE DRIVE RW PIPELINE REPLACEMENT		\$750,000				\$750,000
	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		\$11,000,000	\$250,000	\$500,000		\$10,250,000
2024200	7	2024-25 OPERATIONS-LED CAPITAL IMPROVEMENTS - RW	NEW	\$250,000	\$250,000			
	7	2024-25 METER REPLACEMENT - RW	NEW	\$125,000	\$125,000			
	6	2024-25 RECYCLED WATER RETROFITS	NEW	\$50,000	\$50,000			
	7	2024-25 SERVICE LINE REPLACEMENT - RW	NEW	\$70,000	\$70,000			
	7	2024-25 VALVE REPLACEMENT - RW	NEW	\$250,000	\$250,000			
Subtotal - Recycled Projects					\$2,270,000	\$3,495,000	\$845,000	\$26,890,000
WASTEWATER								
2013004	7	REGIONAL LIFT STATION FORCE MAIN REPLACEMENT	CONSTRUCTION	\$24,500,000	\$5,000,000	\$10,000,000	\$7,500,000	
2013005	7	LOWER SALADA LIFT STATION FORCE MAIN REPLACEMENT	CONSTRUCTION	\$10,245,891	\$5,000,000			
2019007	7	NORTH ALISO LIFT STATION RECONSTRUCTION	CONSTRUCTION	\$11,200,000	\$3,000,000	\$7,000,000	\$400,000	
2021011	7	ALISO CREEK LIFT STATION REHABILITATION	CONSTRUCTION	\$9,018,301	\$3,200,000	\$5,000,000		
2023026	14	SLOPE STABILIZATION AT LA PAZ ROAD	CONSTRUCTION	\$5,734,426	\$4,750,000			

APPENDIX D
FY 2024-25 | 10-YEAR CAPITAL IMPROVEMENT PROGRAM

PROJECT NO.	FUND	PROJECT NAME	PROJECT STATUS/ PRIORITY	TOTAL PROJECT BUDGET	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28 to 2033-34
2020015	7	LIFT STATION VENTILATION SYSTEM IMPROVEMENTS	DESIGN	\$1,350,000	\$1,200,000			
2022020	7	UPPER BOUNDARY OAK LIFT STATION AUXILIARY GENERATOR REPLACEMENT	DESIGN	\$1,000,000				\$1,000,000
2023017	7	LOWER SALADA LIFT STATION REHABILITATION	DESIGN	\$5,400,000	\$500,000	\$25,000	\$25,000	\$4,850,000
2023030	14	LOWER SALADA LIFT STATION OVERFLOW WETWELL	DESIGN	\$1,250,000	\$150,000	\$25,000	\$25,000	\$1,050,000
	7	MANHOLE REHABILITATION PROGRAM	PROGRAM	\$2,250,000		\$250,000	\$250,000	\$1,750,000
	7	OPERATIONS-LED CAPITAL IMPROVEMENTS - WW	PROGRAM	\$2,250,000		\$250,000	\$250,000	\$1,750,000
	7	PIPELINE REHABILITATION AND REPLACEMENT PROGRAM - WW	PROGRAM	\$7,500,000				\$7,500,000
	7	VERTICAL ASSETS REHABILITATION AND REPLACEMENT PROGRAM - WW	PROGRAM	\$24,000,000				\$24,000,000
2011043	14	3A OUTFALL LINE VALVES		\$450,000				\$450,000
2011043	14	3A OUTFALL LINE VALVES - SMWD REIMBURSEMENT	REIMBURSEMENT	-\$225,000				-\$225,000
2018028	7	UPPER SALADA LIFT STATION BYPASS IMPROVEMENTS		\$300,000				\$250,000
2020009	7	NIGUEL WEST SEWER LINING		\$1,500,000			\$1,000,000	\$500,000
	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	CROWN VALLEY PARKWAY SEWER LINING		\$2,400,000			\$400,000	\$2,000,000
	7	MANHOLE ADJUSTMENTS ON OSO-TRABUCO INTERCEPTOR SEWER		\$260,000				\$260,000
	7	MANHOLE ADJUSTMENTS ON OSO-TRABUCO INTERCEPTOR SEWER - SMWD REIMBURSEMENT	REIMBURSEMENT	-\$155,662				-\$155,662
	7	PACIFIC ISLAND DRIVE SEWER LINING		\$1,500,000			\$500,000	\$1,000,000
	7	UPPER SALADA LIFT STATION FORCE MAIN REHABILITATION AND REPLACEMENT		\$6,000,000				\$6,000,000
2024300	7	2024-25 OPERATIONS-LED CAPITAL IMPROVEMENTS - WW	NEW	\$250,000	\$250,000			
	7	2024-25 MANHOLE REHABILITATION	NEW	\$250,000	\$250,000			
Subtotal - Wastewater Projects					\$23,300,000	\$22,550,000	\$10,350,000	\$56,416,838
WASTEWATER TREATMENT								
2019302	7	PLANT 3A SOLIDS HANDLING FACILITIES IMPROVEMENTS	CONSTRUCTION	\$45,450,000	\$15,000,000	\$20,000,000	\$8,000,000	
2022501	7	REGIONAL TREATMENT PLANT AWT FILTER SYSTEM IMPROVEMENTS	CONSTRUCTION	\$4,000,000	\$250,000			
2021303	14	PLANT 3A SOLIDS LOADOUT FACILITY	CONSTRUCTION	\$8,300,000	\$2,000,000	\$5,500,000	\$750,000	
2022502	14	REGIONAL TREATMENT PLANT AWT SALINITY MANAGEMENT	DESIGN	\$25,500,000	\$6,000,000	\$14,000,000	\$5,250,000	
	7	OPERATIONS-LED CAPITAL IMPROVEMENTS - 3A	PROGRAM	\$1,350,000		\$150,000	\$150,000	\$1,050,000
	7	OPERATIONS-LED CAPITAL IMPROVEMENTS - RTPAWT	PROGRAM	\$900,000		\$100,000	\$100,000	\$700,000
2021302	14	PLANT 3A SECURITY IMPROVEMENTS		\$125,000		\$125,000		
2022301	7	PLANT 3A LIQUIDS HANDLING FACILITIES IMPROVEMENTS		\$14,500,000	\$500,000	\$500,000	\$500,000	\$13,000,000
2024400	7	2024-25 OPERATIONS-LED CAPITAL IMPROVEMENTS - 3A	NEW	\$150,000	\$150,000			
2024500	7	2024-25 OPERATIONS-LED CAPITAL IMPROVEMENTS - RTPAWT	NEW	\$100,000	\$100,000			
	7	PLANT 3A AWT REPLACEMENT	NEW	\$3,500,000				\$3,500,000
	14	PLANT 3A POWER GENERATION IMPLEMENTATION	NEW	\$6,750,000				\$6,750,000
	7	PLANT 3A IMPROVEMENTS FUND 7 - SMWD REIMBURSEMENT	REIMBURSEMENT	-\$18,267,188	-\$4,401,563	-\$5,807,813	-\$2,432,813	-\$4,935,941
	14	PLANT 3A IMPROVEMENTS FUND 14 - SMWD REIMBURSEMENT	REIMBURSEMENT	-\$4,267,969	-\$562,500	-\$1,582,031	-\$210,938	-\$1,898,439
Subtotal - Wastewater Treatment Projects					\$19,035,937	\$32,985,156	\$12,106,249	\$18,165,620
EXTERNAL								
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	\$4,992,691	\$1,428,979	\$287,680	\$138,016	\$3,138,016
SMWD	7	SMWD CAPITAL PROJECTS - JOINT FACILITIES	PROGRAM	\$2,899,300	\$1,831,600	\$608,000	\$459,700	
SOCWA	7	SOCWA CAPITAL PC 2	PROGRAM	\$19,762,678	\$1,323,737	\$1,797,805	\$4,376,896	\$12,264,240
SOCWA	7	SOCWA CAPITAL PC 5	PROGRAM	\$328,424	\$1,551	\$29,469	\$31,020	\$266,384
SOCWA	7	SOCWA CAPITAL PC 15	PROGRAM	\$8,896,180	\$604,382	\$1,061,077	\$1,851,147	\$5,379,574
SOCWA	7	SOCWA CAPITAL PC 17	PROGRAM	\$81,536,883	\$1,451,610	\$3,795,715	\$8,121,010	\$68,168,549
SOCWA	7	SOCWA CAPITAL PC 21	PROGRAM	\$1,544,732	\$19,970	\$79,752	\$0	\$1,445,011
SOCWA	7	SOCWA CAPITAL PC 24	PROGRAM	\$3,784,082	\$24,116	\$54,810	\$10,962	\$3,694,194
Subtotal - External Projects					\$6,835,945	\$7,864,307	\$15,138,750	\$95,405,968
TOTAL					\$85,235,632	\$85,175,713	\$49,989,999	\$447,988,426

NOTE: TOTAL 10-YEAR CIP PROJECTION (FY 2024-25 THROUGH FY 2033-34) = \$668,389,771

APPENDIX D
PROPOSED FY 2024-25 PROJECTS

PROJECT NO.	PROJECT NAME	TOTAL PROJECT BUDGET	EXPENDED FROM INCEPTION TO DATE	FY 2024-25 PROPOSED BUDGET	ESTIMATED COMPLETION DATE
GENERAL (G) (FUND 1)					
	CAPITAL OUTLAYS	\$5,000,000	\$0	\$393,750	6/30/25
Subtotal - Fund 1 Projects				\$393,750	
WATER EFFICIENCY (WE) (FUND 6)					
2010013	RWOS - LA PAZ ROAD BRIDGE CROSSING RW PIPELINE	\$743,034	\$68,240	\$500,000	12/31/24
2022013	LOW RESOLUTION METER REPLACEMENT	\$2,000,000	\$963,656	\$500,000	6/30/25
	2024-25 RECYCLED WATER RETROFITS	\$50,000	\$0	\$50,000	6/30/25
Subtotal - Fund 6 Projects				\$1,050,000	
REPLACEMENT & REFURBISHMENT (R&R) (FUND 7)					
2013004	REGIONAL LIFT STATION FORCE MAIN REPLACEMENT	\$24,500,000	\$1,223,697	\$5,000,000	12/31/26
2013005	LOWER SALADA LIFT STATION FORCE MAIN REPLACEMENT	\$10,245,891	\$2,262,531	\$5,000,000	3/31/25
2015006	I.D. NO. 1 MASTER METER RELOCATION	\$2,239,055	\$387,820	\$2,000,000	3/31/25
2018004	ELECTRICAL SYSTEM IMPROVEMENTS PHASE 4 - PW	\$928,307	\$109,220	\$400,000	6/30/26
2018005	ELECTRICAL SYSTEM IMPROVEMENTS PHASE 4 - RW	\$2,535,525	\$169,587	\$400,000	6/30/26
2019004	CYBER SECURITY ENHANCEMENTS	\$185,000	\$46,681	\$65,000	6/30/26
2019007	NORTH ALISO LIFT STATION RECONSTRUCTION	\$11,200,000	\$747,634	\$3,000,000	9/30/26
2019029	RESERVOIR MANAGEMENT SYSTEM REPLACEMENT PHASE 4	\$10,988,454	\$1,155,776	\$5,000,000	12/31/25
2019037	CROWN VALLEY PARKWAY TRANSMISSION MAIN LOWER REACH REPLACEMENT	\$5,512,922	\$1,295,684	\$3,000,000	3/31/25
2019302	PLANT 3A SOLIDS HANDLING FACILITIES IMPROVEMENTS	\$45,450,000	\$3,517,059	\$15,000,000	6/30/26
2019302	PLANT 3A SOLIDS HANDLING FACILITIES IMPROVEMENTS - SMWD REIMBURSEMENT	-\$12,782,813	\$0	-\$4,218,750	Reimbursement
2020015	LIFT STATION VENTILATION SYSTEM IMPROVEMENTS	\$1,350,000	\$156,777	\$1,200,000	6/30/25
2020017	REHABILITATION OF THE MARGUERITE RESERVOIR	\$2,350,000	\$15,409	\$2,300,000	6/30/25
2020018	RESERVOIR MANAGEMENT SYSTEM REPLACEMENT PHASE 5	\$8,880,000	\$358,047	\$100,000	6/30/27
2021011	ALISO CREEK LIFT STATION REHABILITATION	\$9,018,301	\$747,193	\$3,200,000	12/31/25
2021014	BUILDING E REHABILITATION	\$3,000,000	\$15,708	\$2,750,000	6/30/25
2022010	2022-23 PRESSURE REDUCING STATION REHABILITATION - PW	\$300,000	\$34,663	\$250,000	12/31/24
2022011	2022-23 PRESSURE REDUCING STATION REHABILITATION - RW	\$265,000	\$35,929	\$225,000	12/31/24
2022014	BILLING SYSTEM UPGRADE	\$2,675,000	\$6,922	\$800,000	6/30/26
2022015	CMMS PHASE II IMPLEMENTATION/INTEGRATION	\$365,000	\$87,776	\$210,000	12/31/24
2022018	SCADA COMMUNICATIONS POLE REPLACEMENTS	\$307,832	\$26,697	\$200,000	12/31/24
2022301	PLANT 3A LIQUIDS HANDLING FACILITIES IMPROVEMENTS	\$14,500,000	\$33,360	\$500,000	6/30/29
2022301	PLANT 3A LIQUIDS HANDLING FACILITIES IMPROVEMENTS - SMWD REIMBURSEMENT	-\$4,078,125	\$0	-\$140,625	Reimbursement
2022501	REGIONAL TREATMENT PLANT AWT FILTER SYSTEM IMPROVEMENTS	\$4,000,000	\$2,618,642	\$250,000	9/30/24
2023010	2024-25 PRESSURE REDUCING STATION REHABILITATION - RW	\$470,000	\$0	\$150,000	12/31/25
2023014	BEACON HILL PUMP STATION REHABILITATION	\$3,200,000	\$46,684	\$500,000	12/31/26
2023017	LOWER SALADA LIFT STATION REHABILITATION	\$5,400,000	\$1,924	\$500,000	6/30/27
2023018	MOULTON PEAK RESERVOIR SITE PAVING REPLACEMENT	\$150,000	\$0	\$150,000	6/30/25
2023020	PACIFIC PARK RESERVOIR SITE PAVING REPLACEMENT	\$250,000	\$758	\$250,000	6/30/25
2023021	SEVILLE RESERVOIR SITE PAVING REPLACEMENT	\$100,000	\$0	\$100,000	6/30/25
2024000	2024-25 OPERATIONS-LED CAPITAL IMPROVEMENTS - MS	\$100,000	\$0	\$100,000	6/30/25
2024001	2024-25 VALVE REPLACEMENT - PW	\$4,250,000	\$8,615	\$1,500,000	6/30/26
2024100	2024-25 OPERATIONS-LED CAPITAL IMPROVEMENTS - PW	\$250,000	\$0	\$250,000	6/30/25
2024200	2024-25 OPERATIONS-LED CAPITAL IMPROVEMENTS - RW	\$250,000	\$0	\$250,000	6/30/25
2024300	2024-25 OPERATIONS-LED CAPITAL IMPROVEMENTS - WW	\$250,000	\$0	\$250,000	6/30/25
2024400	2024-25 OPERATIONS-LED CAPITAL IMPROVEMENTS - 3A	\$150,000	\$0	\$150,000	6/30/25
2024400	2024-25 OPERATIONS-LED CAPITAL IMPROVEMENTS - 3A - SMWD REIMBURSEMENT	-\$42,188	\$0	-\$42,188	Reimbursement
2024500	2024-25 OPERATIONS-LED CAPITAL IMPROVEMENTS - RTPAWT	\$100,000	\$0	\$100,000	6/30/25

Project expenditures based on March 29, 2024 accounting data

APPENDIX D
PROPOSED FY 2024-25 PROJECTS

PROJECT NO.	PROJECT NAME	TOTAL PROJECT BUDGET	EXPENDED FROM INCEPTION TO DATE	FY 2024-25 PROPOSED BUDGET	ESTIMATED COMPLETION DATE
	2024-25 EASEMENT PIPELINE REHABILITATION - PW	\$600,000	\$0	\$600,000	6/30/25
	2024-25 FIRE HYDRANT REPLACEMENT	\$250,000	\$0	\$250,000	6/30/25
	2024-25 MANHOLE REHABILITATION	\$250,000	\$0	\$250,000	6/30/25
	2024-25 METER REPLACEMENT - PW	\$1,250,000	\$0	\$1,250,000	6/30/25
	2024-25 METER REPLACEMENT - RW	\$125,000	\$0	\$125,000	6/30/25
	2024-25 SERVICE LINE REPLACEMENT - PW	\$2,500,000	\$0	\$2,500,000	6/30/25
	2024-25 SERVICE LINE REPLACEMENT - RW	\$70,000	\$0	\$70,000	6/30/25
	2024-25 VALVE REPLACEMENT - RW	\$250,000	\$0	\$250,000	6/30/25
	AMI COMMUNICATIONS NETWORK IMPROVEMENTS	\$300,000	\$0	\$300,000	6/30/25
	ENTERPRISE RESOURCE PLANNING SYSTEM ENHANCEMENT	\$200,000	\$0	\$150,000	12/31/25
	RWOS - RW MAIN REPLACEMENT FROM GALIVAN PS TO LA PAZ PS	\$11,000,000	\$0	\$250,000	6/30/26
	SADDLEBACK RESERVOIR SITE PAVING REPLACEMENT	\$125,000	\$0	\$125,000	6/30/25
IRWD	IRWD BAKER WATER TREATMENT PLANT CAPITAL PROJECTS	\$1,500,000	NA	\$150,000	6/30/25
JRWSS	SCWD/JRWSS CAPITAL PROJECTS	\$4,992,691	NA	\$1,428,979	6/30/25
SMWD	SMWD CAPITAL PROJECTS - JOINT FACILITIES	\$2,899,300	NA	\$1,831,600	6/30/25
SOCWA	SOCWA CAPITAL PC 2	\$19,762,678	NA	\$1,323,737	6/30/25
SOCWA	SOCWA CAPITAL PC 5	\$328,424	NA	\$1,551	6/30/25
SOCWA	SOCWA CAPITAL PC 15	\$8,896,180	NA	\$604,382	6/30/25
SOCWA	SOCWA CAPITAL PC 17	\$81,536,883	NA	\$1,451,610	6/30/25
SOCWA	SOCWA CAPITAL PC 21	\$1,544,732	NA	\$19,970	6/30/25
SOCWA	SOCWA CAPITAL PC 24	\$3,784,082	NA	\$24,116	6/30/25
Subtotal - Fund 7 Projects				\$63,654,382	
WATER SUPPLY RELIABILITY (WSR) (FUND 12)					
2017016	SOUTH COUNTY PIPELINE TAKEOUT FACILITY	\$10,000,000	\$53,020	\$300,000	6/30/28
2022032	OCWD BASIN EMERGENCY INTERCONNECTION	\$20,000,000	\$201,555	\$500,000	6/30/28
Subtotal - Fund 12 Projects				\$800,000	
PLANNING & CONSTRUCTION (P&C) (FUND 14)					
2017019	1050-ZONE SECONDARY FEED PUMP STATION AND TRANSMISSION MAIN	\$8,500,000	\$705,012	\$50,000	6/30/28
2021019	VIDEO SITE SURVEILLANCE SYSTEM	\$300,000	\$202	\$100,000	6/30/26
2021303	PLANT 3A SOLIDS LOADOUT FACILITY	\$8,300,000	\$8,751	\$2,000,000	6/30/26
2021303	PLANT 3A SOLIDS LOADOUT FACILITY - SMWD REIMBURSEMENT	-\$2,334,375	\$0	-\$562,500	Reimbursement
2022029	MICRO-HYDRO TURBINE AT BRIDLEWOOD FCF	\$1,300,000	\$141,575	\$500,000	6/30/25
2022030	EV CHARGING STATIONS AT HEADQUARTERS	\$3,500,000	\$77,836	\$3,000,000	12/31/25
2022502	REGIONAL TREATMENT PLANT AWT SALINITY MANAGEMENT	\$25,500,000	\$325,293	\$6,000,000	12/31/26
2023022	HIGHLANDS PUMP STATION IMPROVEMENTS	\$150,000	\$0	\$150,000	6/30/25
2023023	SCADA COMMUNICATIONS MONOPOLE AT MANDEVILLE PARK	\$250,000	\$0	\$125,000	6/30/26
2023024	SCADA HISTORIAN DATABASE AND DASHBOARD	\$250,000	\$6,763	\$175,000	6/30/25
2023025	HIGHLANDS 790-ZONE PIPELINE LOOP	\$1,100,000	\$84,793	\$750,000	6/30/25
2023026	SLOPE STABILIZATION AT LA PAZ ROAD	\$5,734,426	\$266,723	\$4,750,000	12/31/24
2023029	ACCOUNTS PAYABLE AUTOMATION SOFTWARE IMPLEMENTATION	\$100,000	\$0	\$50,000	9/30/24
2023030	LOWER SALADA LIFT STATION OVERFLOW WETWELL	\$1,250,000	\$0	\$150,000	6/30/27
2023031	SOLAR PANELS AT HEADQUARTERS	\$2,100,000	\$0	\$1,350,000	12/31/25
	2024-25 NEW SYSTEM VALVES	\$250,000	\$0	\$250,000	6/30/25
	SOFTWARE SUBSCRIPTIONS	\$500,000	\$0	\$500,000	6/30/25
Subtotal - Fund 14 Projects				\$19,337,500	
TOTAL				\$85,235,632	

Project expenditures based on March 29, 2024 accounting data

Cyber Security Enhancements

Project No: 2019.004

System: Multi-System

Fund: 7

Project Location: Various

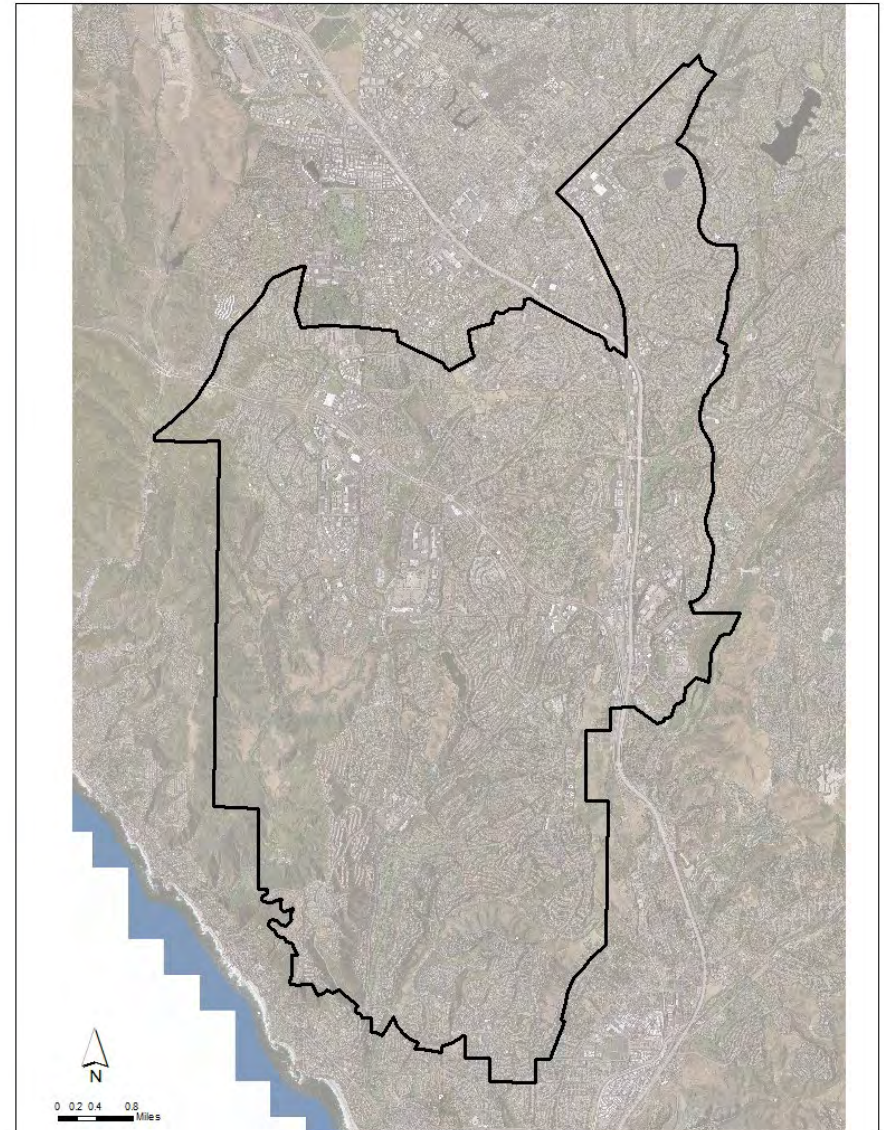
Project Description: Conduct a comprehensive cyber risk assessment and penetration test to identify the effectiveness and resiliency of the District including evaluating current cyber defense tactics. The project also includes identifying opportunities and initiatives for enhancing the District's cybersecurity strategies, and initial funds to pursue those that are determined to be immediately necessary.

Project Need: The District completed a Risk and Resiliency Assessment (RRA) and corresponding Emergency Response Plan (ERP) as part of the American Water Infrastructure Act (AWIA) requirements. The findings indicate that cyberattacks and breaches are a top threat for the District which is true for many other public agencies. Cyberattacks continue to increase in number and complexity. 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 – Assessment and Analysis	\$50,000
Phase 2 – Enhancements	\$135,000
Total Project Budget	\$185,000



CMMS Phase II Implementation/Integration

Project No: 2022.015

System: Multi-System

Fund: 7

Project Location: N/A

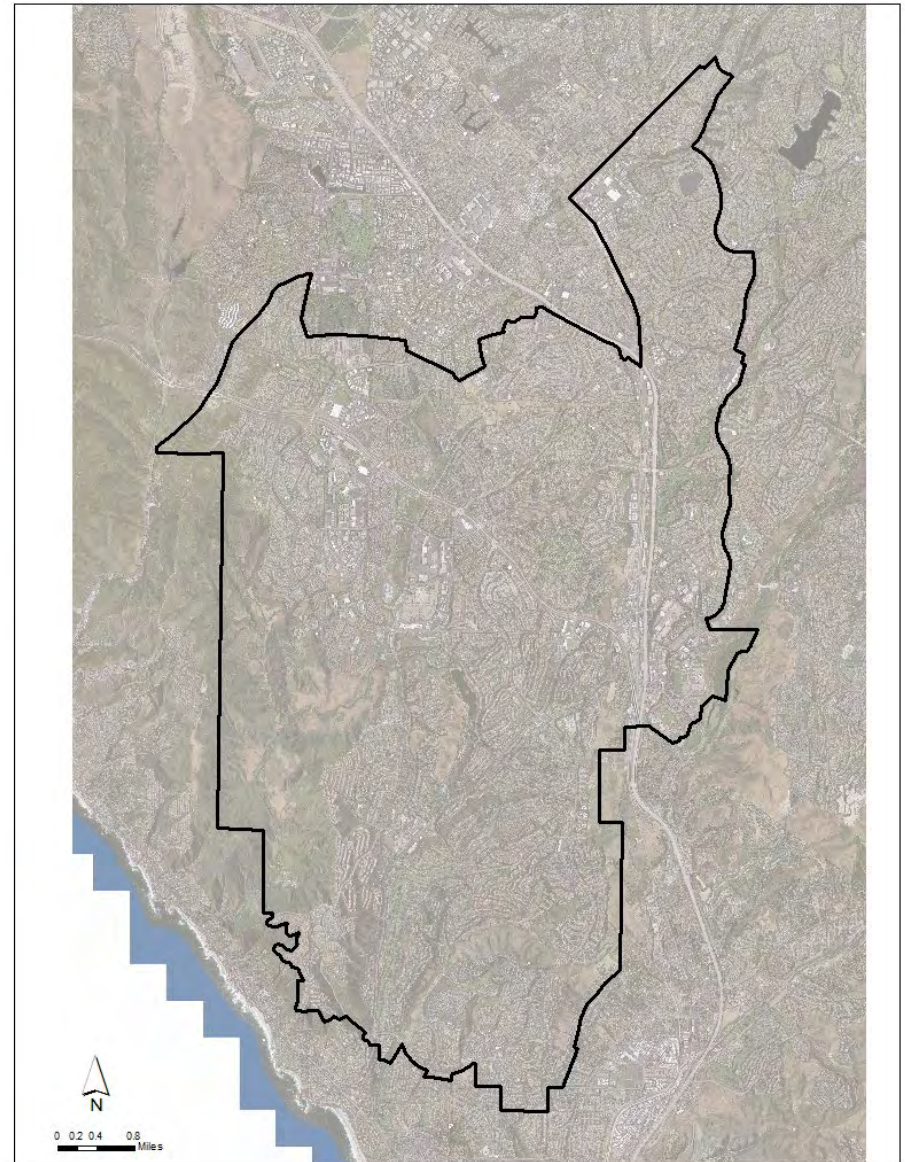
Project Description: Phase II of the Computerized Maintenance Management System (CMMS) Implementation with District workgroups, transitioning final workgroups to the new CMMS that will benefit from workorder management, and enable integrations with JDE to support these workflows.

Project Need: Tracking the District's infrastructure assets is critical to meeting the primary mission of the District. Implementation of a robust CMMS to capture operational costs and asset lifecycle costs is essential to this effort. Upon implementing with 10 individual District workgroups, District staff identified 4 additional workgroups and 5 additional workflow processes that would benefit from CMMS Implementation. This work will enable prioritization of future capital costs, as well as tracking and managing related operating costs.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Evaluation and Planning	\$25,000
Implementation	\$340,000
Total Project Budget	\$365,000



SCADA Communications Pole Replacements

Project No: 2022.018

System: Multi-System

Fund: 7

Project Location: Various

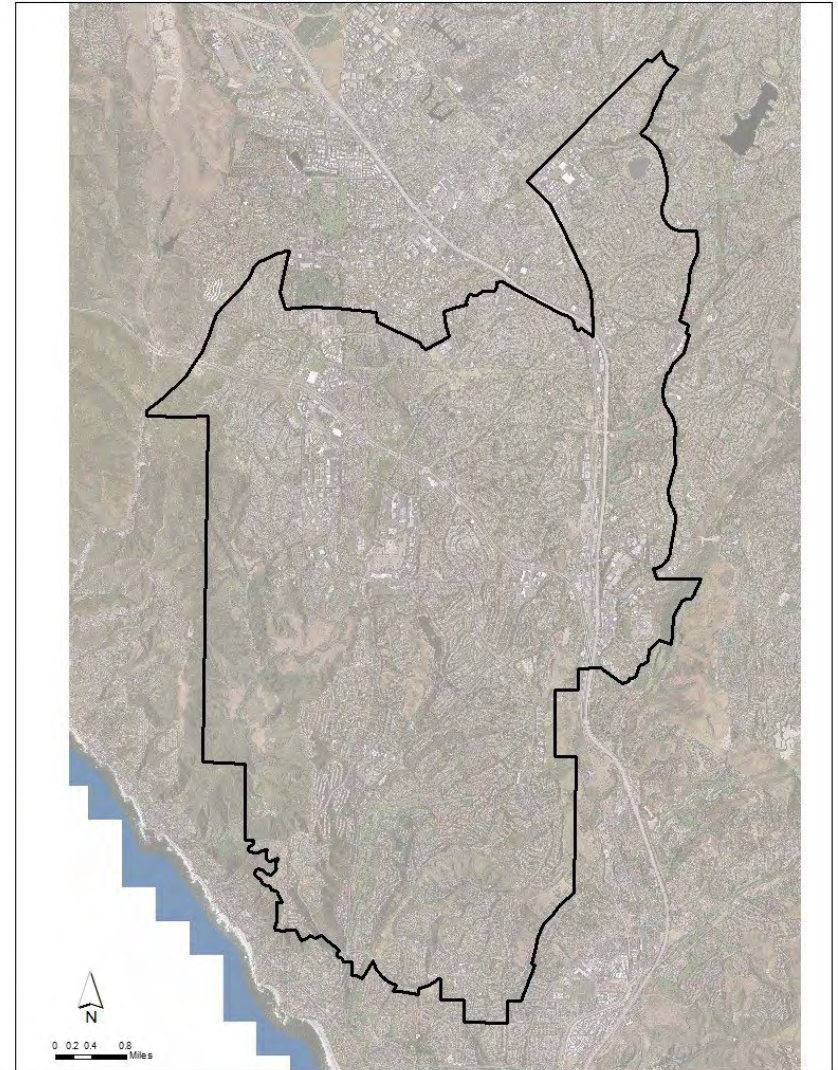
Project Description: Perform radio survey and install new monopoles at or near Big Niguel Pump Station, Del Avion Lift Station, Saddleback Recycled Pump Station, and Rancho Underground Pump Station. Relocate existing Rajant antennas to new monopoles.

Project Need: A consistent and reliable communications system is needed for remote monitoring, control, and visibility to the SCADA system.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
CEQA IS/MND	Exempt
Construction Contract	\$292,832
Legal/Permit/Other	\$15,000
Total Project Budget	\$307,832



SCADA Historian Database and Dashboard

Project No: 2023.024

System: Multi-System

Fund: 14

Project Location: Headquarters, Laguna Hills

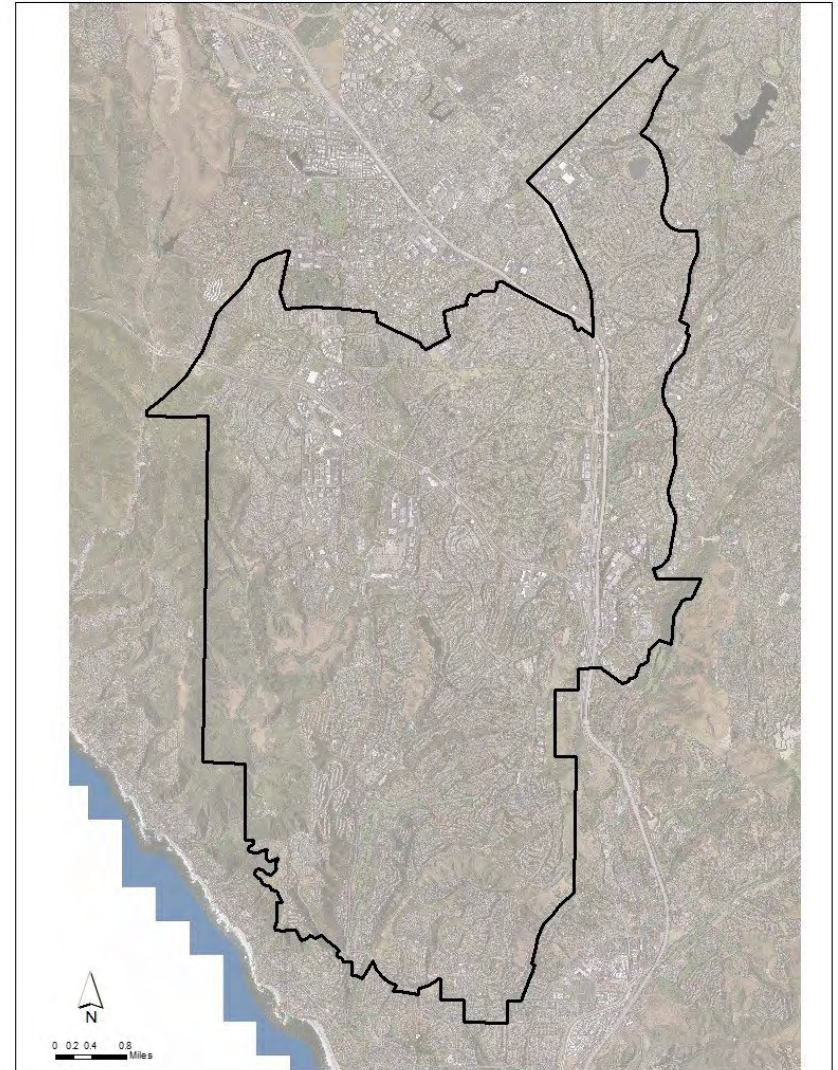
Project Description: To build out a centralized data warehouse to house historical SCADA data, water usage data, and energy usage data. The work would entail implementing necessary automated workflows for importing and exporting the data. A user-friendly dashboard would be developed for browsing and querying the data.

Project Need: The SCADA Historian Database would be the core repository for analytics, applications, queries, and dashboards to support ongoing and future business needs including reporting to regulatory bodies, identifying operational efficiencies, and capital planning.

Project Status: In Construction

Estimated Project Amount:

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



Accounts Payable Automation Software Implementation

Project No: 2023.029

System: Multi-System

Fund: 14

Project Location: N/A

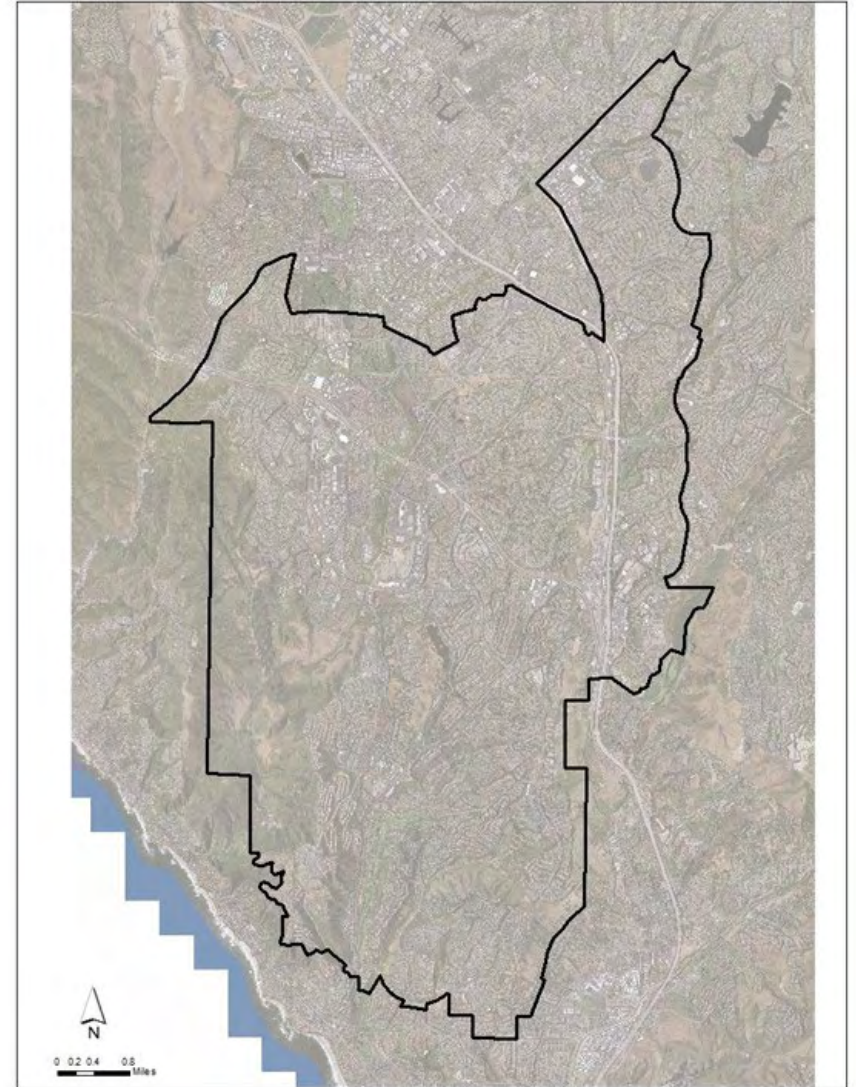
Project Description: Implement a software solution to automate aspects of its Accounts Payable (AP) practices and processes to replace manual processes such as monitoring of invoice receipts, matching purchasing documents, and scanning and storing of such documents.

Project Need: The software solution will leverage automation to streamline and digitize invoice receipt, matching, workflows and approvals, increase efficiency, gain visibility and manage cost control through reporting metrics around purchase order (PO) and non-PO invoice processing and easily integrate with our existing Enterprise Resource Planning (ERP) system.

Project Status: In Construction

Current Project Budget:

Item	Estimated Cost
CEQA Compliance	Exempt
Implementation	\$100,000
	\$100,000



Building E Rehabilitation

Project No: 2021.014

System: Multi-System

Fund: 7

Project Location: Headquarters, Laguna Hills

Project Description: Replace facility roofing, electrical, and HVAC equipment to restore functionality of the building. Replace interior lighting. Install modern security system and door hardware to match the balance of the Operations Center facilities. Project will include tenant improvements, furniture, and audio-visual equipment.

Project Need: Building E was originally constructed in 1997 and has been in continuous occupancy since that time. Many of the mechanical, electrical, structural, and architectural components of the facility have become obsolete, with replacement parts being difficult to locate.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$200,000
CEQA Compliance	Exempt
Construction	\$2,750,000
Legal/Permit/Other	\$50,000
Total Project Budget	\$3,000,000



Video Site Surveillance System

Project No: 2021.019

System: Multi-System

Fund: 14

Project Location: Various

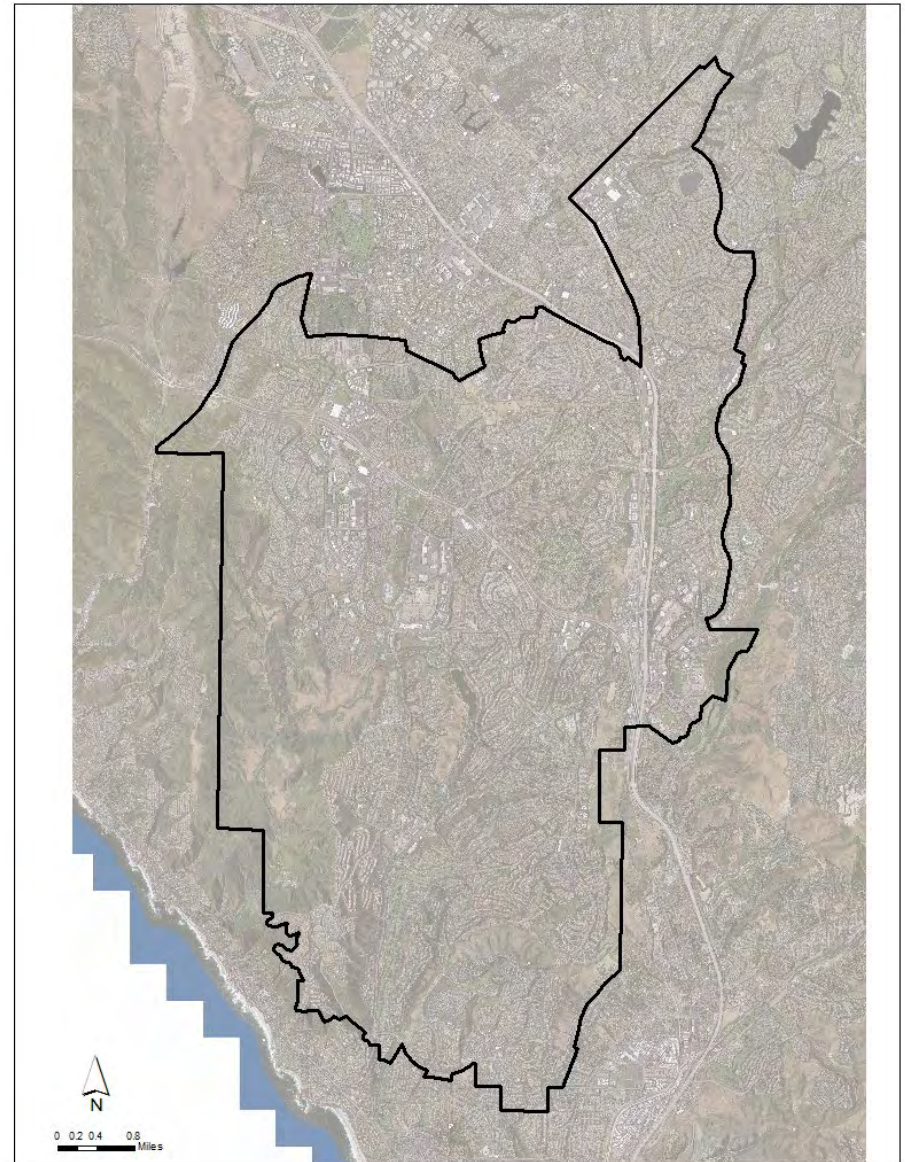
Project Description: The installation of video surveillance at various District facilities and the installation of additional data storage capacity at Plant 2A.

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 wastewater lift stations to monitor for overflows.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$300,000
Total Project Budget	\$300,000



Billing System Upgrade

Project No: 2022.014

System: Multi-System

Fund: 7

Project Location: N/A

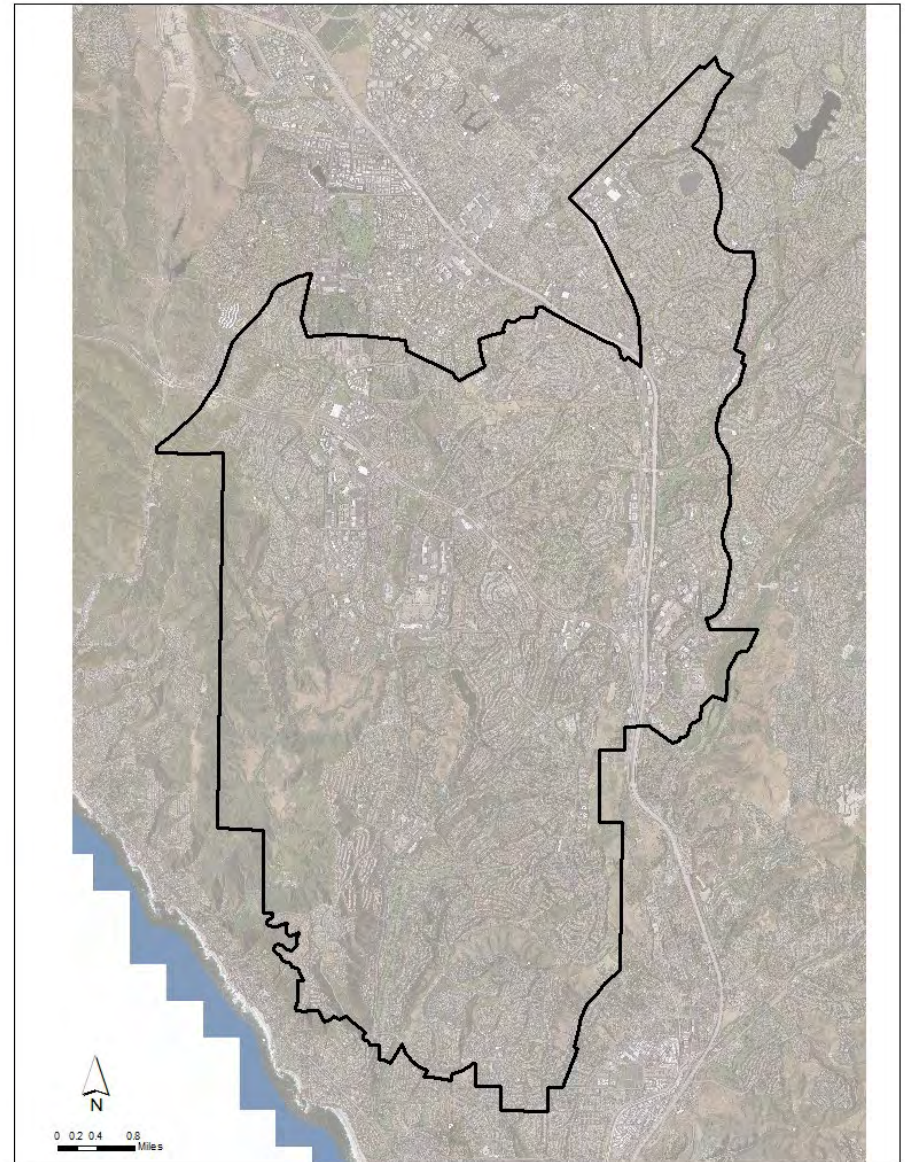
Project Description: Conduct a comprehensive analysis of the current billing system, review the District's billing needs and workflows related to billing, and propose a new solution that will meet the long-term needs of the District. The project includes an implementation phase for selecting, procuring and transition the District to the new billing system.

Project Need: The District has been using Utiligy 360 from Denovo as its current billing solution. While the software has been functional, the long-term support of the software is in question as there are no other companies using the same software. There are limited if any number of personnel at Denovo that support it. This amounts to a high risk that the software will be unsupportable in the near future. This project seeks to begin the process of selecting and implementing a more long-term viable solution.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Evaluation and Needs Analysis	\$320,000
Implementation	\$2,355,000
Total Project Budget	\$2,675,000



EV Charging Stations at Headquarters

Project No: 2022.030

System: Multi-System

Fund: 14

Project Location: Headquarters, Laguna Hills

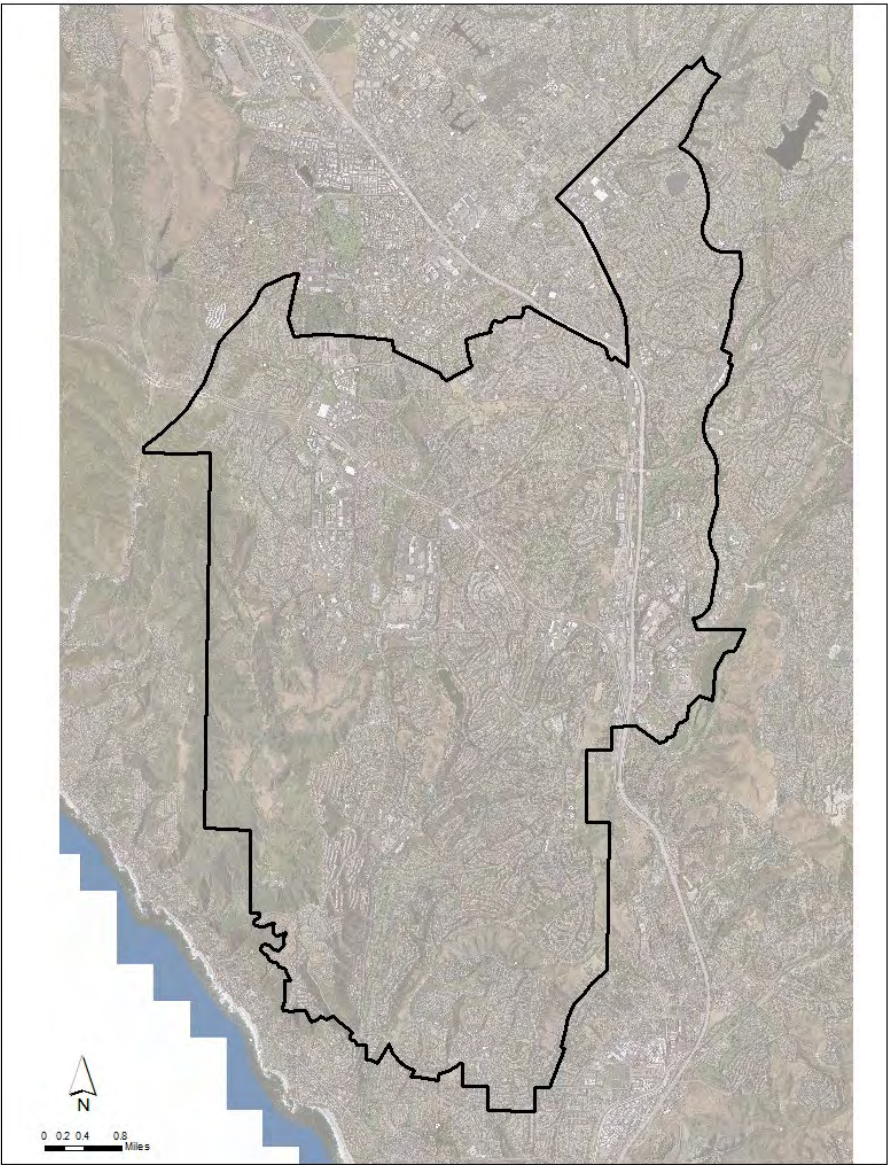
Project Description: Install twelve (12) electrical vehicle charging stations and associated electrical conduits at MNWD Headquarters.

Project Need: This project is needed to comply with upcoming regulatory requirements and will be partially grant funded.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$250,000
CEQA Compliance	Exempt
Construction Contract	\$3,200,000
Legal/Permits/Other	\$50,000
Total Project Budget	\$3,500,000



SCADA Communications Monopole at Mandeville Park

Project No: 2023.023

System: Multi-System

Fund: 14

Project Location: Mandeville Park, Laguna Hills

Project Description: Perform radio survey and install a new monopole with antennas at the Mandeville Park in Laguna Hills. The new monopole will serve as an additional pathway for SCADA communications.

Project Need: A consistent and reliable communications system is needed for remote monitoring, control, and visibility to the SCADA system.

Project Status: In Design

Estimated Project Amount:

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



Solar Panels at Headquarters

Project No: 2023.031

System: Multi-System

Fund: 14

Project Location: Headquarters, Laguna Hills

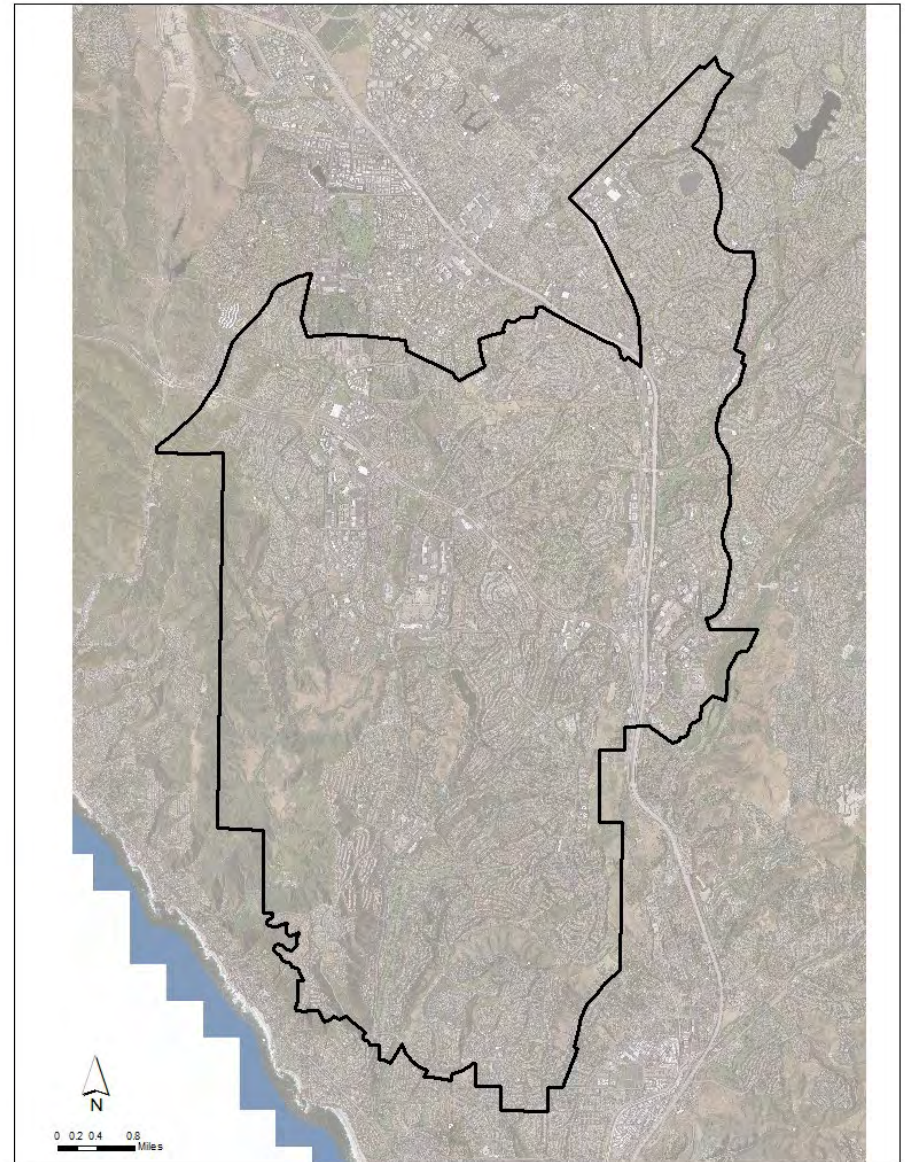
Project Description: The project includes construction of two (2) additional parking canopies with solar panels, installation of solar panels on the existing parking canopies and building roof tops, battery storage, and associated electrical work.

Project Need: The District will reduce operating costs by generating revenue from the energy recovery system.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$120,000
CEQA Compliance	Exempt
Construction Contract	\$1,950,000
Legal/Permits/Other	\$30,000
Total Project Budget	\$2,100,000



Capital Outlays – Fund 1

Project No: Annual Program

System: Multi-System

Fund: 1

Project Location: Various

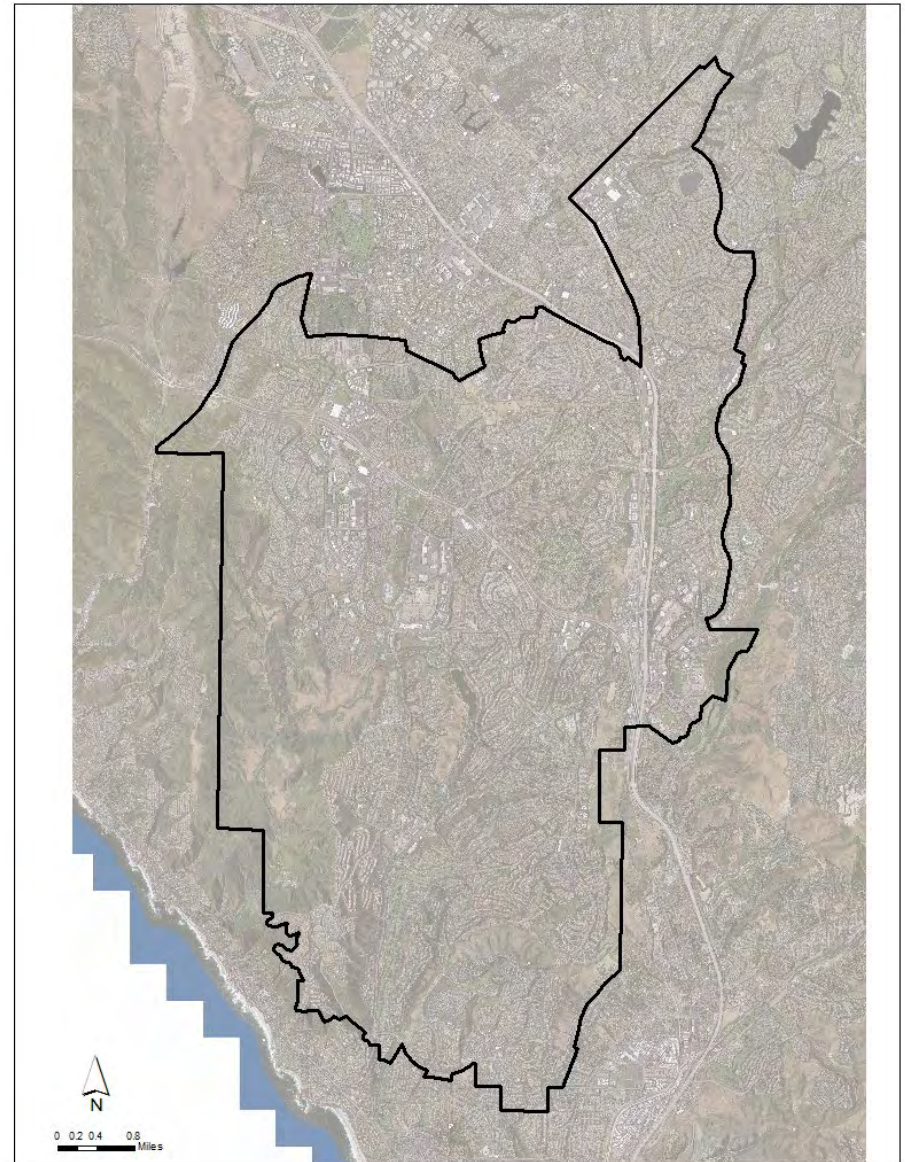
Project Description: Capital equipment and parts purchases, including fleet vehicles, heavy equipment, other rolling stock, and technology.

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	\$5,000,000
Total Project Budget	\$5,000,000



Operations-Led Capital Improvements – Multi-System

Project No: Annual Program

System: Multi-System

Fund: 7

Project Location: Various

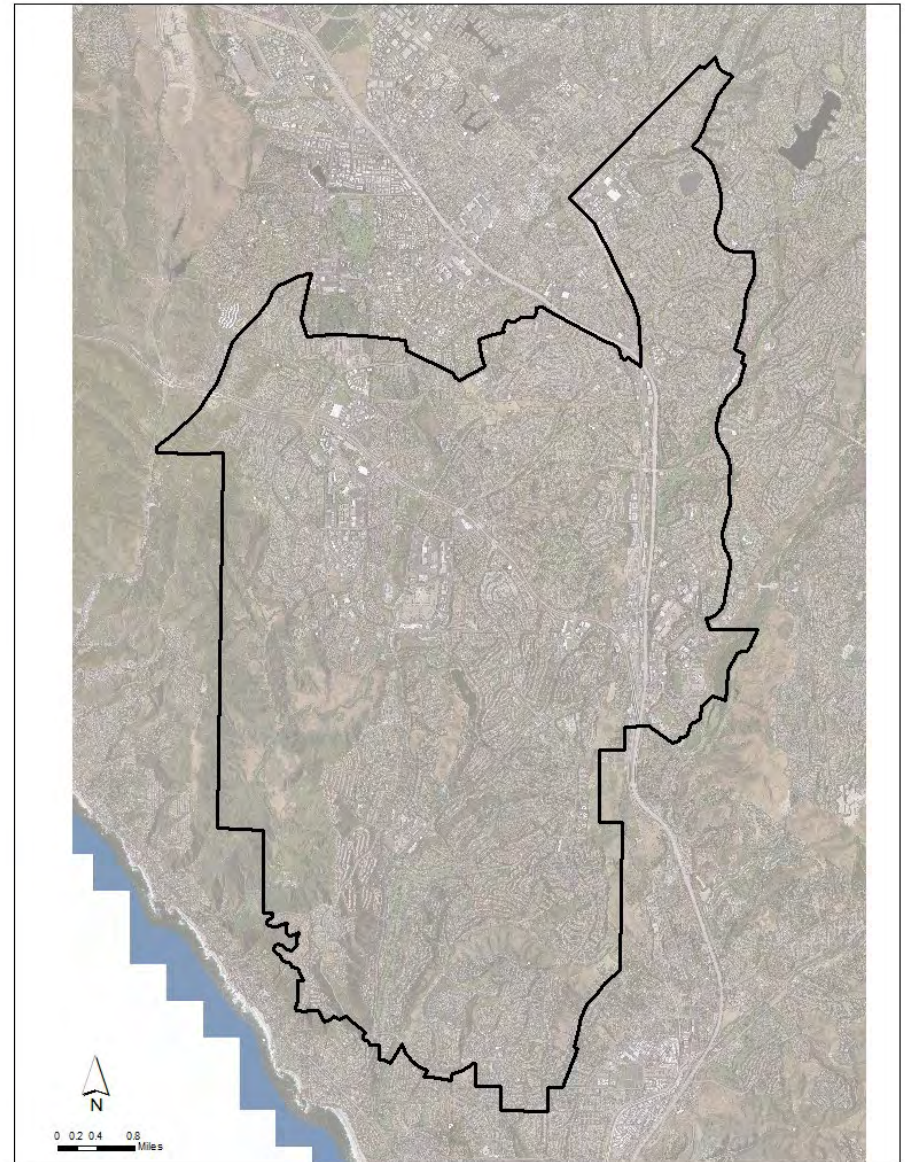
Project Description: This program covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, 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	\$900,000
Total Project Budget	\$900,000



2024-25 Operations-Led Capital Improvements - Multi-System

Project No: 2024.000

System: Multi-System

Fund: 7

Project Location: Various

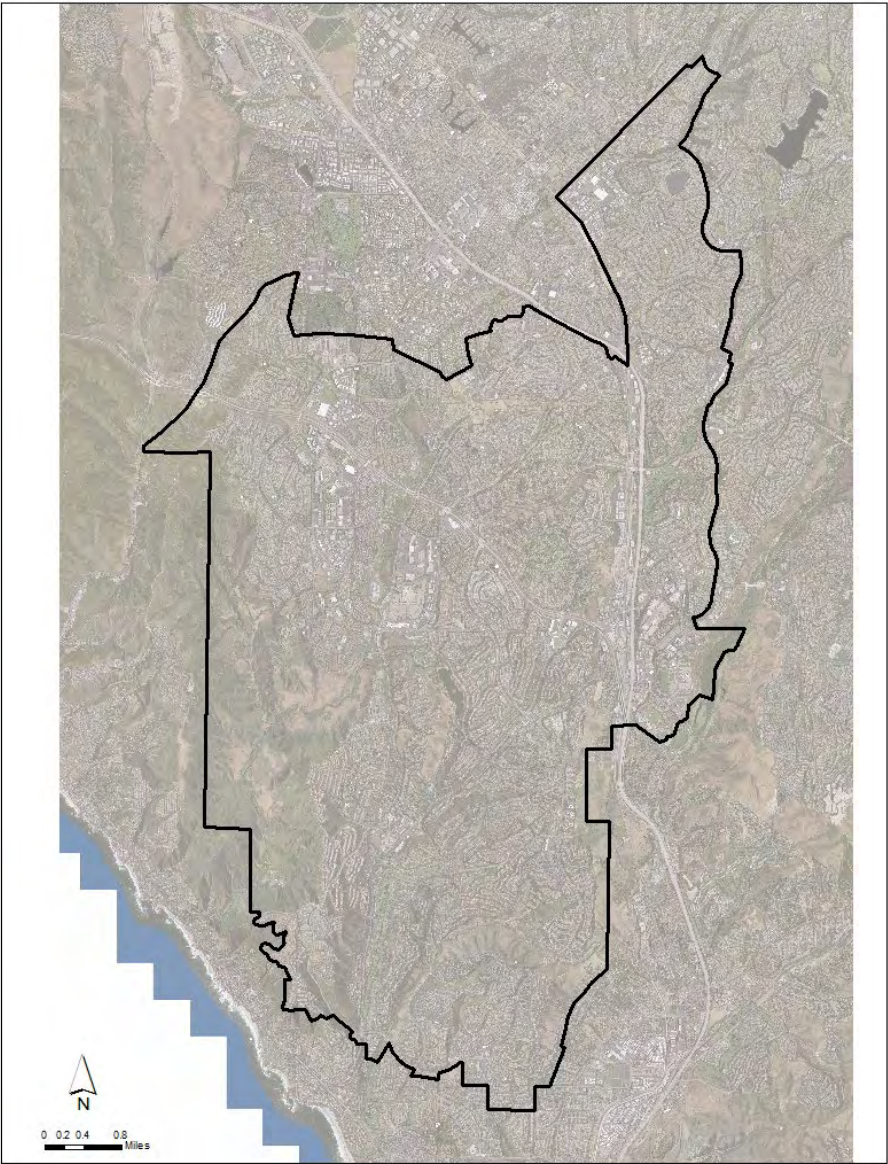
Project Description: This project covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, 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	\$100,000
Total Project Budget	\$100,000



AMI Communications Network Improvements

Project No: TBD

System: Multi-System

Fund: 7

Project Location: Various

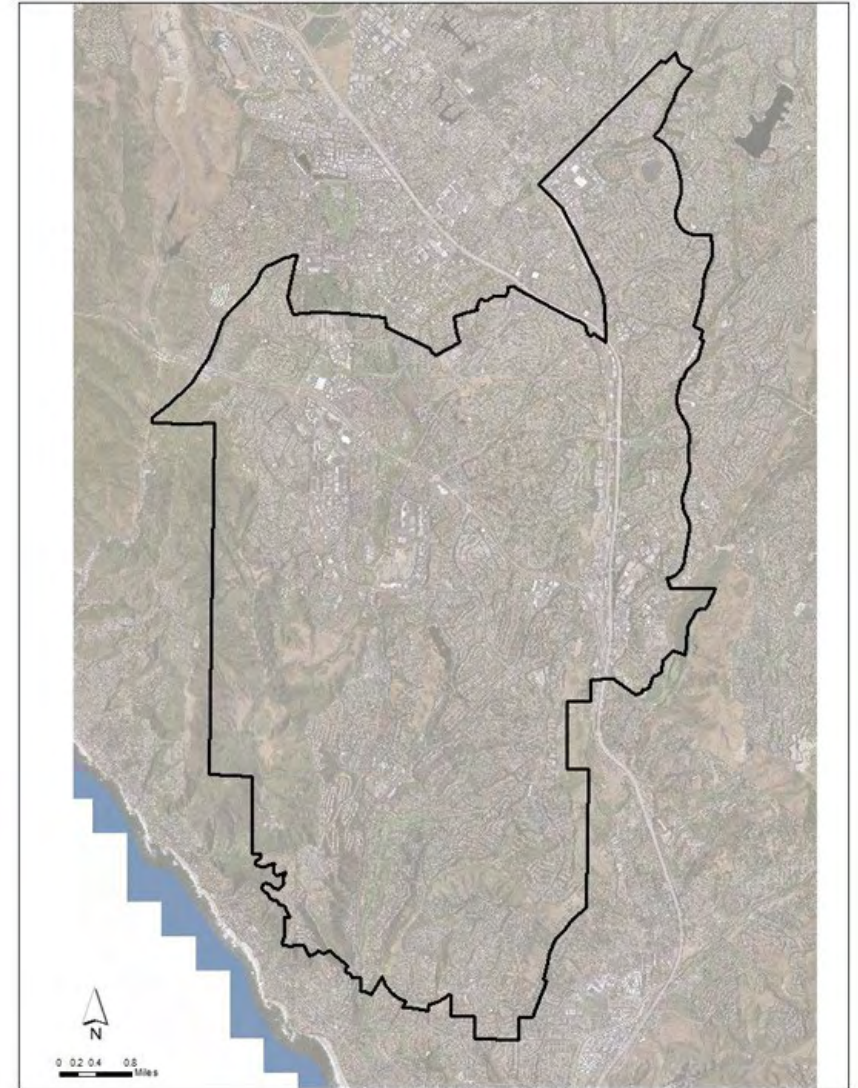
Project Description: This project will consist of hardware upgrades and additional towers to improve the District's AMI communications network.

Project Need: The project will provide additional redundancy and improve system reliability of the District's AMI communications network.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA IS/MND	Exempt
Construction Contract	\$290,000
Legal/Permit/Other	\$10,000
Total Project Budget	\$300,000



Document Management System Implementation Phase 2

Project No: TBD

System: Multi-System

Fund: 7

Project Location: N/A

Project Description:

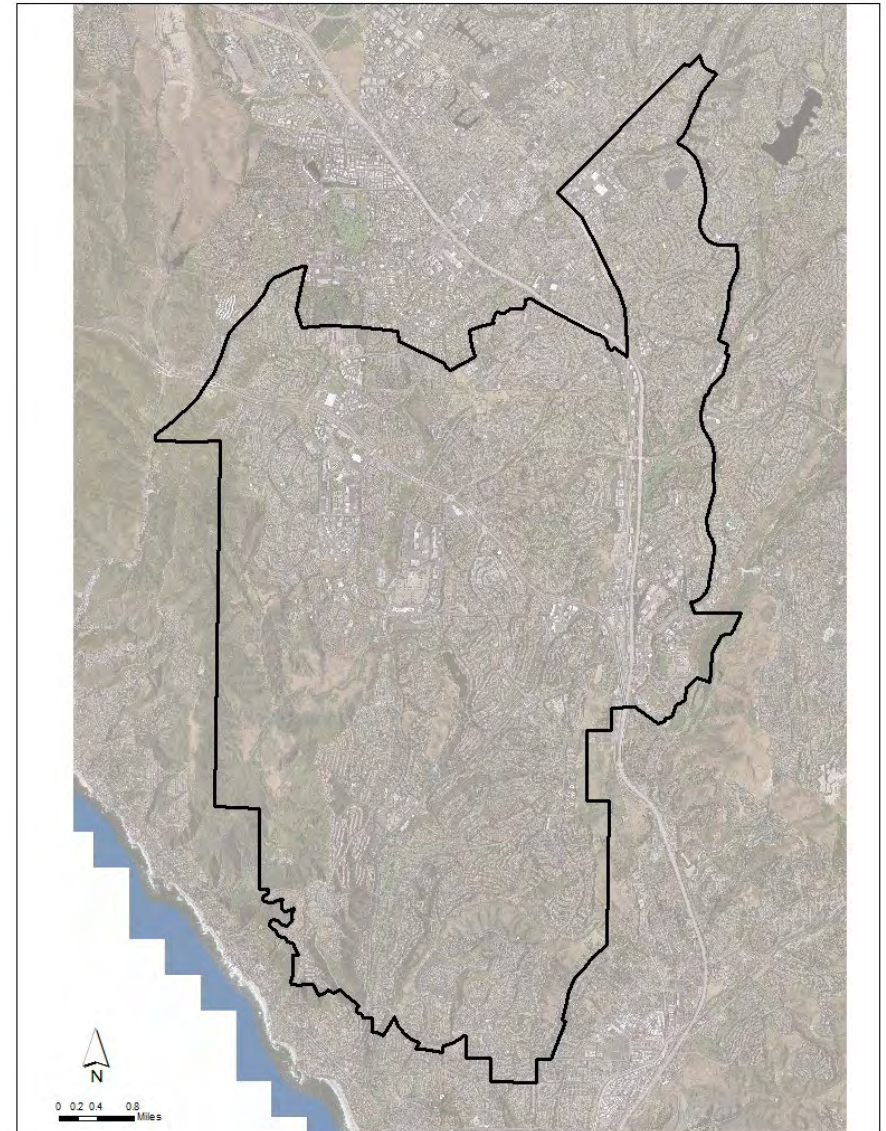
- Select and procure document management solution for storage of District's records and documents.
- Migrate all historical digital records from legacy system to new document management solution.
- Identify and streamline workflows related to capturing digital records including drawings, agreements, plans, contracts, and more.
- Develop and train on methods of browsing, searching, and reporting on records stored in the document management.
- Develop methods for automated purging of records according to Records Retention schedule and providing records as necessary to support Public Records Act requests.

Project Need: To improve security, access, and processing of important documents and records of the District.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance Implementation	Exempt \$300,000
Total Project Budget	\$300,000



Enterprise Resource Planning System Enhancement

Project No: TBD

System: Multi-System

Fund: 7

Project Location: N/A

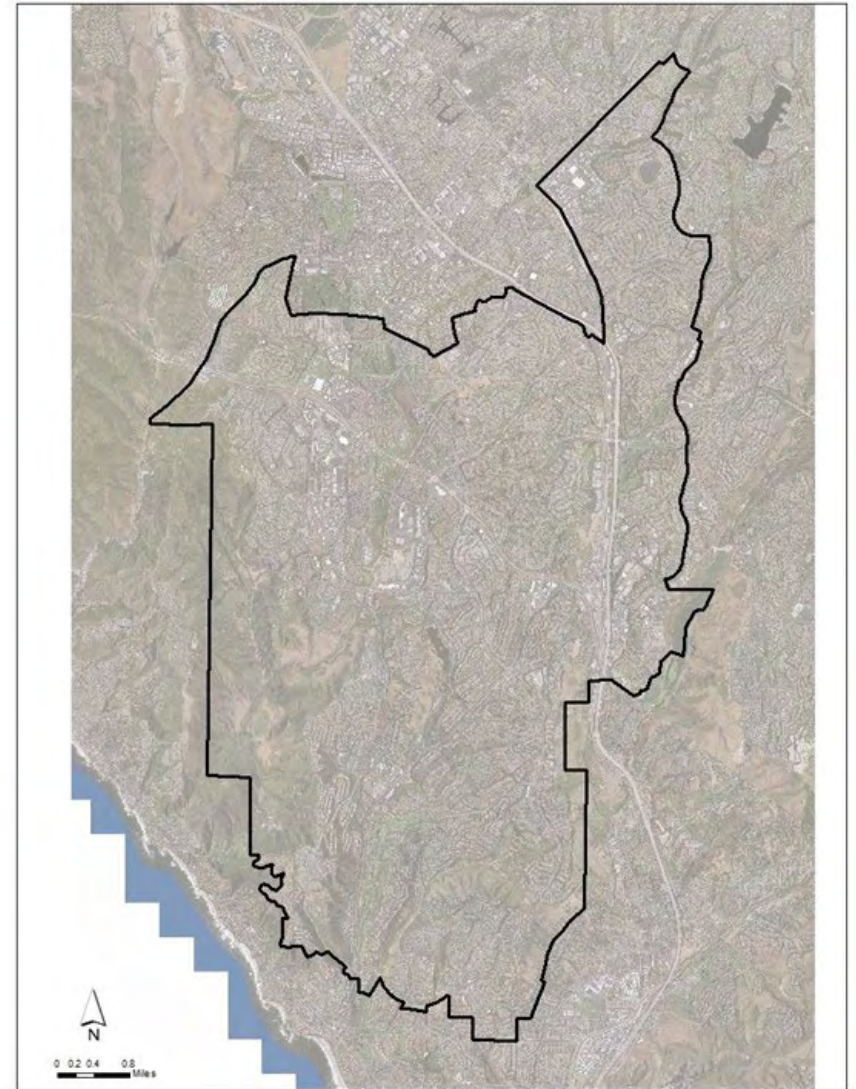
Project Description: This project would install the latest software code base for the District's Enterprise Resource Planning (ERP) system software and migrate years of financial, human resources, and payroll data to the new system. Training for new features and functionality would be provided.

Project Need: The existing ERP system relies on a software code base that will no longer be supported. An unsupported code base would be open to risk of cyber breaches and/or data loss of critical financial and human resourced information.

Project Status: Proposed Project

Current Project Budget:

Item	Estimated Cost
CEQA Compliance	Exempt
Implementation	\$200,000
	\$200,000



Software Subscriptions

Project No: TBD

System: Multi-System

Fund: 14

Project Location: N/A

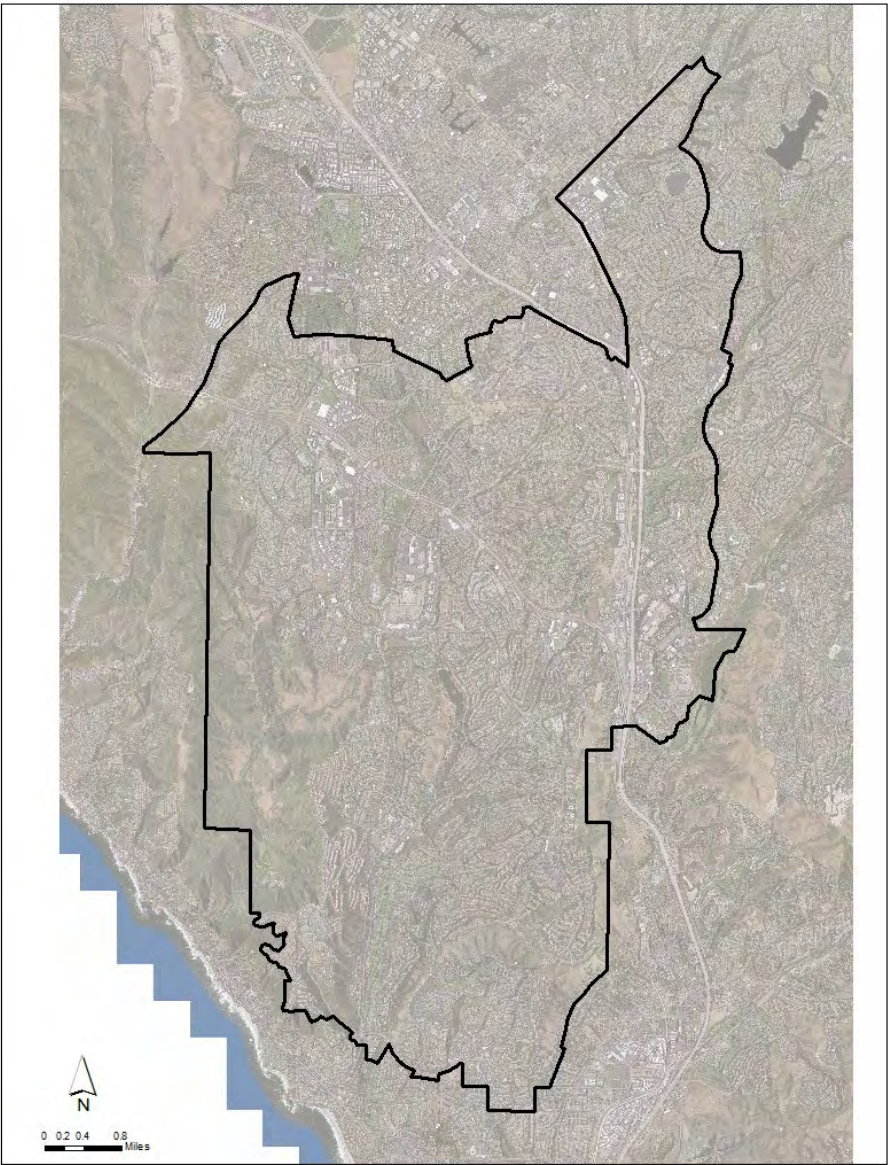
Project Description: Software subscriptions related to subscription-based IT Arrangements (SBITA).

Project Need: The District purchases software subscriptions each year as needs are identified.

Project Status: Proposed Project

Estimated Project Amount:

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



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

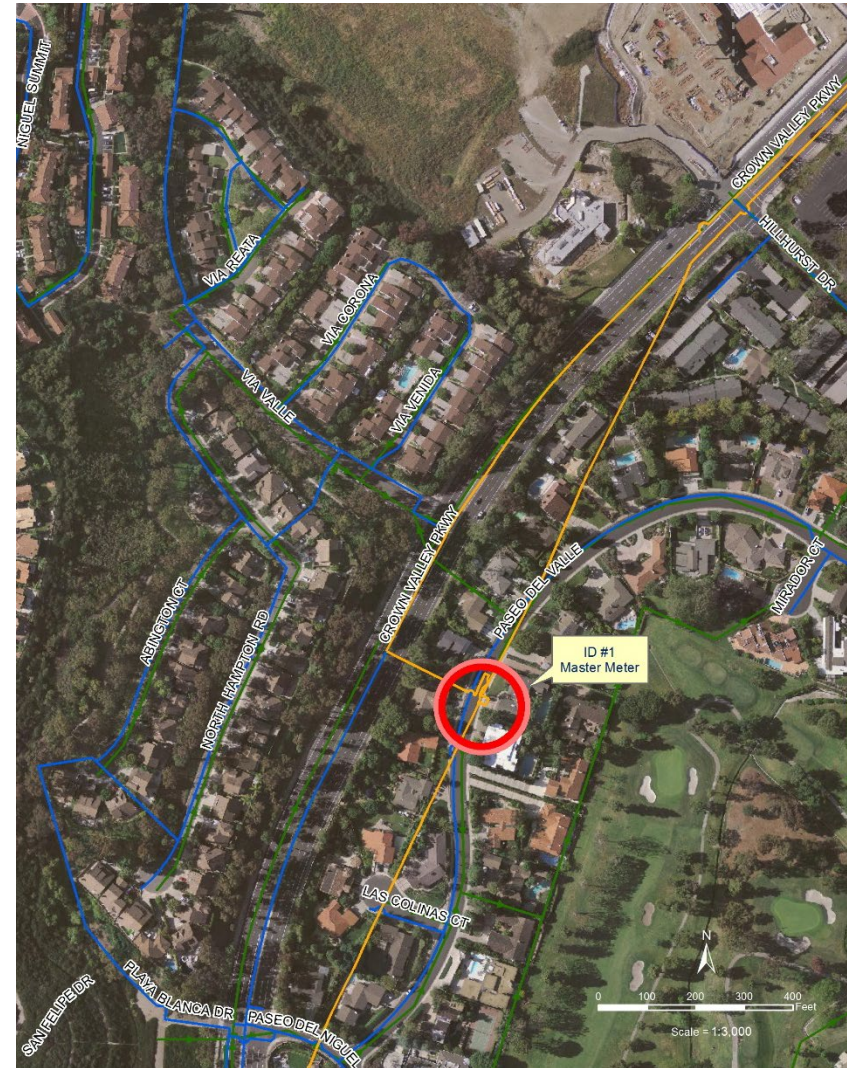
Project Description: Construct new master meter vault and associated piping.

Project Need: SCWD/JRWSS will be relocating approximately 0.5-mile of the Joint Transmission Main (JTM) out of the housing track along Paseo Del Valle and into Crown Valley Parkway. The I.D. No. 1 Master Meter needs to be relocated and reconnected to the JTM at a different location. SCWD/JRWSS plans to perform the JTM relocation work in FY 2023-24.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$403,700
CEQA Compliance	Included
Construction Contract	\$1,662,018
CM and Inspection	\$119,774
Legal/Permits/Other	\$53,563
Total Project Budget	\$2,239,055



Electrical System Improvements Phase 4 – PW

Project No: 2018.004

System: Potable

Fund: 7

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

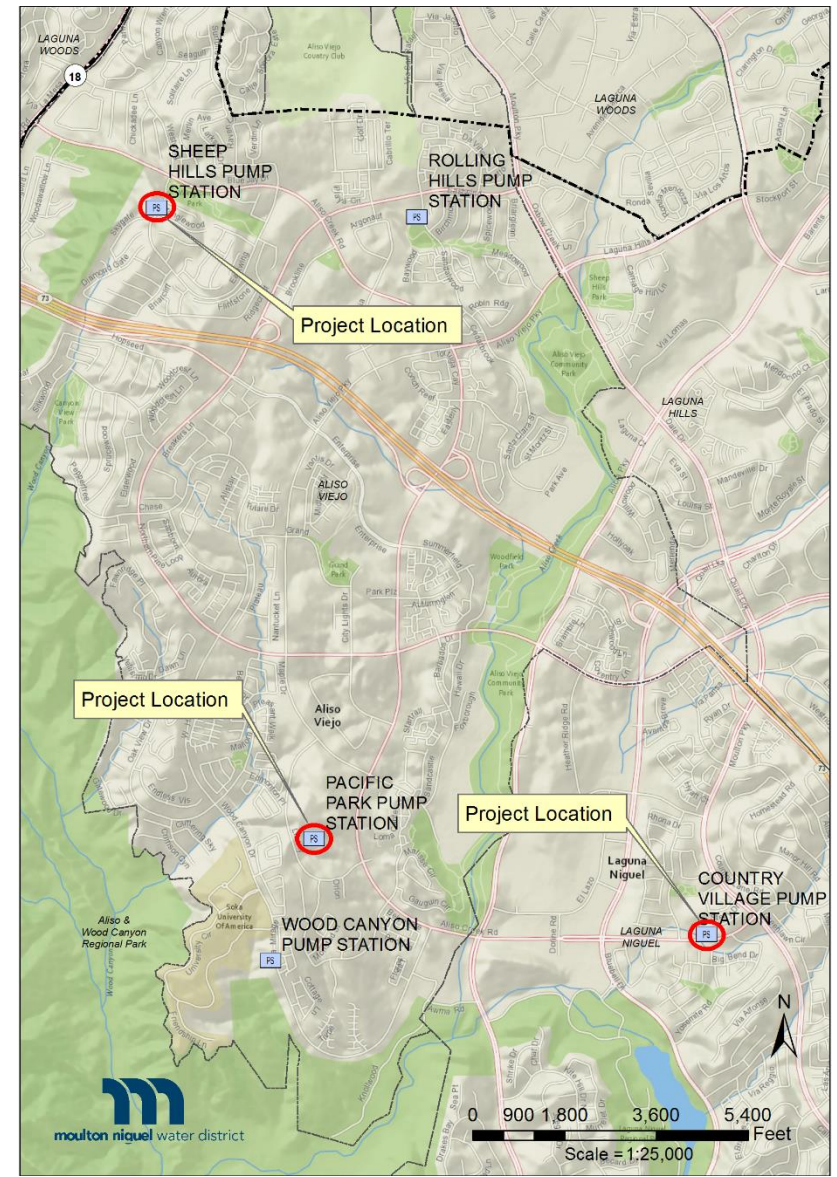
Project Description: Replace 1600A MCC, 600A E-MCC, and Load Bank Circuit Breaker at Country Village PS. Temporary switchgear will be required to maintain operation during construction. Replace Meter/Main Section; remove the fire pump and natural gas engine; and install a new portable generator connection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

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: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$122,297
CEQA Compliance	Exempt
Construction Contract	\$759,110
Inspection/Utility Fees/Other	\$46,900
Total Project Budget	\$928,307



Reservoir Management System Replacement Phase 4

Project No: 2019.029

System: Potable

Fund: 7

Project Location: El Dorado, La Paz, Rancho Reservoirs, and Saddleback

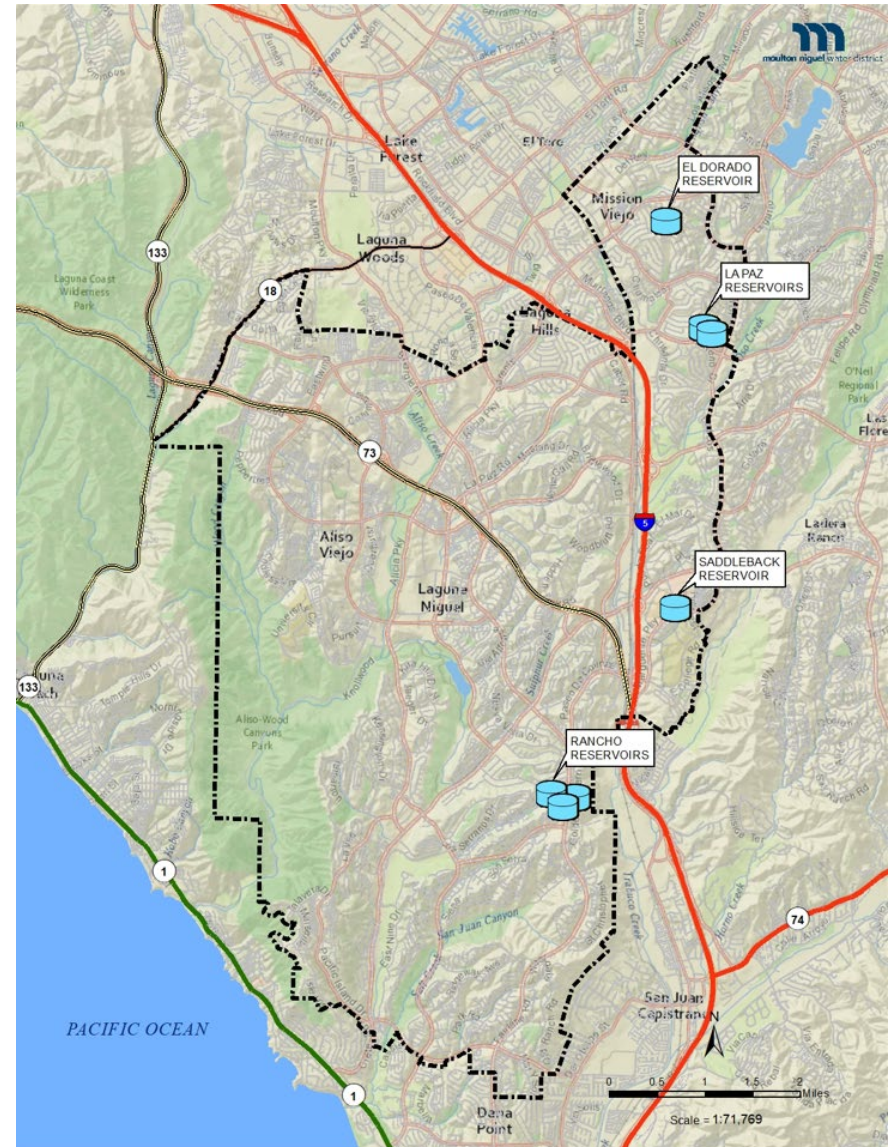
Project Description: Remove existing on-site generation water quality reservoir management systems and protective structures and replace with new water quality reservoir management systems and permanent style buildings. The work will include the installation of liquid sodium hypochlorite and ammonia 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	\$9,663,014
Specialty Inspection	\$755,440
Legal/Permits/Other	\$45,929
Total Project Budget	\$10,988,454



Crown Valley Parkway Transmission Main Lower Reach Replacement

Project No: 2019.037

System: Potable

Fund: 7

Project Location: Crown Valley Parkway, Laguna Niguel

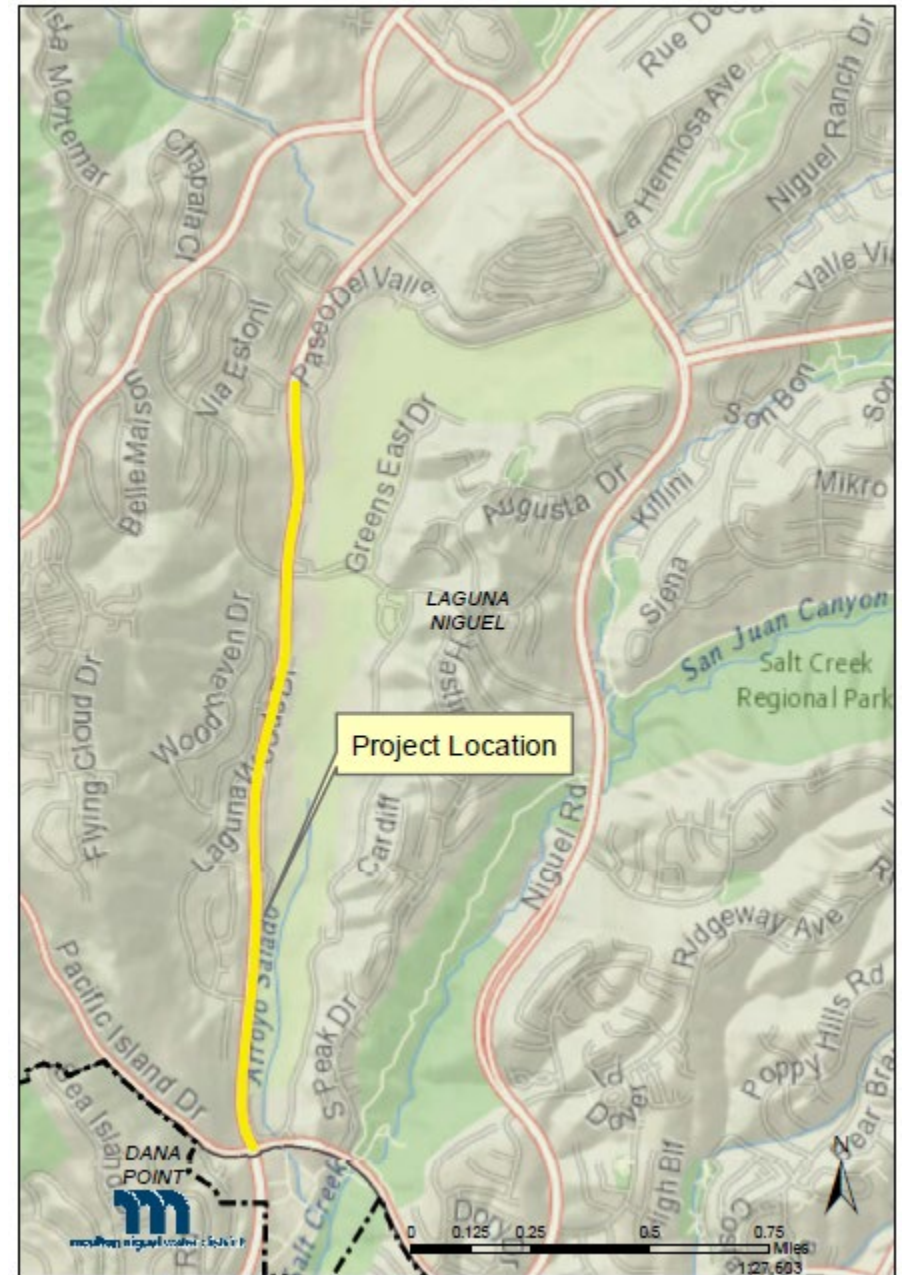
Project Description: Replace the existing 12-inch diameter concrete cylinder transmission main from Camino del Avion/Pacific Island Drive at the south end to approximately Paseo de Niguel at the north end.

Project Need: This 450 pressure zone potable water transmission main was constructed in the 1960s and has required multiple repairs.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$422,400
CEQA Compliance	Included
Construction Contract	\$4,594,954
CM and Inspection	\$342,432
Legal/Permits/Other	\$153,136
Total Project Budget	\$5,512,922



Low Resolution Meter Replacement

Project No: 2022.013

System: Potable

Fund: 6

Project Location: District-wide

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.

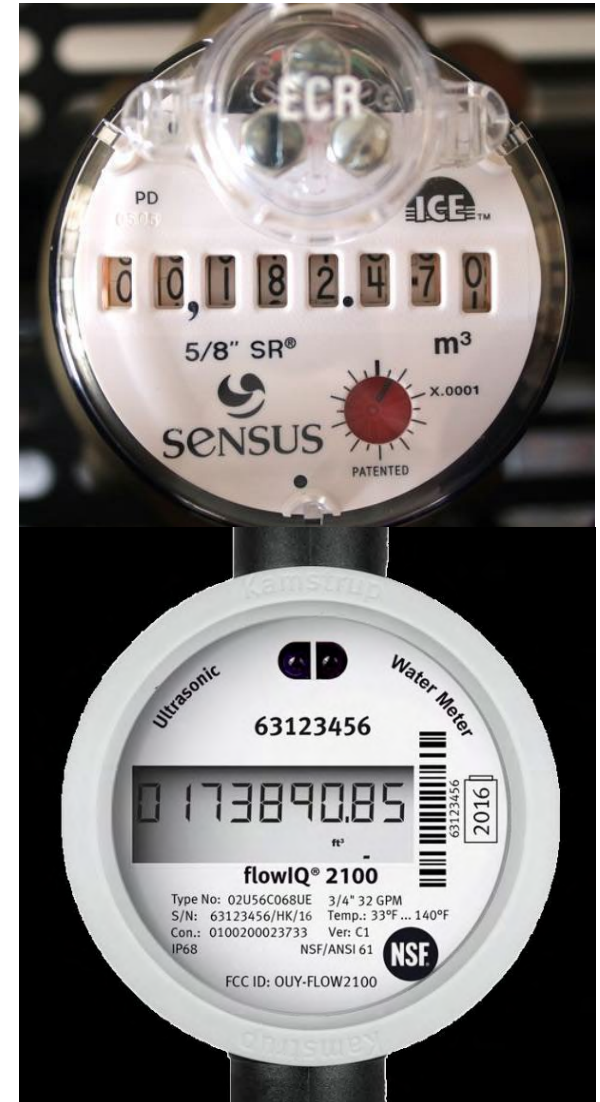
Project Need: The non-programmable water meters have become obsolete as they are not capable of providing high-resolution hourly AMI data. Upgrading the obsolete meters to high-resolution ultrasonic meters will allow the District to maximize utility of its recent investment in AMI radios. In particular,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

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



Micro-Hydro Turbine at Bridlewood Flow Control Facility

Project No: 2022.029

System: Potable

Fund: 14

Project Location: Bridlewood Flow Control Facility, Laguna Hills

Project Description: Install new HydroXS energy recovery system at the Bridlewood Flow Control Facility. This system is designed to use a micro-hydro turbine to convert excess pressure into renewable energy.

Project Need: The District will reduce operating costs by generating revenue from the energy recovery system.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$150,000
CEQA Compliance	Exempt
Construction Contract	\$1,100,000
Legal/Permits/Other	\$50,000
Total Project Budget	\$1,300,000



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: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$600,000
CEQA Compliance	\$100,000
Construction Contract	\$8,700,000
CM & Inspection	\$400,000
Labor/Permits/Other	\$200,000
Total Project Budget	\$10,000,000



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

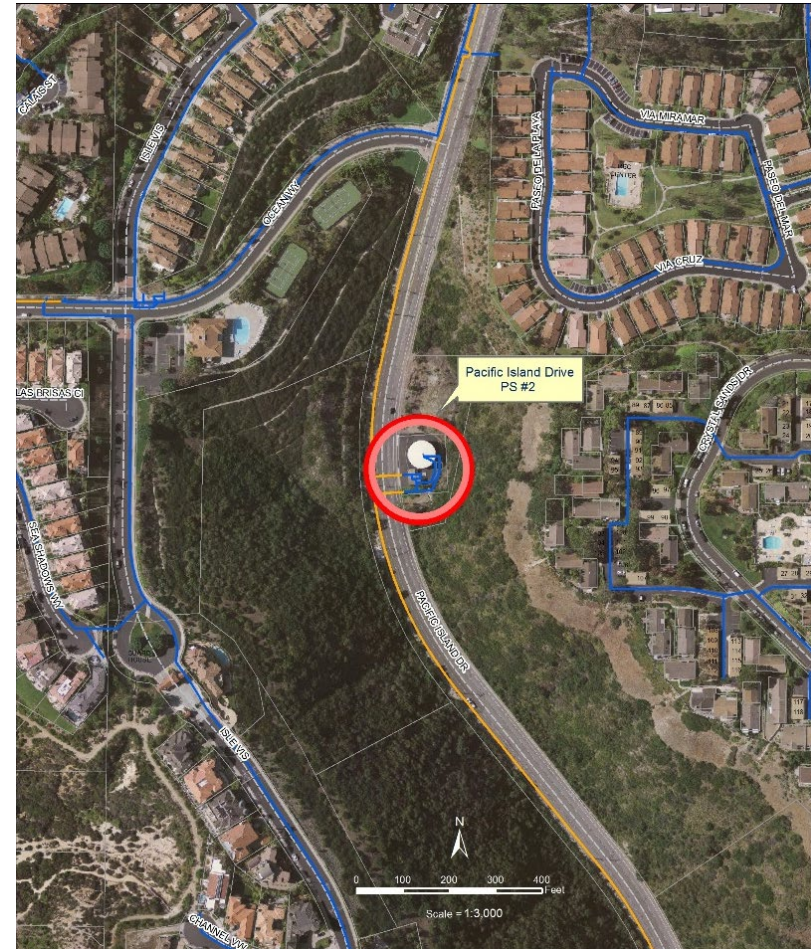
Project Description: Install approximately 2,000 feet of 12-inch diameter pipe. Construct a standalone, back-up pump station at PID Pump Station No. 2 site.

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
Alternatives Analysis	\$85,000
Design	\$500,000
CEQA Compliance	\$50,000
Construction Contract	\$7,300,000
Specialty Inspection	\$500,000
Labor/Other	\$65,000
Total Project Budget	\$8,500,000



Rehabilitation of the Marguerite Reservoir

Project No: 2020.017

System: Potable

Fund: 7

Project Location: Marguerite Reservoir, Mission Viejo

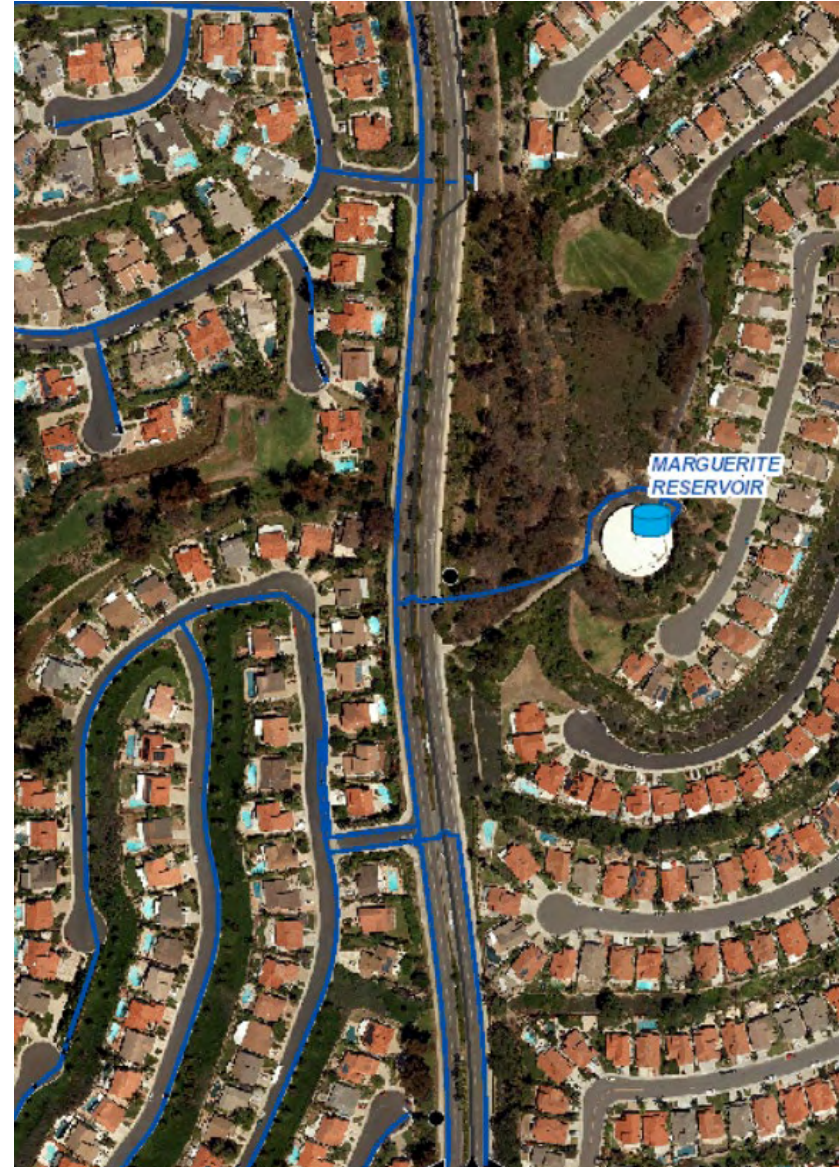
Project Description: Re-coat the interior and exterior of the Marguerite Reservoir. The project also includes structural and corrosion rehabilitation, tank operation and safety improvements, and installation of a cathodic protection system.

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: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$40,000
CEQA Compliance	Exempt
Construction Contract	\$2,205,000
Specialty Inspection	\$75,000
Legal/Permits/Other	\$30,000
Total Project Budget	\$2,350,000



Reservoir Management System Replacement Phase 5

Project No: 2020.018

System: Potable

Fund: 7

Project Location: PID1, PID2, Laguna Sur, and Wood Canyon

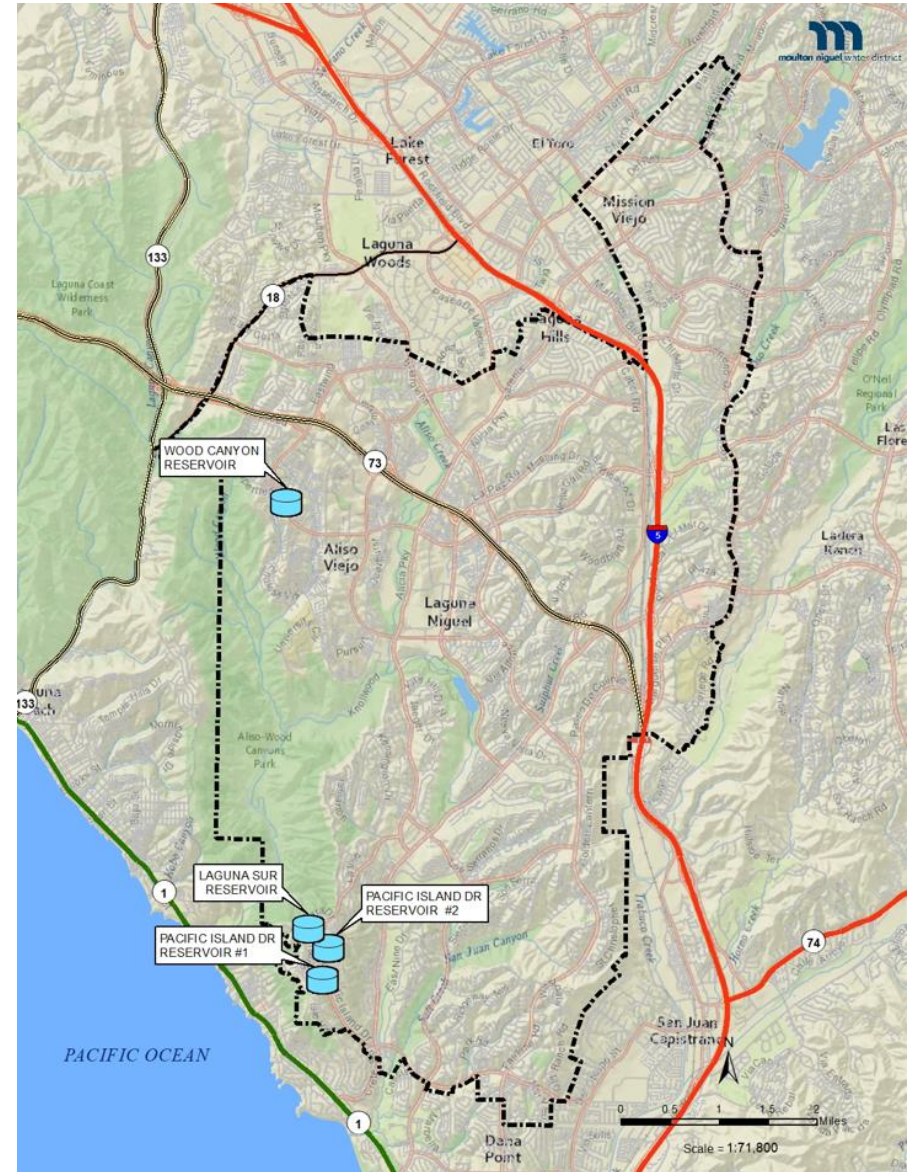
Project Description: Remove existing on-site generation water quality reservoir management systems and protective structures and replace with new water quality reservoir management systems and permanent style buildings. The work will include the installation of liquid sodium hypochlorite and ammonia 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	\$600,000
CEQA Compliance	Exempt
Construction Contract	\$7,600,000
Specialty Inspection	\$630,000
Legal/Permits/Other	\$50,000
Total Project Budget	\$8,880,000



OCWD Basin Emergency Interconnection

Project No: 2022.032

System: Potable

Fund: 12

Project Location: Various

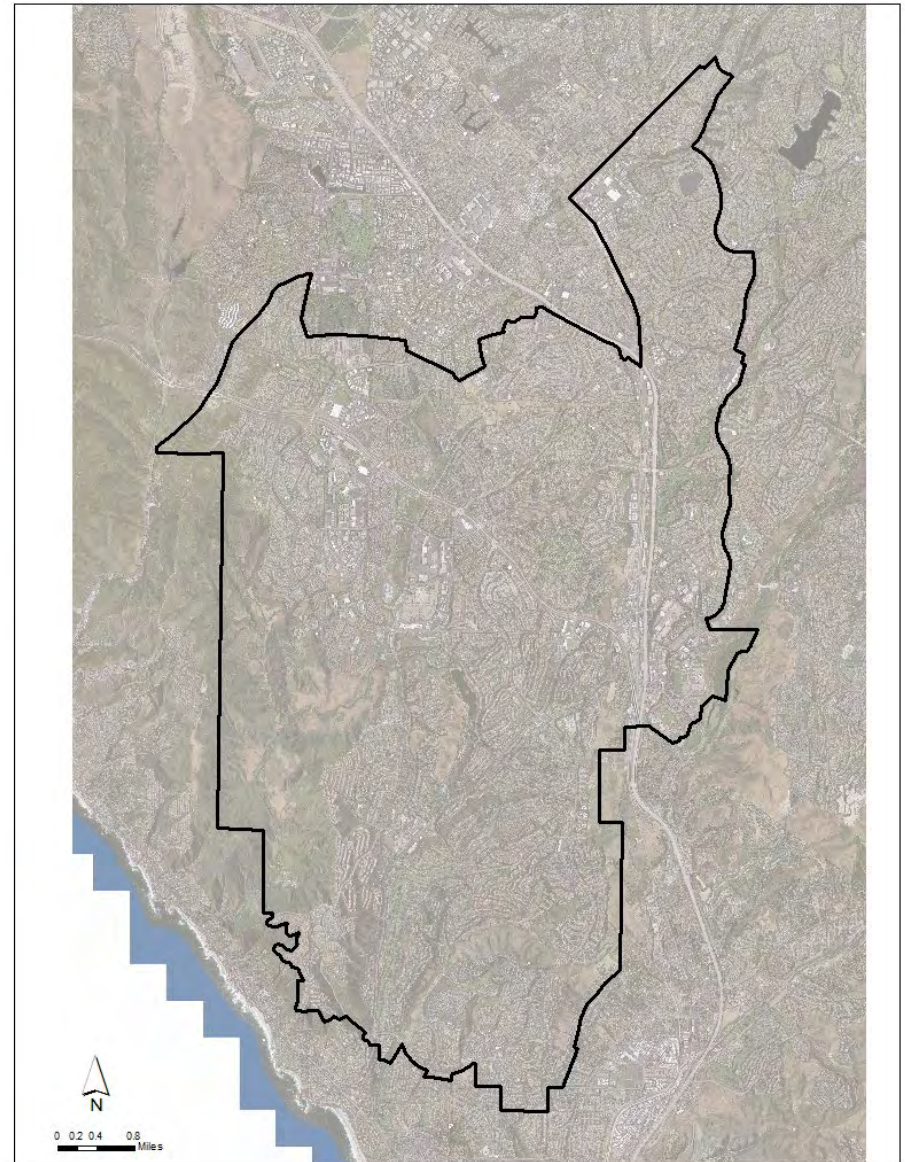
Project Description: Infrastructure improvements to provide an emergency interconnection to the OCWD groundwater basin.

Project Need: Water supply reliability.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$1,750,000
CEQA Compliance	\$500,000
Construction Contract	\$17,000,000
Inspection/Other	\$750,000
Total Project Budget	\$20,000,000



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

Project No: 2023.013

System: Potable

Fund: 7

Project Location: Crown Valley Reservoir, Laguna Niguel

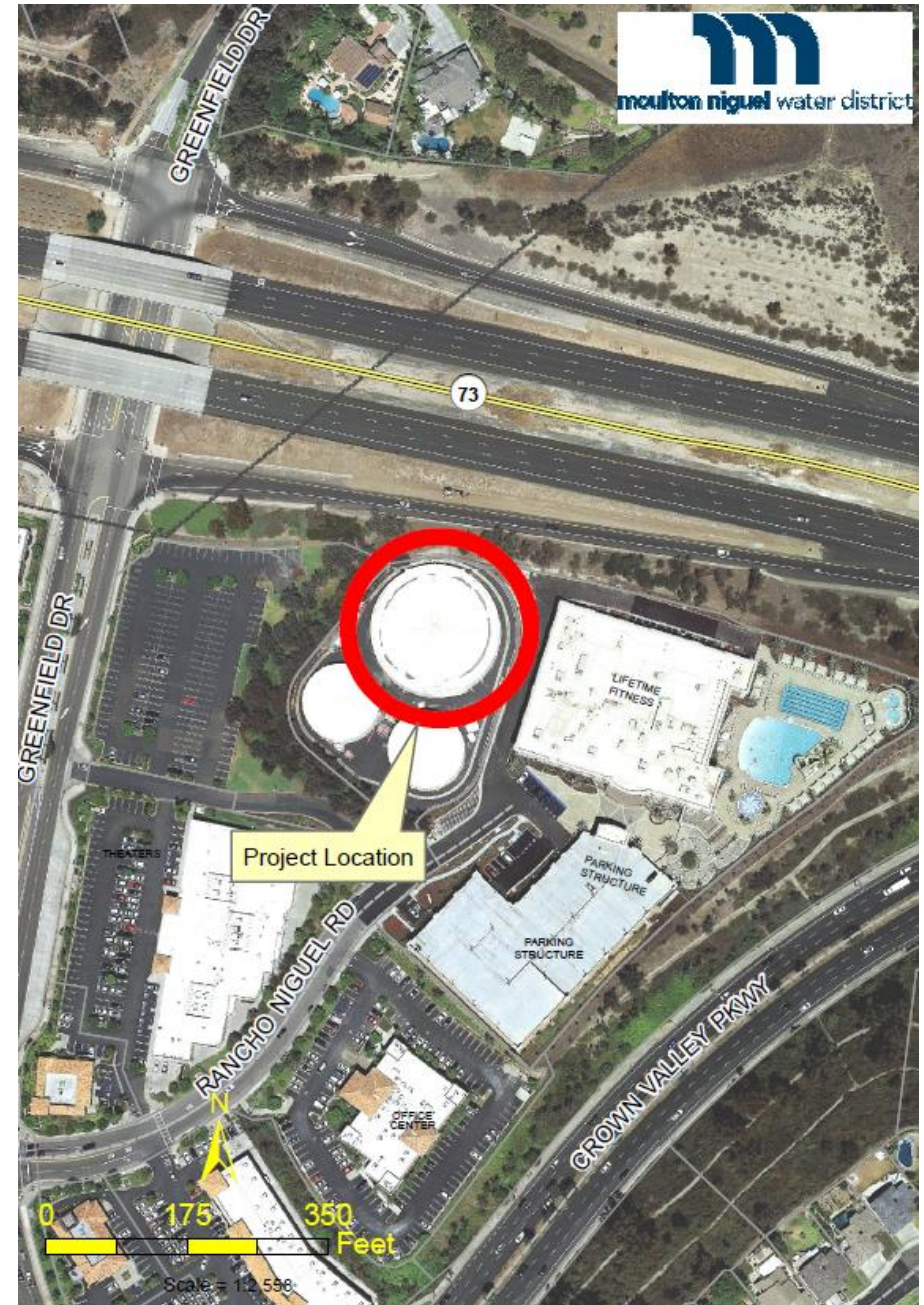
Project Description: The Crown Valley Reservoir No. 3 requires roof plate replacements, interior recoating and exterior roof paint.

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: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$40,000
CEQA Compliance	Exempt
Construction Contract	\$1,100,000
Specialty Inspection	\$95,000
Legal/Permits/Other	\$15,000
Total Project Budget	\$1,250,000



Beacon Hill Pump Station Rehabilitation

Project No: 2023.014

System: Potable

Fund: 7

Project Location: Beacon Hill Pump Station, Laguna Niguel

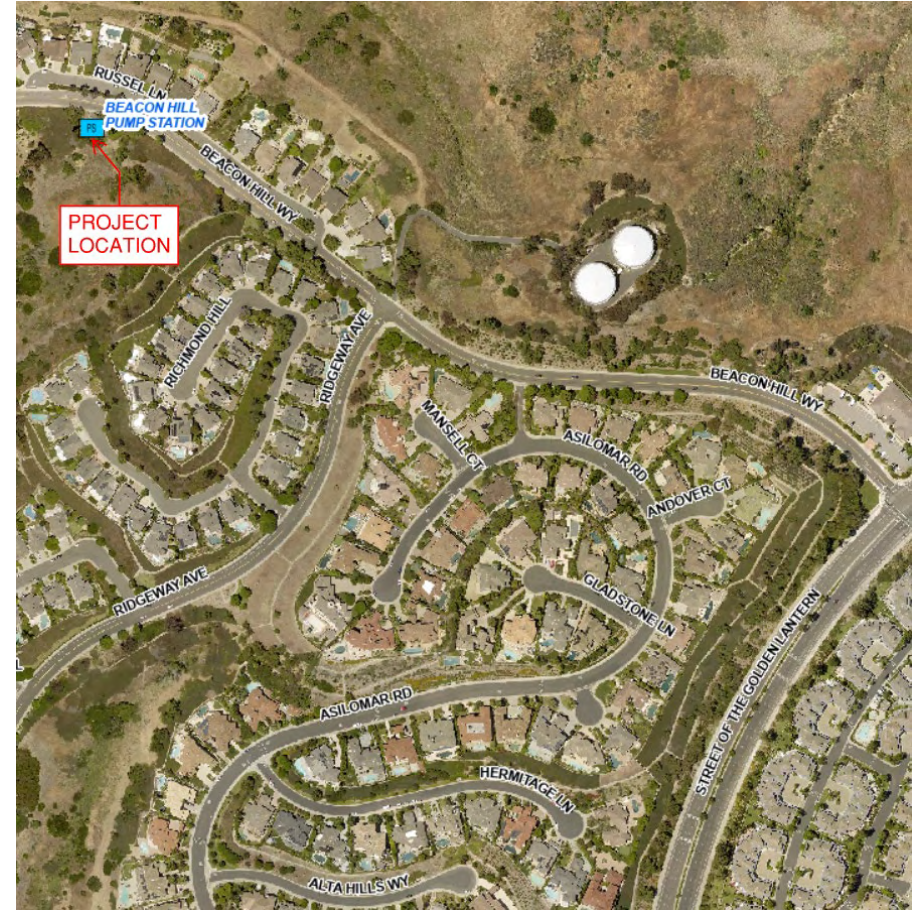
Project Description: Rehabilitate the Beacon Hill Pump Station in its entirety, including mechanical equipment replacements, electrical system replacements, instrumentation system replacements, and sitework restoration.

Project Need: Although periodic improvements have been made, much of the equipment is obsolete, requires increased maintenance, and needs replacement.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$765,000
CEQA Compliance	Exempt
Construction Contract	\$2,300,000
CM and Specialty Inspection	\$75,000
Legal/Permit/Other	\$60,000
Total Project Budget	\$3,200,000



Moulton Peak Reservoir Site Paving Replacement

Project No: 2023.018

System: Potable

Fund: 7

Project Location: Moulton Peak Reservoir, Aliso Viejo

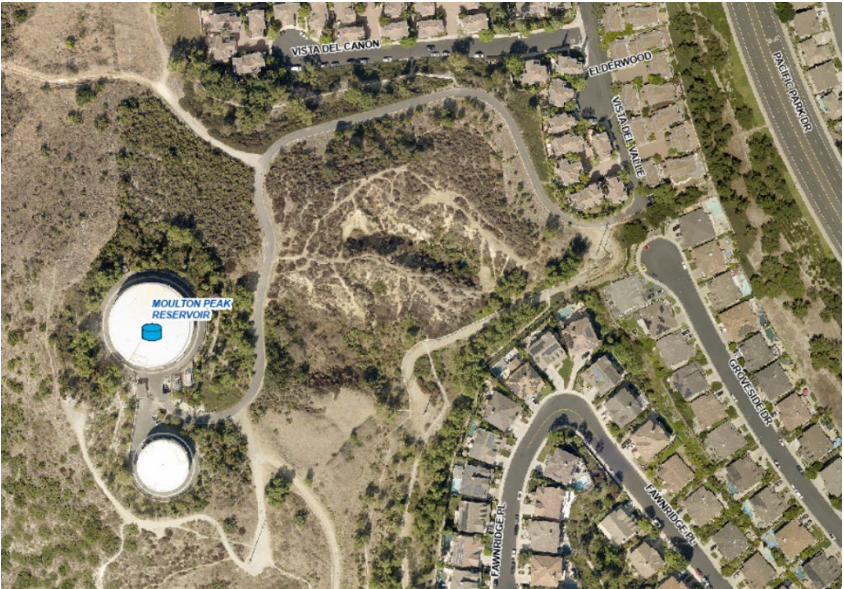
Project Description: Remove existing asphalt paving and replace with new 4-inch asphalt paving over existing base.

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

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$150,000
Total Project Budget	\$150,000



Pacific Park Reservoir Site Paving Replacement

Project No: 2023.020

System: Potable

Fund: 7

Project Location: Pacific Park Reservoir, Aliso Viejo

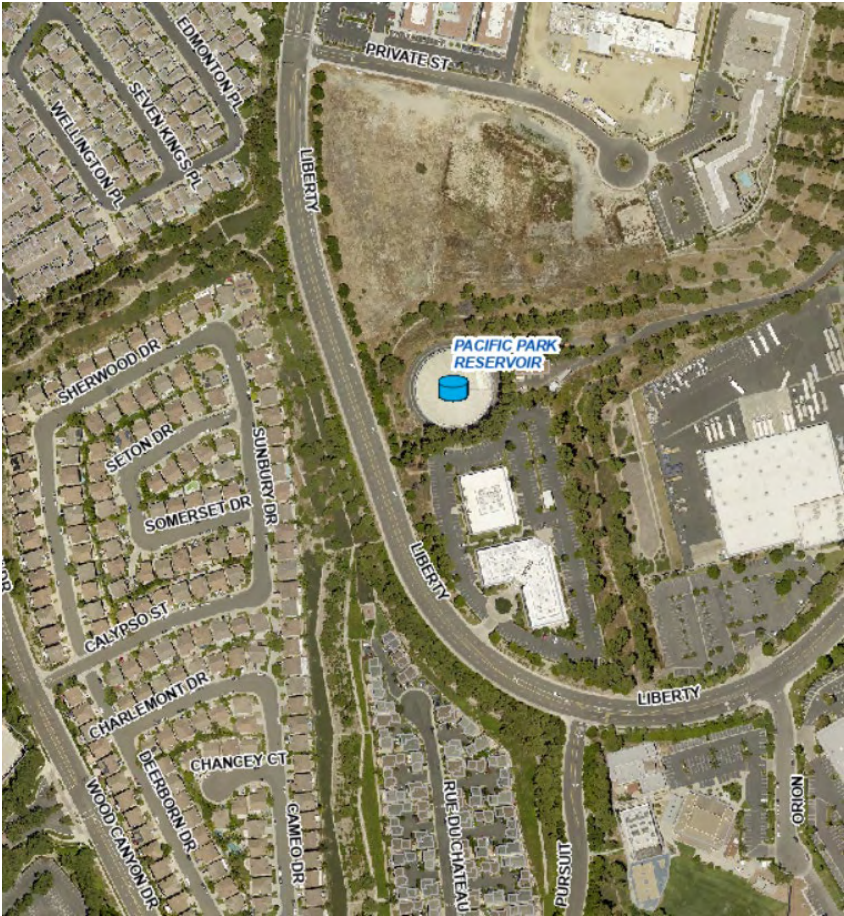
Project Description: Remove existing asphalt paving and replace with new 4-inch asphalt paving over existing base.

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

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$250,000
Total Project Budget	\$250,000



Highlands Pump Station Improvements

Project No: 2023.022

System: Potable

Fund: 14

Project Location: Highlands Pump Station, Laguna Niguel

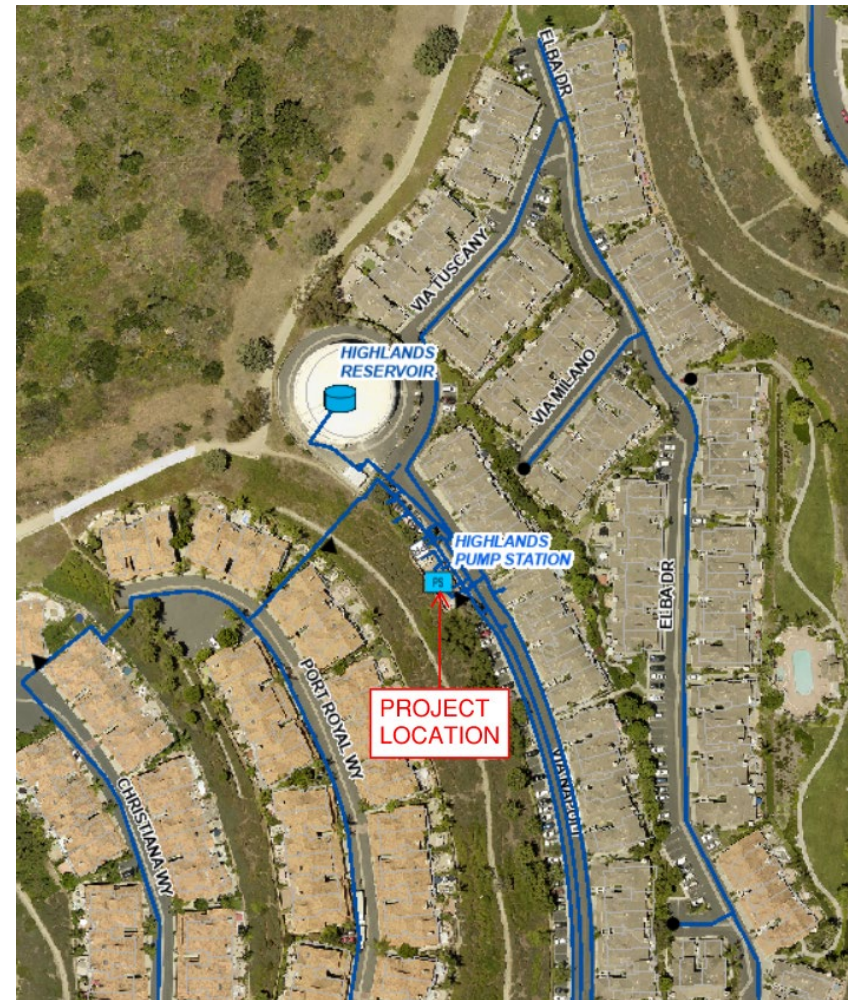
Project Description: Replace the existing 8-inch suction pipeline with a larger pipeline to increase pumping capacity at the facility. The project also includes associated electrical improvements, including potentially upsizing the service entrance.

Project Need: These improvements are needed for operational flexibility and reliability.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$30,000
CEQA Compliance	Exempt
Construction Contract	\$110,000
Inspection/Other	\$10,000
Total Project Budget	\$150,000



Highlands 790-Zone Pipeline Loop

Project No: 2023.025

System: Potable

Fund: 14

Project Location: Niguel Road and Highlands Avenue, Laguna Niguel

Project Description: Install approximately 800 feet of 12-inch diameter pipeline from Niguel Road and Via Napoli to Braxton Drive and Preston Drive.

Project Need: This project would enhance reliability for the area supplied by the 790-Zone by adding an additional feed.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$150,000
CEQA Compliance	Exempt
Construction Contract	\$900,000
Labor/Permits/Other	\$50,000
Total Project Budget	\$1,100,000



2024-25 Valve Replacement – PW

Project No: 2024.001

System: Potable

Fund: 7

Project Location: Various

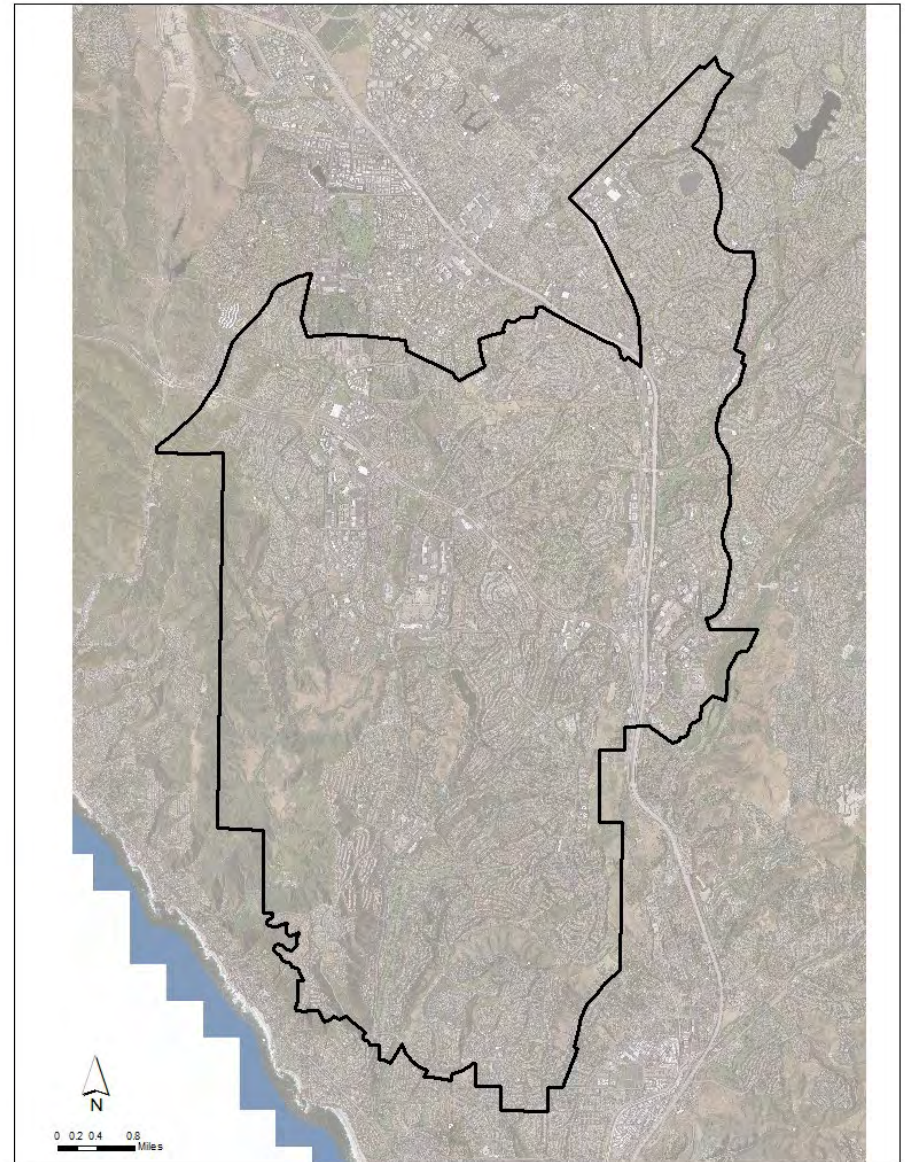
Project Description: Replace existing in-line valves.

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	\$100,000
CEQA Compliance	Exempt
Construction Contract	\$3,000,000
Inspection/Other	\$150,000
Construction by District	\$1,000,000
Total Project Budget	\$4,250,000



Fire Hydrant Replacement Program

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

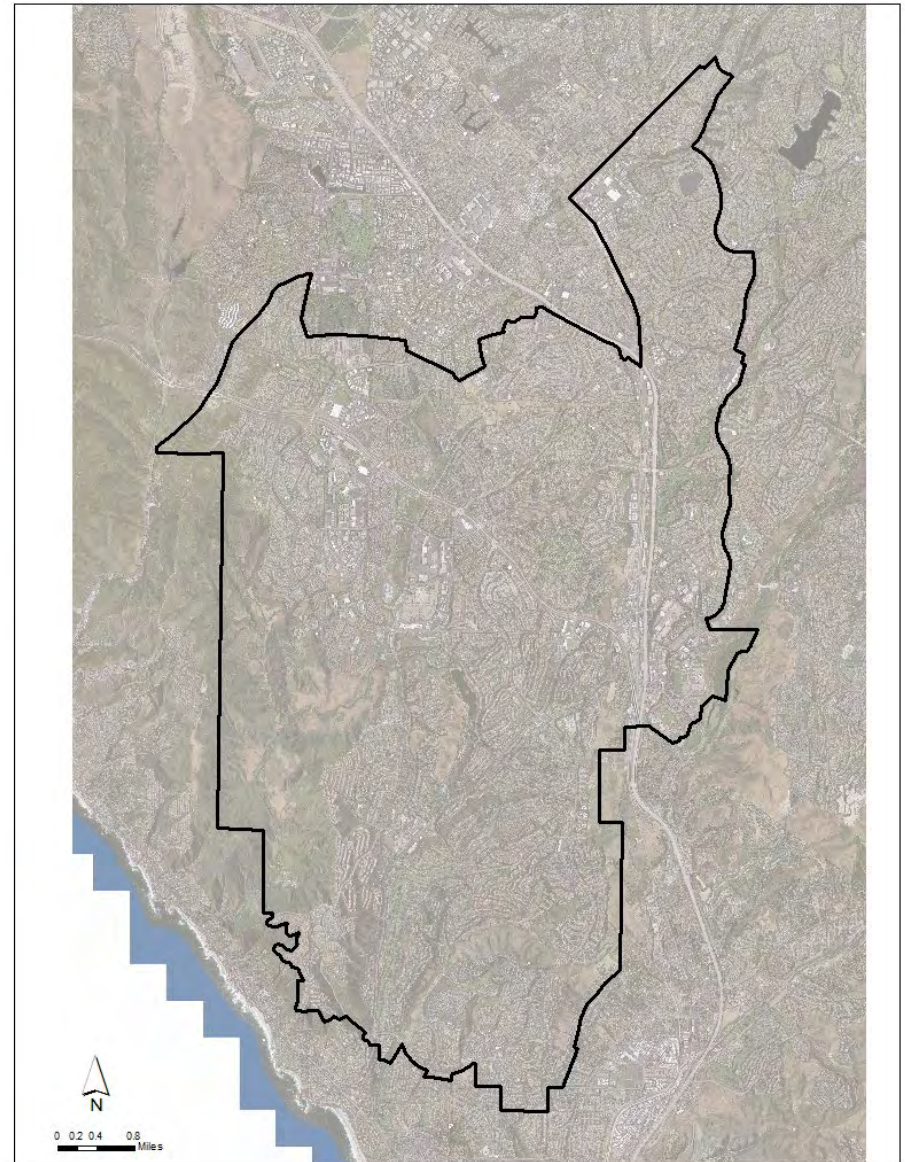
Project Description: Replace existing fire hydrants.

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	\$2,250,000
Total Project Budget	\$2,250,000



Meter Replacement Program – PW

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

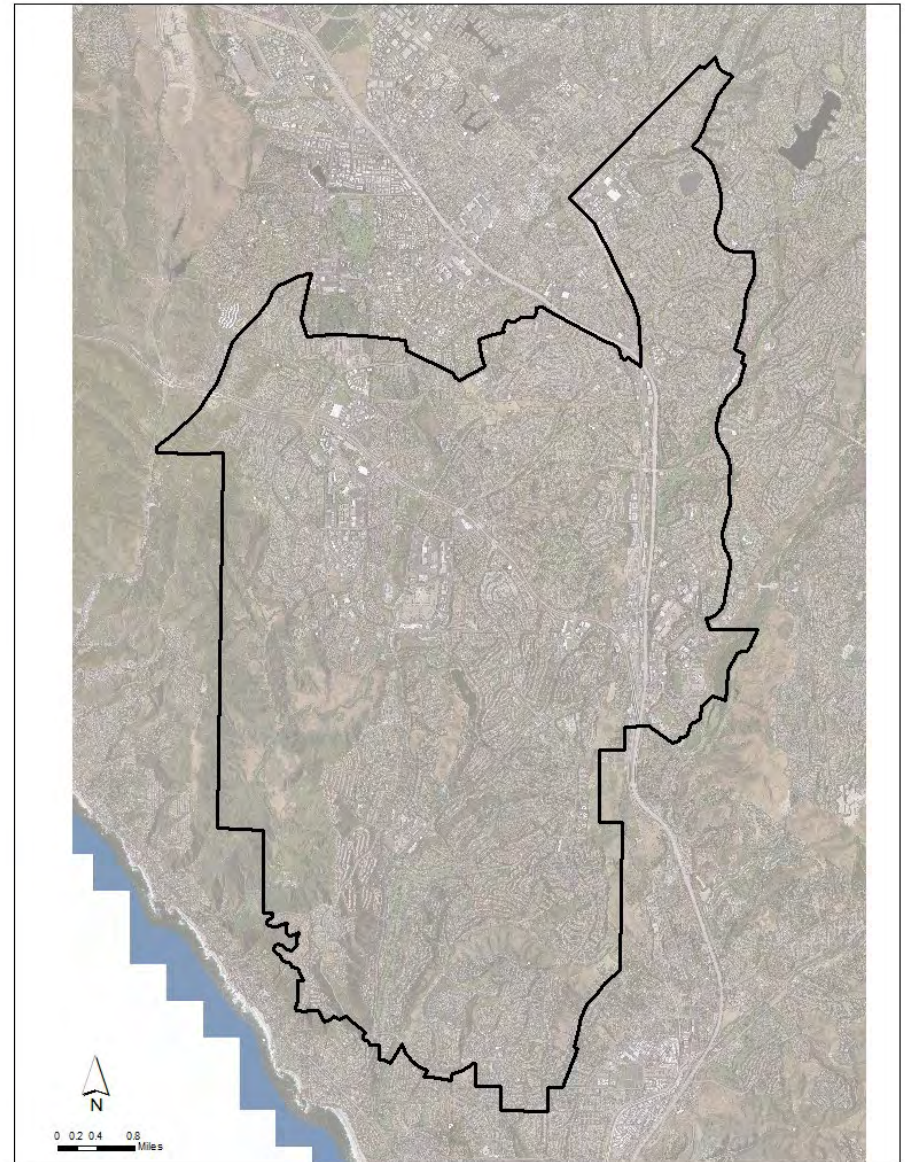
Project Description: Replace existing meters.

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	\$11,250,000
Total Project Budget	\$11,250,000



Operations-Led Capital Improvements – PW

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

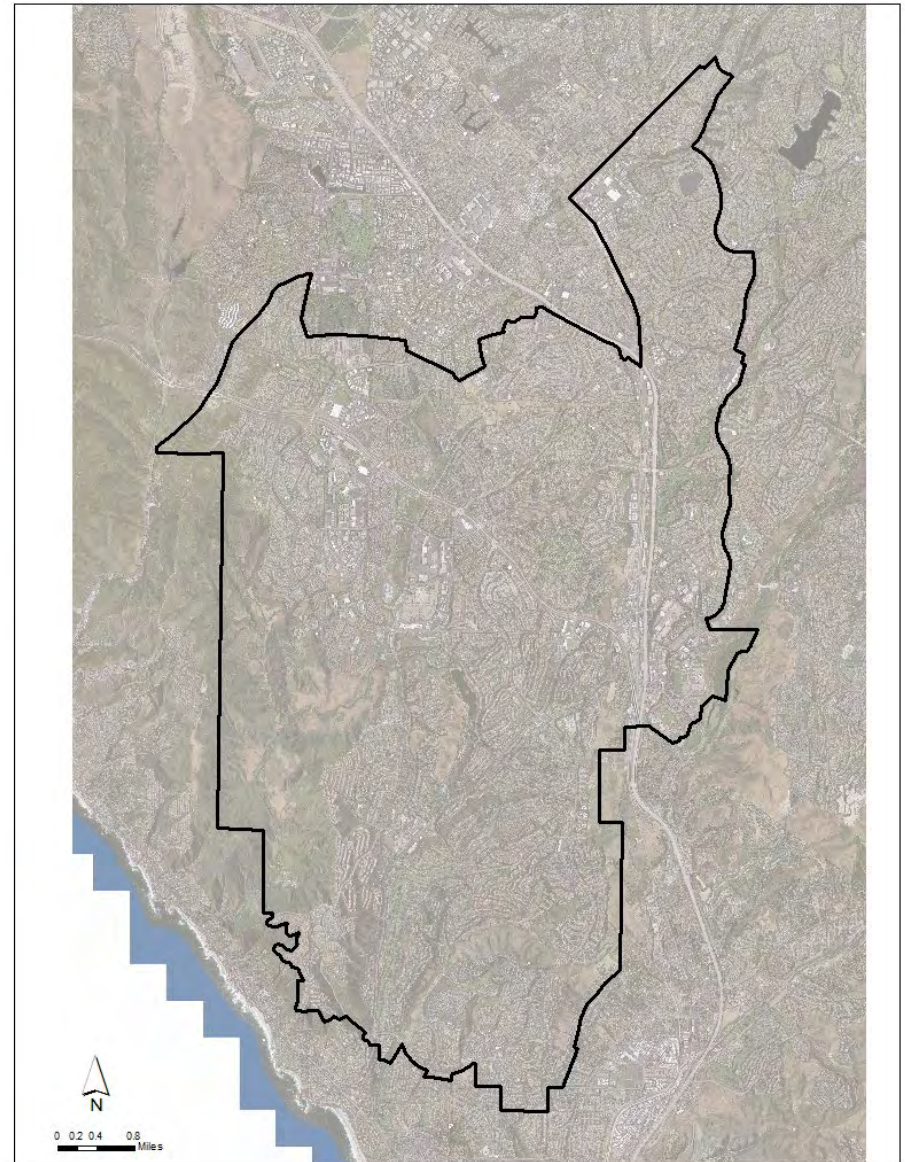
Project Description: This program covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, 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	\$2,250,000
Total Project Budget	\$2,250,000



Pipeline Rehabilitation and Replacement Program – PW

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

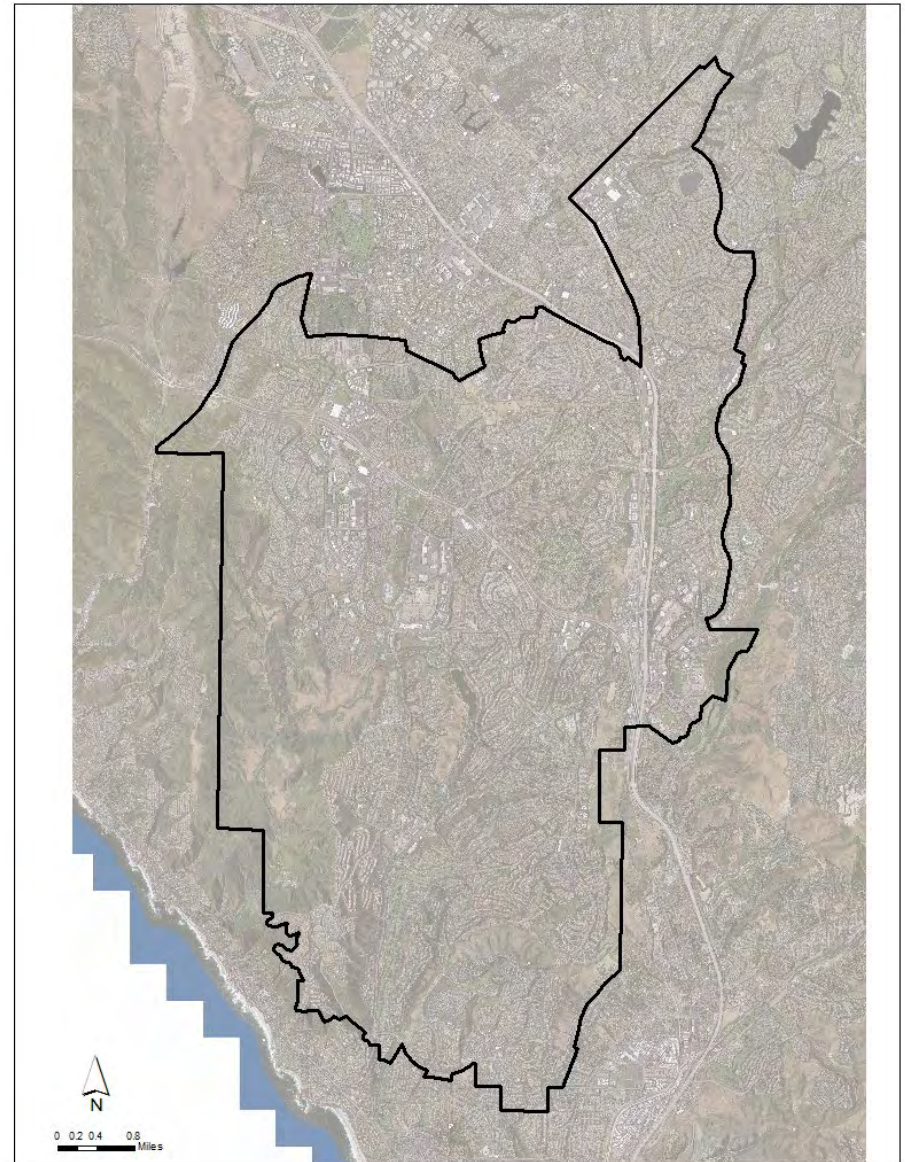
Project Description: Rehabilitate or replace pipelines that have reached the end of their useful lives. An analysis was performed using information contained in the District's Geographic Information System (GIS) to prioritize potable water pipelines for rehabilitation and replacement.

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	\$15,000,000
CEQA Compliance	Exempt
Construction Contract	\$80,000,000
Inspection/Other	\$5,000,000
Total Project Budget	\$100,000,000



Reservoir Recoating Program – PW

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

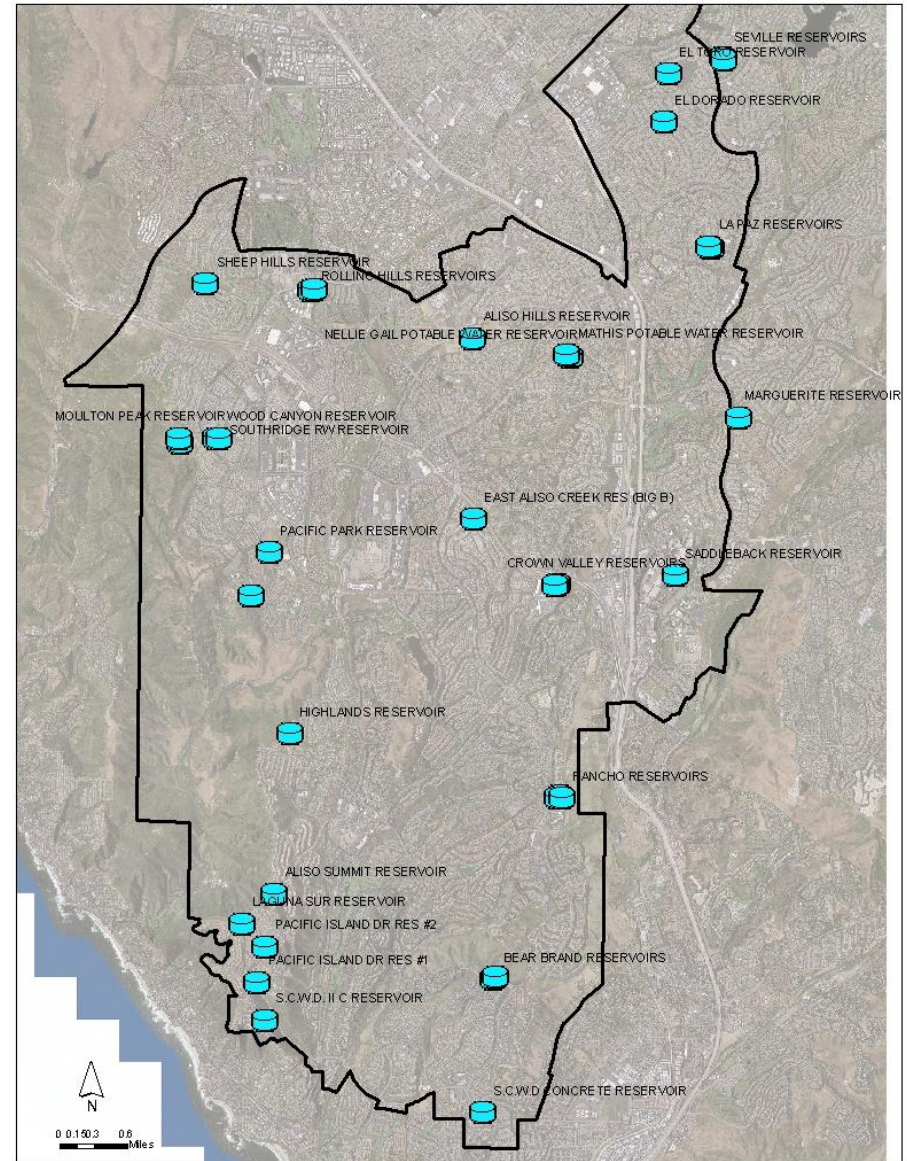
Project Description: Recoat the interior and exterior of steel reservoirs in the potable system.

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	\$250,000
CEQA Compliance	Exempt
Construction Contract	\$4,250,000
Inspection	\$500,000
Total Project Budget	\$5,000,000



Service Line Replacement Program – PW

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

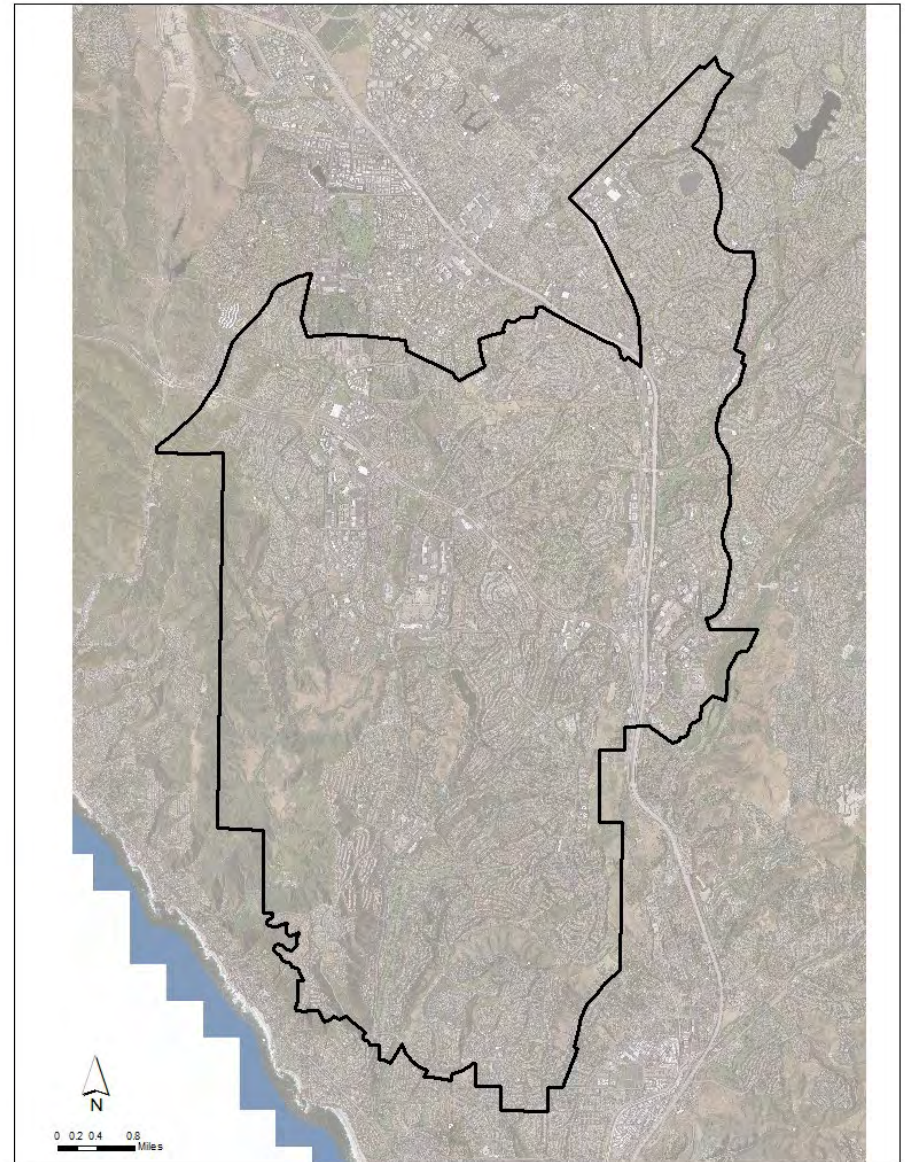
Project Description: Replace existing service lines.

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	\$9,000,000
Construction by District	\$13,500,000
Total Project Budget	\$22,500,000



Valve Replacement Program – PW

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

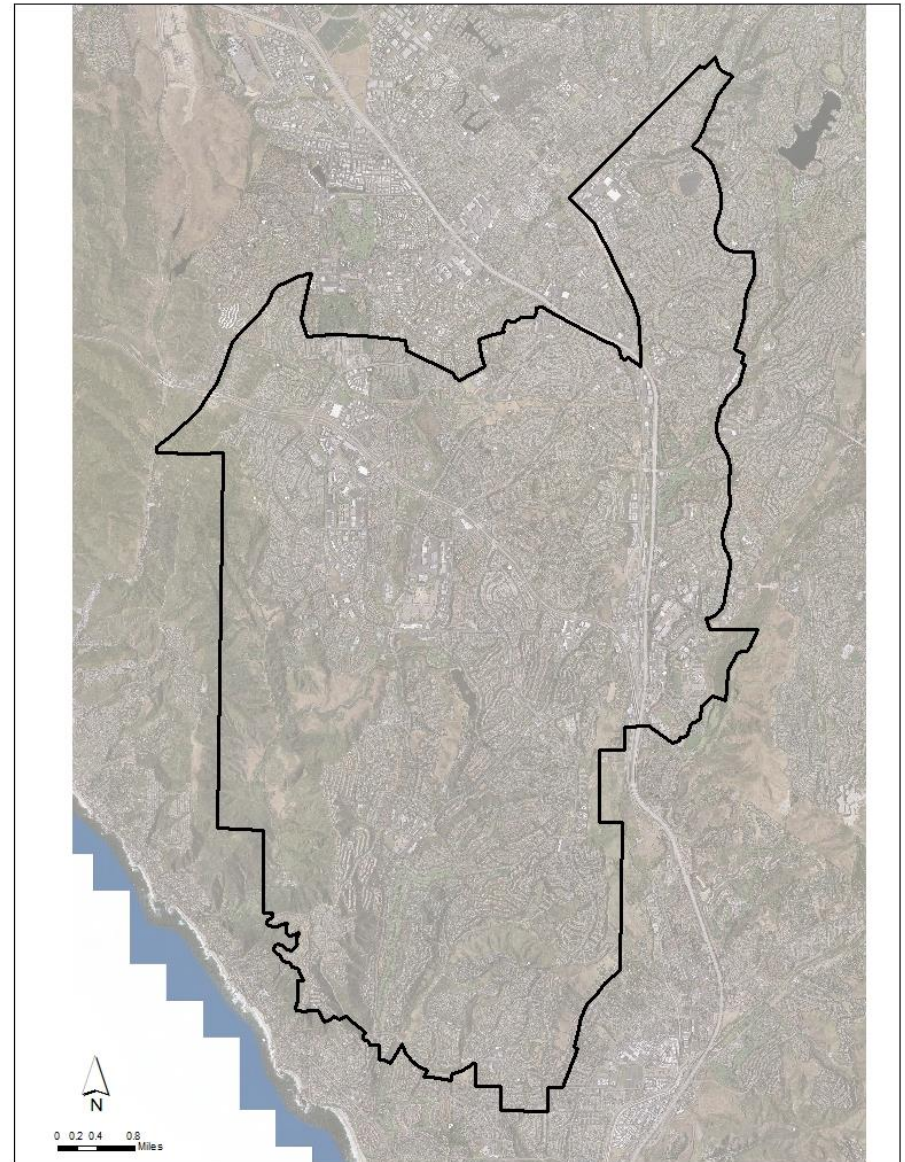
Project Description: Replace pipeline valves.

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	\$800,000
CEQA Compliance	Exempt
Construction Contract	\$15,500,000
Inspection/Other	\$700,000
Construction by District	\$9,000,000
Total Project Budget	\$26,000,000



Vertical Assets Rehabilitation and Replacement Program – PW

Project No: Annual Program

System: Potable

Fund: 7

Project Location: Various

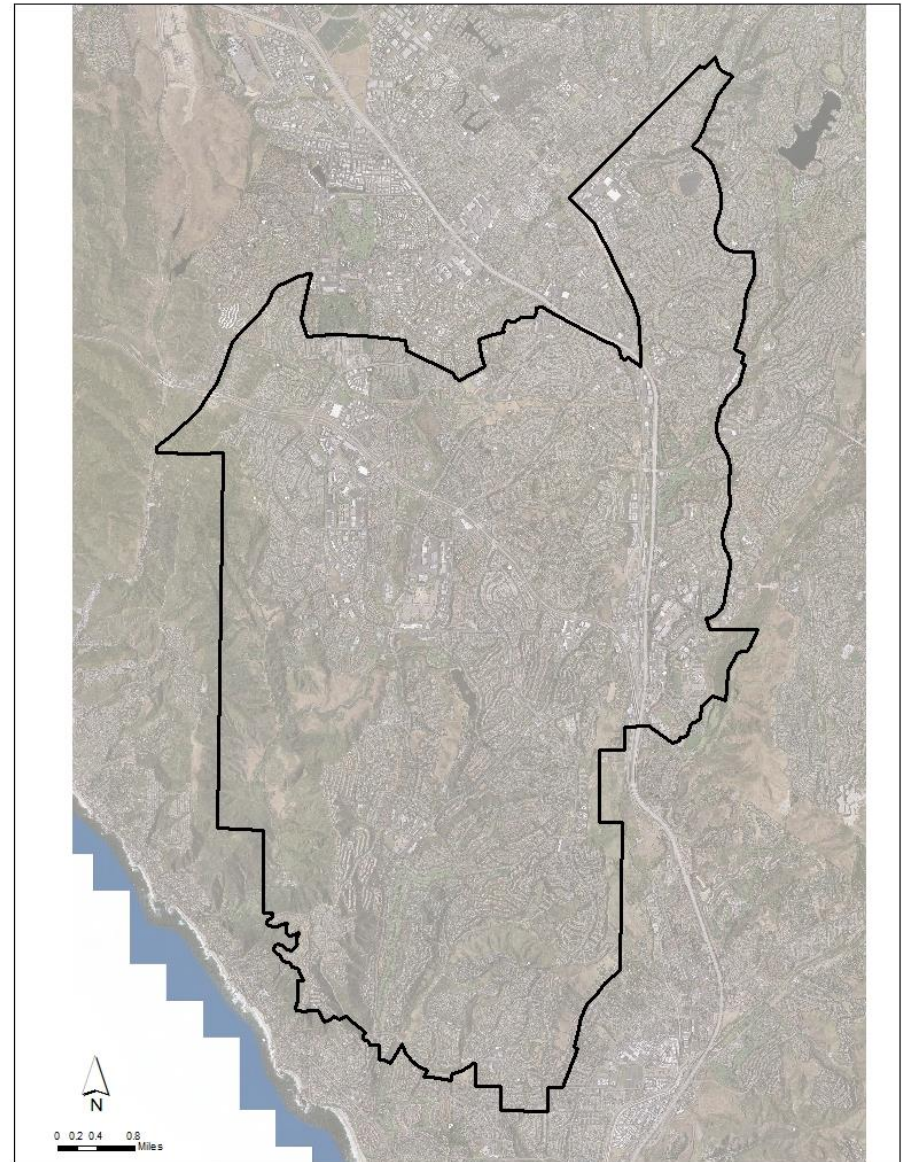
Project Description: Rehabilitate or replace structures and equipment at pump station, flow control and pressure reducing stations that have reached the end of their useful lives. An analysis was performed by staff to prioritize the methodical rehabilitation or replacement of vertical assets within the 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	\$2,000,000
CEQA Compliance	Exempt
Construction Contract	\$7,400,000
Inspection/Other	\$1,000,000
Total Project Budget	\$10,400,000



Sheep Hills Pump Station Improvements

Project No: 2018.021

System: Potable

Fund: 7

Project Location: Sheep Hills Pump Station, Aliso Viejo

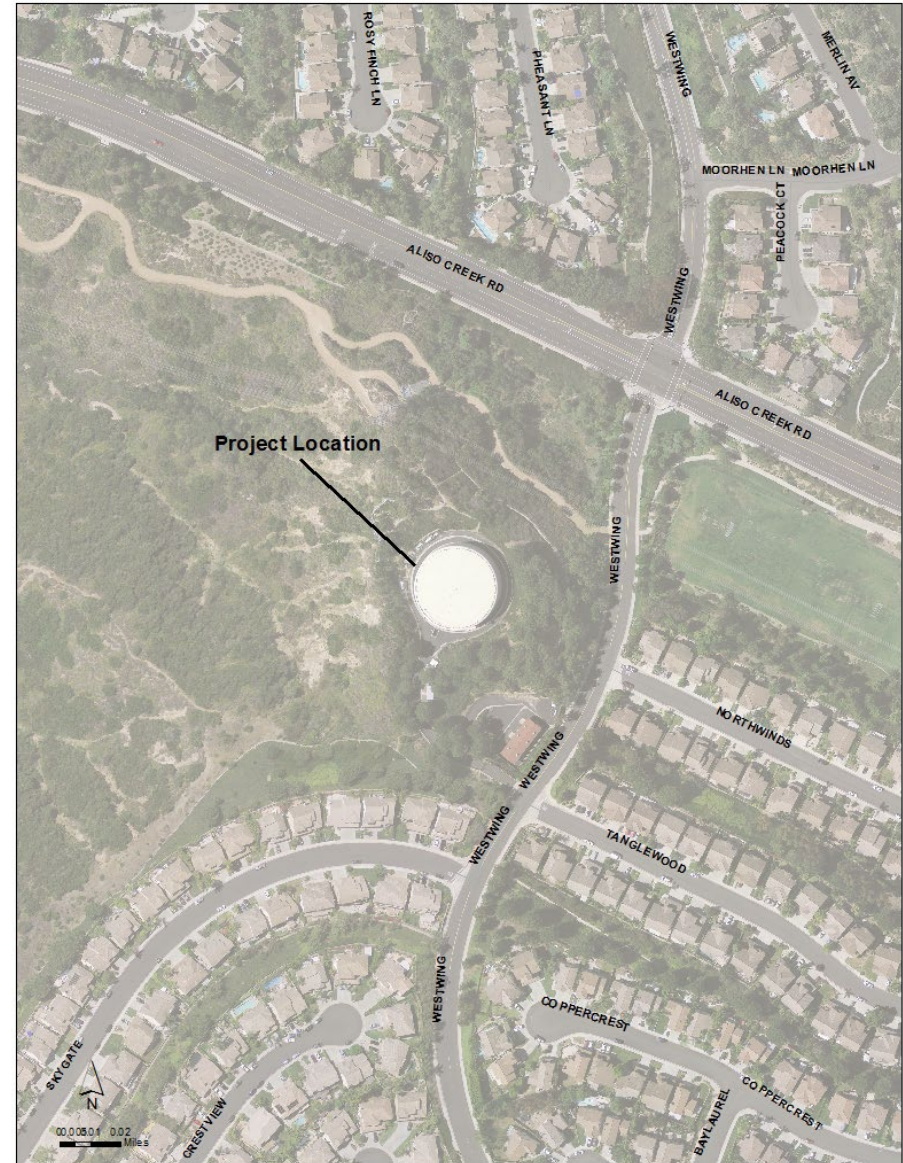
Project Description: Evaluate options to remove and replace the fire pump and natural gas engine with a new diesel generator, including up to three new duty pumps, valves, and associated piping. Ultimate pump station improvements will be based upon recommendations from a hydraulic modeling analysis.

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

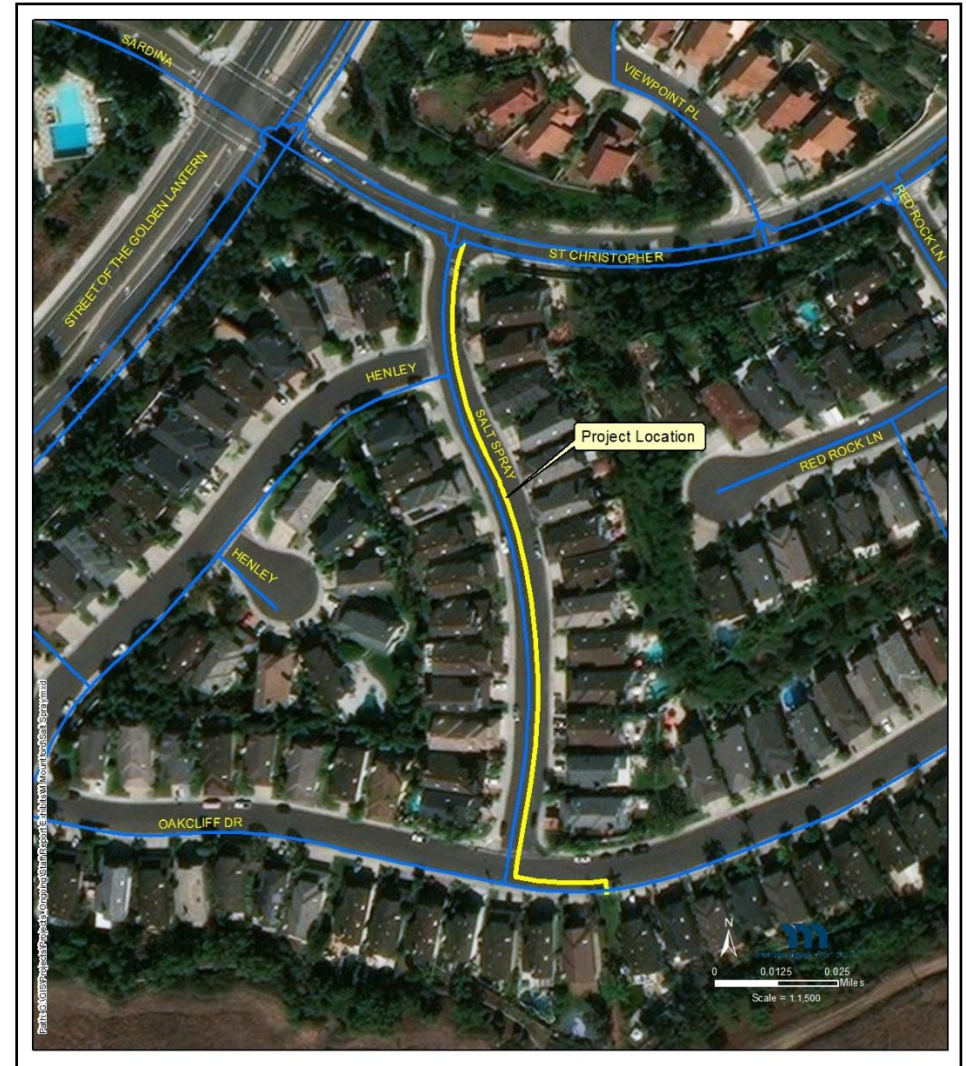
Project Description: Install approximately 800 feet of new 12-inch diameter potable water main pipeline at Salt Spray Drive.

Project Need: The pipeline will provide additional redundancy in the 750 pressure. The 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	\$400,000
Inspection/Other	\$25,000
Total Project Budget	\$475,000



Eastern Transmission Main Rehabilitation

Project No: 2022.016

System: Potable

Fund: 7

Project Location: Eastern Transmission Main

Project Description: Replace existing 30-inch and 33-inch steel pipe sections and rehabilitate vaults.

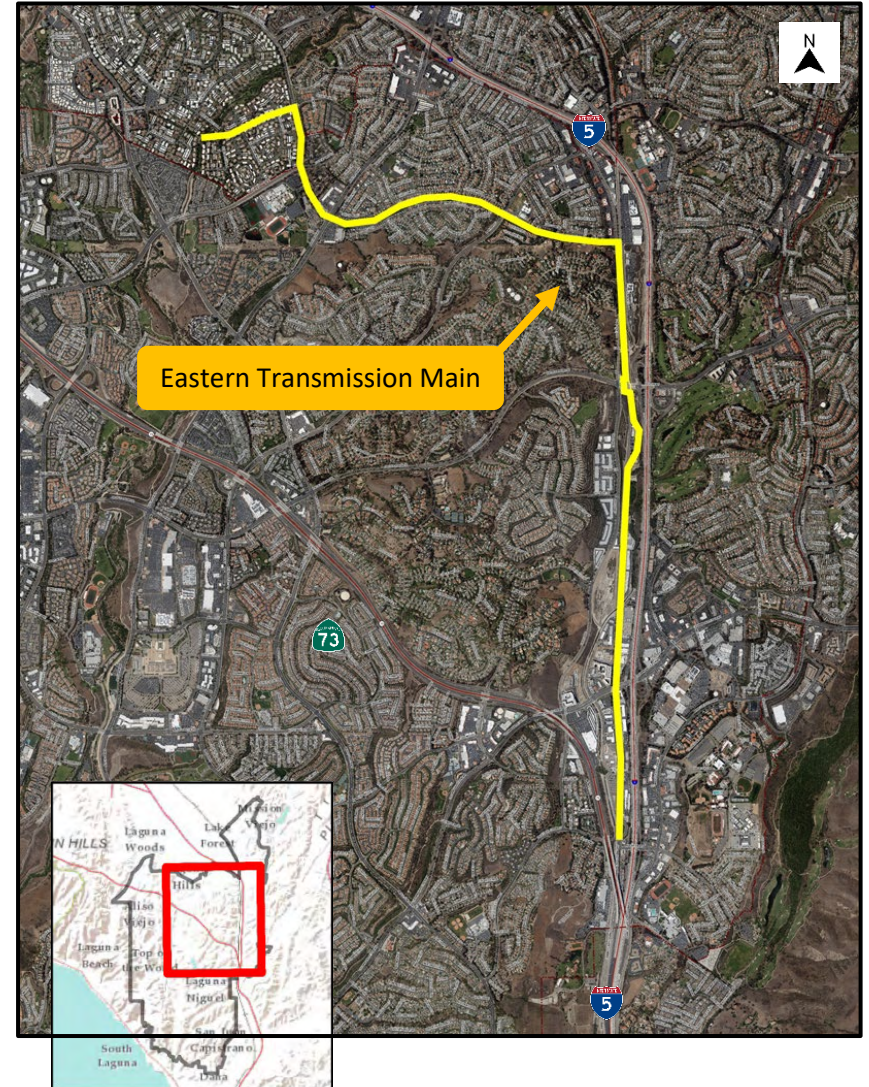
Project Need: A condition assessment was completed in April 2022. Results of the condition assessment identified specific pipe sections and vaults in need of rehabilitation.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$1,980,000
Legal/Permit/Other	\$20,000
Total Project Budget	\$2,000,000

*Santa Margarita Water District owns 70% of the capacity of the Eastern Transmission Main. Cost reimbursement for this project will occur accordingly.



Electrical System Improvements Phase 5 – PW

Project No: 2023.015

System: Potable

Fund: 7

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

Project Description: Remove and replace the main switchboard and MCC at the Rolling Hills Pump Station. 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; and install auxiliary generator connection at Rancho Pump Station. Remove and replace the main switchboard and MCC at Sheep Hills Pump Station. Install portable generator connections and manual transfer switches at Casa Del Oso, Highlands, and Marguerite Pump Stations.

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. Installing portable generator connections will improve reliability during power outages.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$300,000
CEQA Compliance	Exempt
Construction Contract	\$900,000
Inspection/Utility Fees/Other	\$50,000
Total Project Budget	\$1,250,000



Northern Transmission Main Rehabilitation

Project No: 2023.019

System: Potable

Fund: 7

Project Location: Northern Transmission Main, Mission Viejo

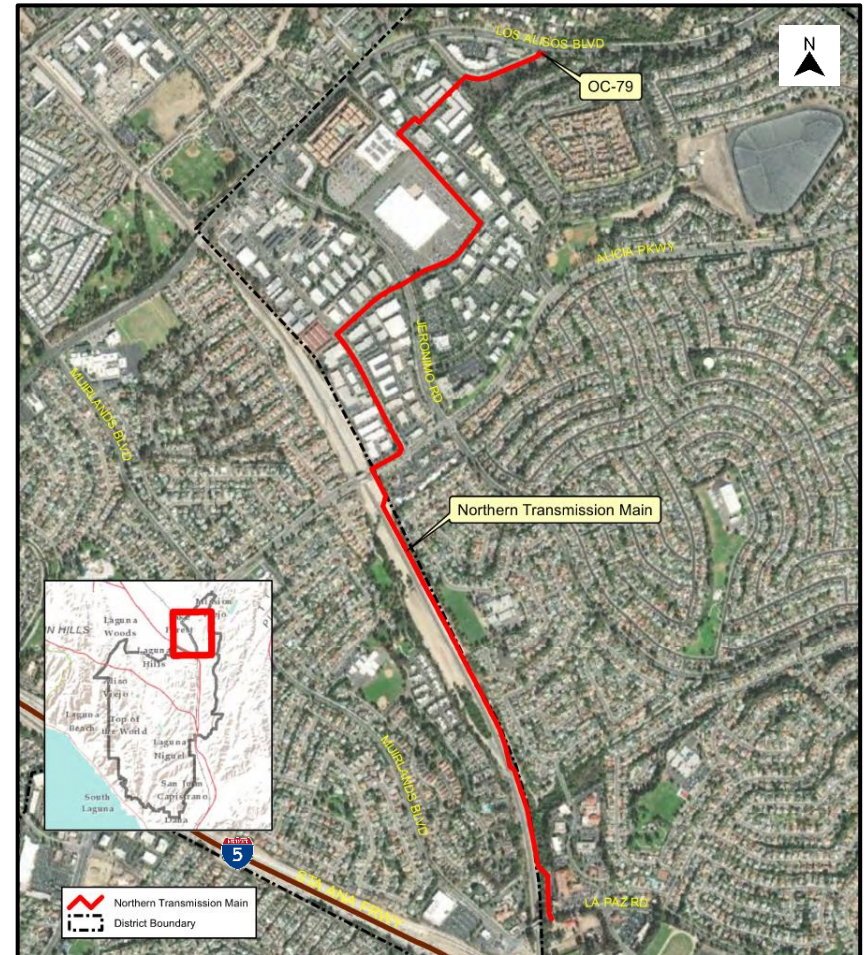
Project Description: Rehabilitate the existing 30-inch and 36-inch transmission main.

Project Need: A condition assessment was completed in April 2023. Results of the condition assessment identified specific pipe sections in need of rehabilitation.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA IS/MND	Exempt
Construction Contract	\$1,450,000
Legal/Permits/Other	\$50,000
Total Project Budget	\$1,500,000



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

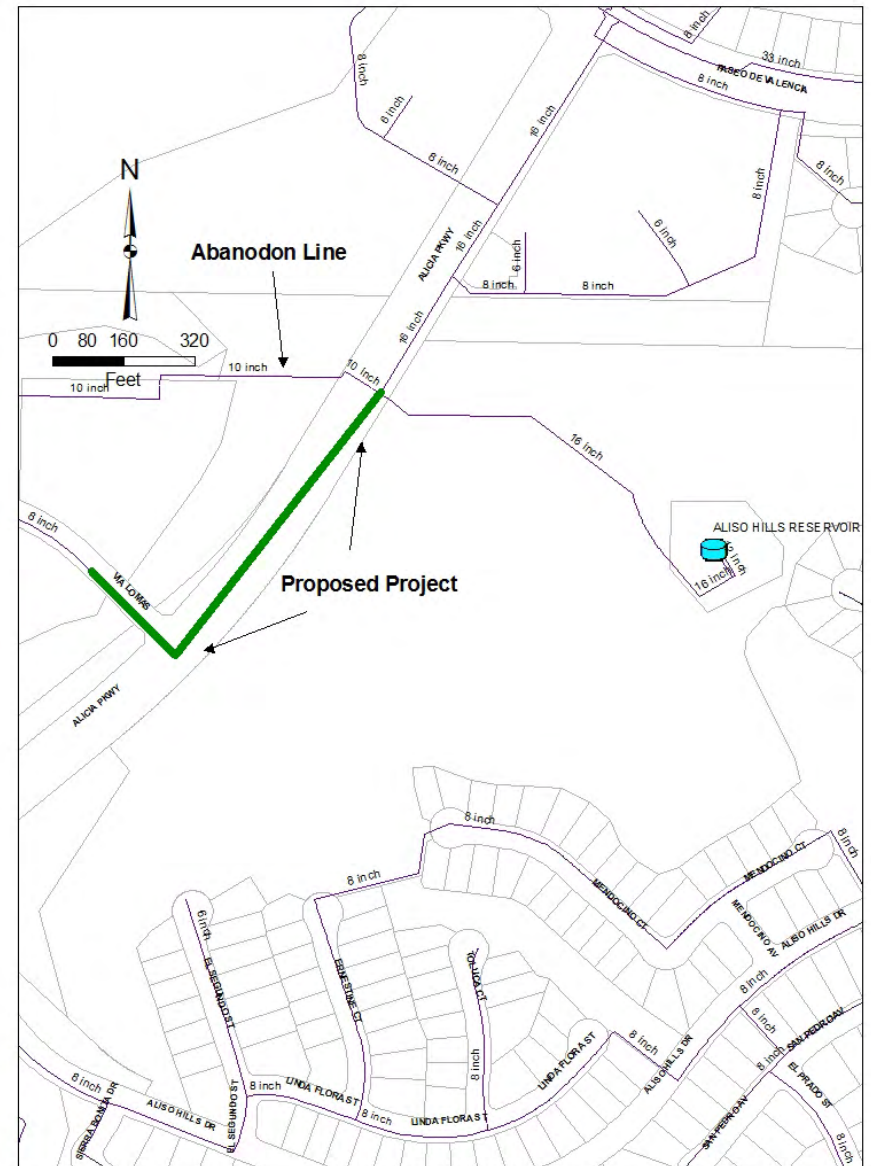
Project Description: Install approximately 1,000 feet of 10-inch diameter pipe and abandon approximately 500 feet of 10-inch diameter pipe under Aliso Creek.

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

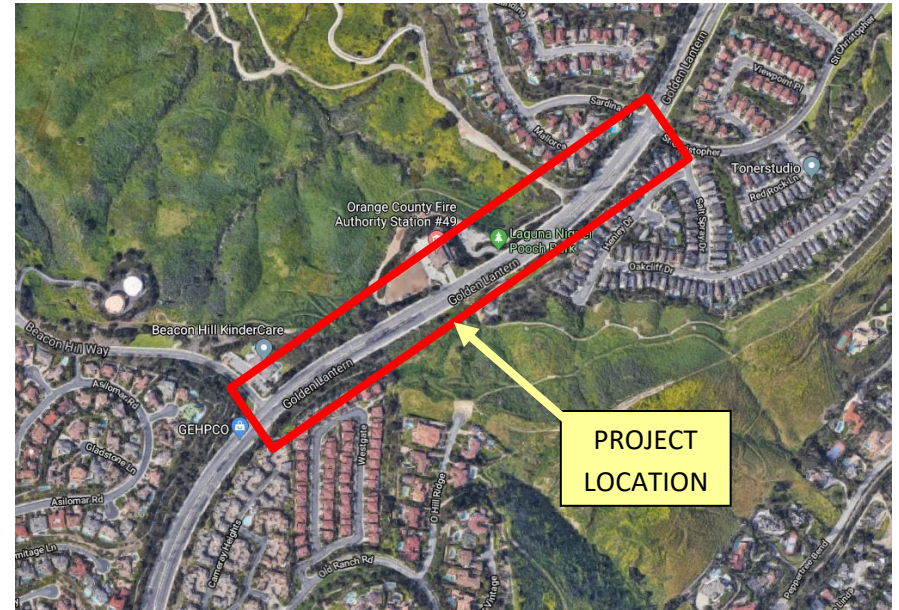
Project Description: Install approximately 2,600 feet of new 12-inch diameter pipeline within Golden Lantern from Sardina/St. Christopher to Beacon Hill Way. Alternatively, upsize the existing 12-inch diameter pipeline. Project alternatives and pipeline size selections to be determined by modeling during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



Aliso Viejo MOV Replacement

Project No: TBD

System: Potable

Fund: 7

Project Location: Aliso Viejo

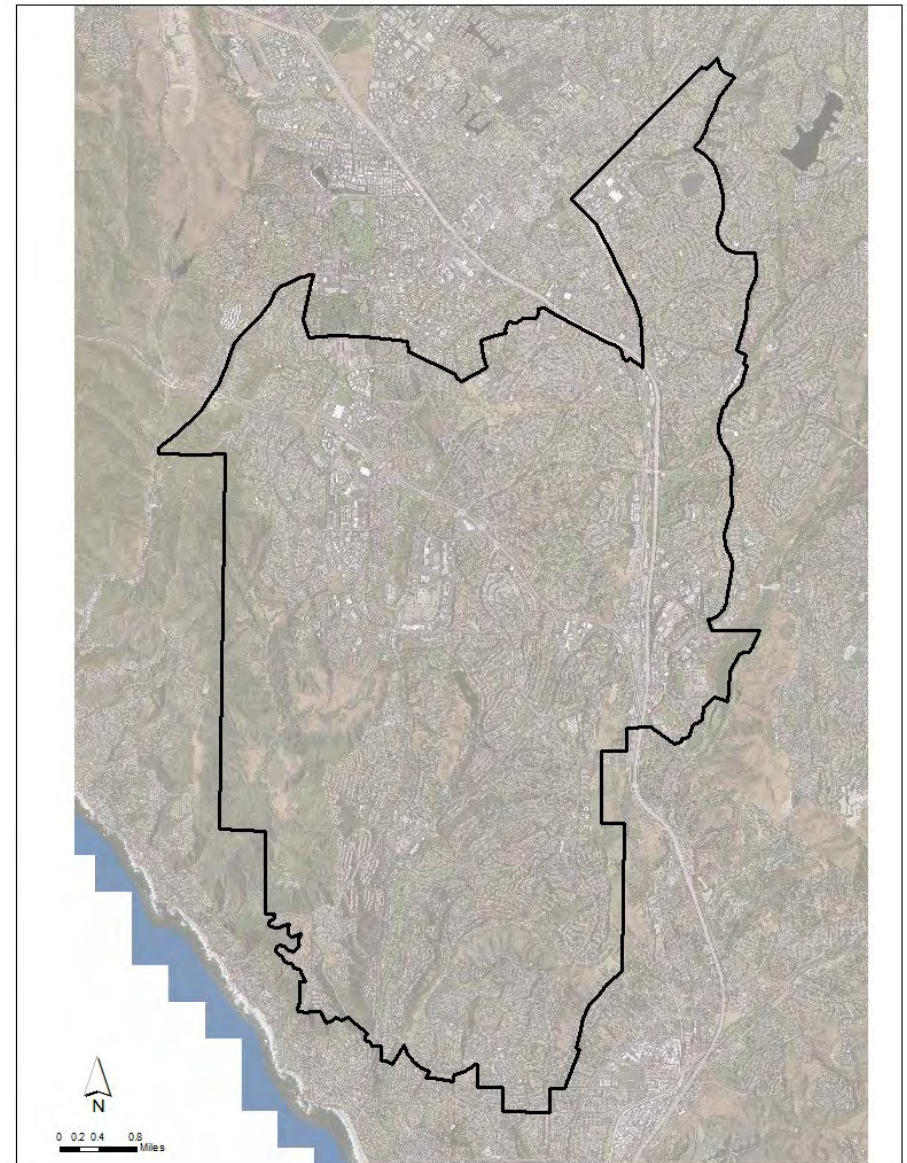
Project Description: Replace nine (9) motor operated valves (MOV) with manual valves, remove electrical services, and abandon existing vaults.

Project Need: The motor operators associated with these valves are no longer used and are maintenance intensive.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$50,000
CEQA Compliance	Exempt
Construction Contract	\$600,000
Inspection/Other	\$25,000
Total Project Budget	\$675,000



Bear Brand Pump Station Pump Replacement

Project No: TBD

System: Potable

Fund: 7

Project Location: Bear Brand Pump Station, Dana Point

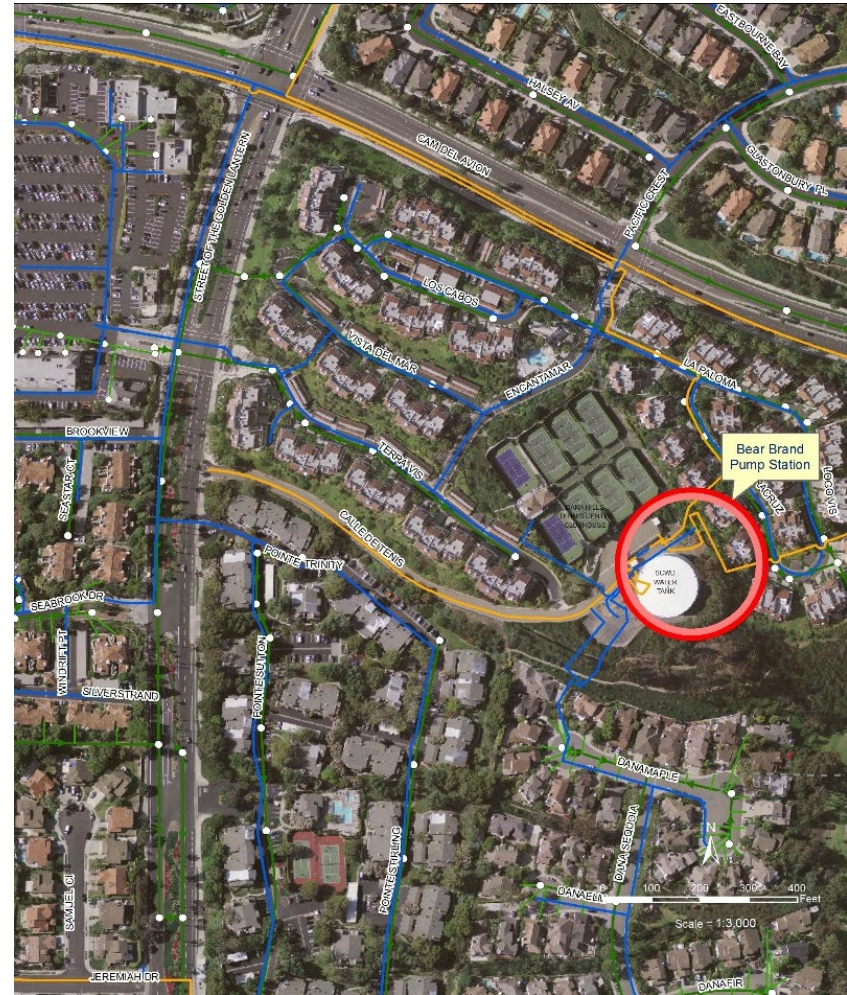
Project Description: Replace two existing pumps and motors, select piping and valves. A hydraulic analysis using District's water model may be required to verify final design.

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	\$515,000
Inspection/Other	\$10,000
Total Project Budget	\$600,000



Casa Del Oso Pump Station Auxiliary Generator Replacement

Project No: TBD

System: Potable

Fund: 7

Project Location: Casa Del Oso Pump Station, Laguna Hills

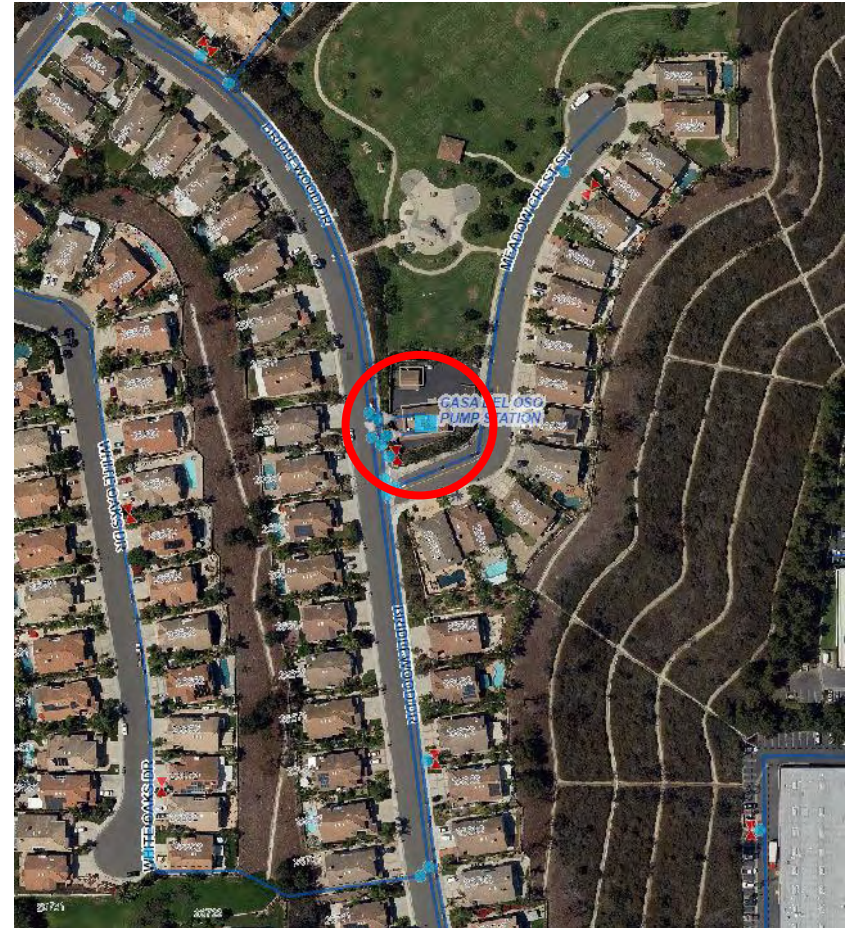
Project Description: Remove and replace the existing backup generator with a new auxiliary diesel generator.

Project Need: Replacement of the existing generator is based on age and difficulty finding off the shelf replacement parts.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$100,000
CEQA Compliance	Exempt
Construction Contract	\$700,000
Specialty Inspection	\$25,000
Legal/Permits/Other	\$25,000
Total Project Budget	\$850,000



CIP Takeout Facility at Marguerite Pump Station

Project No: TBD

System: Potable

Fund: 12

Project Location: Marguerite Pump Station, Mission Viejo

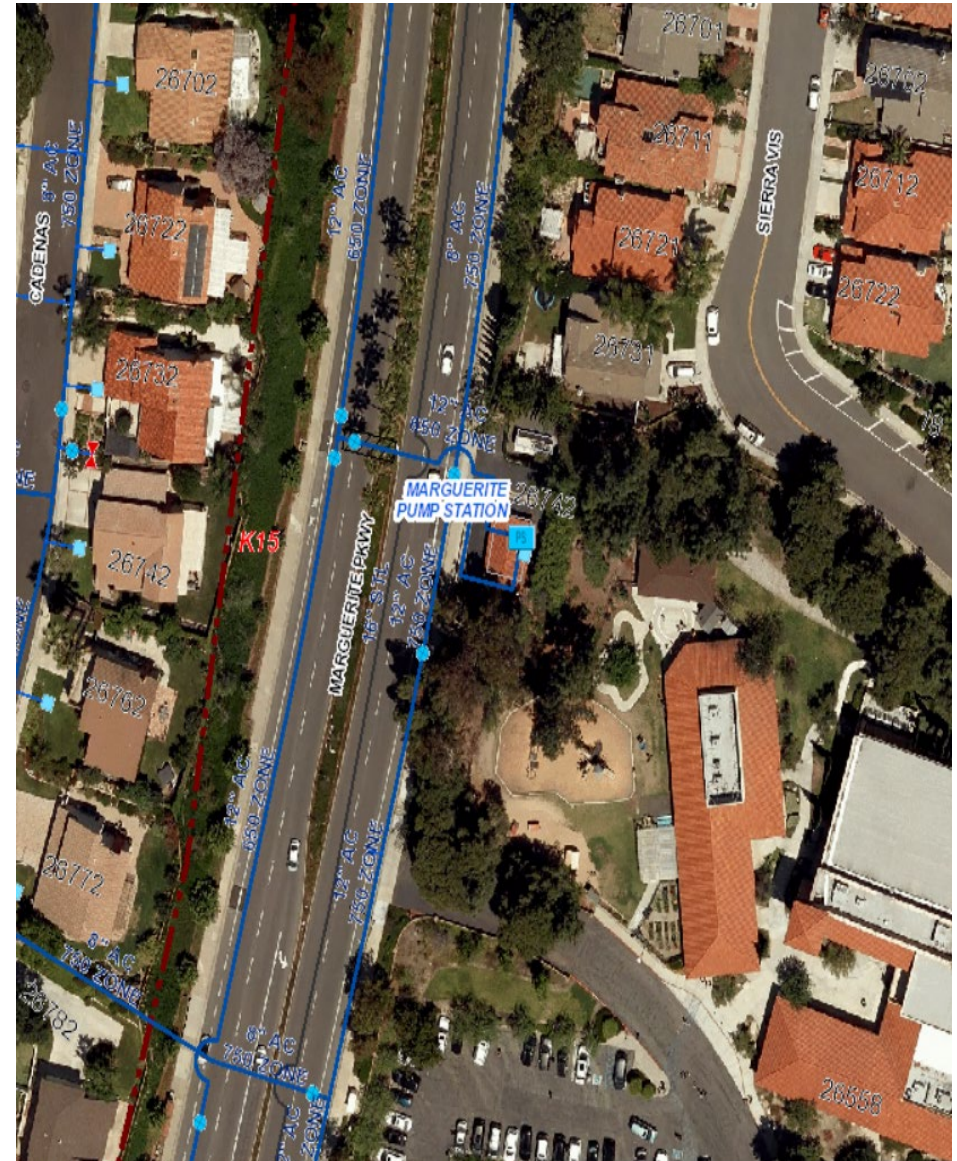
Project Description: Construct a flow control facility from the Central Intertie Pipeline (CIP) to the 650 & 750 pressure zones via Marguerite Pump Station. Project scope will include construction of approximately 3,700 linear feet of 16-inch steel pipe, a 15 foot building extension, three flow-control 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	\$500,000
CEQA Compliance	\$100,000
Construction Contract	\$4,000,000
Inspection/Other	\$400,000
Total Project Budget	\$5,000,000



Country Village Pump Station Auxiliary Generator Replacement

Project No: TBD

System: Potable

Fund: 7

Project Location: Country Village Pump Station, Laguna Niguel

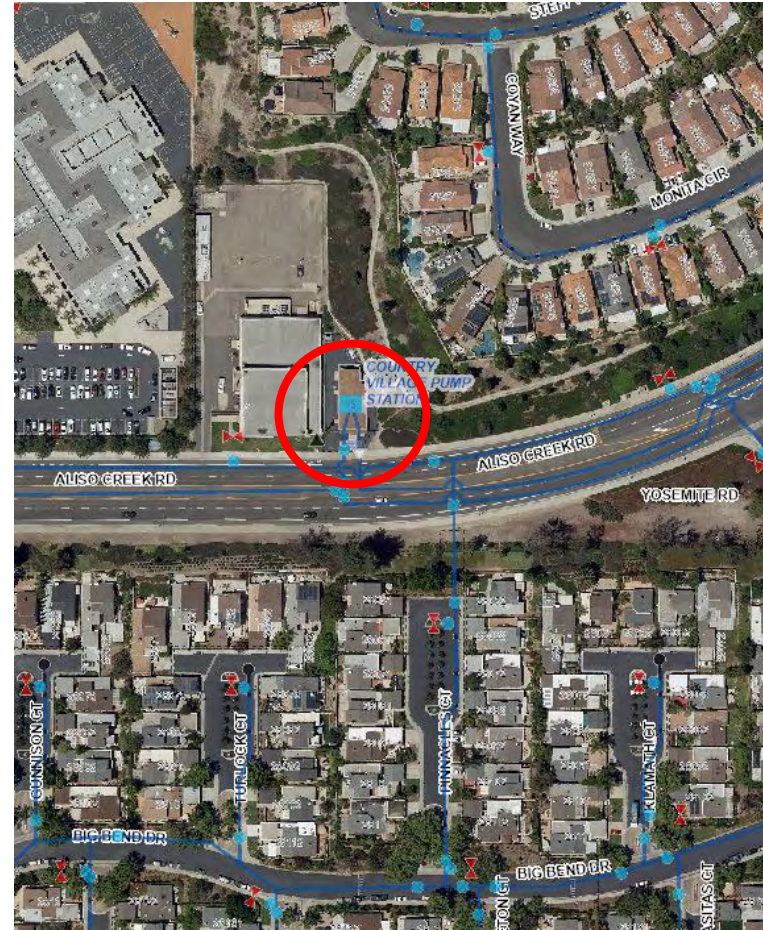
Project Description: Remove and replace the existing backup generator with a new auxiliary diesel generator.

Project Need: Replacement of the existing generator is based on age and difficulty finding off the shelf replacement parts.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$100,000
CEQA Compliance	Exempt
Construction Contract	\$700,000
Specialty Inspection	\$25,000
Legal/Permits/Other	\$25,000
Total Project Budget	\$850,000



Crown Valley Parkway and Forbes Road PW Pipeline Replacement

Project No: TBD

System: Potable

Fund: 7

Project Location: Crown Valley Parkway and Forbes Road, Laguna Niguel

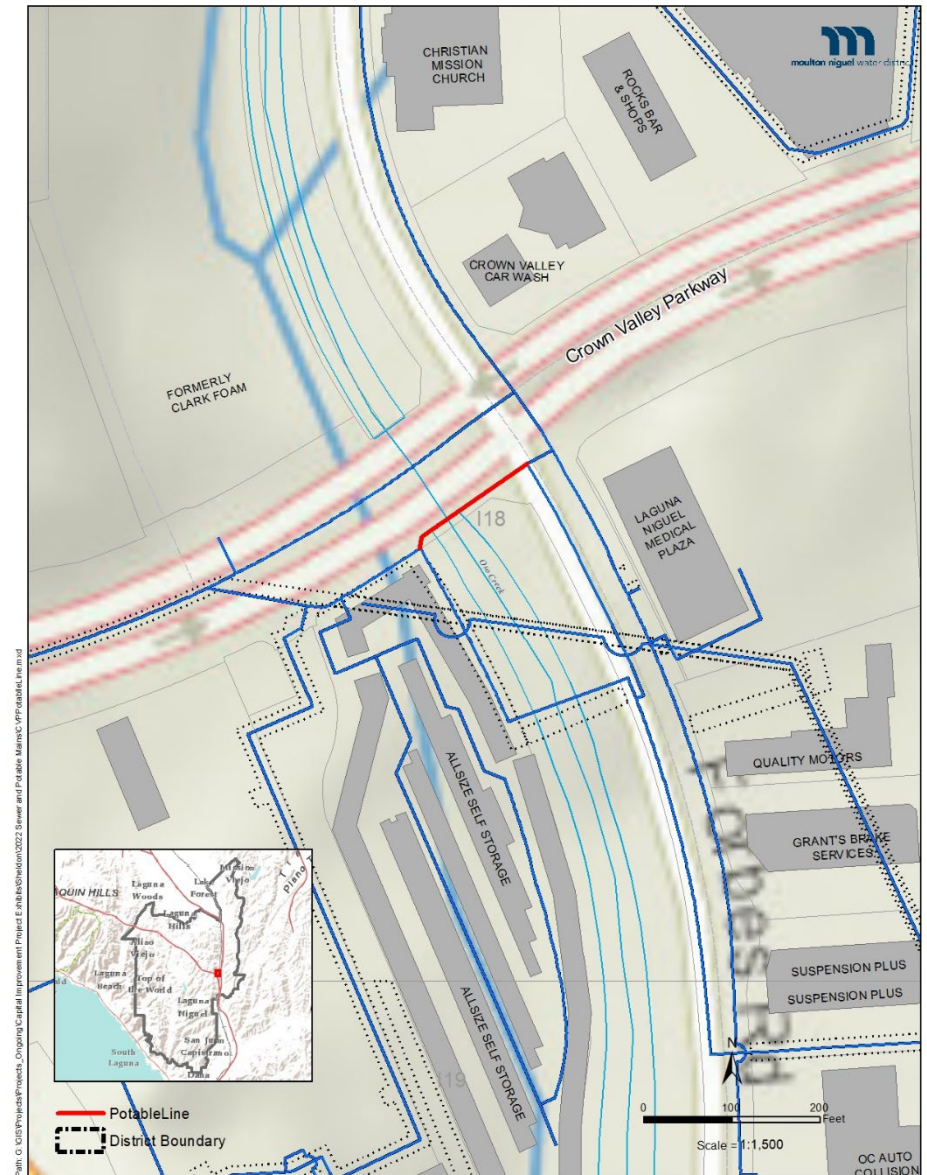
Project Description: Construct approximately 450 feet of new 16-inch potable water line (450 pressure zone) along Crown Valley Parkway and Forbes Road, and abandon the existing water main within County of Orange right-of-way.

Project Need: The potable water system at the location requires improved distribution for better reliability and redundancy.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$150,000
CEQA Compliance	\$25,000
Construction Contract	\$250,000
Inspection/Permit	\$175,000
Total Project Budget	\$600,000



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	\$75,000
CEQA Compliance	Exempt
Construction Contract	\$275,000
Inspection/Other	\$10,000
Total Project Budget	\$360,000



High-Low Valve Replacement

Project No: TBD

System: Potable

Fund: 7

Project Location: Various

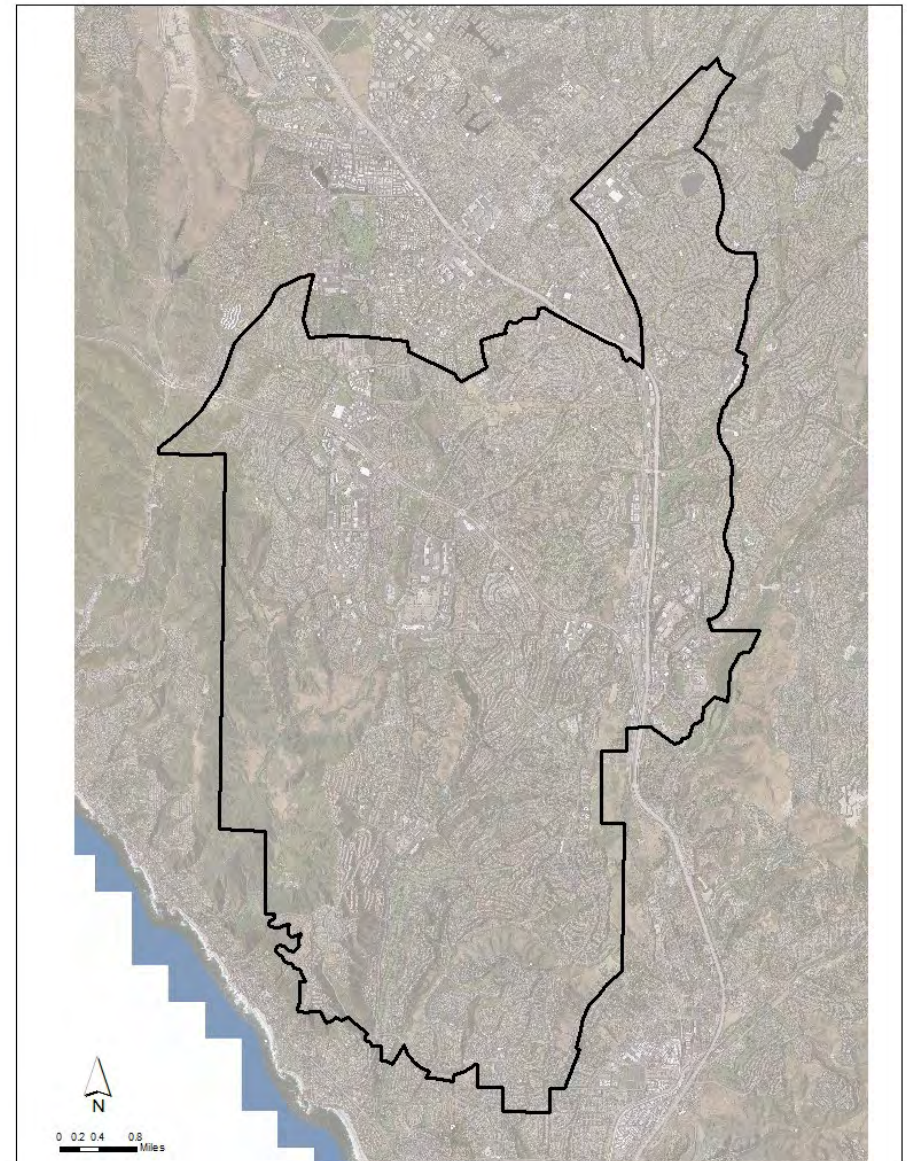
Project Description: Replace single high-low valves at sixteen (16) pressure zone interconnections with double valves.

Project Need: The District maintains multiple pressure zones throughout the potable water distribution system. At the interconnection of these pressure zones are two normally closed isolation valves, referred to as high-low valves. The valves serve as a means of keeping the pressure zones separate. Several of these interconnections between pressure zones are scheduled for an upgrade from a single valve to a double valve.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$100,000
CEQA Compliance	Exempt
Construction Contract	\$1,000,000
Inspection/Other	\$25,000
Total Project Budget	\$1,125,000



La Paz and Cabot PW Pipeline Replacement

Project No: TBD

System: Potable

Fund: 7

Project Location: La Paz Road and Cabot Road, Laguna Hills

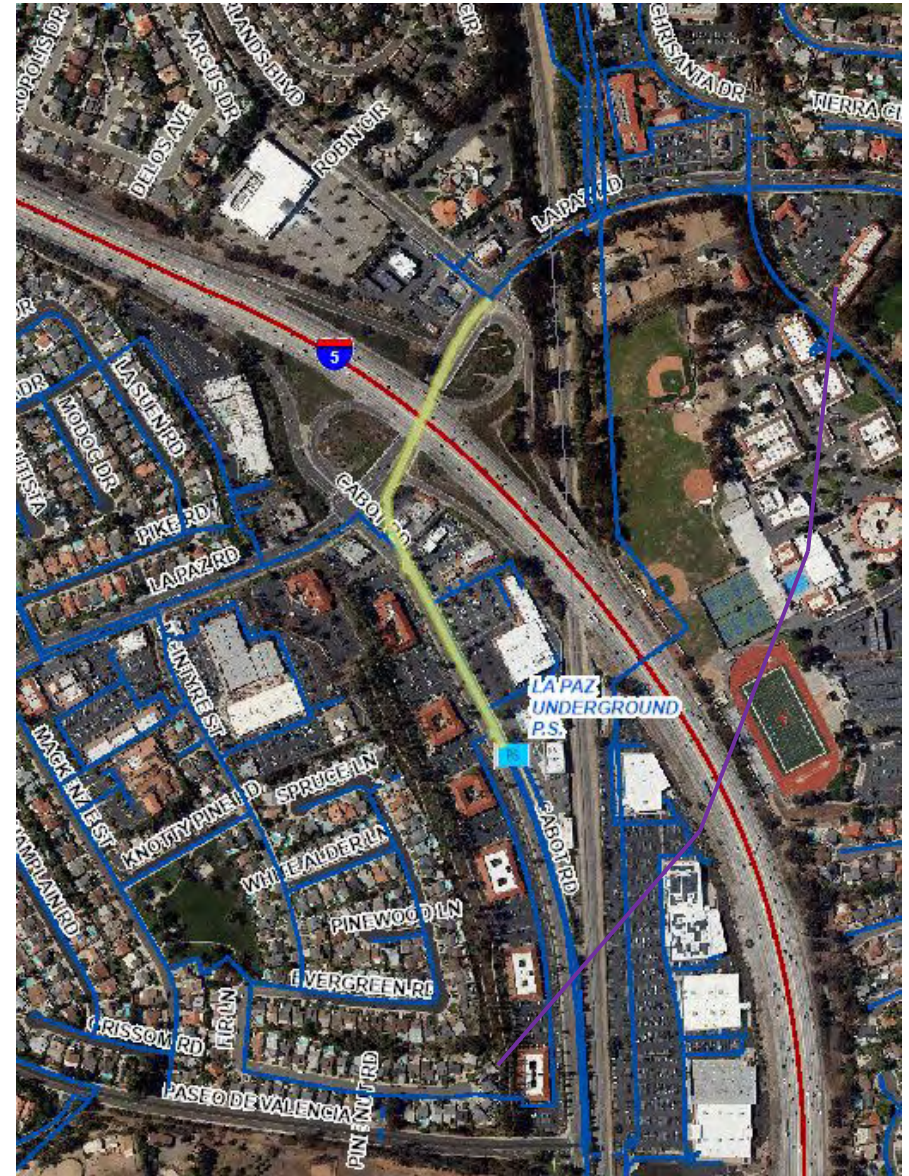
Project Description: The project will remove and replace approximately 2,100 feet of 21-inch diameter steel pipeline. An electrical main is near the current alignment, which will likely require the pipeline to be replaced in a new alignment. The project will also replace all valves along the pipeline.

Project Need: The pipeline was constructed in the 1960s and has experienced multiple interruptions from corrosion and age.

Project Status: Proposed Project

Estimated Project Amount:

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



Rancho Capistrano 450-Zone Loop

Project No: TBD

System: Potable

Fund: 14

Project Location: Rancho Capistrano (Saddleback Church), 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	\$750,000
Easement Acquisition Support	\$20,000
Inspection/Permits/Other	\$25,000
Total Project Budget	\$845,000



Rancho Capistrano 450-Zone Service

Project No: TBD

System: Potable

Fund: 14

Project Location: Rancho Capistrano (Saddleback Church), San Juan Capistrano

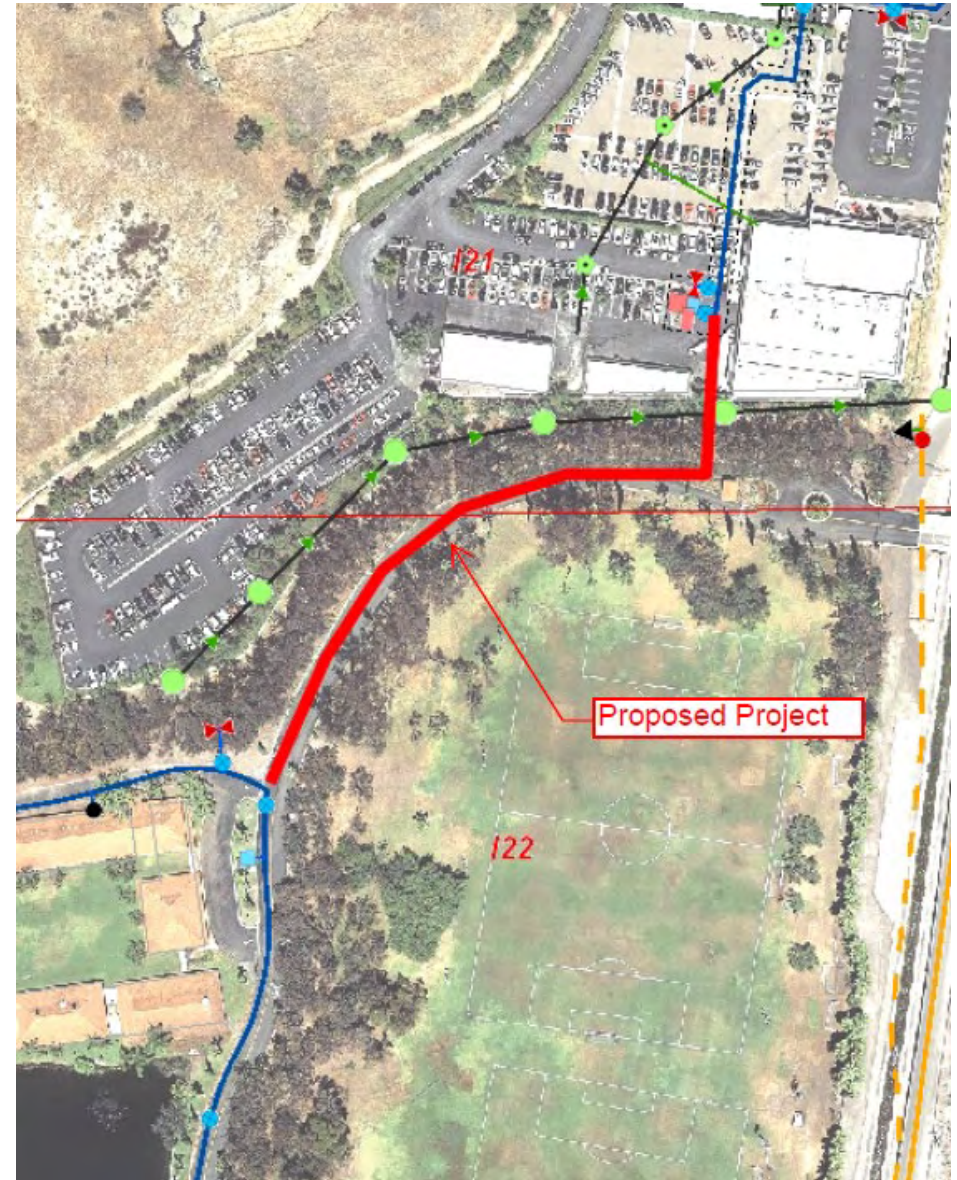
Project Description: Install approximately 650 feet of 8-inch diameter pipeline from the Mercedes dealership to Rancho Capistrano. Install a high-low double valve and blow-off at the connection to the existing loop at Rancho Capistrano. Hydraulic modeling will be required to verify fire flows from the 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	\$325,000
Easement Acquisition Support	\$10,000
Inspection/Permits/Other	\$15,000
Total Project Budget	\$410,000



Rolling Hills Pump Station Auxiliary Generator

Project No: TBD

System: Potable

Fund: 14

Project Location: Rolling Hills Pump Station, Aliso Viejo

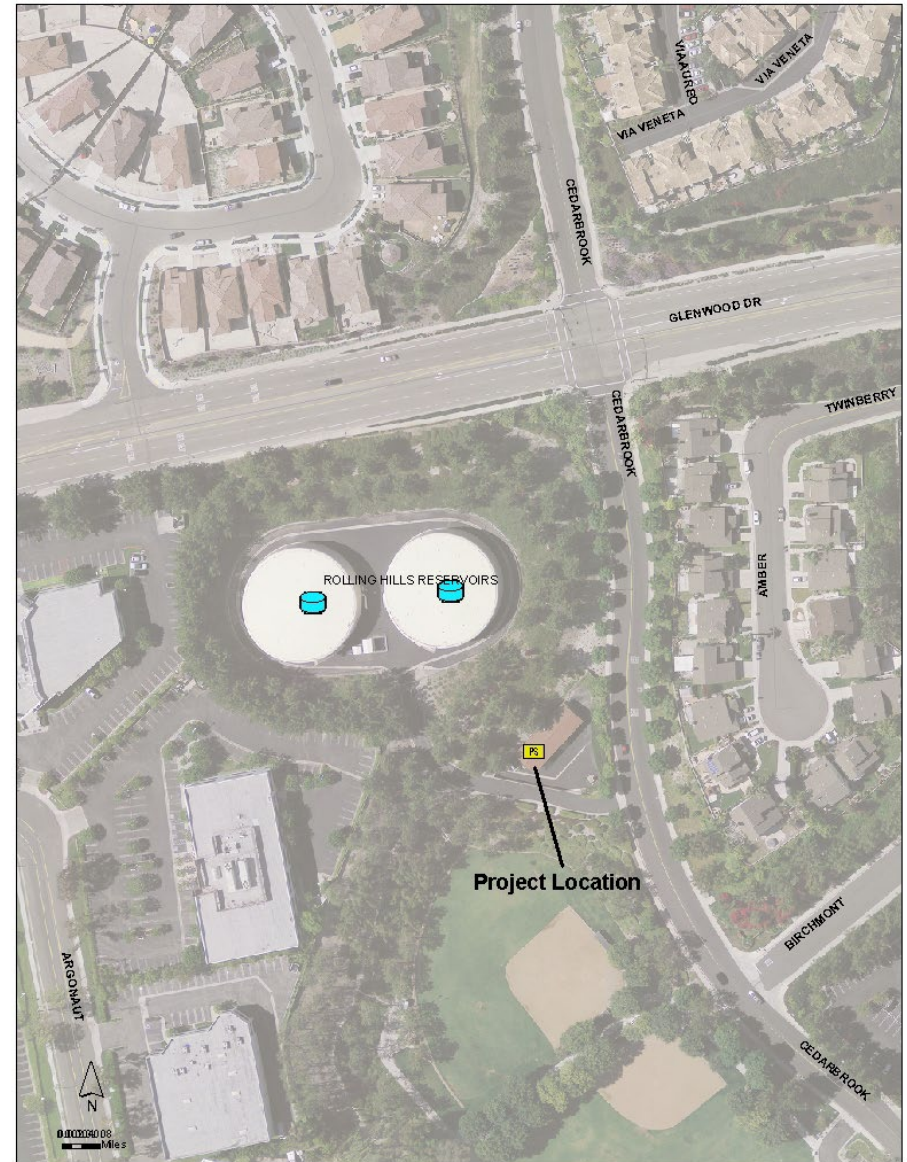
Project Description: Remove and replace the fire pump and natural gas engine with a new auxiliary diesel generator and associated piping. A hydraulic analysis may be required to verify final design.

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

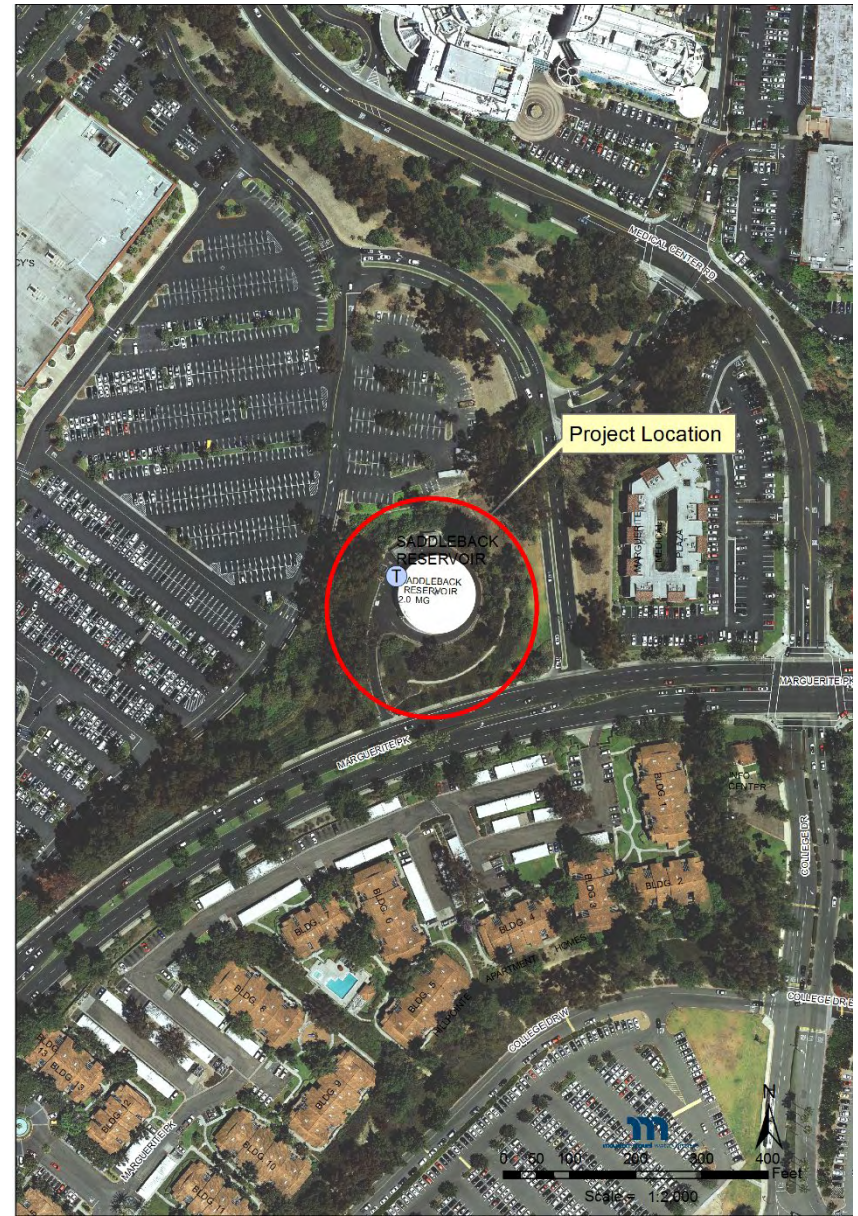
Project Description: Remove approximately 12,000 square feet of existing asphalt paving and replace with new 4-inch asphalt paving over existing base. Remove and replace approximately 400 feet of asphalt curb.

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 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 Need: This 650 pressure zone potable water transmission main was constructed in the 1970s and has required multiple repairs.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Preliminary Design	\$100,000
Design	\$400,000
CEQA Compliance	Exempt
Construction Contract	\$6,000,000
Inspection/Other	\$500,000
Total Project Budget	\$7,000,000



2024-25 Operations-Led Capital Improvements – PW

Project No: 2024.100

System: Potable

Fund: 7

Project Location: Various

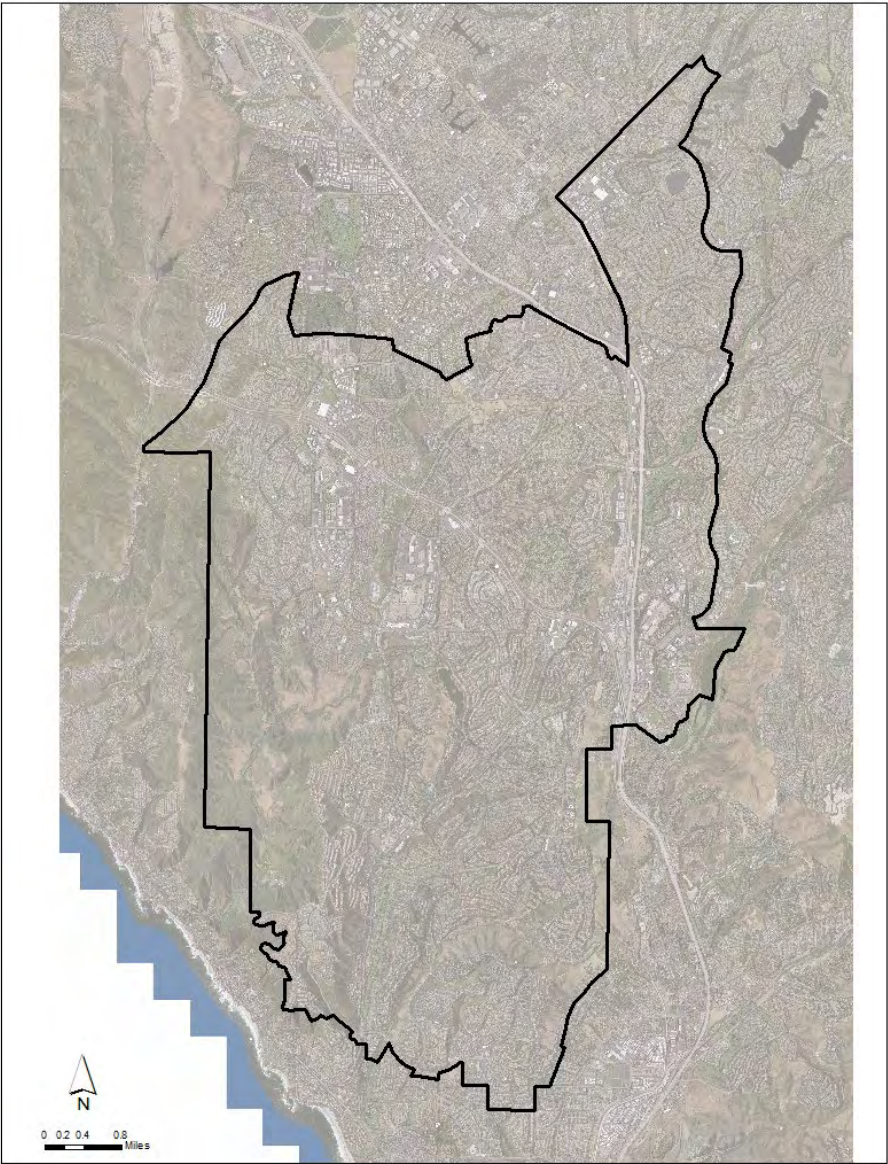
Project Description: This project covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, 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	\$250,000
Total Project Budget	\$250,000



2024-25 Easement Pipeline Rehabilitation – PW

Project No: TBD

System: Potable

Fund: 7

Project Location: Various

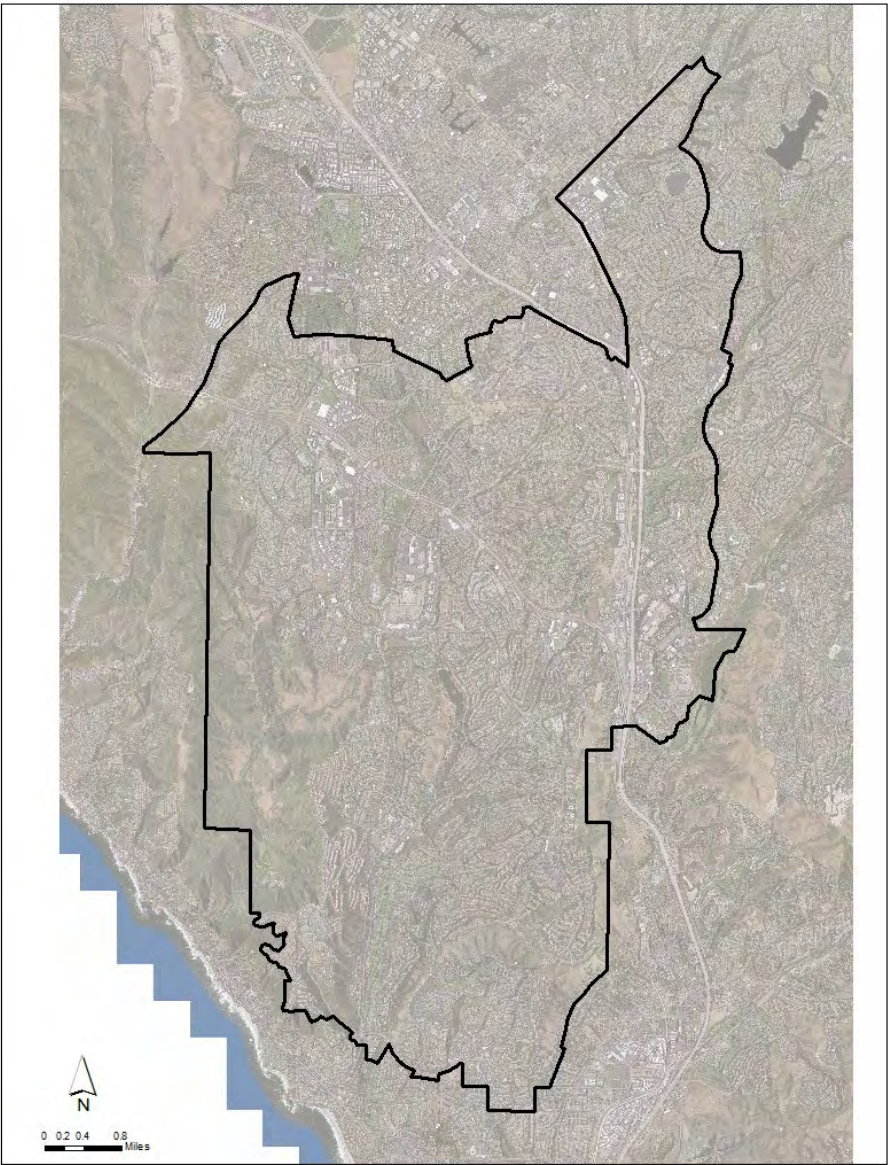
Project Description: Rehabilitate easement pipelines.

Project Need: This annual project will rehabilitate easement pipelines 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	\$600,000
Total Project Budget	\$600,000



2024-25 Fire Hydrant Replacement

Project No: TBD

System: Potable

Fund: 7

Project Location: Various

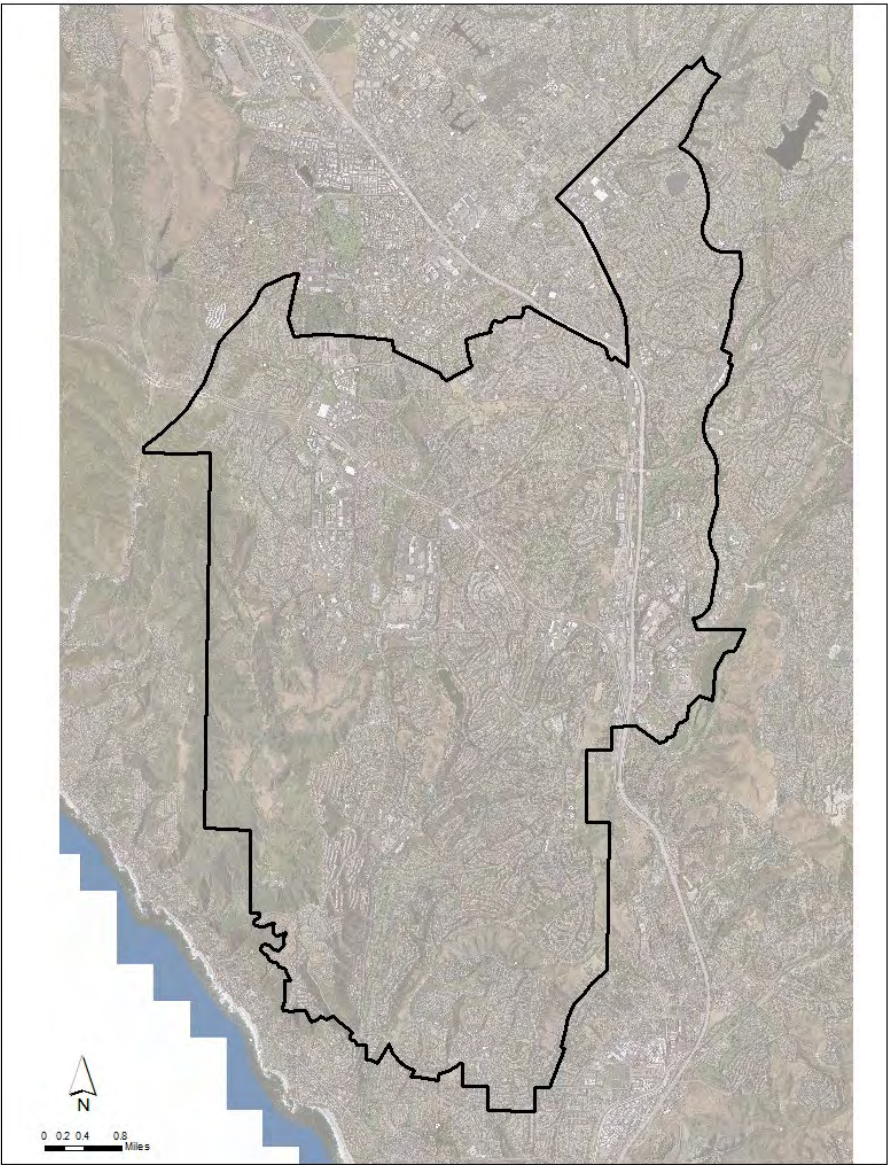
Project Description: Replace existing fire hydrants.

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	\$250,000
Total Project Budget	\$250,000



2024-25 Meter Replacement – PW

Project No: TBD

System: Potable

Fund: 7

Project Location: Various

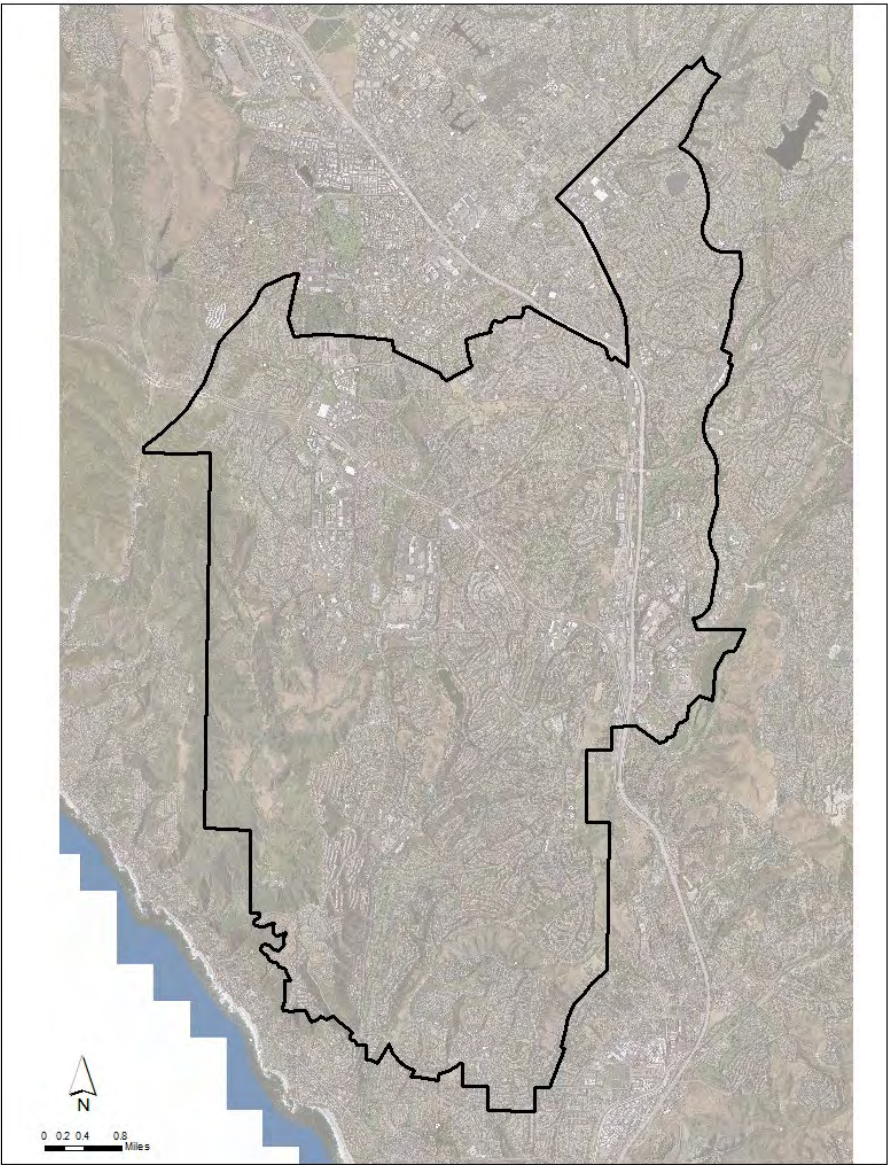
Project Description: Replace existing meters.

Project Need: This annual project will replace commercial and residential 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	\$1,250,000
Total Project Budget	\$1,250,000



2024-25 New System Valves

Project No: TBD

System: Potable

Fund: 14

Project Location: Various

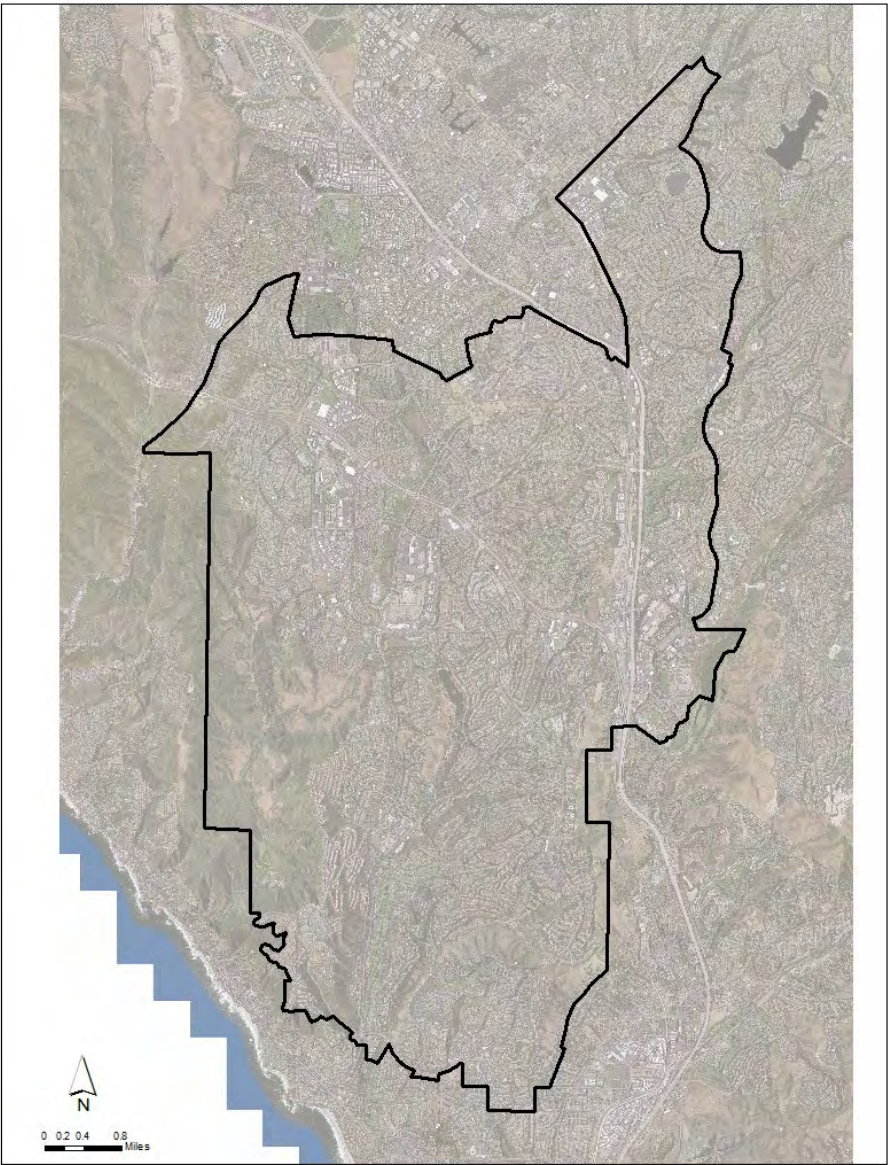
Project Description: Install new system valves where required.

Project Need: The District identifies locations where new valves would help to limit potential service outages and provide enhanced operational flexibility. These valves are identified using a network trace analysis in the GIS, as part of planned valve replacement, other planned construction projects, and during emergencies.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$240,000
Inspection/Other	\$10,000
Total Project Budget	\$250,000



2024-25 Service Line Replacement – PW

Project No: TBD

System: Potable

Fund: 7

Project Location: Various

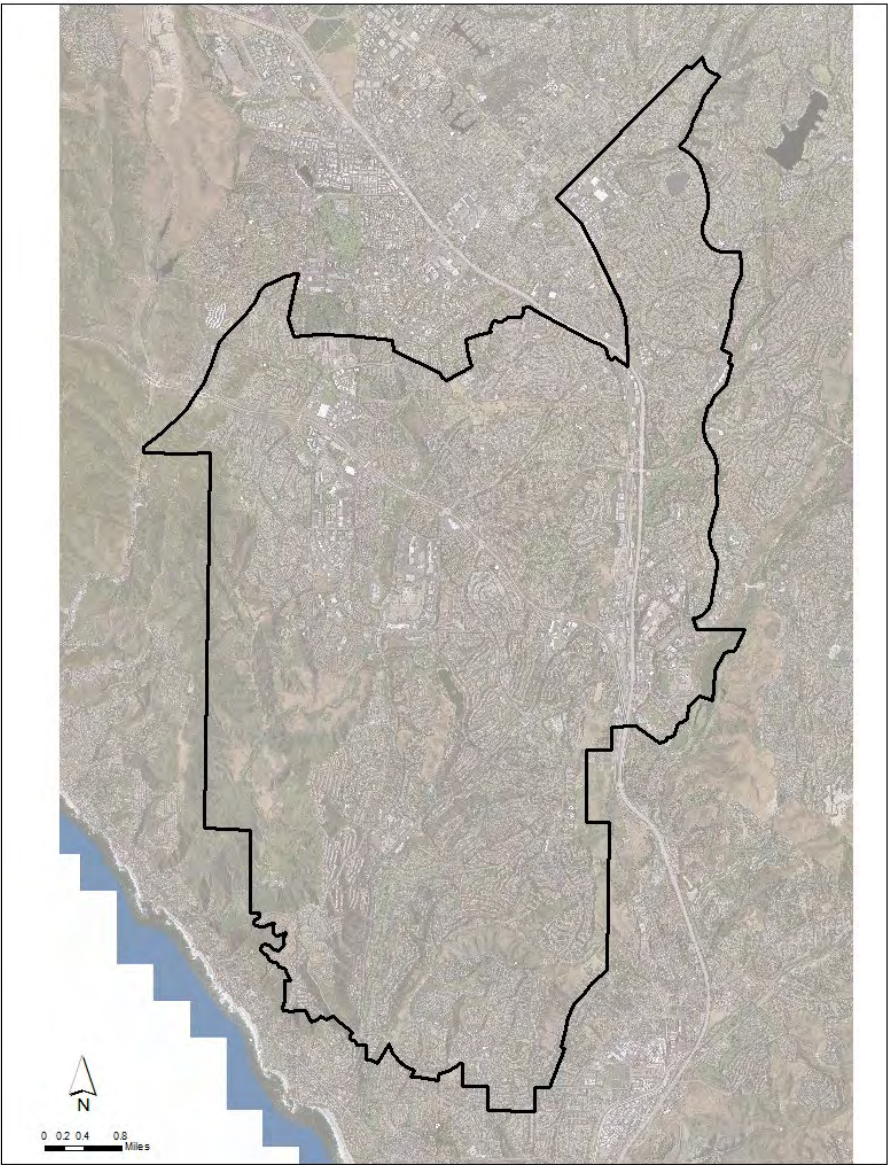
Project Description: Replace existing service lines.

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	\$1,000,000
Construction by District	\$1,500,000
Total Project Budget	\$2,500,000



Rehabilitation of the Pacific Park Reservoir

Project No: TBD

System: Potable

Fund: 7

Project Location: Pacific Park, Aliso Viejo

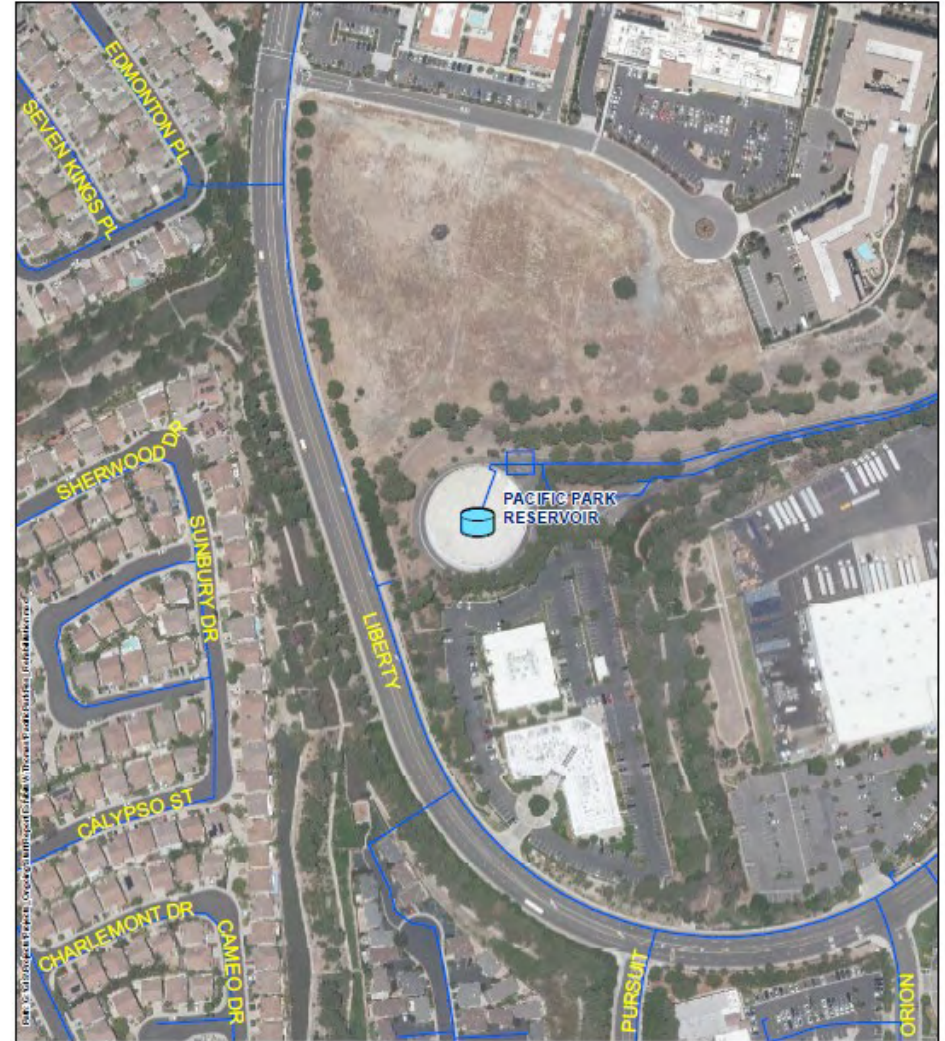
Project Description: Re-coat the interior and exterior of the Pacific Park Reservoir. The project also includes structural and corrosion rehabilitation, tank operation and safety improvements, and installation of a cathodic protection system.

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	\$60,000
CEQA Compliance	Exempt
Construction Contract	\$2,130,000
Specialty Inspection	\$100,000
Legal/Permits/Other	\$10,000
Total Project Budget	\$2,300,000



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	\$648,034
Inspection/Permits/Other	\$40,000
Total Project Budget	\$743,034



Electrical System Improvements Phase 4 – RW

Project No: 2018.005

System: Recycled

Fund: 7

Project Location: Alicia Recycled Water Pump Station, Laguna Niguel; Aliso Viejo Recycled Water Pump Station, Aliso Viejo; and Galivan Recycled Water Pump Station, Mission Viejo

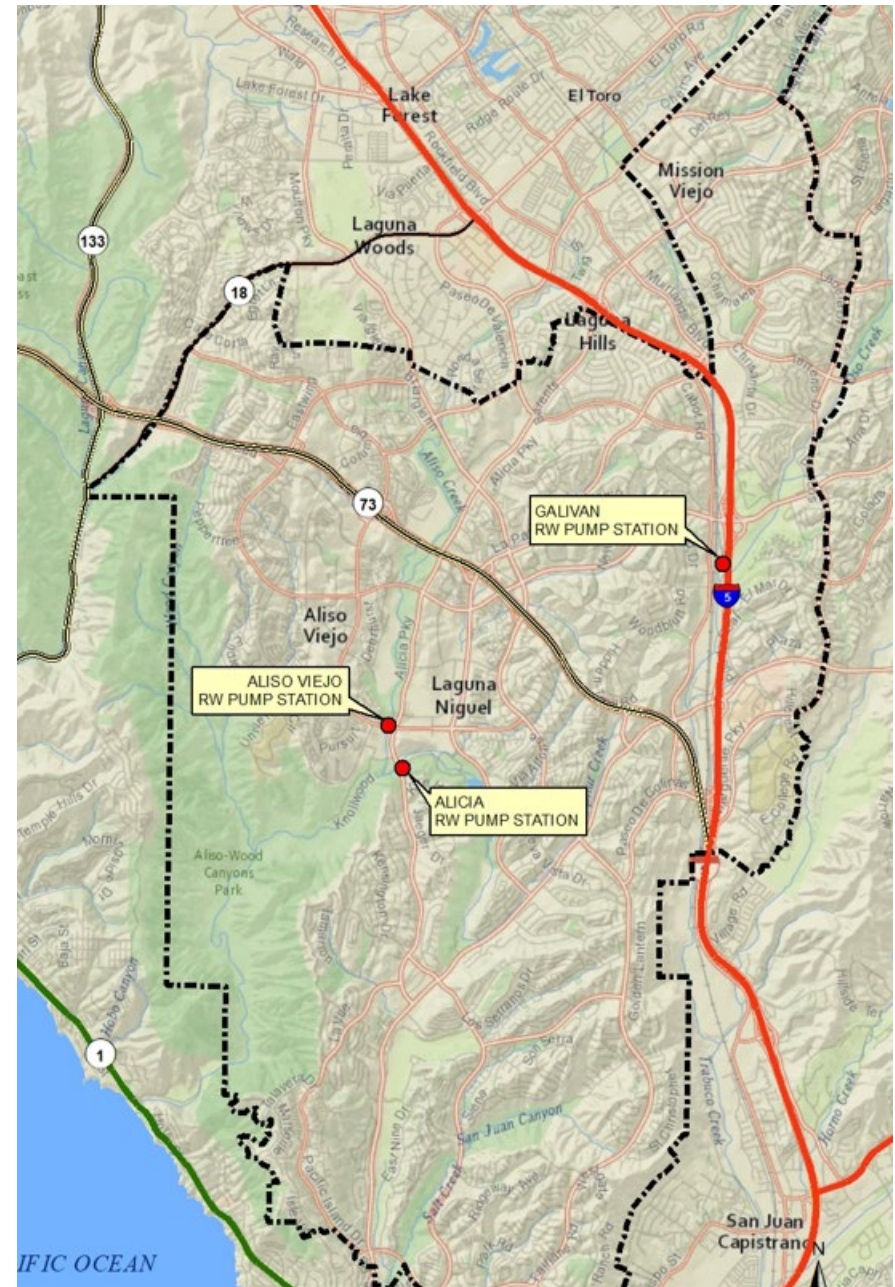
Project Description: Replace meter/main section and MCCs at Alicia, Aliso Viejo, and Galivan Recycled Water Pump Stations. Temporary power for Alicia Recycled Water Pump Station will be required to maintain operation during construction. Variable frequency drives (VFDs) will be installed on pump nos. 1, 2 & 3 at Galivan Recycled Water Pump Station.

Project Need: The noted electrical equipment at these facilities 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: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$334,035
CEQA Compliance	Exempt
Construction Contract	\$2,073,390
Inspection/Utility Fees/Other	\$128,100
Total Project Budget	\$2,535,525



2022-23 Pressure Reducing Station Rehabilitation – RW

Project No: 2022.011

System: Recycled

Fund: 7

Project Location: Los Alisos PRS, Mission Viejo

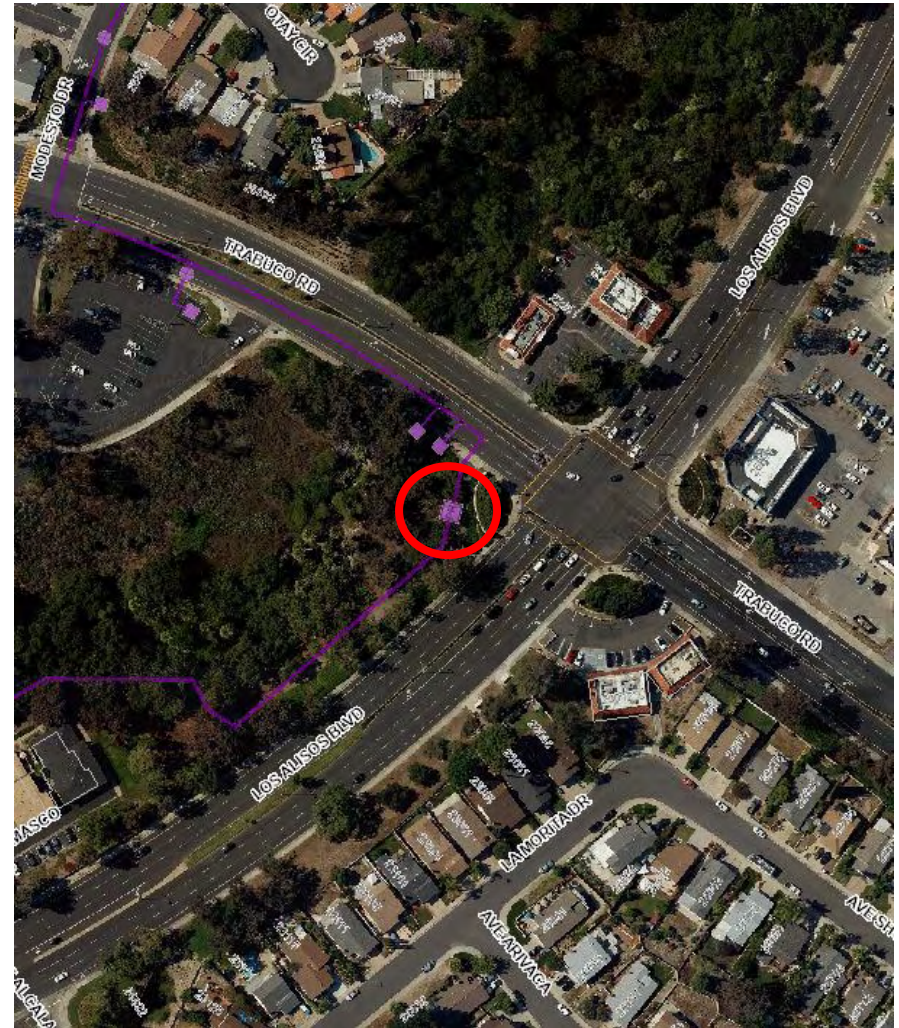
Project Description: Rehabilitate the structure as required and replace the pressure reducing station valves, mechanical equipment and appurtenances that have reached the end of their useful lives.

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 Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$25,000
CEQA Compliance	Exempt
Construction Contract	\$230,000
Legal/Permits/Other	\$10,000
Total Project Budget	\$265,000



2024-25 Pressure Reducing Station Rehabilitation – RW

Project No: 2023.010

System: Recycled

Fund: 7

Project Location: El Niguel PRS, Laguna Niguel & Aliso Creek PRS, Aliso Viejo

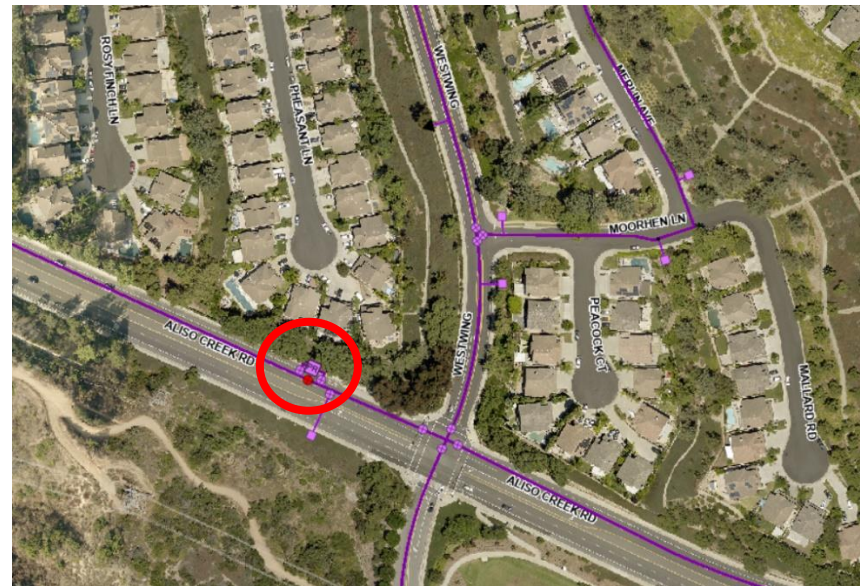
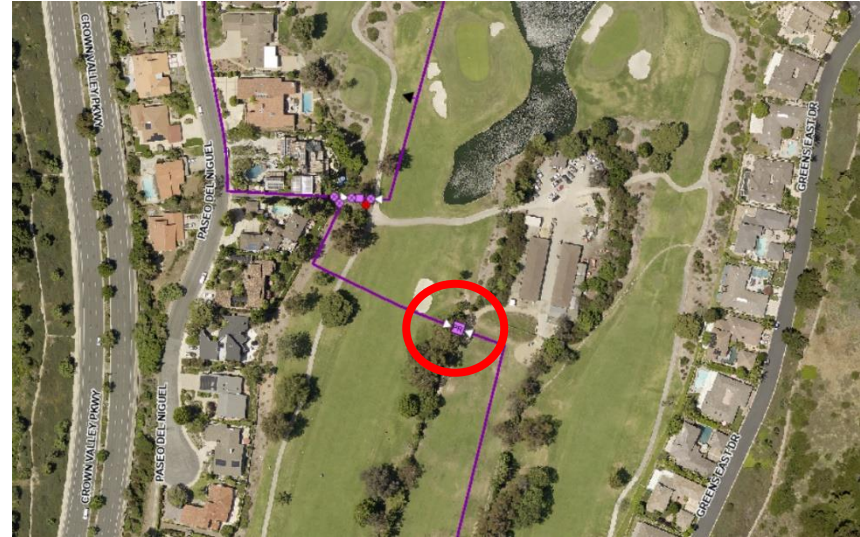
Project Description: Rehabilitate the structure as required and replace the pressure reducing station valves, mechanical equipment and appurtenances that have reached the end of their useful lives.

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 Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$50,000
CEQA Compliance	Exempt
Construction Contract	\$400,000
Legal/Permits/Other	\$20,000
Total Project Budget	\$470,000



Meter Replacement Program – RW

Project No: Annual Program

System: Recycled

Fund: 7

Project Location: Various

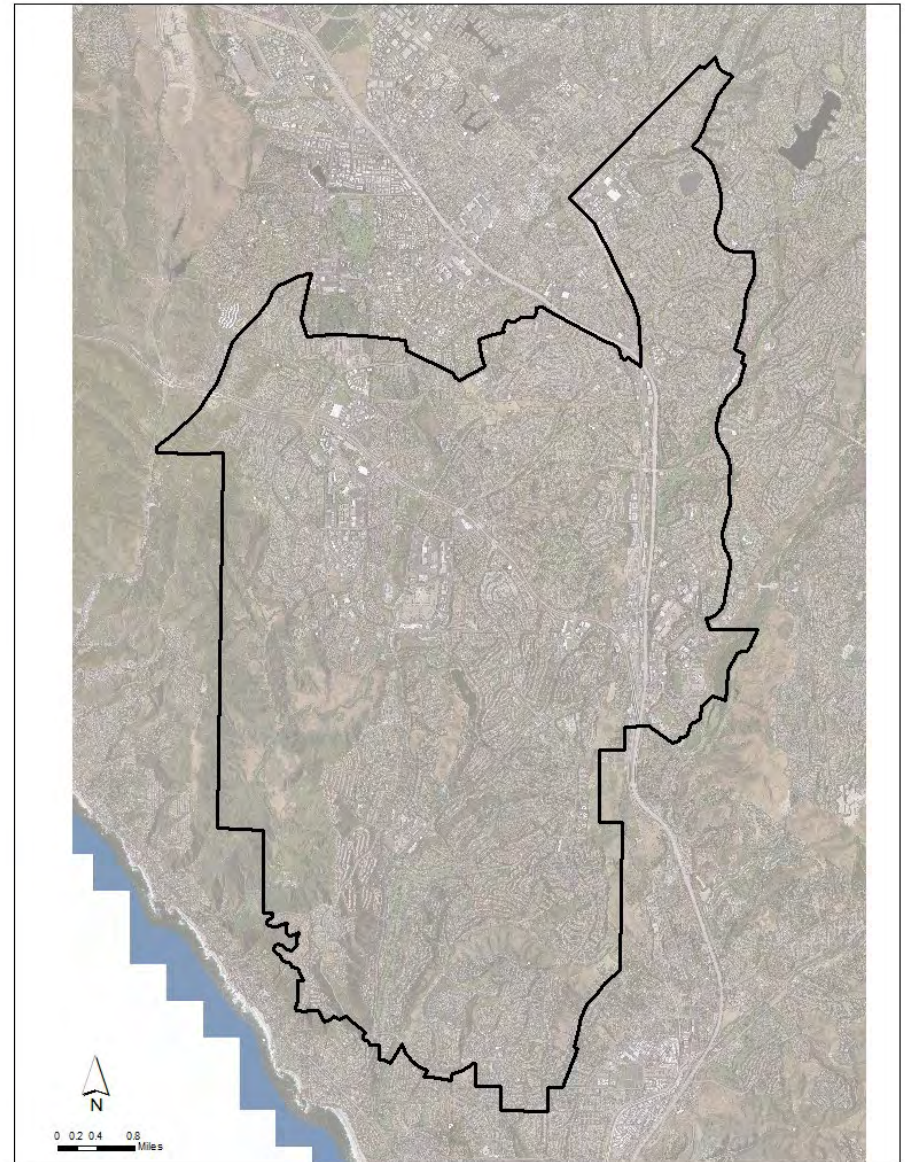
Project Description: Replace existing meters.

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	\$1,125,000
Total Project Budget	\$1,125,000



Operations-Led Capital Improvements – RW

Project No: Annual Program

System: Recycled

Fund: 7

Project Location: Various

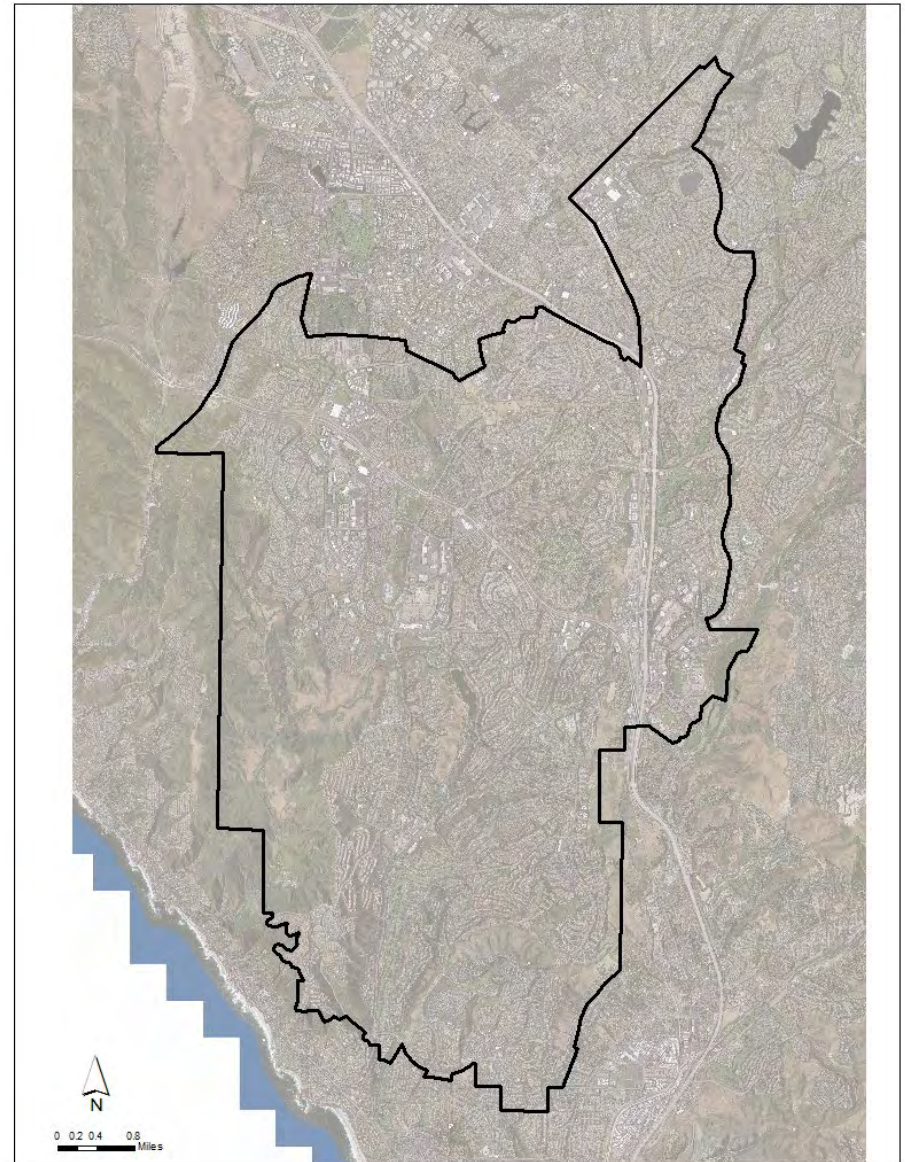
Project Description: This program covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, 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	\$2,250,000
Total Project Budget	\$2,250,000



Reservoir Recoating Program – RW

Project No: Annual Program

System: Recycled

Fund: 7

Project Location: Various

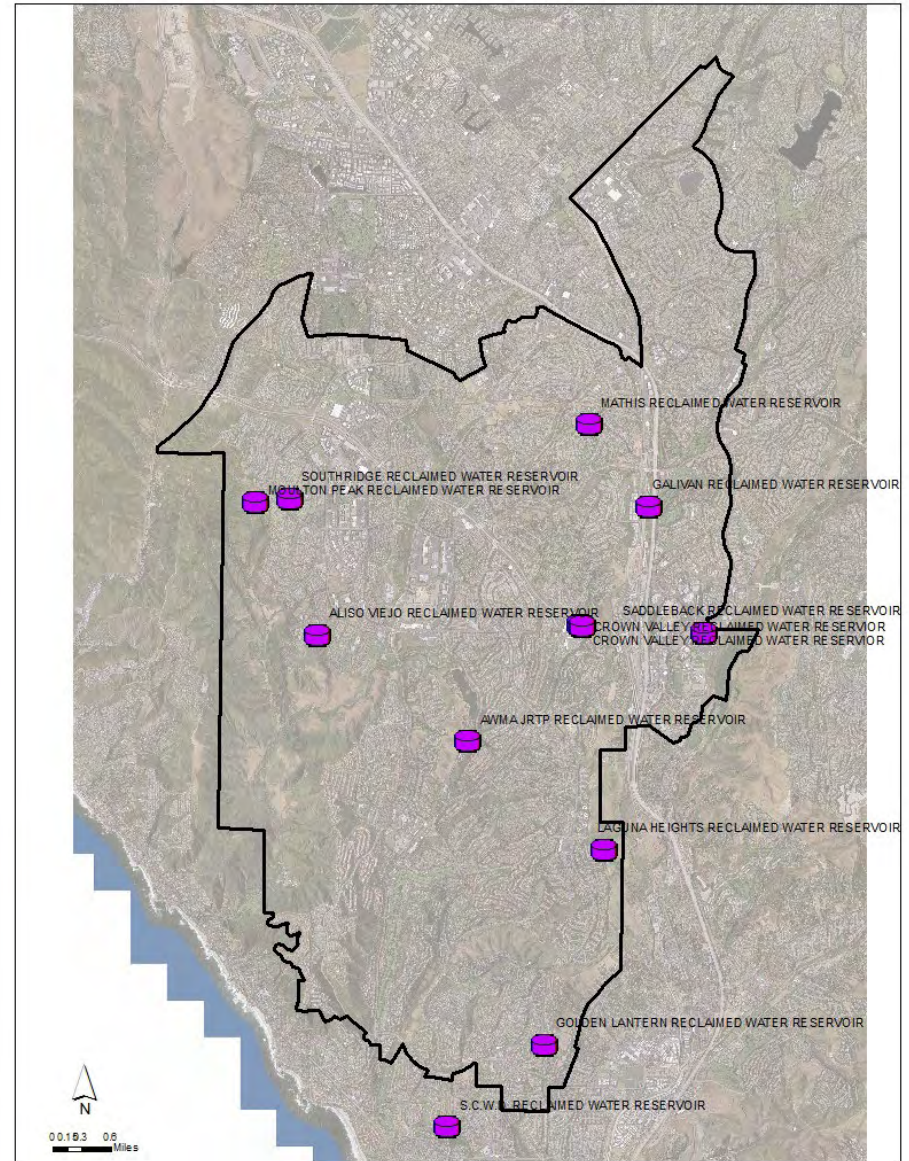
Project Description: Recoat the interior and exterior of steel reservoirs in the recycled system.

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	\$100,000
CEQA Compliance	Exempt
Construction Contract	\$2,150,000
Inspection	\$250,000
Total Project Budget	\$2,500,000



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

Project No: Annual Program

System: Recycled

Fund: 6

Project Location: Various

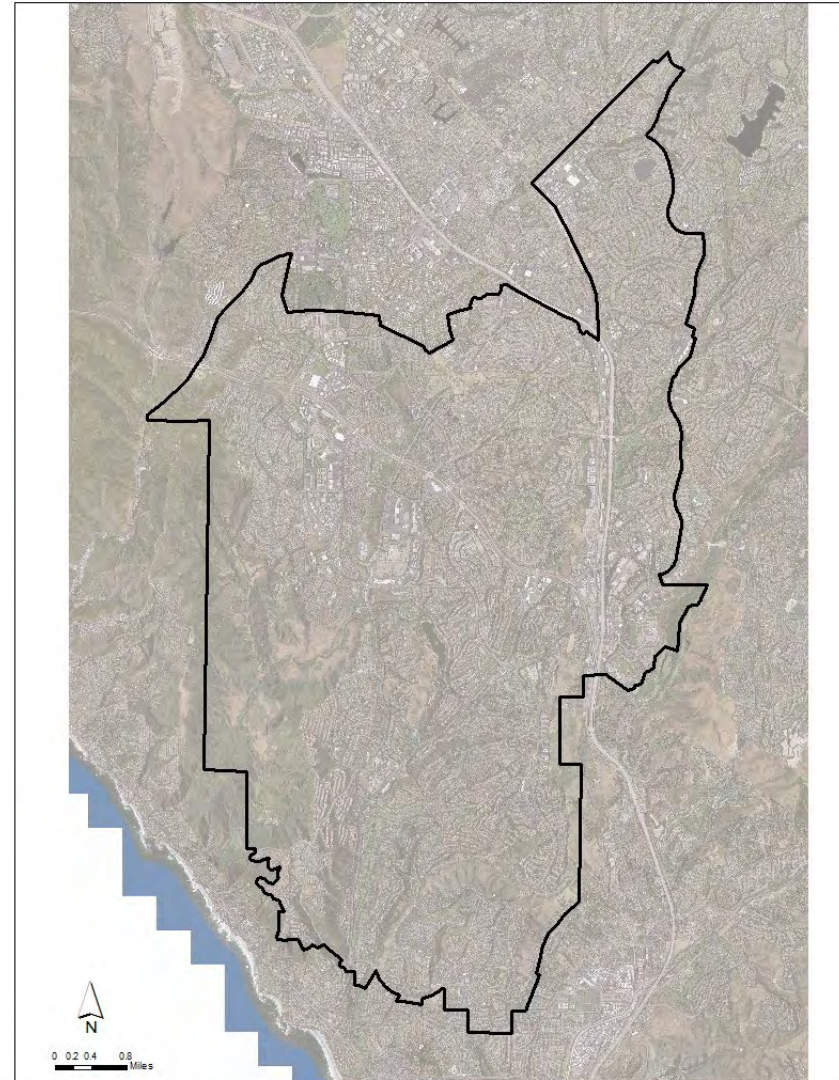
Project Description: Install recycled water service connection and irrigation pumps.

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	\$250,000
CEQA Compliance	Exempt
Construction Contract	\$2,100,000
Inspection	\$400,000
Total Project Budget	\$2,750,000



Service Line Replacement Program – RW

Project No: Annual Program

System: Recycled

Fund: 7

Project Location: Various

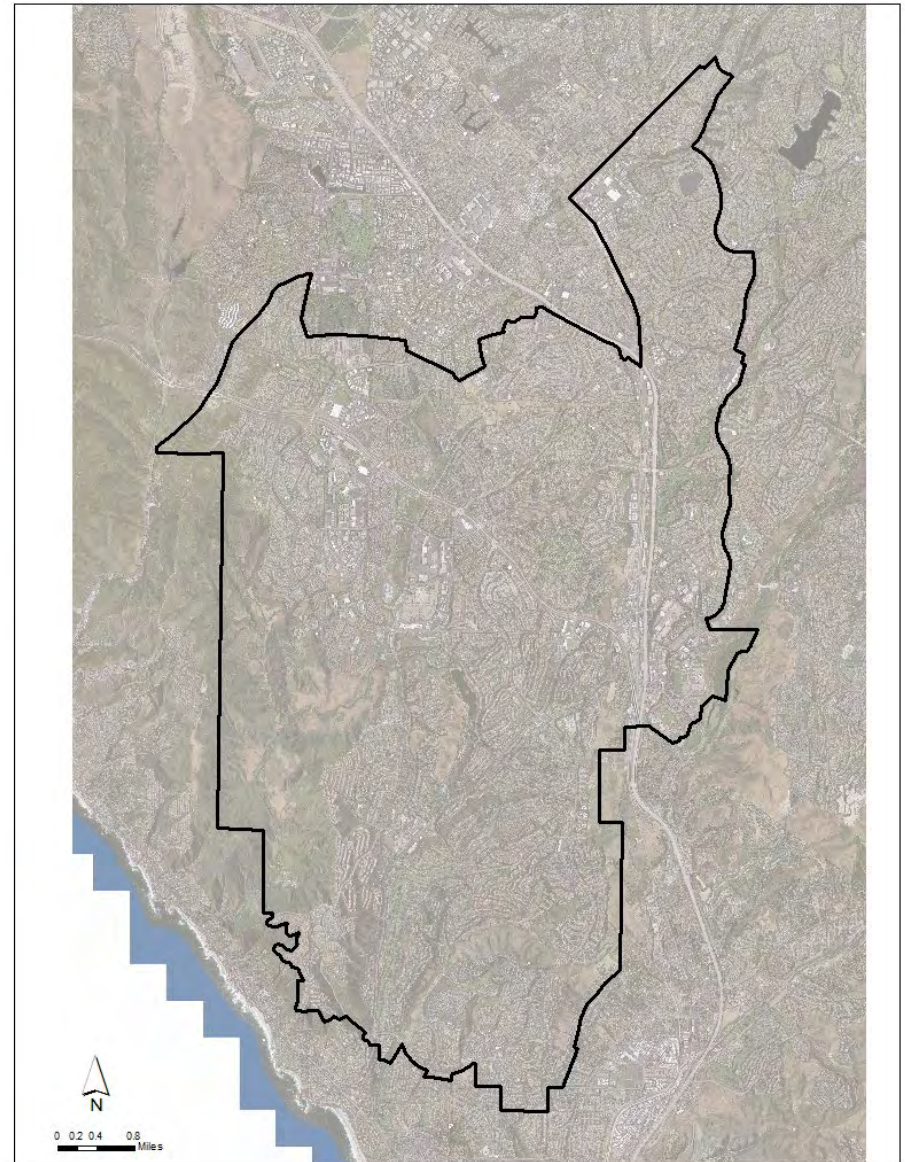
Project Description: Replace existing service lines.

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	\$360,000
Construction by District	\$270,000
Total Project Budget	\$630,000



Valve Replacement Program – RW

Project No: Annual Program

System: Recycled

Fund: 7

Project Location: Various

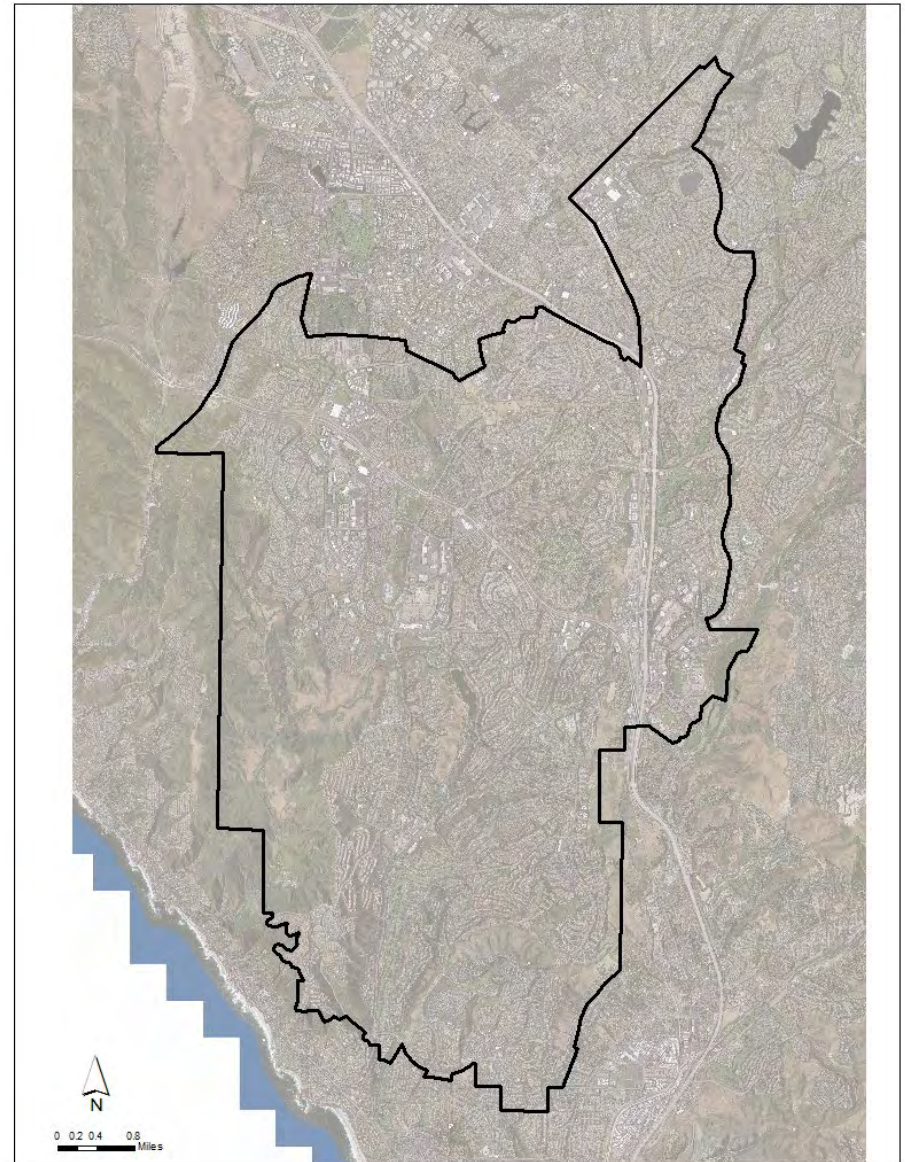
Project Description: Replace pipeline valves.

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
CEQA Compliance	Exempt
Construction Contract	\$1,125,000
Construction by District	\$1,125,000
Total Project Budget	\$2,250,000



Vertical Assets Rehabilitation and Replacement Program – RW

Project No: Annual Program

System: Recycled

Fund: 7

Project Location: Various

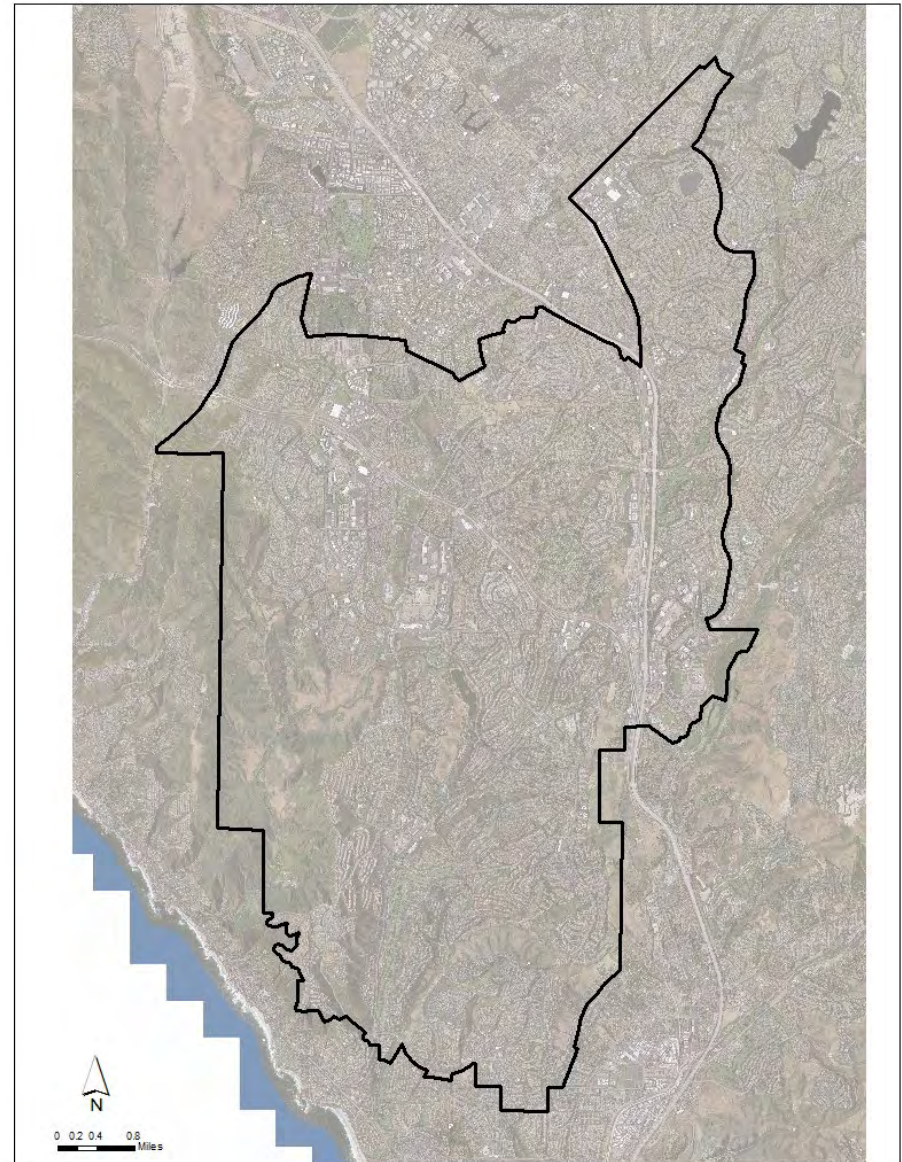
Project Description: Rehabilitate or replace structures and equipment at pump station and pressure reducing stations that have reached the end of their useful lives. An analysis was performed by staff to prioritize the methodical rehabilitation or replacement of vertical assets within the recycled water 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	\$100,000
CEQA Compliance	Exempt
Construction Contract	\$600,000
Inspection/Other	\$100,000
Total Project Budget	\$800,000



Electrical System Improvements Phase 5 – RW

Project No: 2023.016

System: Recycled

Fund: 7

Project Location: Southridge Recycled Water Pump Station, Aliso Viejo

Project Description: Replace the existing MCC and Switchgear compatible with District installed pump variable frequency drives.

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



Crown Point Pump Station Pump Replacement and VFD Installation

Project No: TBD

System: Recycled

Fund: 7

Project Location: Crown Point Pump Station, Laguna Niguel

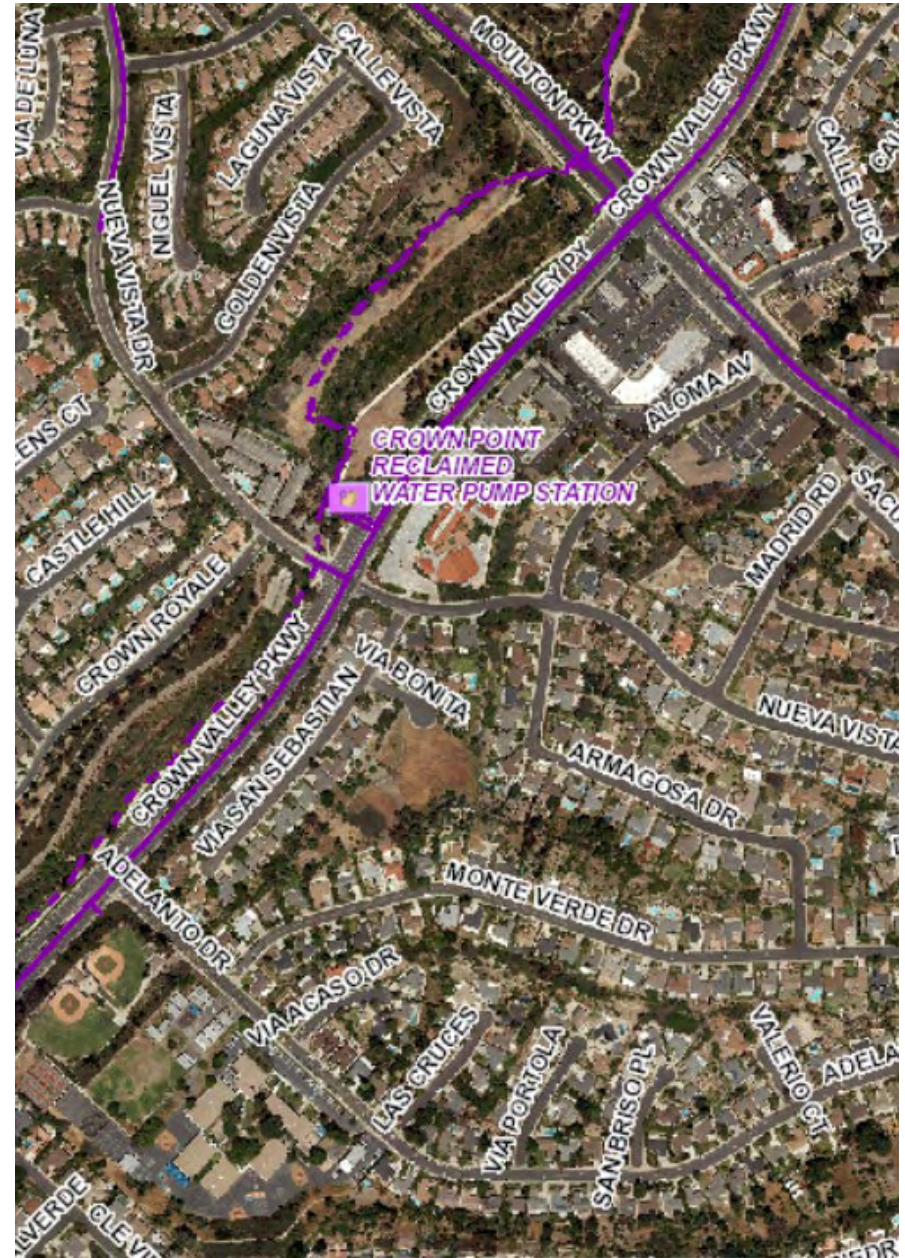
Project Description: Replace two existing pumps and associated 100 HP motors, select piping, and valves. Additionally, the motors will be equipped with variable frequency drives (VFDs). A hydraulic analysis using District's recycled water model may be required to verify final design.

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



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



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

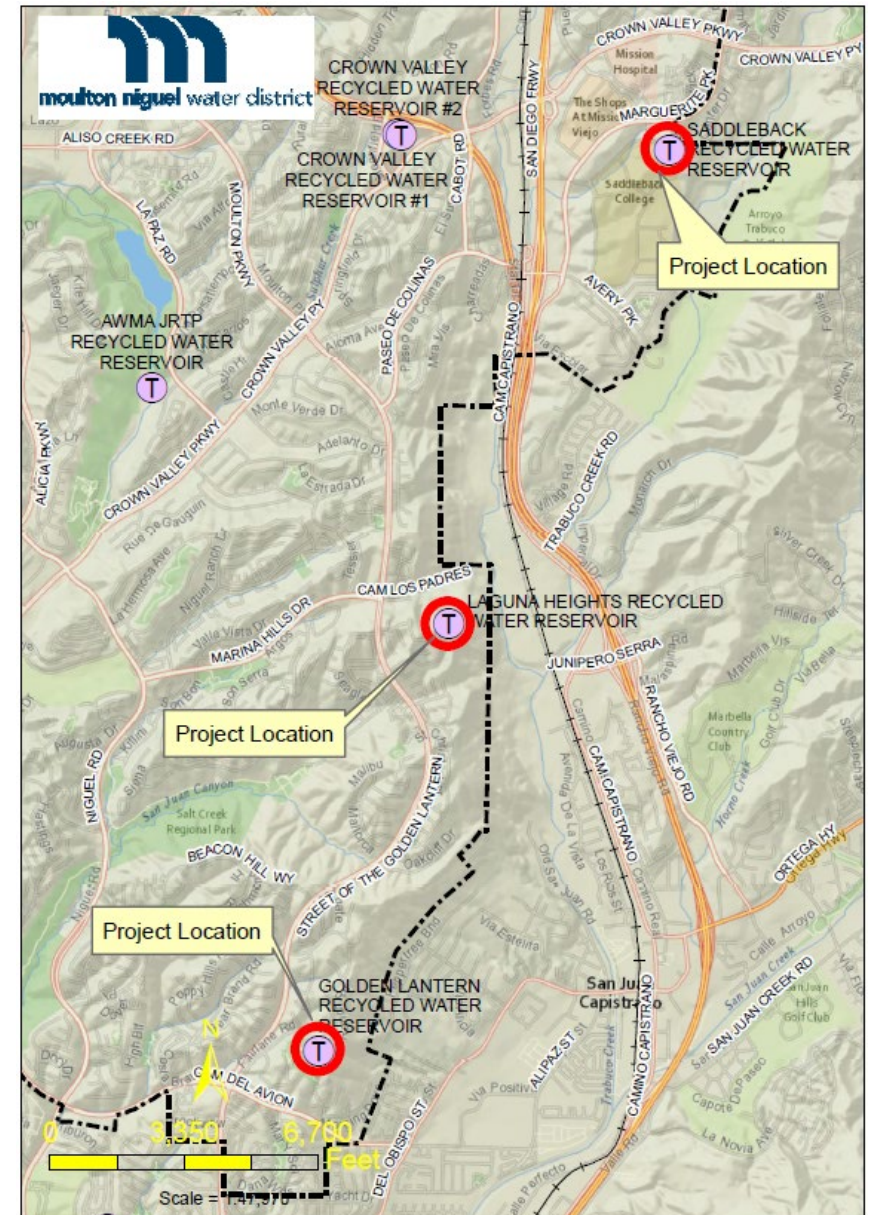
Project Description: Golden Lantern: Construct approximately 500 feet of 8-inch diameter drain pipe to an 8-inch sanitary sewer main on Point Catalina. Laguna Heights: Construct approximately 200 feet of 12-inch diameter drain pipe to a sanitary sewer manhole on Knob Hill Rd. Saddleback: Acquire new 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

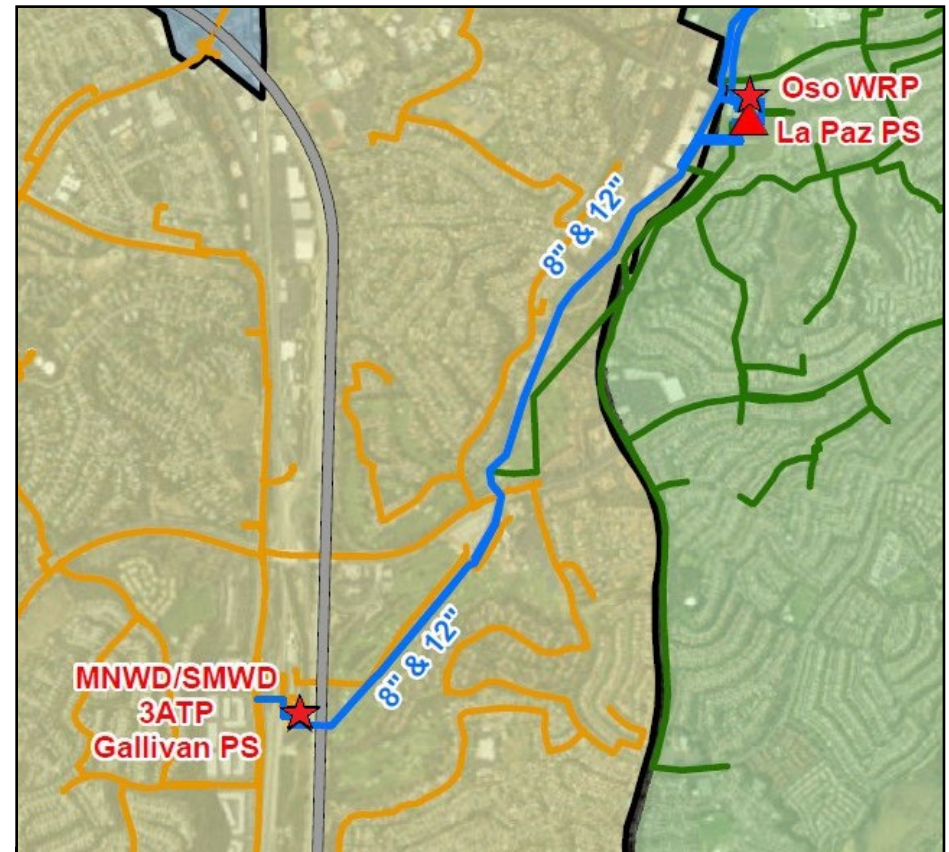
Project Description: The project will replace approximately 11,000 feet of existing 8-inch and 12-inch diameter RW pipelines with a new 24-inch pipeline. This includes pipelines within Santa Margarita Water District's Zone B La Paz Pump Station. Due to the alignment of the pipelines, significant habitat 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	\$7,500,000
CM/Inspection/Permits/Other	\$1,500,000
Total Project Budget	\$11,000,000



2023-24 Operations-Led Capital Improvements – RW

Project No: 2024.200

System: Recycled

Fund: 7

Project Location: Various

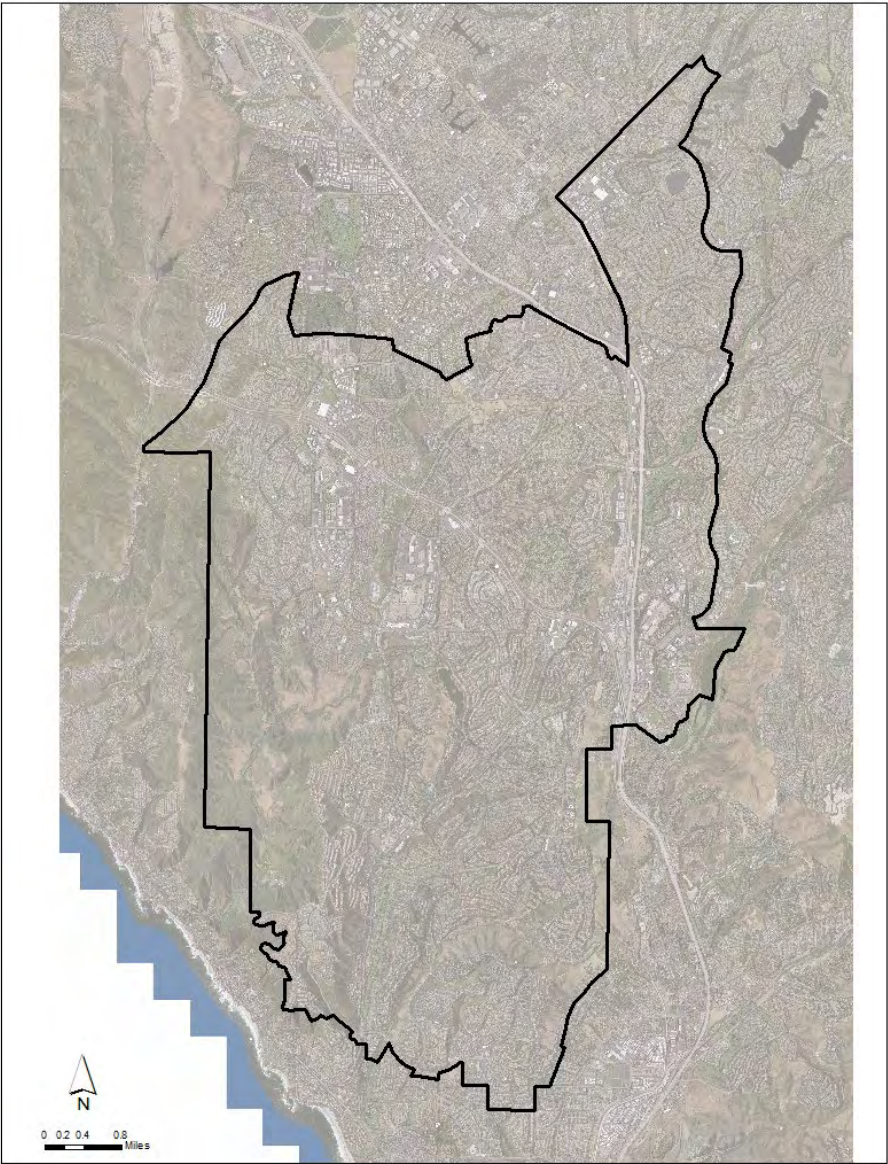
Project Description: This project covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, 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	\$250,000
Total Project Budget	\$250,000



2024-25 Meter Replacement – RW

Project No: TBD
System: Recycled
Fund: 7

Project Location: Various

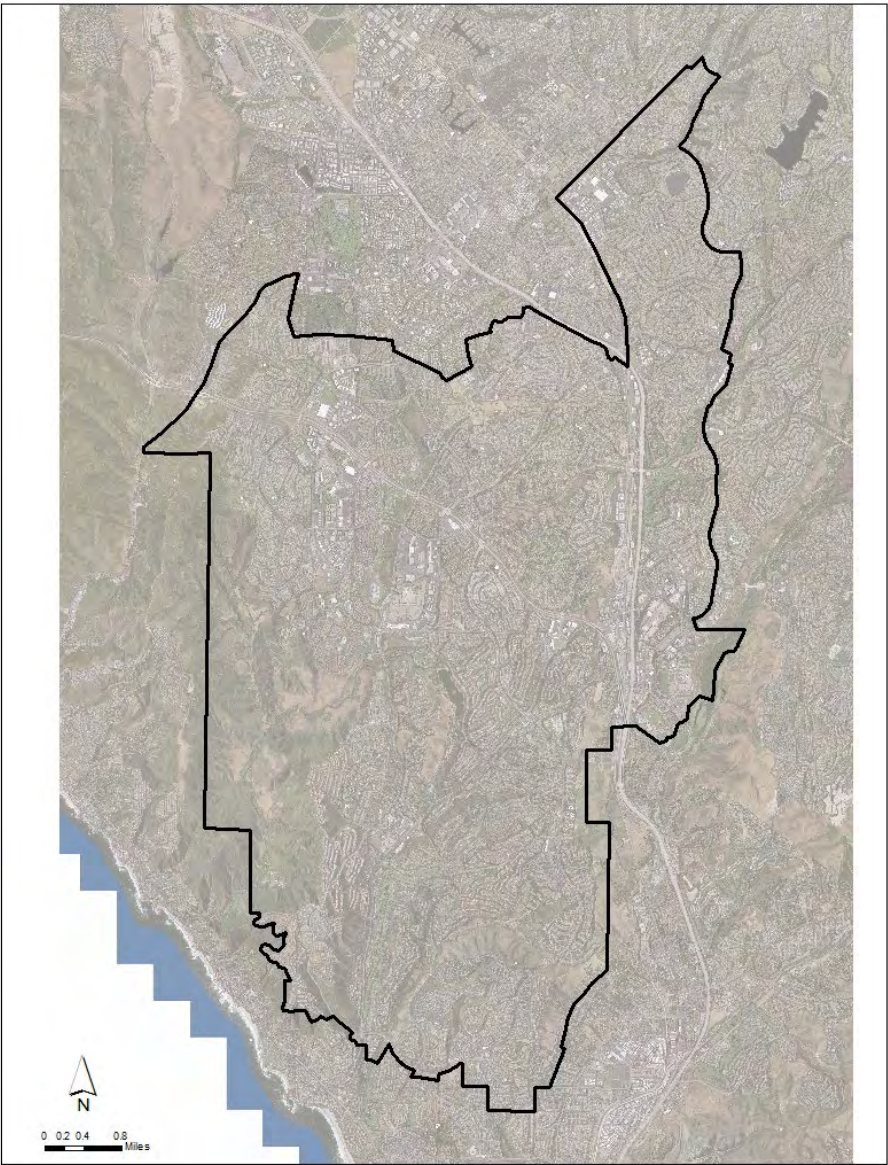
Project Description: Replace existing recycled water meters.

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



2024-25 Recycled Water Retrofits

Project No: TBD

System: Recycled

Fund: 6

Project Location: Various

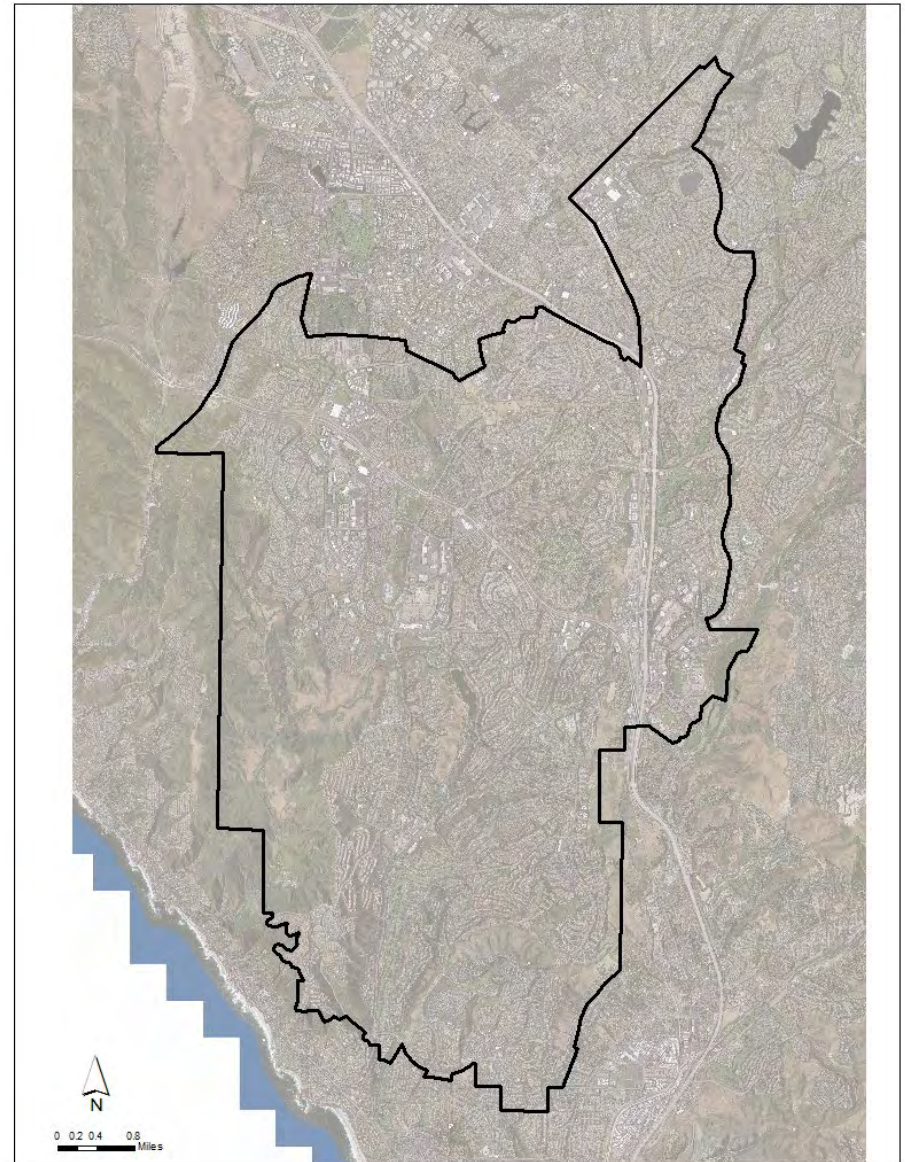
Project Description: Install recycled water service connections and irrigation pumps.

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	\$50,000
Total Project Budget	\$50,000



2024-25 Service Line Replacement – RW

Project No: TBD
System: Recycled
Fund: 7

Project Location: Various

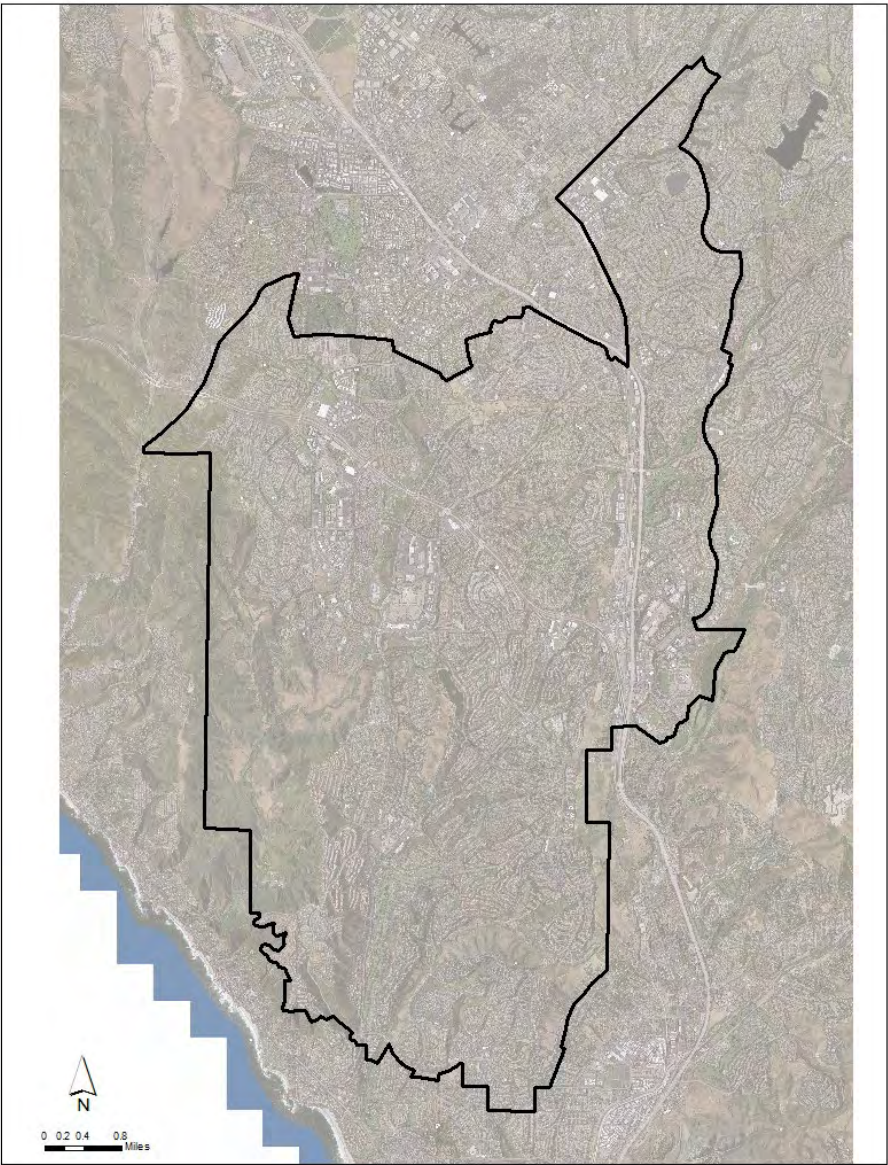
Project Description: Replace existing service lines.

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	\$40,000
Construction by District	\$30,000
Total Project Budget	\$70,000



2024-25 Valve Replacement – RW

Project No: TBD

System: Recycled

Fund: 7

Project Location: Various

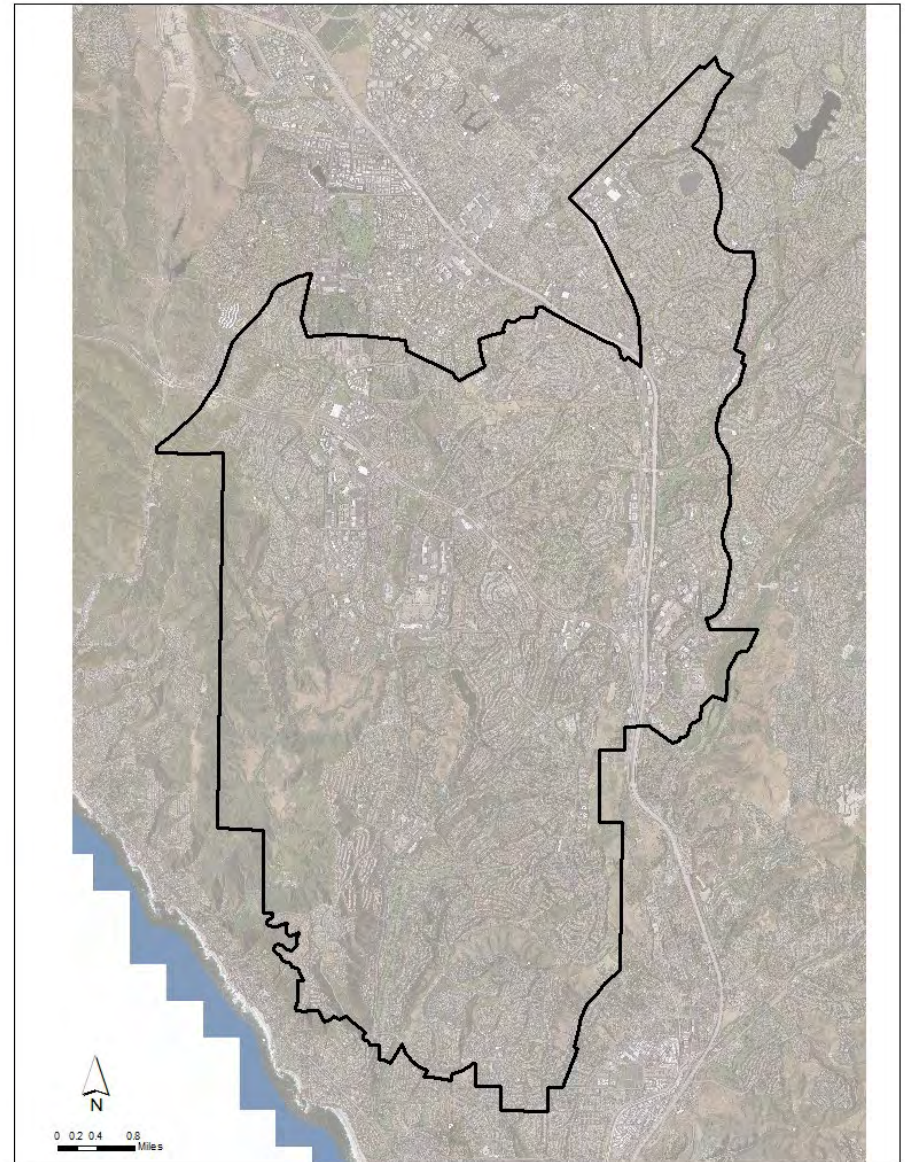
Project Description: Replace existing pipeline valves.

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 will replace critical valves that are prioritized to reduce the quantity of customers required to be taken out of service during future pipeline repair and connections.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
CEQA Compliance	Exempt
Construction Contract	\$125,000
Construction by District	\$125,000
Total Project Budget	\$250,000



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 dual 24-inch diameter PVC force mains using a combination of open cut and trenchless methods. 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 main as a supplemental effluent transmission main for the Regional Treatment Plant, including connection to the existing Effluent Transmission Main at Alicia Parkway. Extensive environmental permitting will be required.

Project Need: The existing force mains are constructed of a material that is due for replacement.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$1,250,000
Construction Contract	\$20,000,000
CM, Inspection, & CEQA Compliance	\$2,500,000
Labor/Permits/Other	\$750,000
Total Project Budget	\$24,500,000



Lower Salada Lift Station Force Main Replacement

Project No: 2013.005

System: Wastewater

Fund: 7

Project Location: Crown Valley Parkway, Laguna Niguel

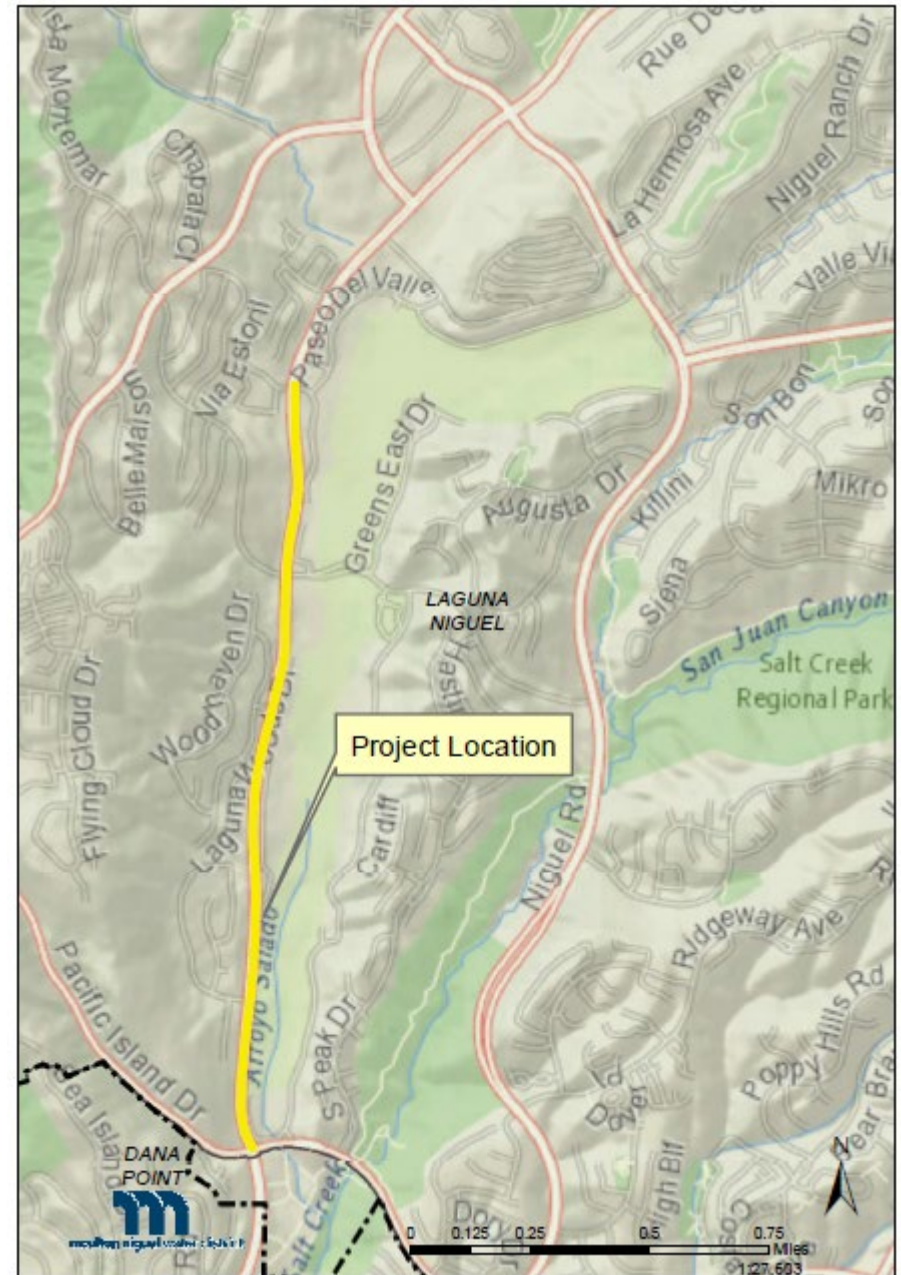
Project Description: Abandon the existing 12-inch diameter asbestos cement sewer force main and construct new dual 12-inch sewer force mains in Crown Valley Parkway. Approximate length of new sewer force mains is 9,600 feet.

Project Need: The existing single sewer force main is beyond its useful life and needs to be reconstructed. Current District standard is for sewer force mains to be dual.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$372,900
CEQA Compliance	Included
Construction Contract	\$8,923,828
CM and Inspection	\$655,862
Legal/Permits/Other	\$293,301
Total Project Budget	\$10,245,891



North Aliso Lift Station Reconstruction

Project No: 2019.007

System: Wastewater

Fund: 7

Project Location: North Aliso Lift Station, Mission Viejo

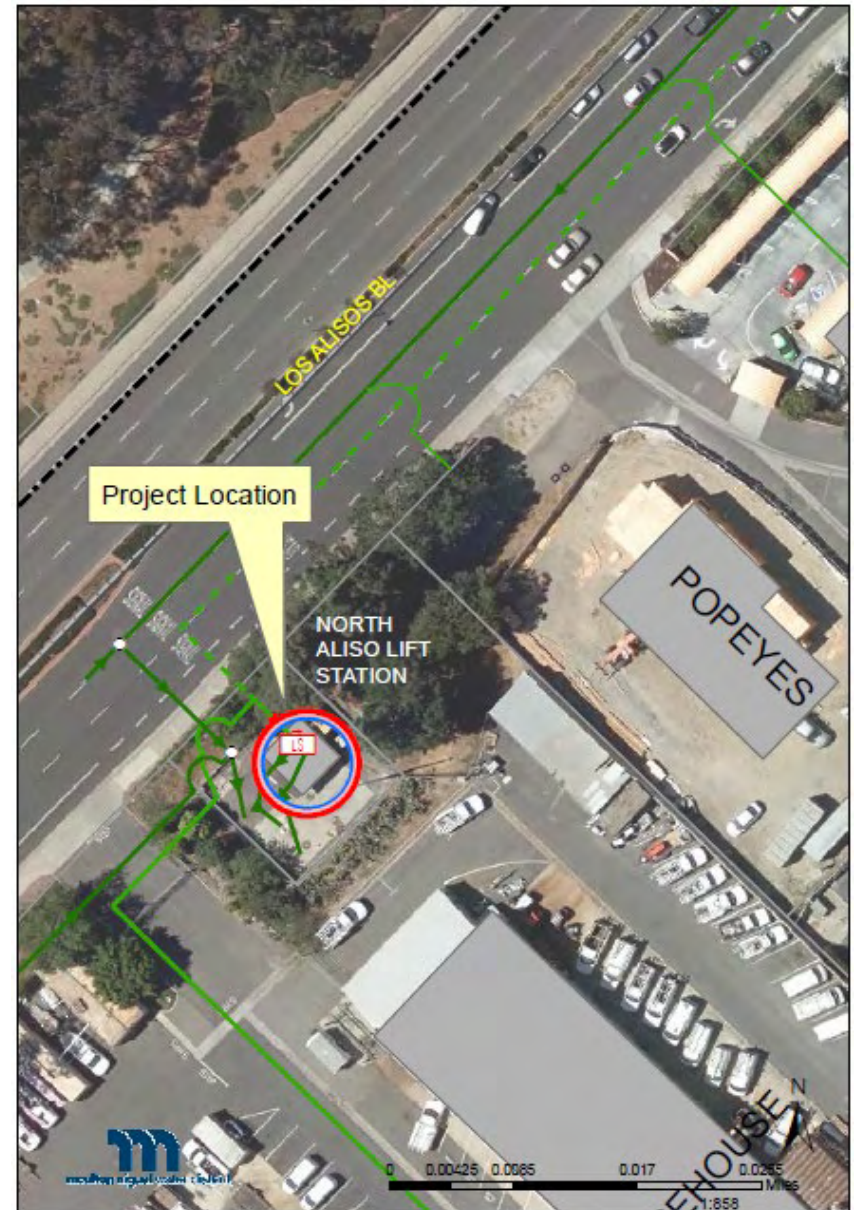
Project Description: Demolish and reconstruct the entire North Aliso Lift Station with a new adequately sized wet well with three (3) submersible pumps. The existing wet well will be repurposed as an overflow basin. The project will also include gravity sewer improvements, a new valve vault with flow meter, super oxygenation system, and an enclosed electrical room. The project will require an extensive bypass pumping system and a 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 Construction

Estimated Project Amount:

Item	Estimated Cost
Preliminary Design	\$50,000
Design	\$800,000
CEQA Compliance	Exempt
Construction Contract	\$9,500,000
Specialty Inspection	\$750,000
Inspection/Other	\$100,000
Total Project Budget	\$11,200,000



Aliso Creek Lift Station Rehabilitation

Project No: 2021.011

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: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$835,519
CEQA Compliance	Exempt
Construction Contract	\$7,932,782
CM and Specialty Inspection	\$150,000
Legal/Permit/Other	\$100,000
Total Project Budget	\$9,018,301



Slope Stabilization at La Paz Road

Project No: 2023.026

System: Wastewater

Fund: 14

Project Location: La Paz Road between Kings Road and Rancho Niguel Road, Laguna Niguel

Project Description: Install a slope stabilization system consisting of tie-back anchors and hydraugers over an area of approximately 1.75 acres to the west of La Paz Road.

Project Need: This project will help to protect existing and future District infrastructure in the area, primarily sewer force mains located within the Laguna Niguel Regional Park.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$250,000
CEQA Compliance	Exempt
Construction Contract	\$5,088,826
Geotechnical Inspection	\$270,600
Environmental Monitoring	\$25,000
Labor/Permits/Other	\$100,000
Total Project Budget	\$5,734,426



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)

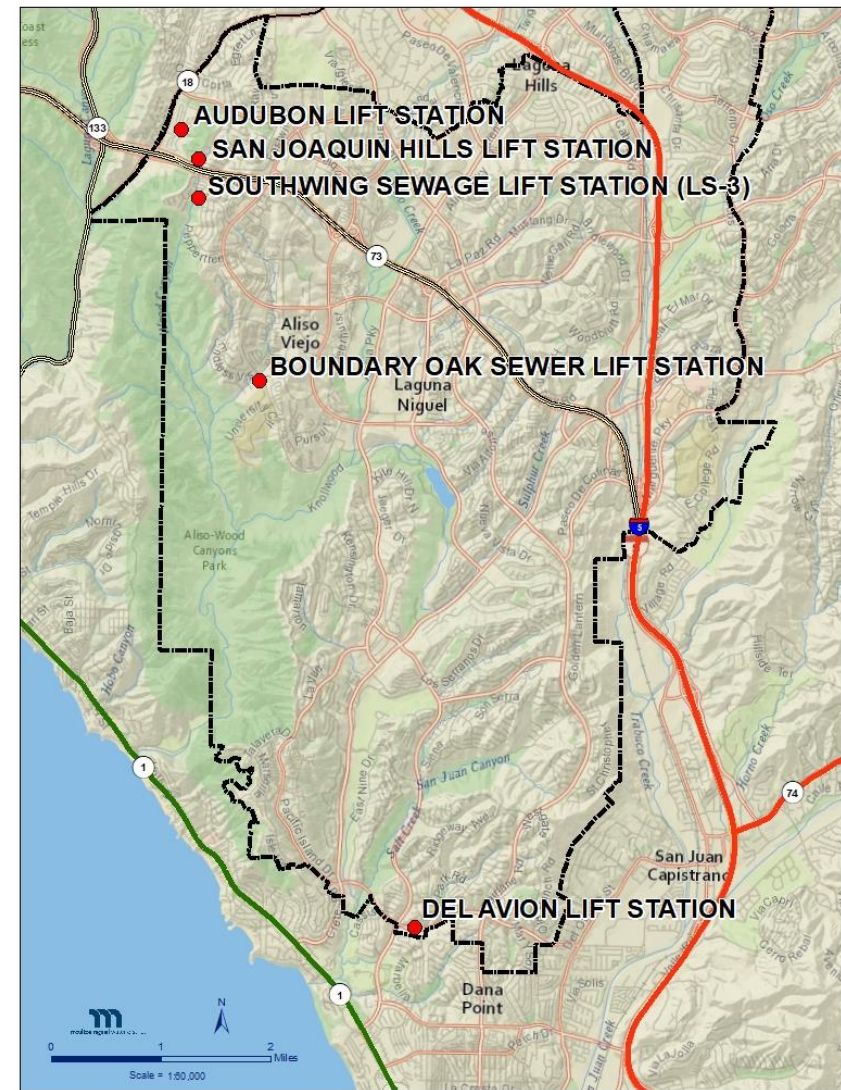
Project Description: Reconfigure and reconstruct the ventilation systems at five sewer lift stations to provide clean air and maintain safe atmospheric conditions within the equipment rooms of the sewage lift stations. New ductwork and ventilation fans are to be installed and configured with air intakes away from the lift station wet wells to avoid bringing foul air 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: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$100,000
CEQA Compliance	Exempt
Construction Contract	\$1,150,000
Inspection/Other	\$100,000
Total Project Budget	\$1,350,000



Upper Boundary Oak Lift Station Auxiliary Generator Replacement

Project No: 2022.020

System: Wastewater

Fund: 7

Project Location: Upper Boundary Oak Lift Station, Aliso Viejo

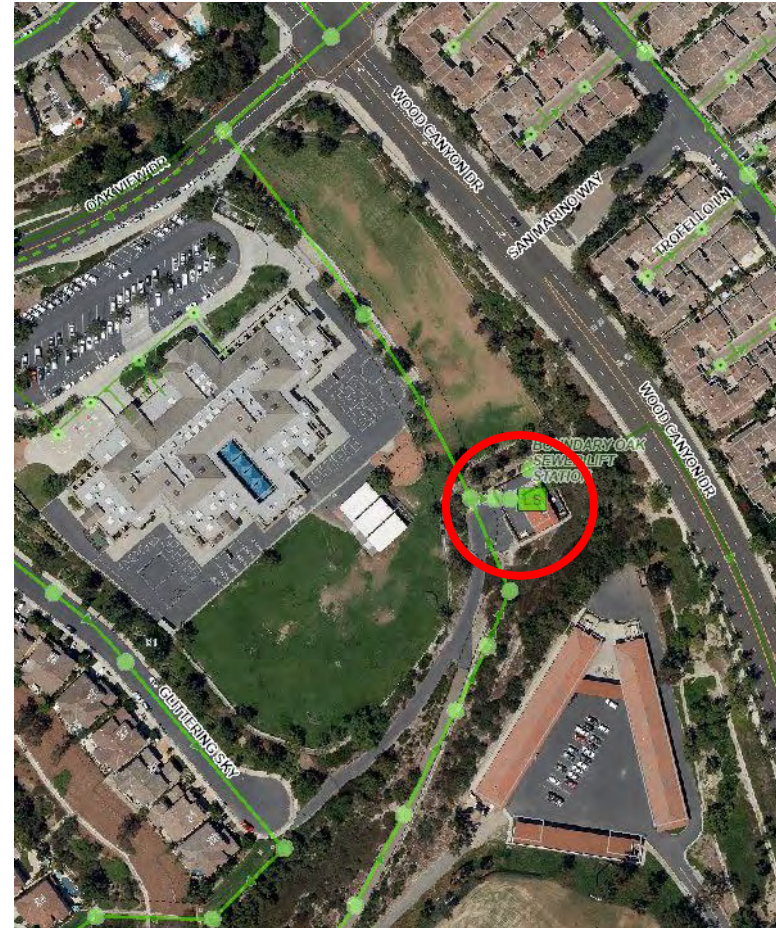
Project Description: Remove and replace the existing backup generator with a new auxiliary diesel generator.

Project Need: Replacement of the existing generator is based on age and difficulty finding off the shelf replacement parts.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$100,000
CEQA Compliance	Exempt
Construction Contract	\$850,000
Specialty Inspection	\$25,000
Legal/Permits/Other	\$25,000
Total Project Budget	\$1,000,000



Lower Salada Lift Station Rehabilitation

Project No: 2023.017

System: Wastewater

Fund: 7

Project Location: Lower Salada Lift Station, Laguna Niguel

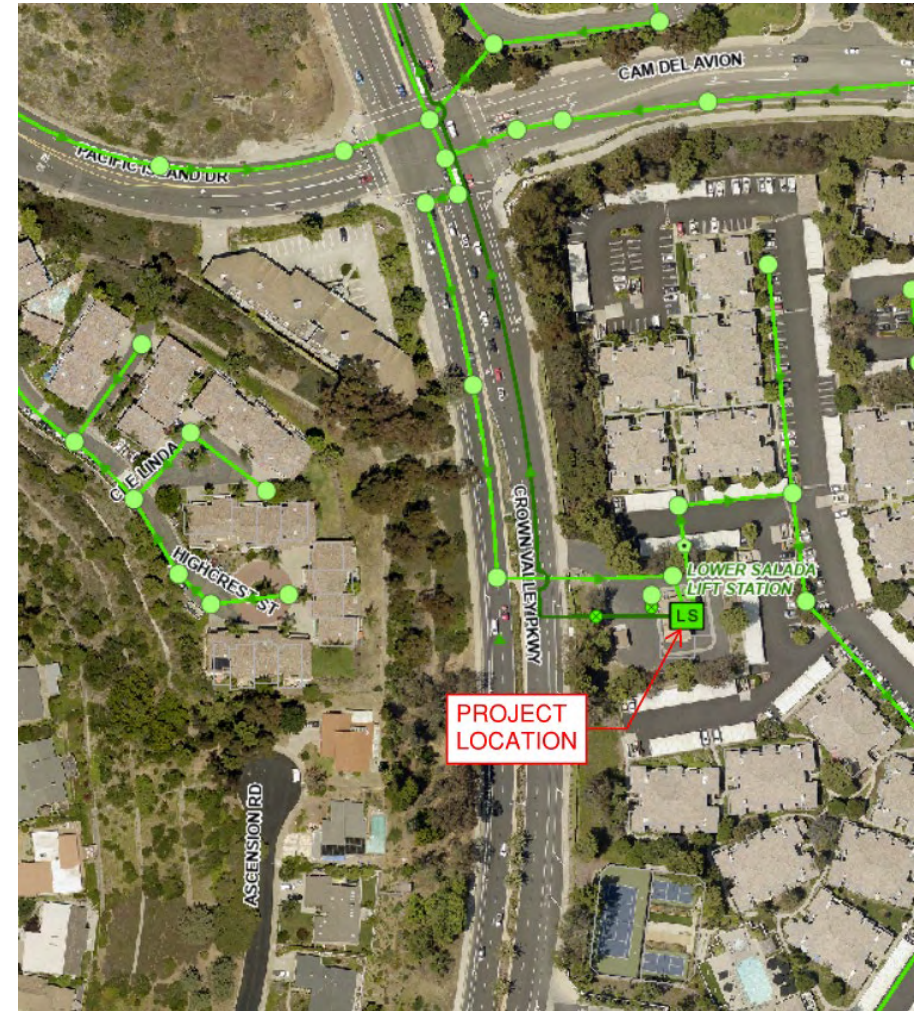
Project Description: Rehabilitate the Lower Salada Lift Station in its entirety, including wet well rehabilitation, construction of a new overflow wet well, mechanical equipment replacements, electrical system replacements, instrumentation system replacements, and sitework restoration. The project will require an extensive bypass pumping system.

Project Need: Although periodic improvements have been made, much of the equipment is obsolete, requires increased maintenance, and needs replacement. The construction of a new overflow wet well will allow the District more time to respond to an emergency event.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$600,000
CEQA Compliance	Exempt
Construction Contract	\$4,500,000
CM and Specialty Inspection	\$250,000
Legal/Permit/Other	\$50,000
Total Project Budget	\$5,400,000



Lower Salada Lift Station Overflow Wetwell

Project No: 2023.030

System: Wastewater

Fund: 14

Project Location: Lower Salada Lift Station, Laguna Niguel

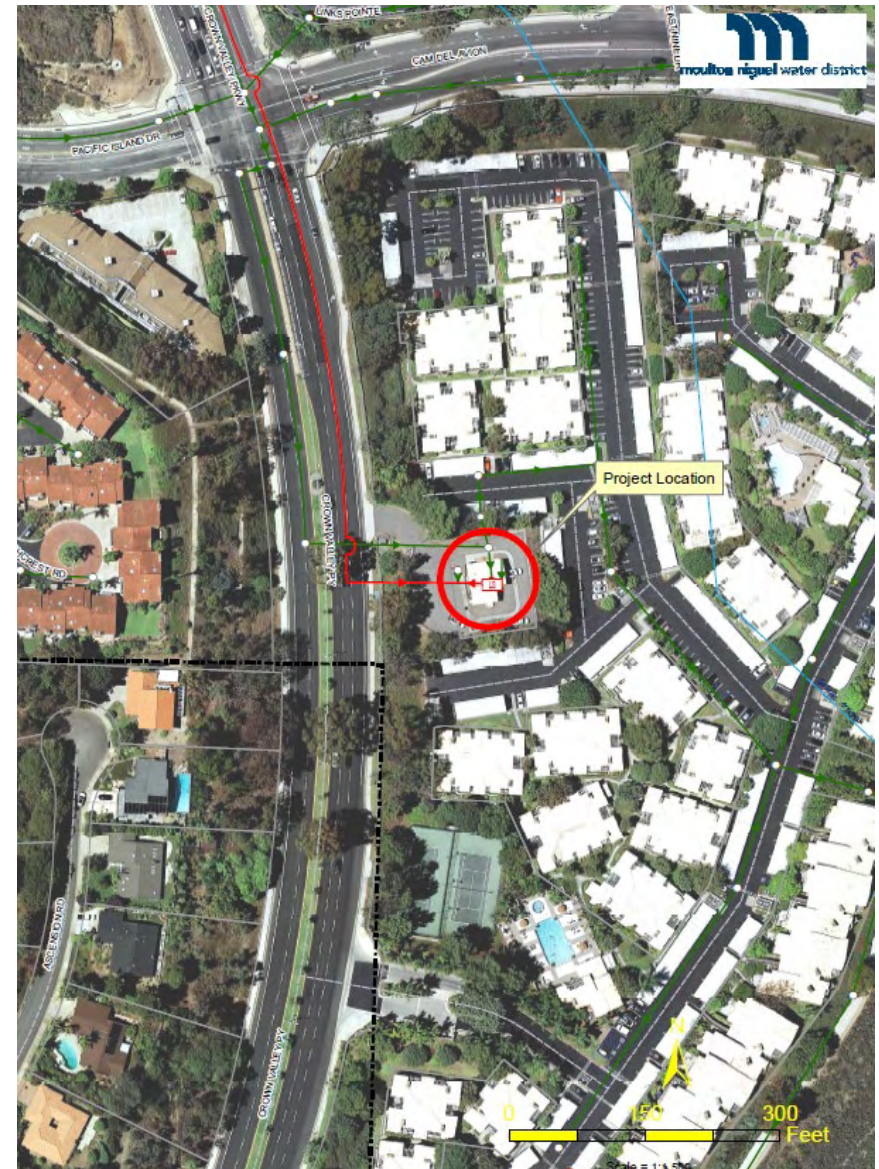
Project Description: The construction of a new overflow wetwell at the Lower Salada Lift Station.

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: In Design

Estimated Project Amount:

Item	Estimated Cost
Design	\$150,000
CEQA Compliance	Exempt
Construction Contract	\$900,000
CM and Specialty Inspection	\$100,000
Legal/Permit/Other	\$100,000
Total Project Budget	\$1,250,000



Manhole Rehabilitation Program

Project No: Annual Program

System: Wastewater

Fund: 7

Project Location: Various

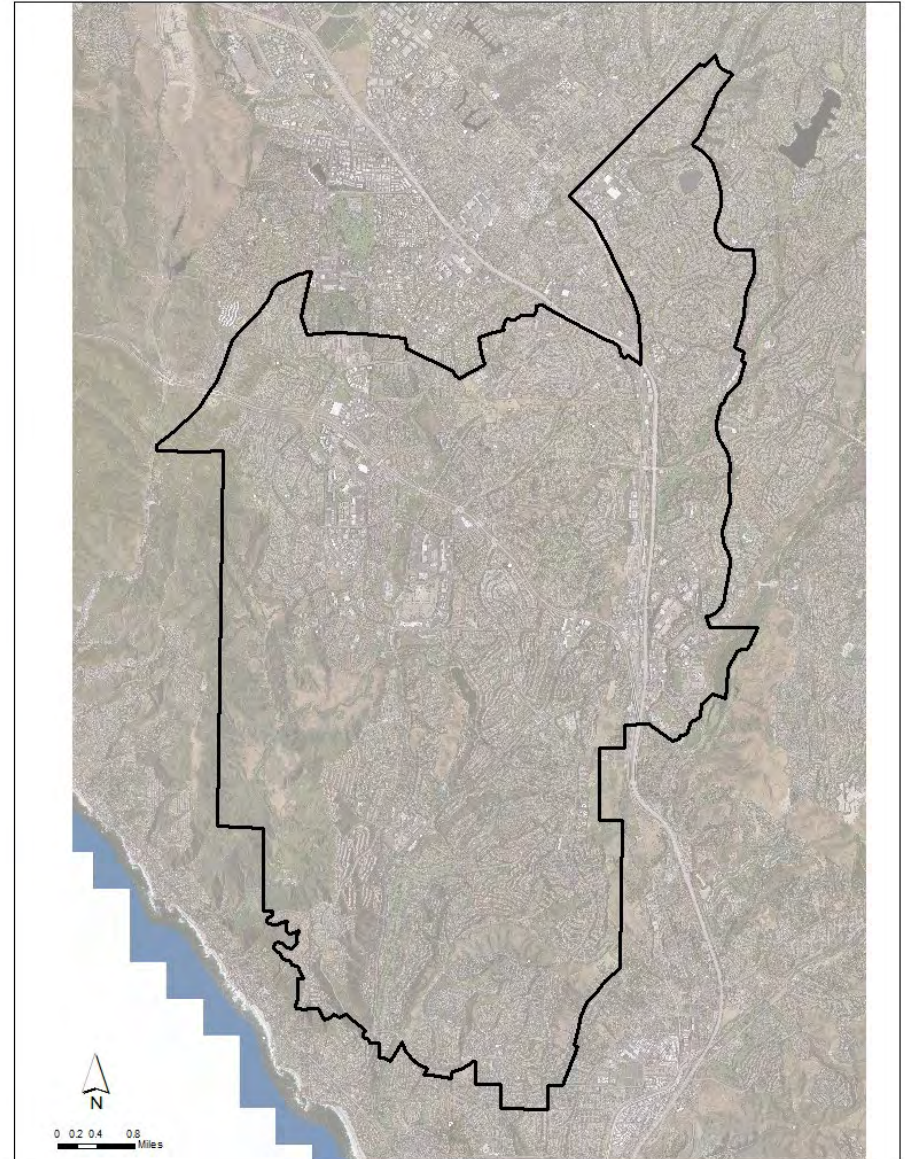
Project Description: Rehabilitate existing sewer manholes.

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	\$2,250,000
Total Project Budget	\$2,250,000



Operations-Led Capital Improvements – WW

Project No: Annual Program

System: Wastewater

Fund: 7

Project Location: Various

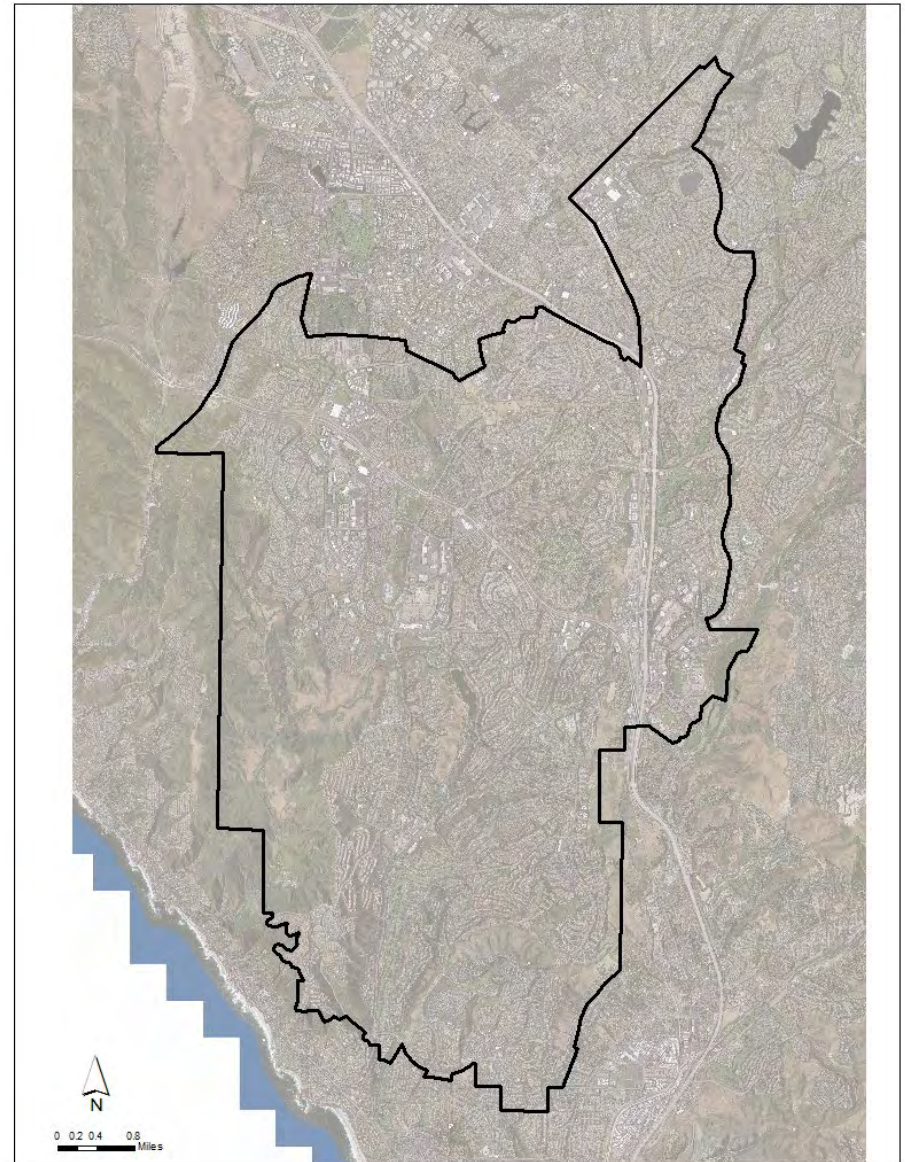
Project Description: This program covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, 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	\$2,250,000
Total Project Budget	\$2,250,000



Pipeline Rehabilitation and Replacement Program – WW

Project No: Annual Program

System: Wastewater

Fund: 7

Project Location: Various

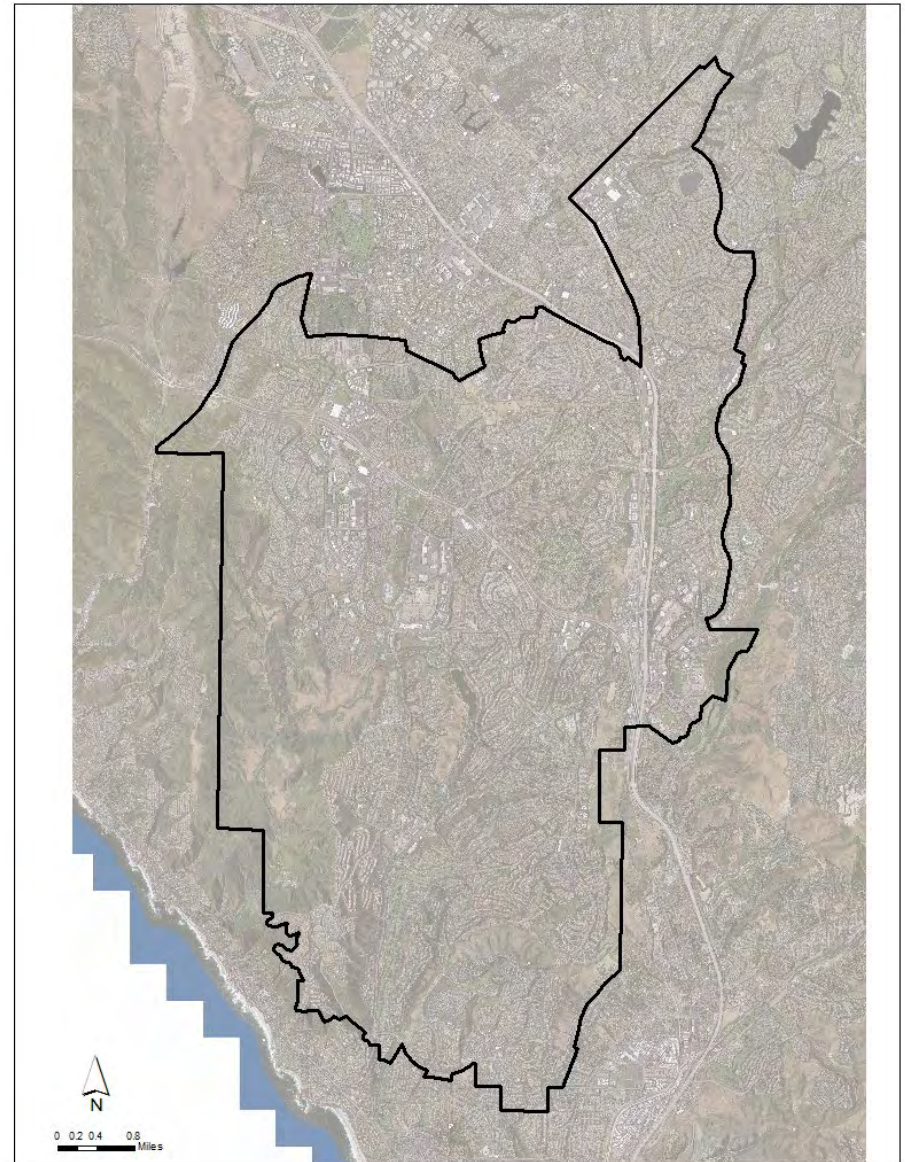
Project Description: Rehabilitate or replace pipelines that have reached the end of their useful lives. An analysis was performed using information contained in the District's Geographic Information System (GIS) to prioritize wastewater pipelines for rehabilitation and replacement.

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	\$750,000
CEQA Compliance	Exempt
Construction Contract	\$6,250,000
Inspection/Other	\$500,000
Total Project Budget	\$7,500,000



Vertical Assets Rehabilitation and Replacement Program – WW

Project No: Annual Program

System: Wastewater

Fund: 7

Project Location: Various

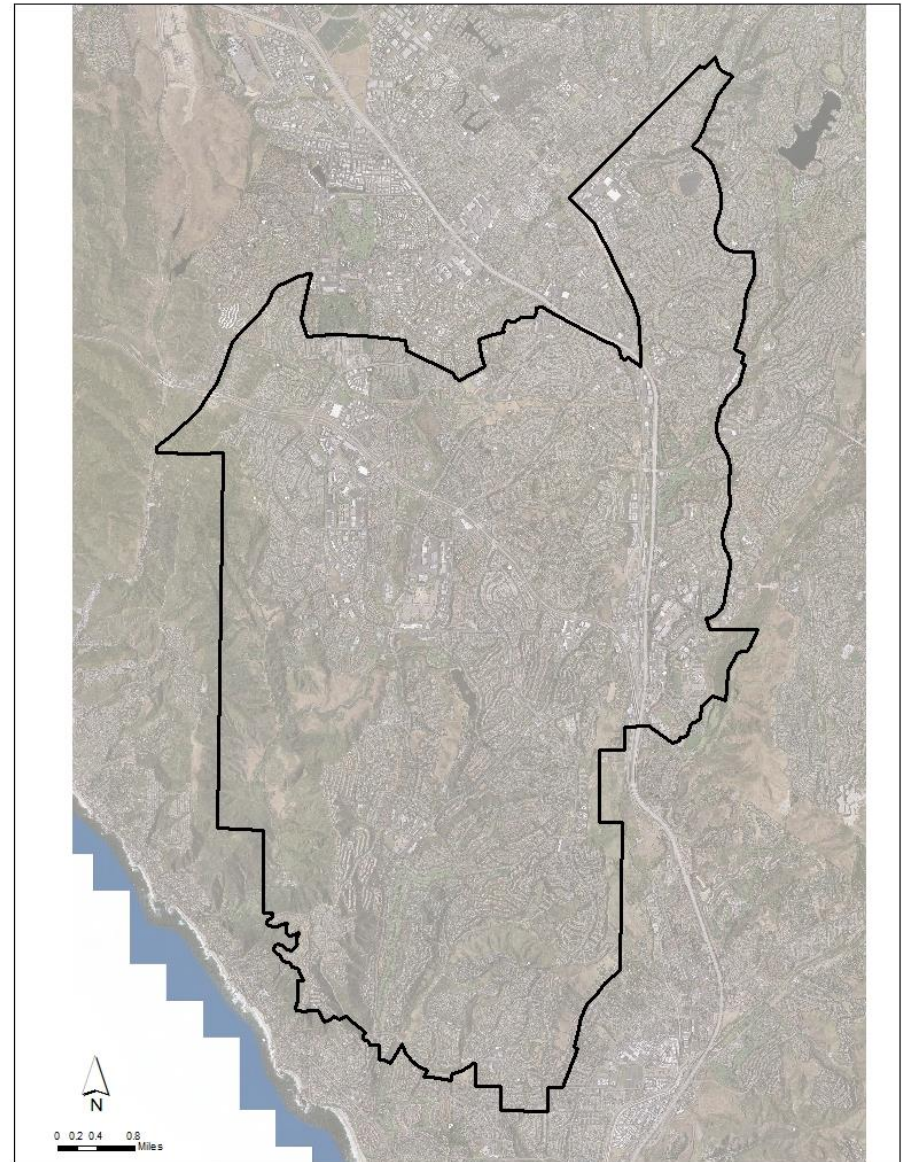
Project Description: Rehabilitate or replace structures and equipment at lift stations that have reached the end of their useful lives. An analysis was performed by staff to prioritize the methodical rehabilitation or replacement of vertical assets within the wastewater system.

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	\$3,600,000
CEQA Compliance	Exempt
Construction Contract	\$18,000,000
Inspection/Other	\$2,400,000
Total Project Budget	\$24,000,000



3A Outfall Line Valves

Project No: 2011.043

System: Wastewater

Fund: 14

Project Location: Along Camino Capistrano and outlining areas by Oso Creek, San Juan Capistrano

Project Description: Install isolation valves on the 3A outfall line.

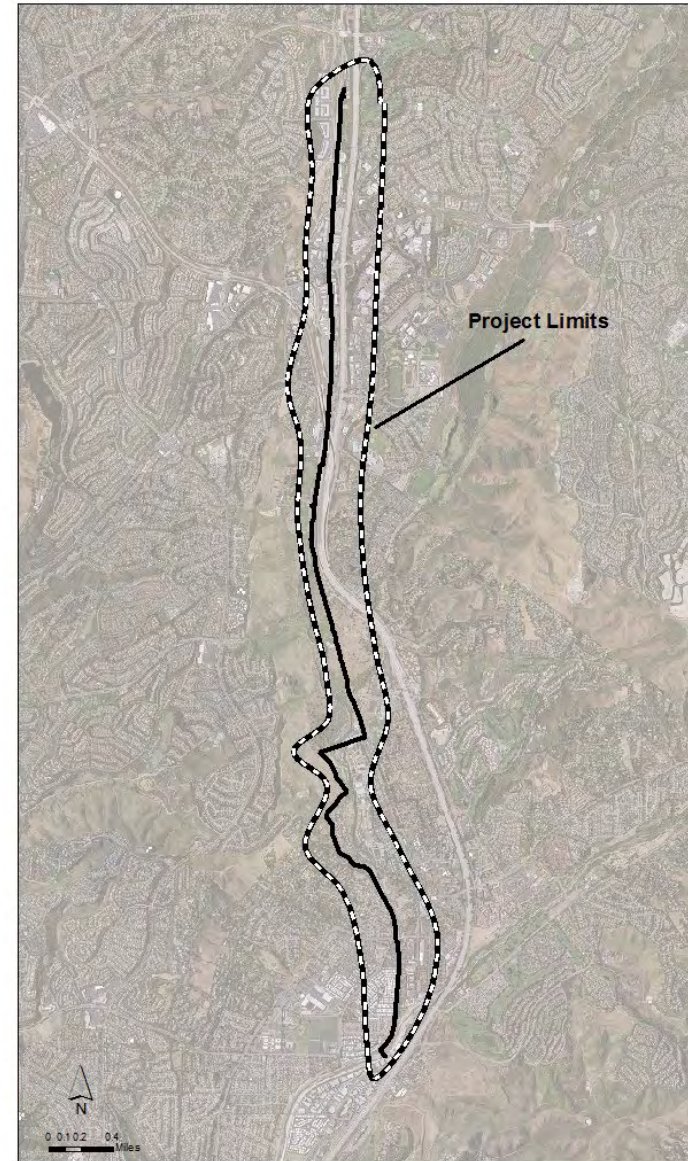
Project Need: The 3A outfall line was constructed as a feed line from San Juan Capistrano to Mission Viejo Lake. The District purchased the facility and changed its use from the intended design. Additional valves are proposed along this five mile reach to increase the number of isolation points and improve 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.



Upper Salada Lift Station Bypass Improvements

Project No: 2018.028

System: Wastewater

Fund: 7

Project Location: Upper Salada Lift Station, Laguna Niguel

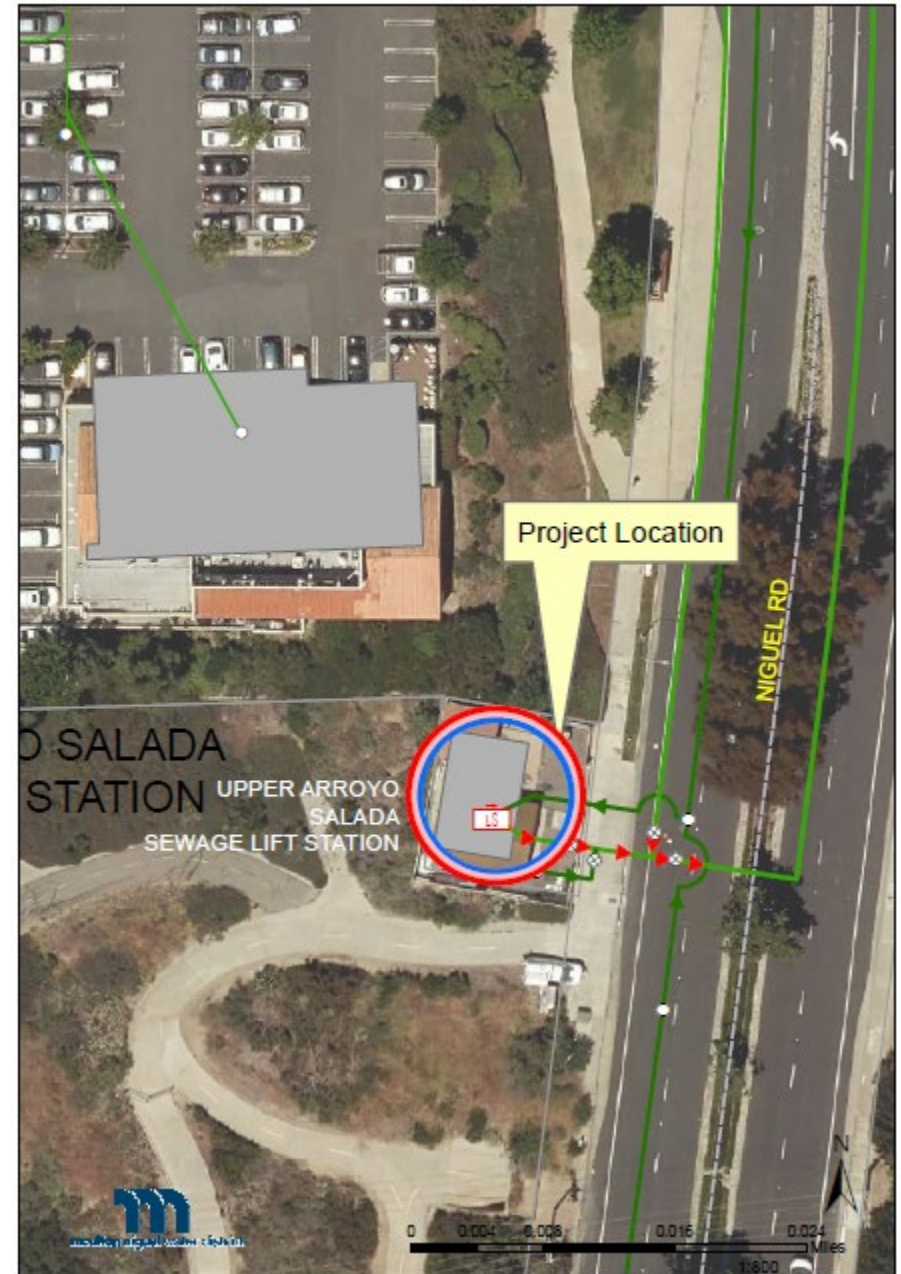
Project Description: Replace and reconfigure the existing flow meter and bypass connections for the sewer force main at the Upper Salada Lift Station, including a new flow meter, valves, and an independent connection to each of the two force main pipes within Niguel Road.

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: Proposed Project

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



Niguel West Sewer Lining

Project No: 2020.009

System: Wastewater

Fund: 7

Project Location: Niguel West, Laguna Niguel

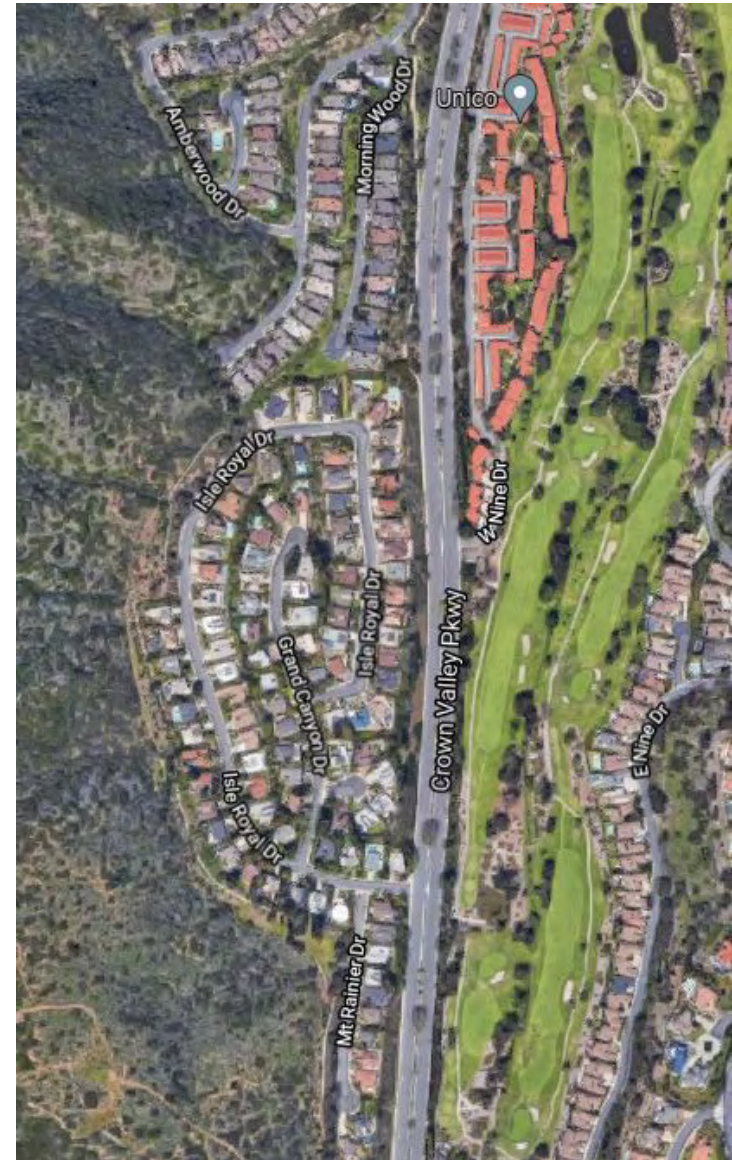
Project Description: Perform root and calcium encrustation removal, clean and install approximately 6,700 feet of cured-in-place pipe (CIPP) liner.

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: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$150,000
CEQA Compliance	Exempt
Construction Contract	\$1,200,000
Inspection/Other	\$150,000
Total Project Budget	\$1,500,000



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.

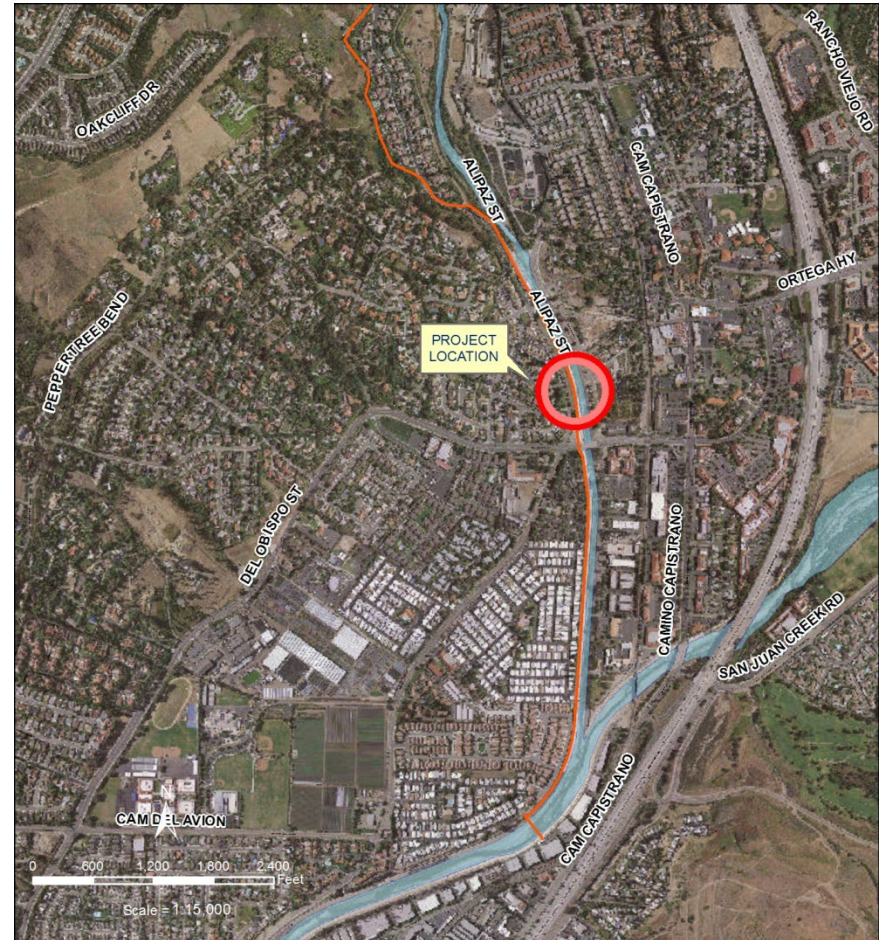
Project Need: The existing ETM is located in an embankment along an unprotected bank of Oso Creek and is subjected to potential erosion of the creek bank. This proposed project will extend riprap to provide protection for the existing pipe.

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.

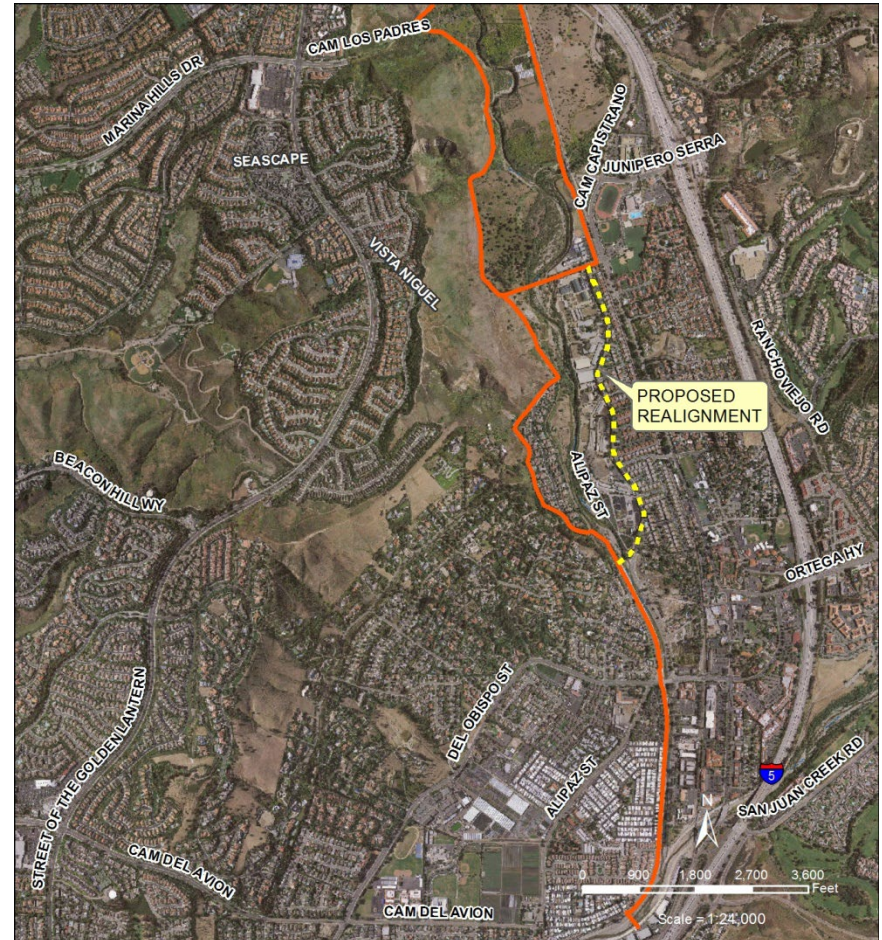
Project Need: The existing ETM is located in an embankment along an unprotected bank of Trabuco Creek and is subjected to potential erosion of the creek bank. This proposed project will abandon the existing ETM pipeline and construct a replacement pipeline in Avenida de la Vista.

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.



Crown Valley Parkway Sewer Lining

Project No: TBD

System: Wastewater

Fund: 7

Project Location: Crown Valley Parkway, Laguna Niguel

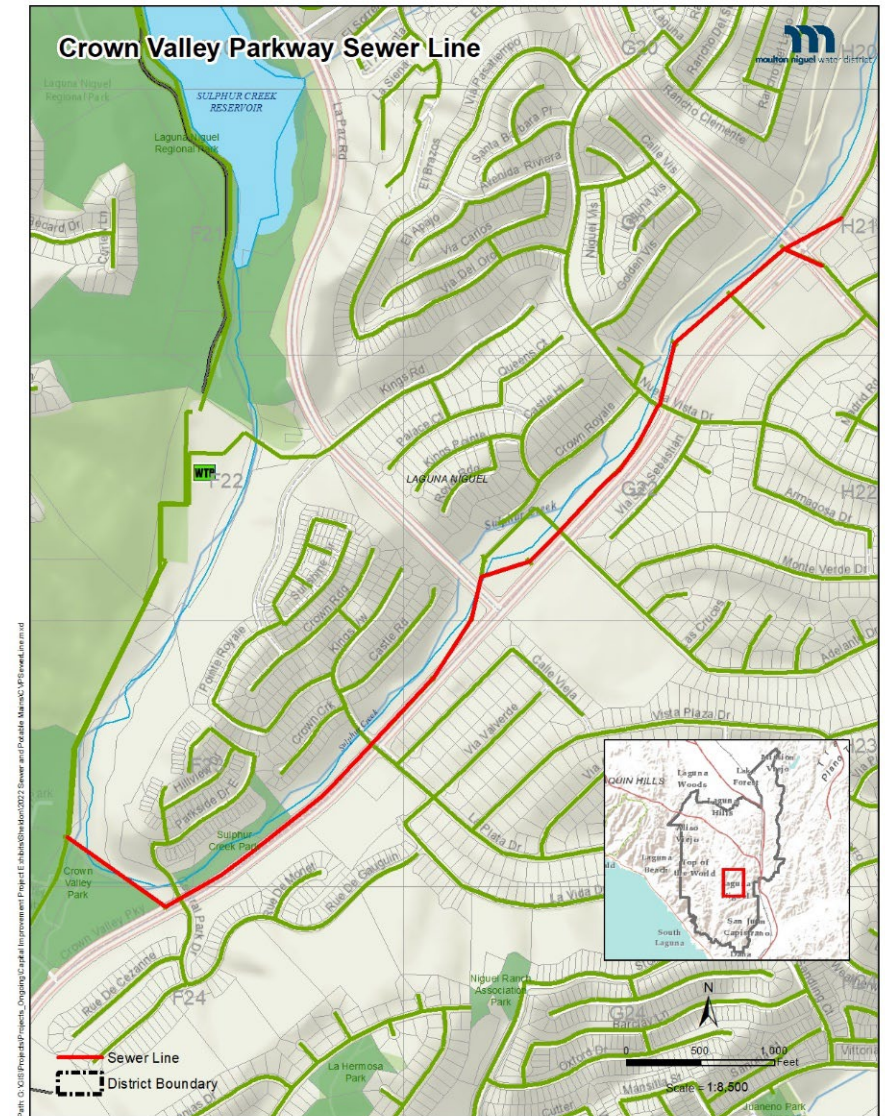
Project Description: Perform root and calcium encrustation removal, clean, perform bypass pumping, and install approximately 7,500 linear feet of cured-in-place pipe (CIPP) liner.

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: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$200,000
CEQA Compliance	Exempt
Construction Contract	\$2,000,000
Inspection/Other	\$200,000
Total Project Budget	\$2,400,000



Manhole Adjustments on Oso-Trabuco Interceptor Sewer

Project No: TBD

System: Wastewater

Fund: 7

Project Location: Metrolink Railroad, San Juan Capistrano

Project Description: This project will add new manhole shaft top sections at approximately 3-4 manholes within railroad right-of-way to reduce the distance from cover to cone in order to comply with District standards.

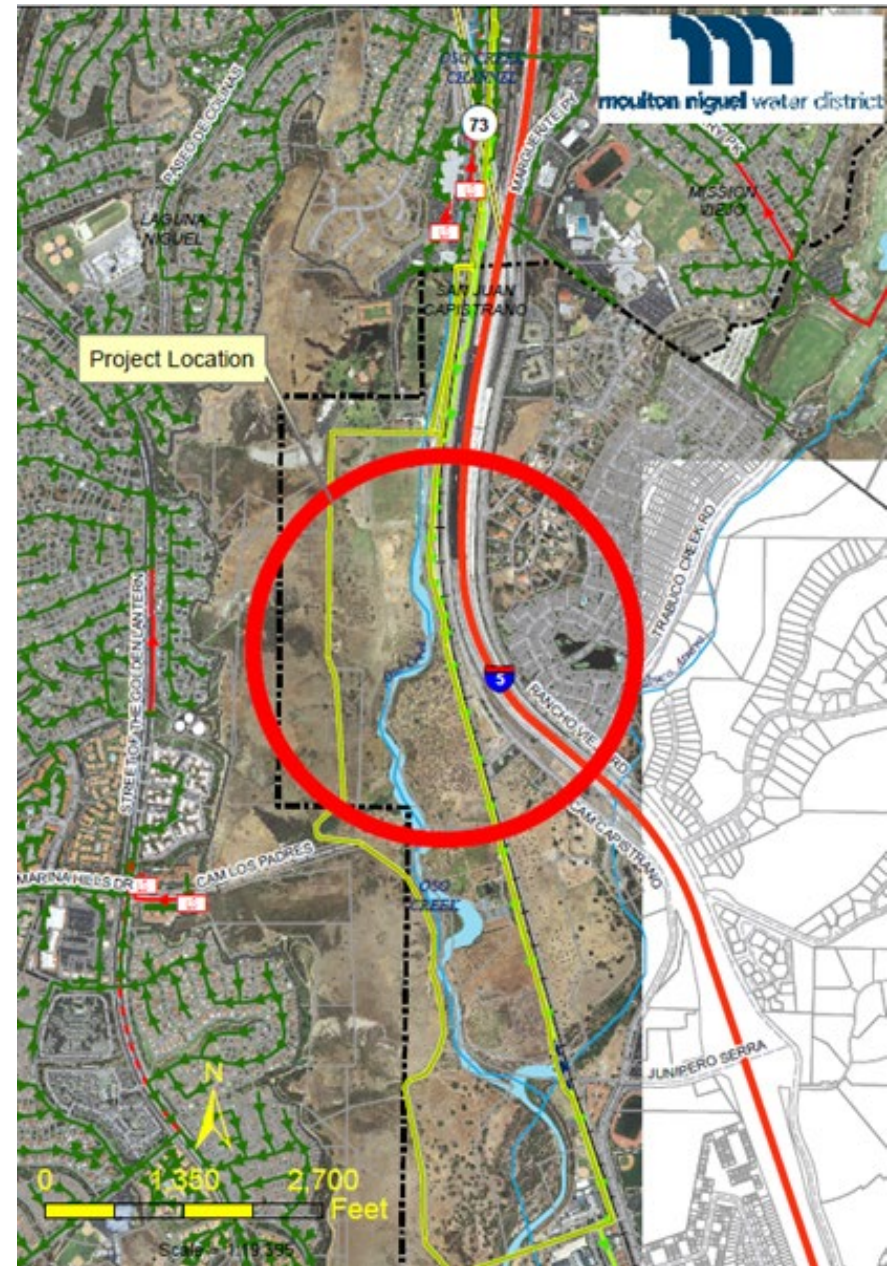
Project Need: Existing distances from cover to cone on these manholes makes it difficult for access and maintenance.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$25,000
CEQA IS/MND	Exempt
Construction Contract	\$200,000
CM and Specialty Inspection	\$25,000
Legal/Permit/Other	\$10,000
Total Project Budget	\$260,000

*Santa Margarita Water District owns 59.87% of the capacity for the Oso Trabuco line. Cost reimbursement for this project will occur accordingly.



Pacific Island Drive Sewer Lining

Project No: TBD

System: Wastewater

Fund: 7

Project Location: Pacific Island Drive, Laguna Niguel

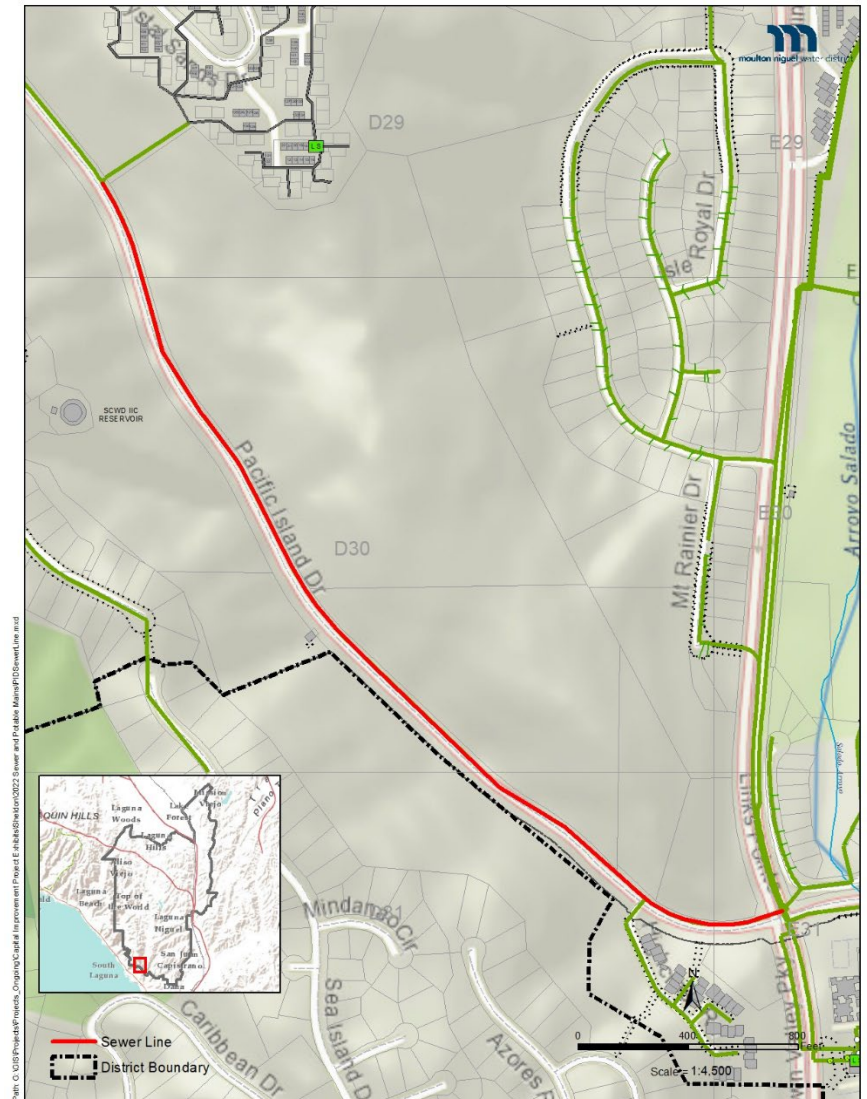
Project Description: Perform root and calcium encrustation removal, clean, perform bypass pumping, and install approximately 4,000 linear feet of cured-in-place pipe (CIPP) liner.

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: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$150,000
CEQA Compliance	Exempt
Construction Contract	\$1,200,000
Inspection/Other	\$150,000
Total Project Budget	\$1,500,000



Upper Salada Lift Station Force Main Rehabilitation and Replacement

Project No: TBD

System: Wastewater

Fund: 7

Project Location: Niguel Road, Laguna Niguel

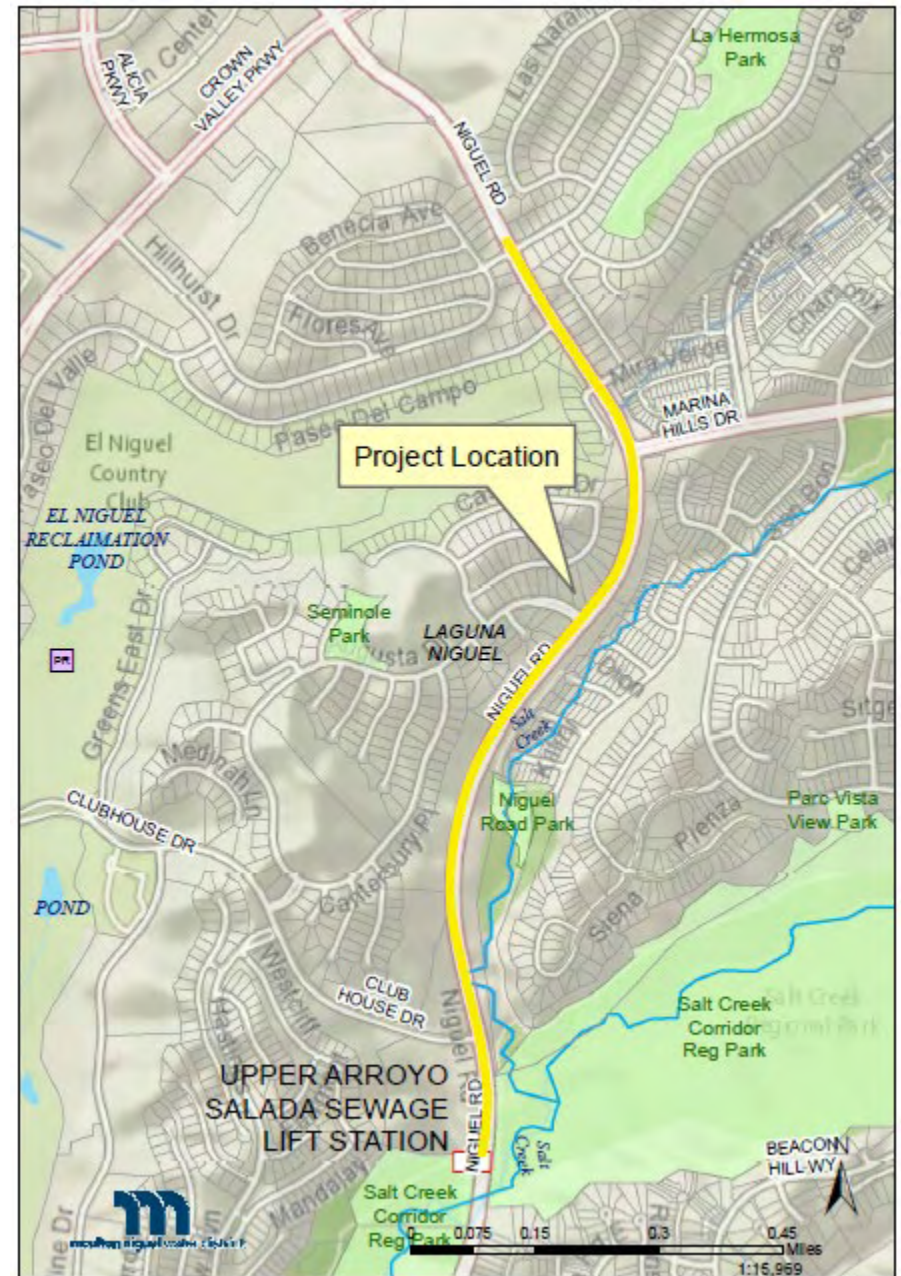
Project Description: Replace approximately 5,400 feet of existing 8-inch diameter sewer force main with a new 12-inch diameter PVC force main. Rehabilitate approximately 6,700 feet of existing 12-inch diameter sewer force main with cured-in-place-pipe along Niguel Road, from the Upper Salada Lift Station 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



2024-25 Operations-Led Capital Improvements – WW

Project No: 2024.300
System: Wastewater
Fund: 7

Project Location: Various

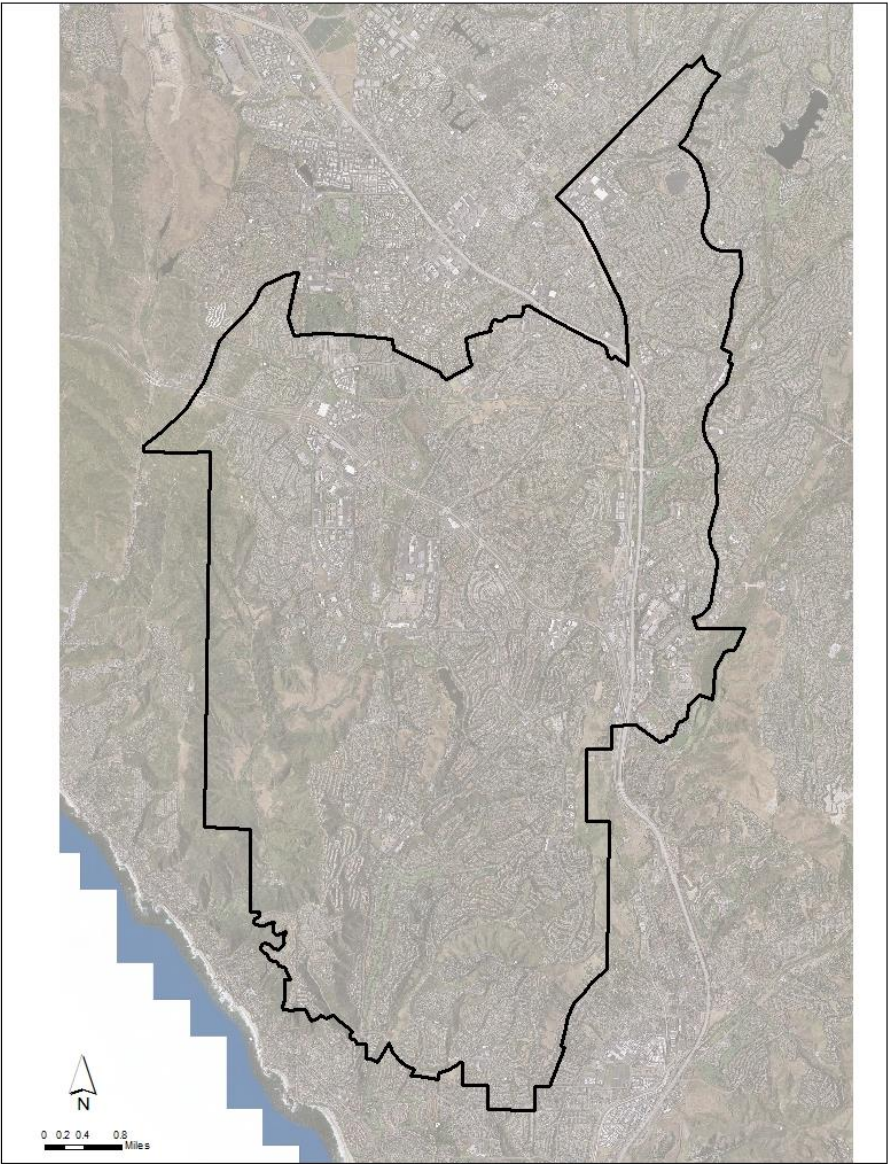
Project Description: This project covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, 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	\$250,000
Total Project Budget	\$250,000



2024-25 Manhole Rehabilitation

Project No: TBD
System: Wastewater
Fund: 7

Project Location: Various

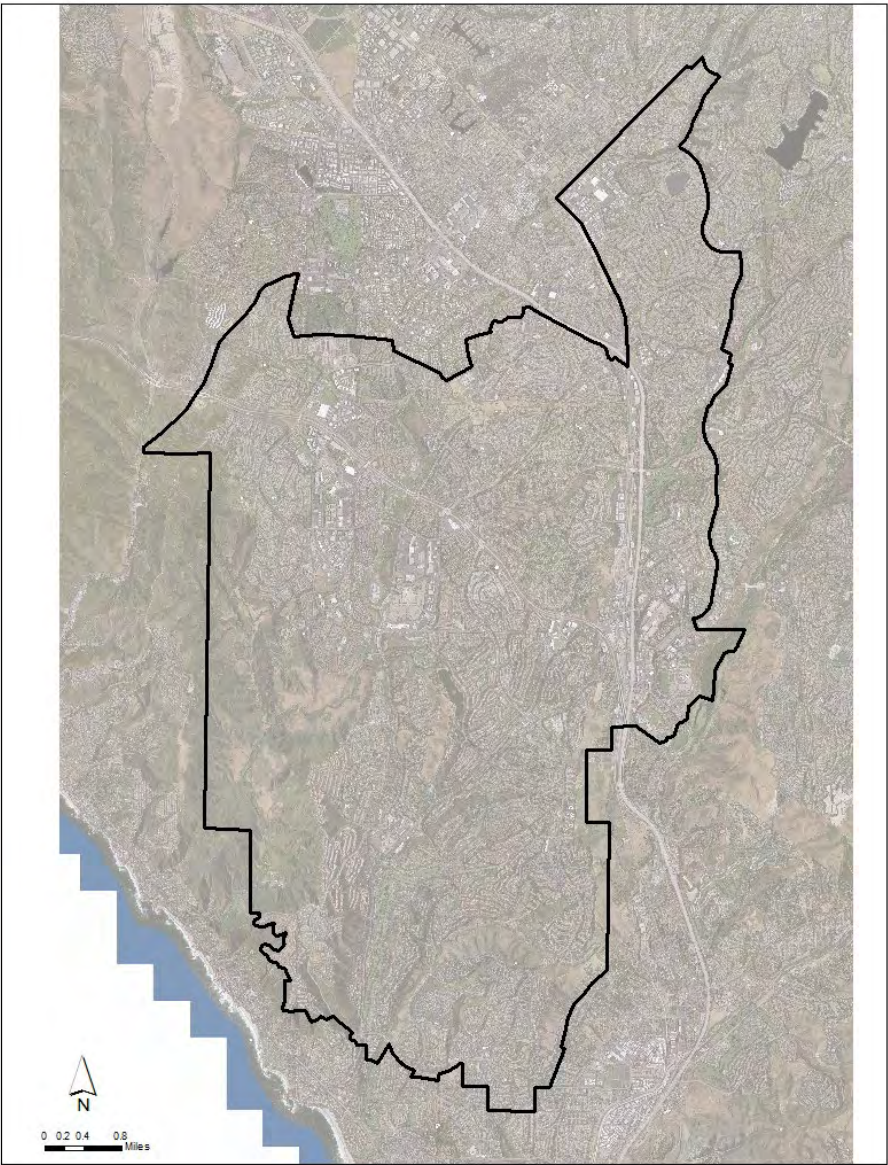
Project Description: Rehabilitate existing sewer manholes.

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	\$250,000
Total Project Budget	\$250,000



Plant 3A Solids Handling Facilities Improvements

Project No: 2019.302

System: Wastewater Treatment

Fund: 7

Project Location: Plant 3A, Mission Viejo

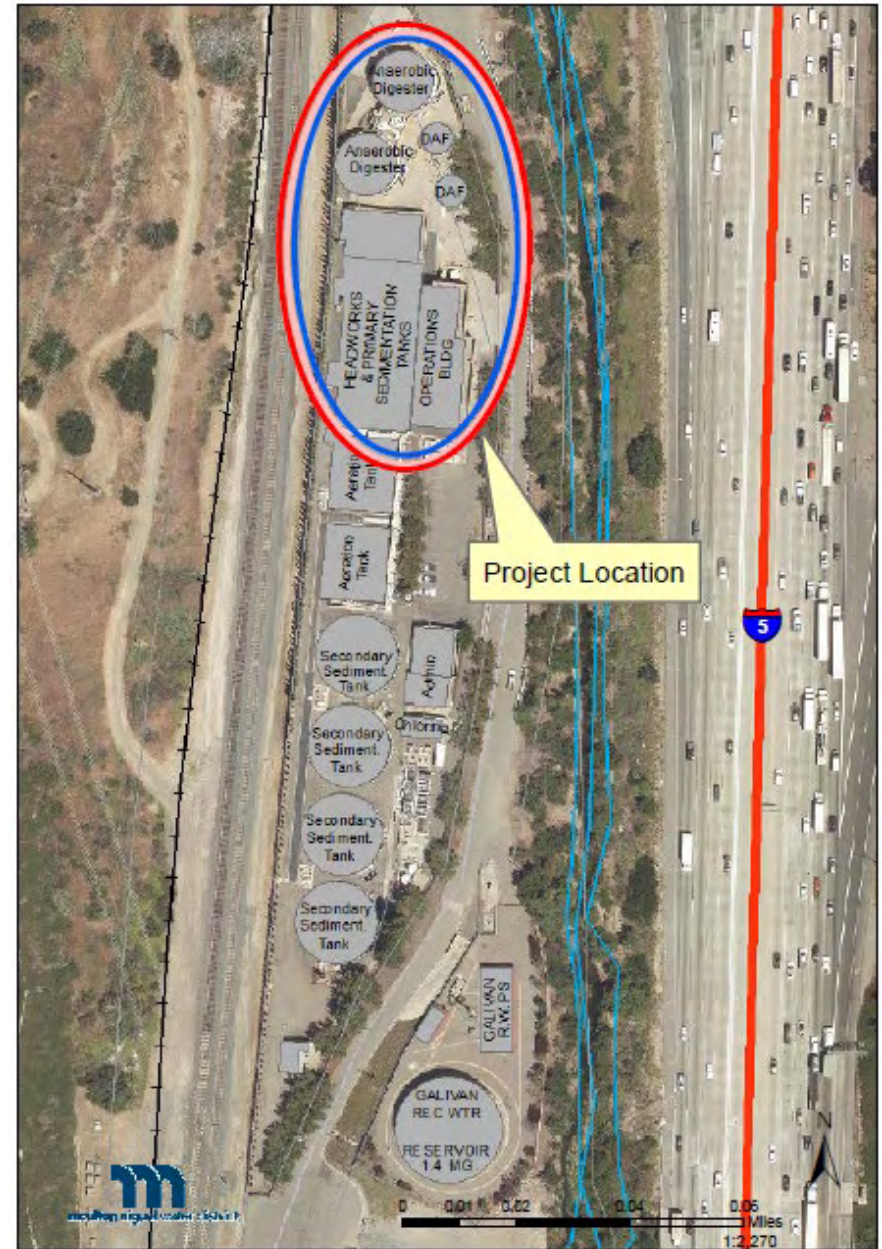
Project Description: This project will rehabilitate and re-establish the desired level of service and redundancy for the solids treatment facilities including solids thickening system, solids digesters (mixing, heating boilers, heat exchangers, sludge transfer pumping system, steel dome covers), solids dewatering system upgrades and improvements including centrifuges and feed pumping system. The project also includes digester gas flare system upgrade, associated electrical systems improvements, 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. The facilities have also been impacted by settlement and have lost functional redundancy on all 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. Electrical and SCADA systems are in need of an upgrade to match with new equipment and systems.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$3,150,000
CEQA Compliance	Exempt
Construction Contract	\$38,800,000
Inspection/Other	\$3,500,000
Total Project Budget	\$45,450,000



Regional Treatment Plant AWT Filter System Improvements

Project No: 2022.501

System: Wastewater Treatment

Fund: 7

Project Location: Regional Treatment Plant (RTP), Laguna Niguel

Project Description: Complete a comprehensive rehabilitation of the existing filter system and retrofit the concrete filter basins with a modern disk-filter system. Install new backwash system pressure reducing valves and other new system valves, replace mud well pump system, replace chlorine contact chamber slide gates.

Project Need: The existing filter system at the Regional Treatment Plant (RTP) Advanced Water Treatment (AWT) facility was constructed in 1995. Many of the system components are corroded and in need of replacement. This project will make system improvements to ensure reliable production and availability of recycled water for the District's customers.

Project Status: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$250,000
CEQA Compliance	Exempt
Purchases and Installation	\$3,650,000
Inspection / Other	\$100,000
Total Project Budget	\$4,000,000



Plant 3A Solids Loadout Facility

Project No: 2021.303

System: Wastewater Treatment

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.

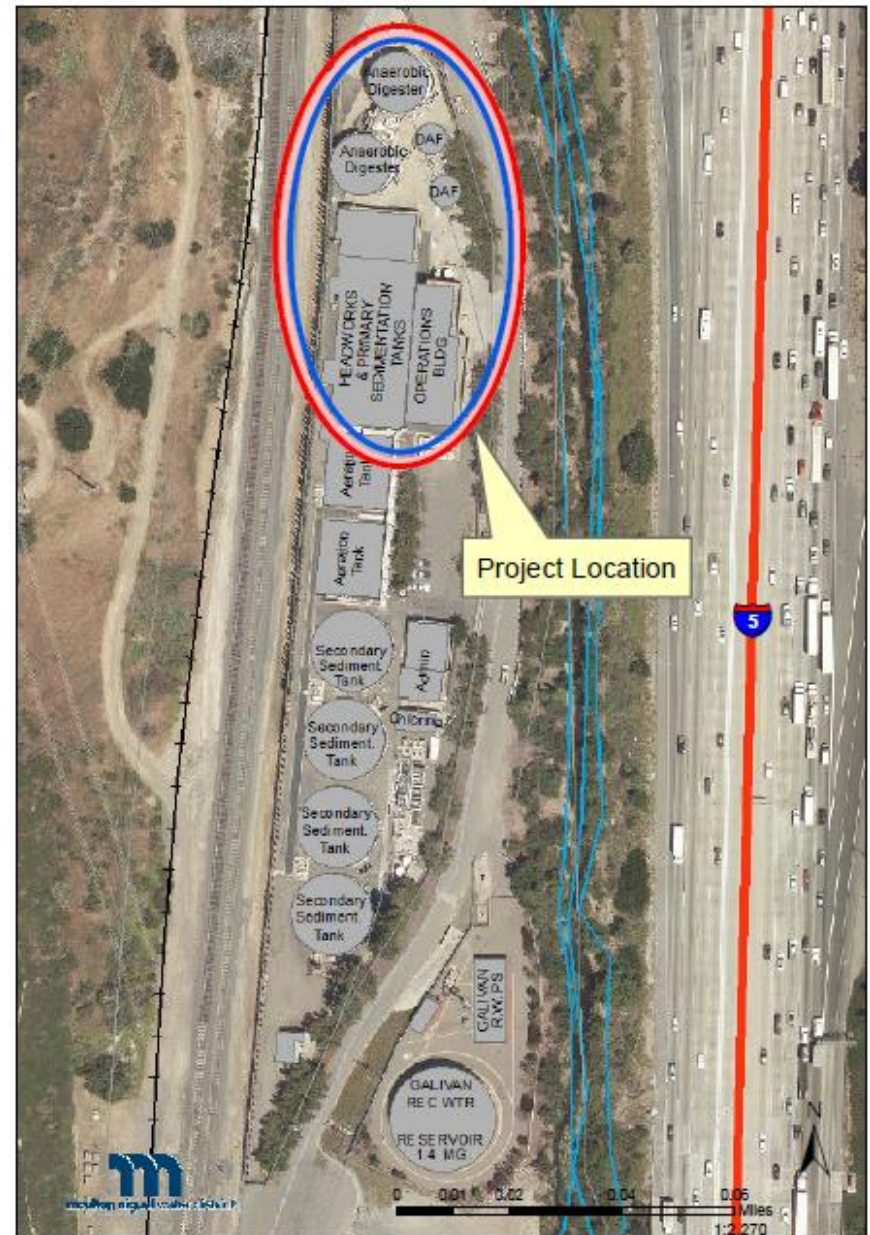
Project Need: The solids produced during the treatment process at Plant 3A are currently disposed through a series of 20-yard roll-off style bins, which are retrieved by a contracted service company for disposal.

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: In Construction

Estimated Project Amount:

Item	Estimated Cost
Design	\$350,000
CEQA Compliance	Exempt
Utility Relocation	\$100,000
Construction Contract	\$7,650,000
Inspection/Other	\$200,000
Total Project Budget	\$8,300,000



Regional Treatment Plant AWT Salinity Management

Project No: 2022.502

System: Wastewater Treatment

Fund: 14

Project Location: Regional Treatment Plant (RTP), Laguna Niguel

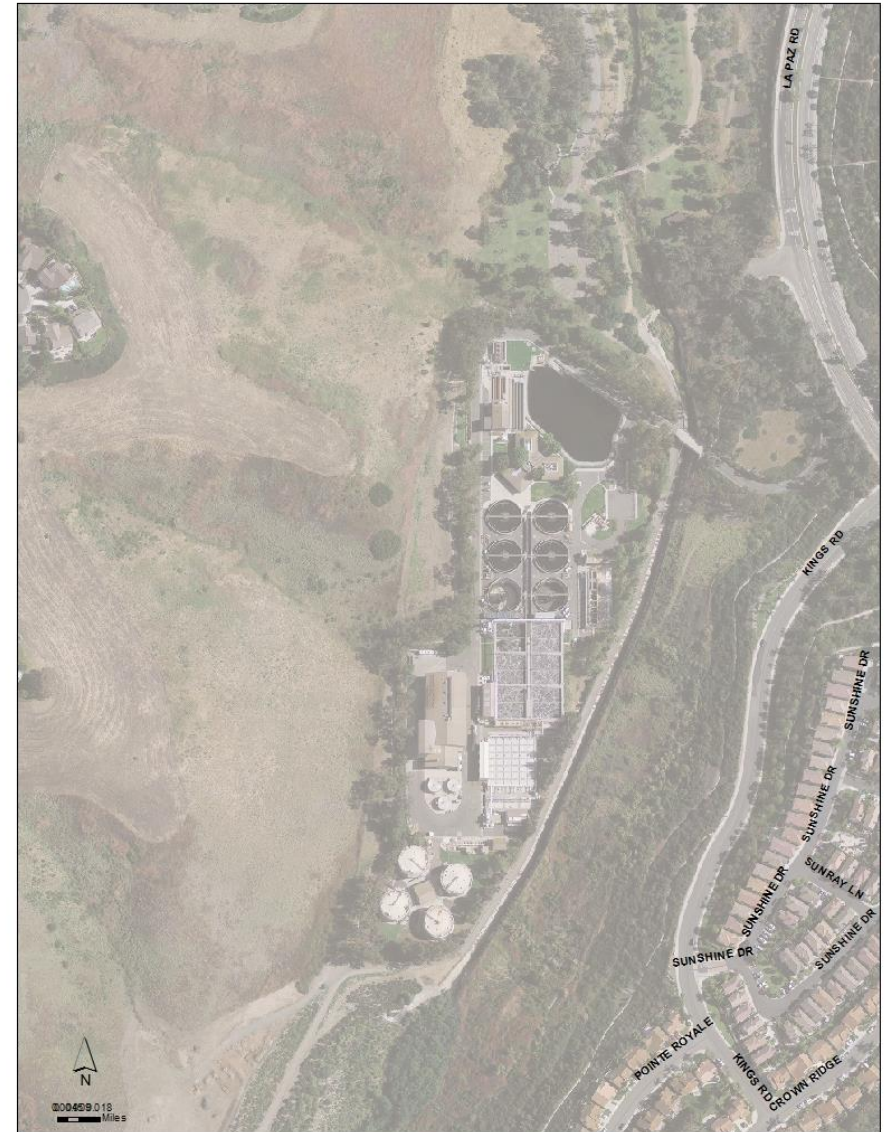
Project Description: Complete the design and construction of a side-stream Reverse-Osmosis treatment system, including pretreatment and clean-in-place systems to produce final recycled water effluent of approximately 600 mg/L of Total Dissolved Solids (TDS). Preliminary sizing is for 4.0 MGD facility.

Project Need: The limit for TDS of recycled water is established by the governing permits. Over time, TDS levels have increased and have varied with drought conditions. The current TDS levels in recycled water produced by the RTP Advanced Water Treatment (AWT) facilities require salinity management.

Project Status: In Design

Estimated Project Amount:

Item	Estimated Cost
Owners Representative Services	\$250,000
CEQA Compliance	\$100,000
Progressive Design Build Services	\$25,000,000
Inspection / Other	\$150,000
Total Project Budget	\$25,500,000



Operations-Led Capital Improvements – 3A

Project No: Annual Program

System: Wastewater Treatment

Fund: 7

Project Location: Plant 3A, Mission Viejo

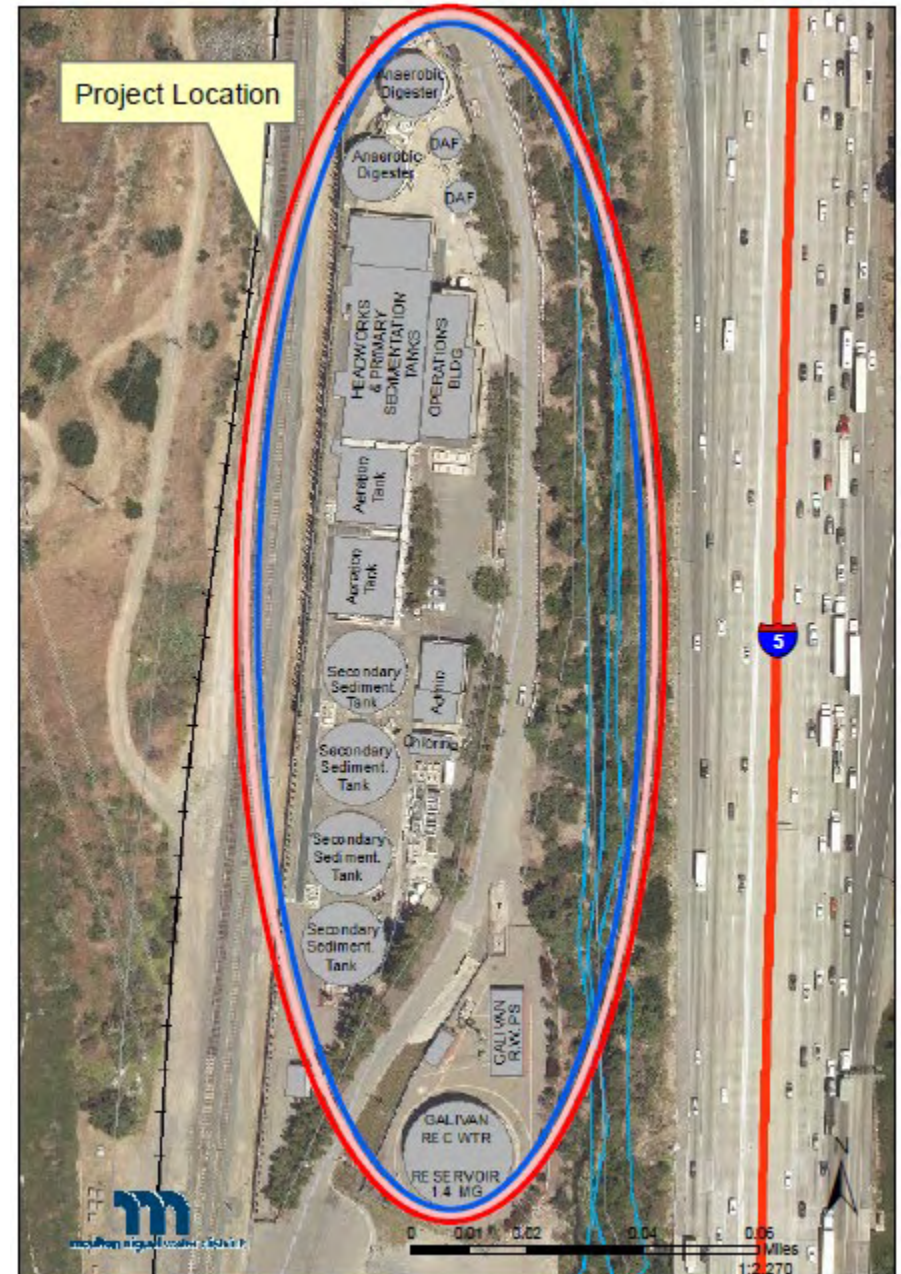
Project Description: This program covers District Operations Staff-led capital equipment and parts purchase and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, 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	\$1,350,000
Total Project Budget	\$1,350,000



Operations-Led Capital Improvements – RTPAWT

Project No: Annual Program

System: Wastewater Treatment

Fund: 7

Project Location: Regional Treatment Plant, Laguna Niguel

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	\$900,000
Total Project Budget	\$900,000



Plant 3A Security Improvements

Project No: 2021.302

System: Wastewater Treatment

Fund: 14

Project Location: Plant 3A, Mission Viejo

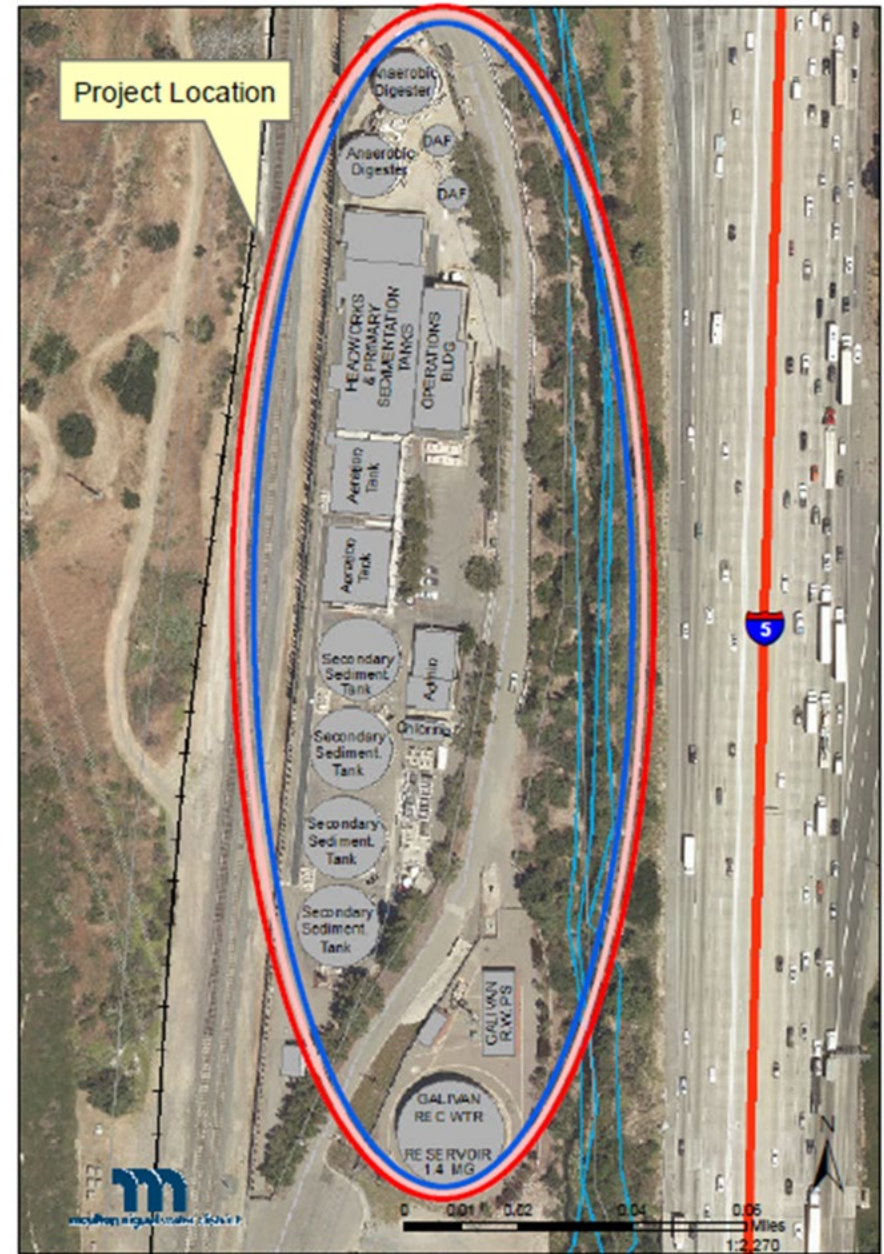
Project Description: Implement and update security and safety measures for the Plant 3A site, including intrusion detection, access control, and fire and safety systems.

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
Total Project Budget	\$125,000



Plant 3A Liquids Handling Facilities Improvements

Project No: 2022.301

System: Wastewater Treatment

Fund: 7

Project Location: Plant 3A, Mission Viejo

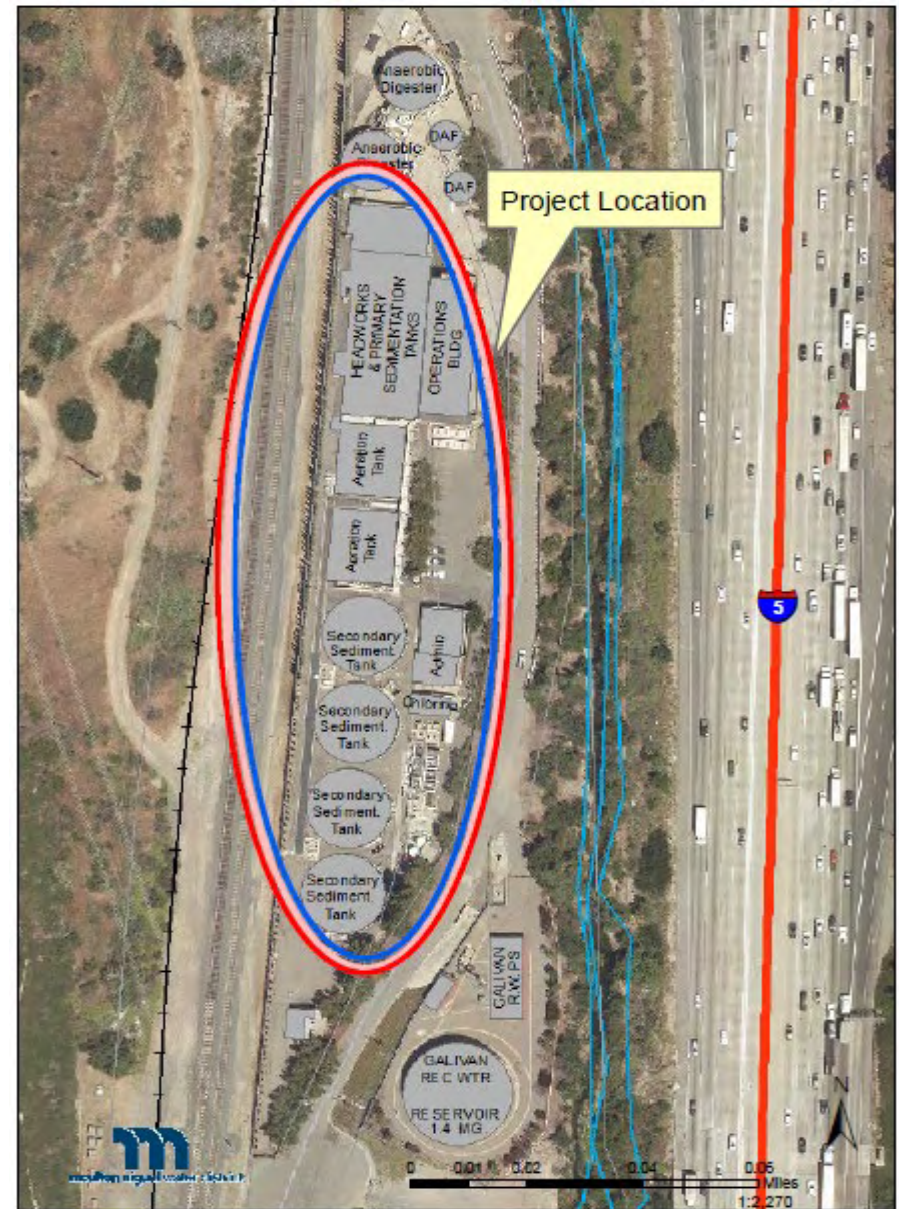
Project Description: This project will rehabilitate and re-establish the desired level of service for the liquid treatment facilities at Plant 3A. This project will include Headworks/Preliminary Treatment, Primary Treatment, Secondary Treatment, Administration Building, and support systems. In conjunction with this project are other projects to upgrade the AWT facilities and emergency power system.

Project Need: Most of the existing liquid treatment facilities have been in operation since 1991 and are at the end of their useful life. This project will evaluate new technologies to improve overall treatment and efficiency of the plant.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$2,500,000
CEQA Compliance	Exempt
Construction Contract	\$10,000,000
Inspection/Other	\$2,000,000
Total Project Budget	\$14,500,000



2024-25 Operations-Led Capital Improvements – 3A

Project No: 2024.400

System: Wastewater Treatment

Fund: 7

Project Location: Plant 3A, Mission Viejo

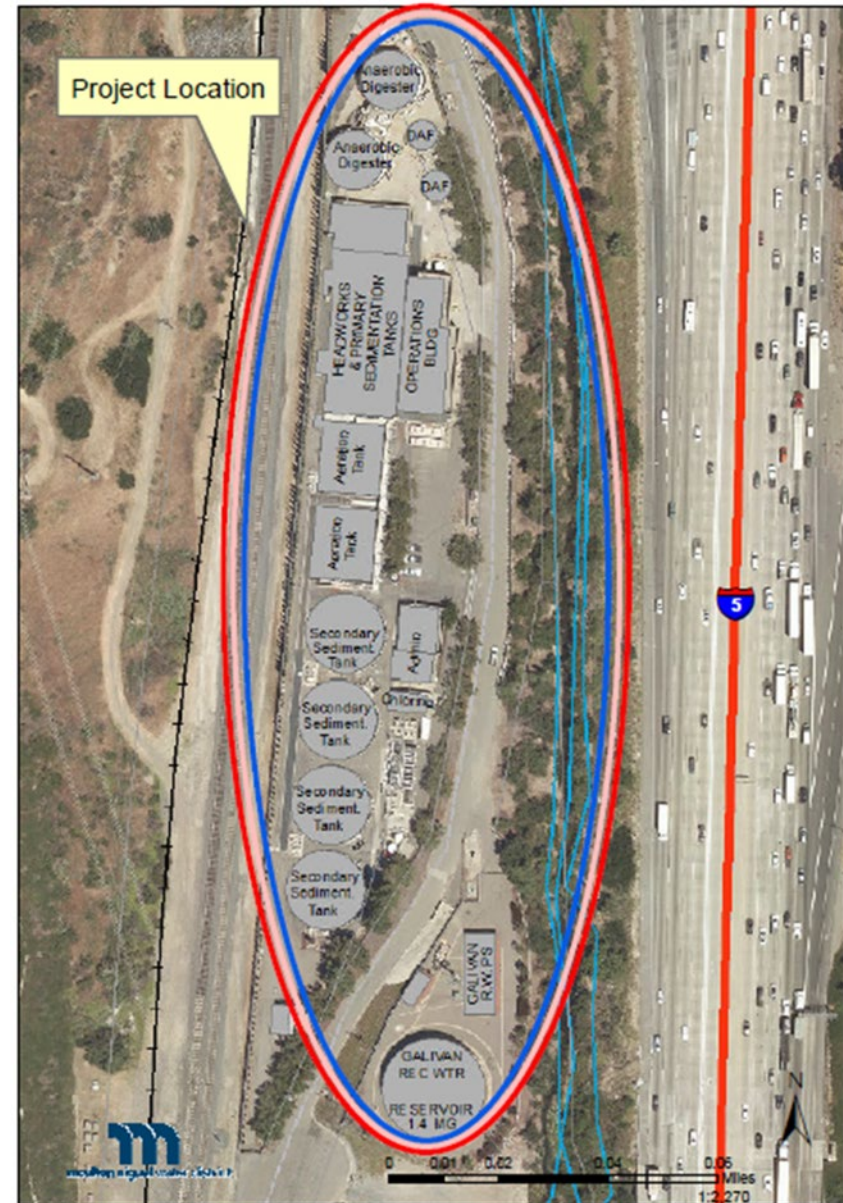
Project Description: This project covers District Operations Staff-led capital equipment and parts purchases and installation for fixed assets, including but not limited to the refurbishment and replacement of pumps, motors, variable frequency drives, transfer switches, actuators, flow meters, instrumentation, 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	\$150,000
Total Project Budget	\$150,000



2024-25 Operations-Led Capital Improvements – RTPAWT

Project No: 2024.500

System: Wastewater Treatment

Fund: 7

Project Location: Regional Treatment Plant, Laguna Niguel

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	\$100,000
Total Project Budget	\$100,000



Plant 3A AWT Replacement

Project No: TBD

System: Wastewater Treatment

Fund: 7

Project Location: Plant 3A, Mission Viejo

Project Description: Design and construction of a replacement for the existing sand filters that produce Title 22 recycled water at Plant 3A. This project will include an evaluation of various treatment technologies that meet the District's recycled water goals. In conjunction with this project are the Plant 3A Liquids Handling Facilities Improvements project (2022.301) and the Salinity Management project.

Project Need: The existing sand filters that produce recycled water at Plant 3A were constructed in 1991. The filters require increased maintenance and are in need of replacement with more advanced technology.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$400,000
CEQA Compliance	Exempt
Construction Contract	\$3,000,000
Inspection/Other	\$100,000
Total Project Budget	\$3,500,000



Plant 3A Power Generation Implementation

Project No: TBD

System: Wastewater Treatment

Fund: 14

Project Location: Plant 3A, Mission Viejo

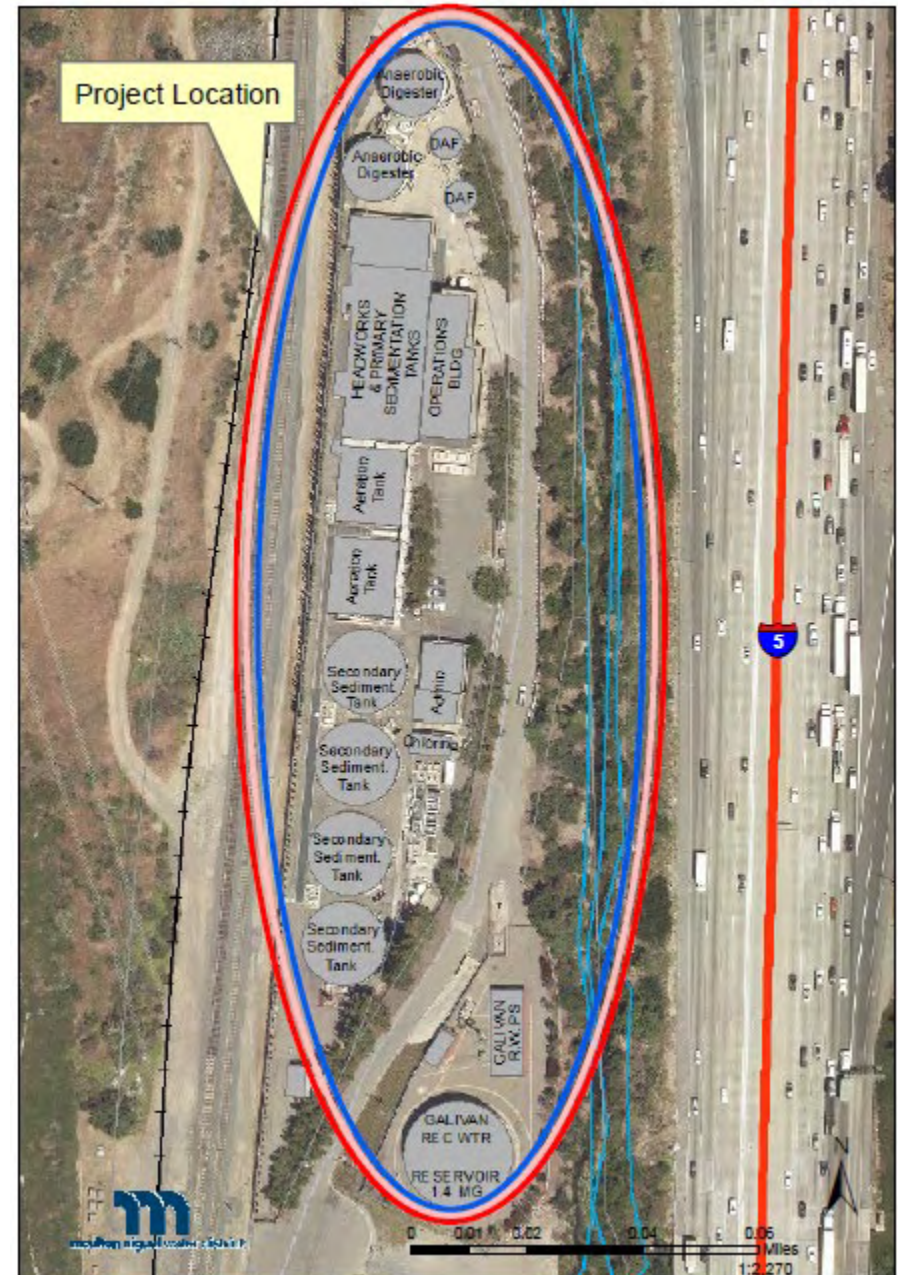
Project Description: Design and installation of a new cogeneration power system and/or emergency standby generator with associated fuel system and structures within Plant 3A to supply power to the plant that will offset the cost of utility power as well as during utility power outages.

Project Need: Plant 3A does not currently have an emergency standby power source that can maintain electrical power for the critical loads 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. An emergency standby generator would power the plant during a power outage. A cogeneration system would produce power by converting the digester gas to electricity that will offset the cost of utility power.

Project Status: Proposed Project

Estimated Project Amount:

Item	Estimated Cost
Design	\$500,000
CEQA Compliance	\$100,000
Construction Contract	\$6,000,000
Inspection/Other	\$150,000
Total Project Budget	\$6,750,000



IRWD Baker Water Treatment Plant Capital Projects

Project No: IRWD

System: External (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: External (Potable)

Fund: 7

Project Location: Joint Transmission Main

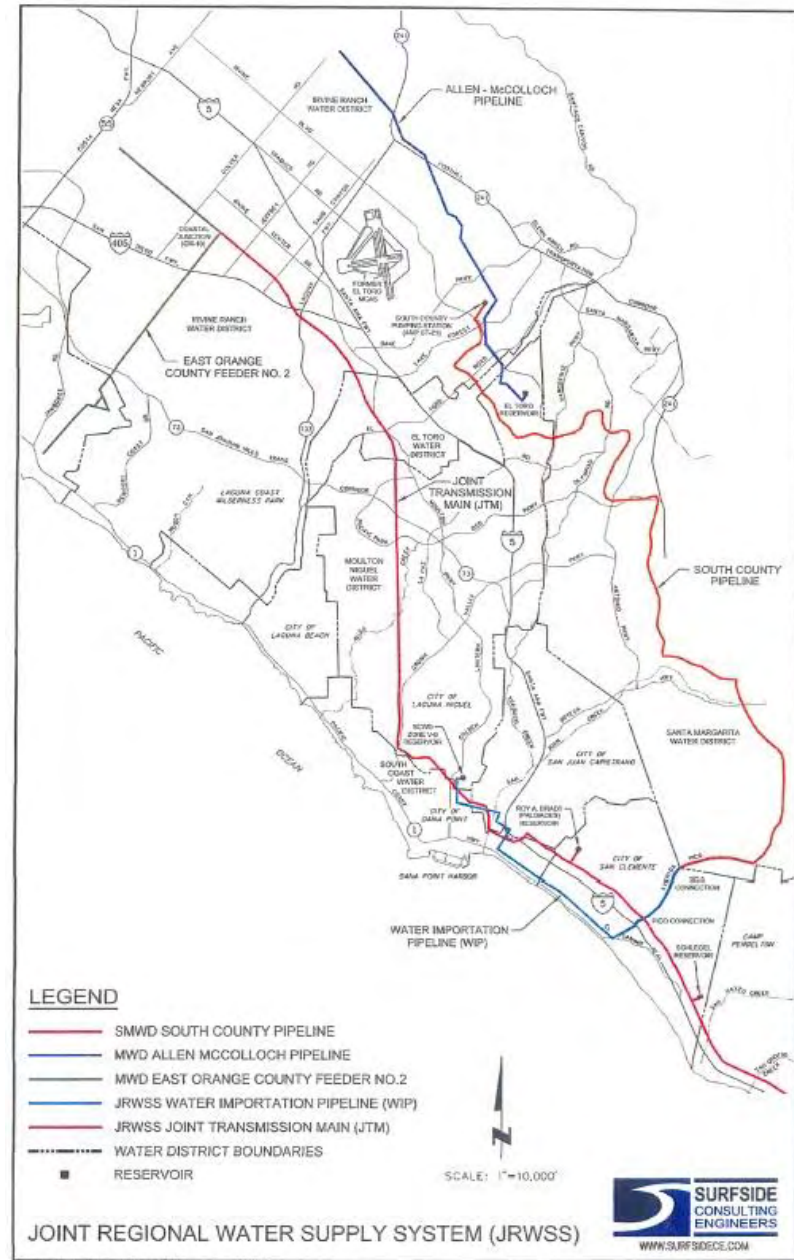
Project Description: Perform capital improvements to the Joint Transmission Main (JTM).

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	\$4,992,691



SMWD Capital Projects – Joint Facilities

Project No: SMWD

System: External (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	\$2,899,300



SOCWA Capital Project Committee 2

Project No: SOCWA

System: External (Wastewater)

Fund: 7

Project Location: J.B. Latham Wastewater Treatment Plant, Dana Point

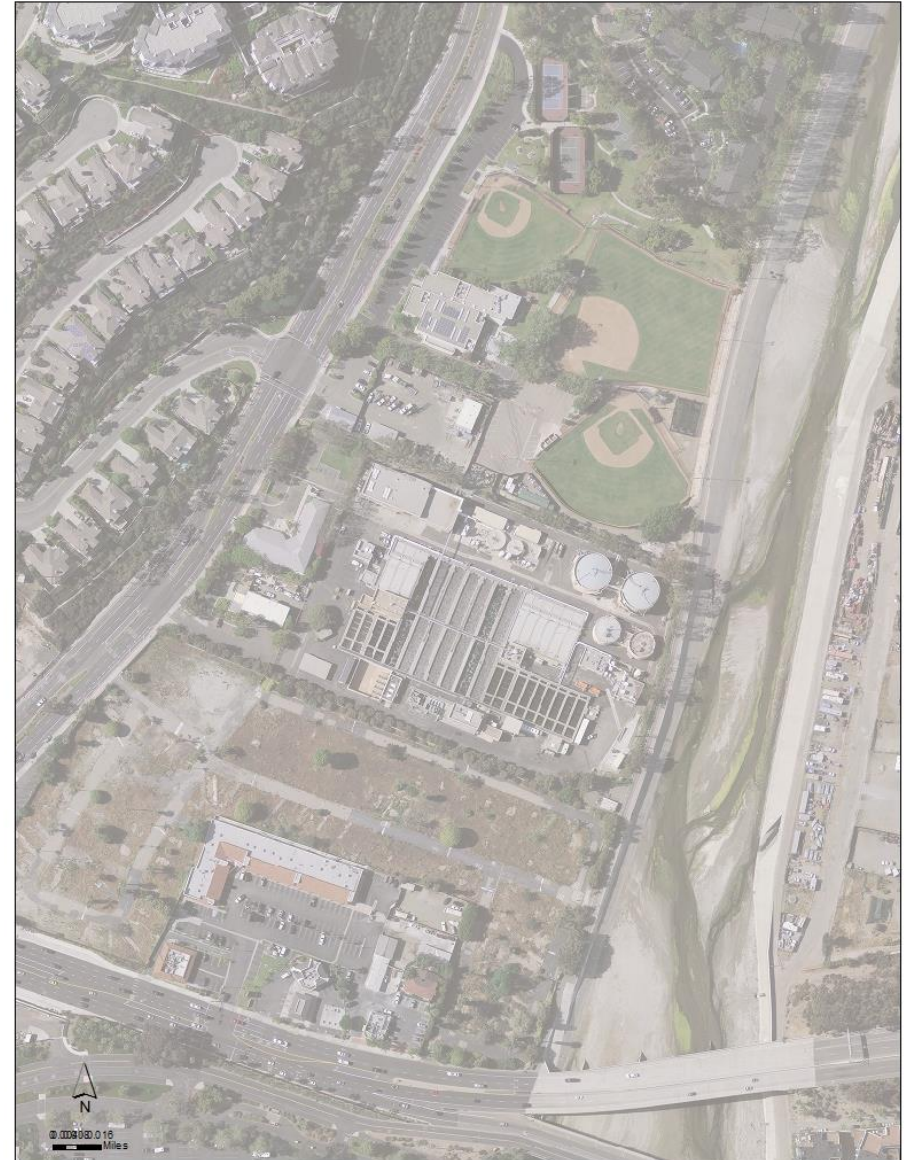
Project Description: Implement capital improvements as recommended by South Orange County Wastewater Authority (SOCWA).

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	\$19,762,678



SOCWA Capital Project Committee 5

Project No: SOCWA
System: External (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	\$328,424

SOCWA Capital Project Committee 15

Project No: SOCWA

System: External (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	\$8,896,180



SOCWA Capital Project Committee 17

Project No: SOCWA

System: External (Wastewater)

Fund: 7

Project Location: Regional Treatment Plant, Laguna Niguel

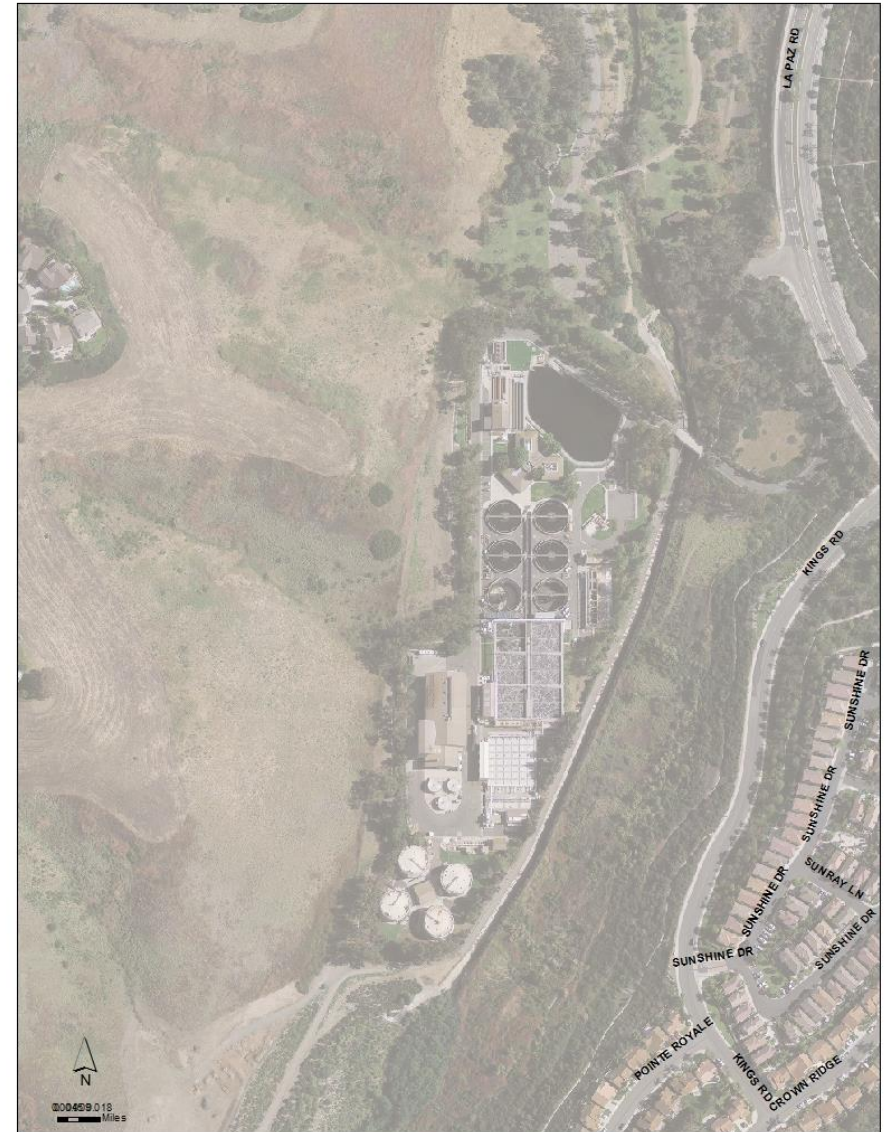
Project Description: Implement capital improvements as recommended by South Orange County Wastewater Authority (SOCWA).

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	\$81,536,883



SOCWA Capital Project Committee 21

Project No: SOCWA
System: External (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	\$1,544,732

SOCWA Capital Project Committee 24

Project No: SOCWA
System: External (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	\$3,784,082

Appendix E: Managing Water District Debt (Policy A-3)

POLICY A-3: MANAGING WATER DISTRICT DEBT

POLICY A-3: MANAGING WATER DISTRICT DEBT

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

1. Policy Statement

This policy documents Moulton Niguel Water District's goals and guidelines for the use of debt instruments for financing District water, recycled water, and wastewater infrastructure, projects, and other financing needs. The District recognizes the need to invest in ongoing capital replacement and rehabilitation of its facilities as well as new infrastructure to ensure future viability of services, and that the appropriate use of debt can facilitate the timely construction of such facilities.

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

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

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

2. Purpose of Policy

The purpose of this debt management policy is to:

- Establish parameters for issuing debt, including the purposes for which debt can be issued
- Describe how debt and debt proceeds will be managed
- Provide guidance as to the type of debt to be issued
- Provide guidance as to the relationship between the capital improvement plan and debt issuance

3. Purpose and Use of Debt

The District will utilize reasonable debt financing to fund long-term improvements and thus ensure equitable allocation of costs. Long-term improvements may include the acquisition of land, facilities, infrastructure, and supplies of water; and enhancements or expansions to existing water, recycled water, and wastewater capacity and facilities.

Debt can be issued to fund the planning, pre-design, design, acquisition of land and/or easements, construction, and related fixtures, equipment and other costs as permitted by law. The District will not issue debt to cover operating needs.

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

The Treasurer, Director of Financial Planning & Innovation 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 pay off other obligations, such as commercial paper or loans.

The General Manager, Treasurer, Director of Financial Planning & Innovation 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.

POLICY A-3: MANAGING WATER DISTRICT DEBT

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 substantial completion of the project(s).

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

4. District Policies Provide Guidance for Debt Management

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

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

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

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

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

POLICY A-3: MANAGING WATER DISTRICT DEBT

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 lowest level of risk. The District's Investment Policy and the specific bond indentures govern objectives and criteria for investment of bond proceeds. The Treasurer, Director of Financial Planning & Innovation and Financial Planning Manager will oversee the investment of bond proceeds, while complying with arbitrage and tax provisions.

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 target a DCR at or above 1.75 and also ensure meeting 1.25, as applicable bond covenants may require.

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

The General Manager, Director of Financial Planning & Innovation and Financial Planning Manager, with the District's Financial Advisor as appropriate, will assess whether a credit rating should be obtained for an issuance and make a recommendation to the Board. If it is determined that a credit rating is desirable, the probable rating of the proposed debt issuance is assessed before its issuance, and necessary steps are taken in structuring the debt.

7. Managers and Financial Advisors Will Structure District Debt

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

The Financial Planning Manager, Director of Financial Planning & Innovation 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 (less than 10 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.

POLICY A-3: MANAGING WATER DISTRICT DEBT

See also:
POL A-7

6.13.2024

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Last Revised:
5.16.2024

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

The District is authorized to join with other special districts and/or municipal agencies to create a separate entity, a Joint Powers Authority (JPA), to issue debt on behalf of the District, the special district or municipality. The District will only be liable for its share of debt service, as specified in a contract executed in connection with the joint venture debt.

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

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

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

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

10. District Will Maintain Highest Possible Credit Ratings

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

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

11. Any Major Credit Rating Agencies May be Used

The District may seek credit ratings from any of the major credit rating agencies – S&P Global Ratings, Moody's Investors Service, and Fitch Ratings, 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 Financial Planning & Innovation, 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 Financial Planning & Innovation 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

POLICY A-3: MANAGING WATER DISTRICT DEBT

See also:

POL A-7

6.13.2024

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Last Revised:

5.16.2024

and negotiates all rates and terms of the sale. Before the sale, the General Manager, with advice from the District's financial advisor, will determine compensation for and liability of each underwriter employed and the designation rules and priority of orders under which the sale itself will be conducted. With this policy, the General Manager or Treasurer may sign the bond purchase agreement on behalf of the District to fix the interest rates on bonds sold on a negotiated basis.

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

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

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

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

The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues.

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

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

14. Policy Goals Related to Planning Goals and Objectives

The District is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the District's annual operations budget.

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

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

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

15. Internal Control Procedures

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

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

- any continuing disclosure undertakings under SEC Rule 15c2-12 (including current and future amendments to 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. Bond proceeds will be deposited and recorded in separate accounts.

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 trustee

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will administer the disbursement of bond proceeds pursuant to the applicable Indenture of Trust or similar document. Requisition for reimbursement will be submitted only after obtaining the signature of either the District's General Manager, Controller or Director of Financial Planning & Innovation. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the Controller shall retain records of all expenditures of proceeds through the final payment date for the debt.

16. Bond and Disclosure Counsel

As part of its responsibility to oversee and coordinate the marketing of all District indebtedness, the General Manager, Director of Financial Planning & Innovation, 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.

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The financial advisor will work with all parties involved in the financing transaction, including the District's bond counsel, trustee, underwriters, credit liquidity providers, to develop and monitor the financing schedule and preparation of the Official Statement. The financial advisor will help the District develop and distribute bid specifications for: desired services, trustee and paying agents, printing, remarketing and credit liquidity service providers, and assist the District in its review process. The District also expects its financial advisor to provide objective advice and analysis, maintain confidentiality of the District's financial plans, and be free from any conflict of interest.

18. Underwriters

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

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

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

The Controller and Financial Planning Manager will:

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

yield restrictions. Maintaining detailed investment records, including purchase prices, sale prices and comparable market prices for all securities.

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

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

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. This includes the amendments to Rule 15c2-12 adopted in 2018. The Financial Planning Manager or Controller shall provide continuing 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 undertakings. 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 funds 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 ACFR. The ACFR shall describe in detail all funds and fund balances established as part of any direct debt financing of the District.

The ACFR 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.

APPENDIX A: Types of Debt and Uses

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

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

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

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

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

Particular conditions may arise where the District would consider the use of variable interest rate bonds. Variable interest rate bonds have interest rates that reset on a periodic basis (e.g. daily, weekly, monthly, etc.). Revenue bonds are payable solely from District revenues in accordance with the agreed upon bond covenants.

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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 or rate reset periods in the range of 1 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.

Short-term debt may be structured as:

- **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.
- **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 Financial Planning & Innovation, and Financial Planning Manager, in consultation with the District's Financial Advisor.

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- 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.
- Revolving Line of Credit – A revolving line of credit is a private lending agreement with a bank under which the District can borrow money from the bank up to a specified amount at pre-agreed upon terms. When the District repays the bank, it renews its borrowing capacity on the line of credit so that the District can borrow on the line of credit again. The District may choose to enter into a revolving line of credit agreement as a source of interim financing.
- Letters of Credit – The District shall have the ability to enter into a letter-of-credit agreement as appropriate. Only those financial institutions with short-term credit ratings of VMIG 1/A-1/F1 by Moody's Investor Services, S&P Global Ratings and Fitch Ratings, may participate in the District's letter of credit agreements.

State Revolving Funds - A State Revolving Fund (SRF) loan is a low or zero interest loan program for the construction of wastewater treatment and sewage collection systems, water recycling facilities, storm water projects, implementation of nonpoint source and storm drainage pollution control management programs, and for the development and implementation of estuary conservation and management programs. SRF debt service payments are factored into debt service coverage ratios as defined by applicable water and wastewater indentures.

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

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

SRF Loans may have different legal terms and covenants than the District's publicly issued obligations. In analyzing the use of SRF loans, care will be taken that terms and covenants of the SRF loan which differ from the District's publicly issued obligations are carefully weighed as to the benefits and potential risks.

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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.

Appendix F: Capitalization & Surplus (Policy A-4)

POLICY A-4: CAPITALIZATION & SURPLUS

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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 \$5,000, or with an estimated useful life of less than five years, are recorded as operating expenditures with the exception of service connections which are expensed when the original value is less than \$3,000 or useful life is less than five years.

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:

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| • 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 |
| • Software and IT Infrastructure | 5 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
- administrative support cost allocation

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.

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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 |
| • Recycled 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.

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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
- administrative support cost allocation

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, trade-in, or other public bidding.

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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 or Division Head 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, trade-in, or other public bidding methods.

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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.

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TABLE 1: 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 \$5,000 and have a useful life of at least five years, with the exception of service connections which must cost at least \$3,000 and have a useful life of five years or greater.

Inventory - an asset that is intended to be used in the ordinary course of business with a cost of less than \$5,000 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 G: Purchasing Services, Materials & Public Works Projects (Policy A-5)

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 purchasing 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 2. 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 2.

If an authorized signatory (other than the General Manager) for a given request is absent, the next highest authority in Table 2 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 2.

8. Purchasing Cards

Authorized District staff may be assigned District credit cards to make miscellaneous purchases within the limits of Table 2. District credit card purchases are subject to the terms and conditions of the District Cardholder Acceptance Agreement.

Services may not be purchased with District credit cards due to lack of insurance and indemnification language associated with these purchases. District staff using District credit cards are subject to the terms of this Policy and all related District credit card usage terms or amendments. A District credit 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.

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 2 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 2.

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.

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13. Non-Discretionary Purchases

Non-Discretionary Purchases do not require Board approval for payment, including those over the General Manager limit of \$75,000. Non-Discretionary Purchases of \$25,000 or greater, require approval by a Division Head. Initial software license agreements and cloud-based services are subject to the purchase limits in Table 2. 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.

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 2.

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 quote or proposal from one qualified Consultant or Vendor.

District staff will request a minimum of three quotes 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.

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17. Exceptions to Competitive Solicitations

- Sole Source Purchases
- Single Source Purchases
- Emergency expenditures
- Supplies, materials or equipment procured through a Cooperative Purchasing program with federal, state, county, or other public agencies
- Purchases made after a reasonable attempt to obtain competitive bids and:
 - No additional suppliers/providers/contractors/Consultants can be located.
 - The District receives no response from suppliers/providers/contractors/Consultants to a competitive bid.
 - No other satisfactory bids/proposals are received.

Except for purchases greater than \$75,000 and requiring Board authorization, the General Manager or Assistant General Manager may decide whether a purchase meets the criteria above to be exempt from competitive solicitation.

18. Public Works Contracts

Contracts for Public Works projects shall comply with all requirements for Public Works contracts under State law, including rules for:

- Listing subcontractors.
- Posting payment bonds equal to no less than 100 percent of the total contract amount (for all Public Works contracts over \$25,000).
- Paying prevailing wages (for all contracts for Public Works exceeding \$1,000), or as otherwise required by law.

Unless the General Manager and legal counsel approve a waiver, the District requires performance bonds for all Public Works Contracts equal to no less than 100 percent of the total contract amount. Public Works Contracts let by an Invitation to Bid will be awarded to the lowest responsive, responsible bidder as allowed by State law and the District's standard Public Works contract documents.

19. Professional Services Procurement

Professional Services Contracts must meet the terms of California Government Code §4525 et seq., and §53060, based on proof of competence and qualifications for the types of services to be performed at fair and reasonable prices, as determined by the District.

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For Professional Services estimated to cost \$25,000 or less, District staff may request a proposal from one qualified Consultant.

District staff will request three proposals for Professional Services when the contract amount is expected to cost between \$25,001 and \$75,000.

For a Professional Services Contract expected to cost more than \$75,000, the District will initiate an RFP.

The following criteria shall apply as exceptions to the competitive solicitation requirements as indicated for Professional Services where such requirements would otherwise apply:

- In the case of sole or single source procurements of Professional Services, only one proposal from a qualified firm is required.
- For Professional Services in which it is infeasible to comply with the selection process because of the unique, exploratory or experimental nature of the project, District staff may request a proposal from one qualified Consultant.

20. Nonresponsive or Unqualified Bid or Response

In response to any Invitation to Bid, RFQ, or RFP, the District may reject any unqualified bid or other response that is incomplete, irregular, amplified, unqualified, conditional or otherwise not in compliance with the solicitation documents in all material respects, and in accordance with law.

The District may waive any informality, irregularity, immaterial defects or technicalities in any bids or other responses received; and/or cancel an invitation for bids or RFP/RFQ, or reject all bids or responses for any other reason, which indicates the cancellation or rejection of all bids or responses is in the District's best interest, and in accordance with law.

Rejection of all bids or responses or cancellation of competitive solicitations, including determinations to re-bid, or re-solicit is subject to the same authority level required to award a Contract in Table 2, 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.

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21. Change Orders for Goods and Services

The District may issue Change Orders, as required by changes in the specifications or conditions of a project, services performed, or materials issued.

Change orders or amendments that extend the expiration date of the original or Board approved contract by no more than 12 months, but do not affect the total contract price can be approved subject to the contract signing authority indicated in Table 2.

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 2.)

- For Contracts and Amendments up to \$75,000:
 - Change Orders can be approved by the total appropriate authorization levels as outlined in Table 2 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.

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22. Personal Financial Interest in District Contract

Board members and District staff, spouses, or dependent children shall not be financially interested in any contract made by them in their official capacity. (Government Code Section 1090).

Board Members and District staff, spouses, or dependent children shall not participate in any way to influence a governmental decision in which they have a financial interest. (Government Code Section 87100).

All District employees (other than Administrative Personnel not under Designated Positions in the District's Conflict of Interest Code) authorized under this Policy to make purchases or enter into agreements on behalf of the District will complete a Statement of Economic Interests (Form 700) and comply with the District 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.

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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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TABLE 1: 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 Analyst 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 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.

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Invitation for Bids - A formal process for soliciting sealed bids from qualified prospective suppliers or Public Works contractors. Typically involves a formal bid opening, and the awarding of a Contract to a responsive and responsible supplier or contractor based on price and other specified factors, and as otherwise required by law.

Multiple Year Contract - A Contract for the purchase of services or materials, or for Public Works for a multiple year term or that may contain provisions to extend performance by exercising optional renewal periods. A Multiple Year Contract does not obligate the District beyond the initial award period and shall not provide for a cancellation payment to the contractor if options are not exercised.

Non-Discretionary Purchases – Payments to utilities and national, state or local agencies that relate to routine obligations and expenses essential to the District’s ability to provide service to customers and that have been approved in fiscal year operating or capital budgets, and for the purposes of this policy, shall also include expenses previously approved by the Board, which would require significant advanced planning to change service providers, such as software license agreement renewal/ cloud based services renewal, insurance providers, and healthcare providers.

Non-Professional Services – Services other than Professional Services, including supply and maintenance services.

Procurement - The purchase or lease of materials, supplies, equipment or services, or Public Works.

Professional Services – Any type of special service or advice in financial, economic, accounting, engineering, legal or administrative matters by persons specially trained and experienced and competent to perform the special services required. (California Government Code § 53060.) Such services include but are not limited to architectural; engineering; environmental; financial; land surveying; construction management; audits; training services; legal services; preparation of planning or studies; technology application development; and personnel, job classification and benefit studies.

Public Works – As defined by California Public Contract Code Section 22002, public projects include construction, reconstruction, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased or operated facility. Maintenance work is not considered a public project for purposes of this definition.

Purchasing Card - A form of charge card that allows materials and services to be purchased without using a Purchase Order. The District participates in the Cal Card and Home Depot credit card programs.

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Purchasing Department – The District employees assigned the duties of identifying vendors, obtaining competitive bids, issuing and processing Purchase Order Requisitions, maintaining office inventory, and assisting the General Manager in the application of Policy procedures within the District.

Purchase Order (PO) – An authorization, under a standardized form in which the party designated as the “provider” is to provide materials and/or services for which the District agrees to pay.

Request for Proposal (RFP) - A solicitation used for the procurement of Professional Services and Non-Professional Services. Prospective suppliers or Consultants submit requested information and are evaluated/awarded based on pre-established criteria.

Request for Quotes (RFQ) - A solicitation used for procurement of supplies, materials, or equipment. Quotes are evaluated/awarded based primarily on cost/price.

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 2: 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 Deputy General Manager</i>	up to \$50,000	up to \$50,000
<i>Staff Directors, Staff Officers, Controller</i>	up to \$25,000	up to \$25,000
<i>Board Secretary Staff Assistant Directors</i>	up to \$20,000	None
<i>Superintendents, Managers, Principal Engineers, Coordinators, , Senior/Principal Engineers</i>	up to \$10,000	None
<i>Supervisors, Purchasing Agent, Administrative Personnel, Sr. Water Efficiency Specialist, Sr. Wastewater Treatment Plant Operators, Administrators, Sr. Construction & Ops Analysts</i>	up to \$5,000	None

Appendix H: Federal Grant Management (Policy A-6)

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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.

- 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.

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- 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. Indirect costs that follow the District's indirect cost rate proposal, discussed in the "indirect cost" section of this policy.
- d. Must be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the District.
- e. Consistently treated when used in like circumstances and adequately documented.
- f. 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.
- g. Determined in accordance with Generally Accepted Accounting Principles (GAAP).
- h. 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.

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.

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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. Direct Costs - Legal requirement: 2 CFR 200.306

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.

7. Indirect Costs - Legal requirement: 2 CFR 200.306

Indirect costs are those that are incurred for common or joint objectives and cannot be identified or allocated to a specific project or activity. The indirect costs will be allocated to each capital project with annual activity each year and may include an indirect cost rate for administrative salaries.

Specific departments provide administrative support to capital projects and execution of the grant program. These departments include Accounting, General Administration, Contracts, Purchasing, Financial Planning, and General Outreach. The indirect cost rate for administrative support will be determined as of July 1 each fiscal year and will be calculated using expenses from the prior year (total labor for those functions divided by District wide total labor). This factor will be added to labor charged to capital projects for the upcoming fiscal year.

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Indirect cost recovery or indirect cost rates may be capped to allowable amounts under specific terms included in each grant. Although infrequent, these indirect amounts and/or rates may differ from the standard indirect cost rates of the District.

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

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

9. 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.

10. 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 Board during regular Board Meetings.
- e. The Controller maintains the Schedule of Federal Expenditures of Awards.

11. 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.

12. 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.

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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.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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

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\$10,001 - \$75,000	Cost/price analysis shall be conducted
\$1 - \$10,000	Formal solicitations or cost/price analysis are not required

The District reserves the right to award purchase orders, consultant agreements or project contracts on a sole source/noncompetitive basis when one or more of the following circumstances apply: (1) the item or service is available only from a single source that has predominate capability; (2) there is a public emergency that will not permit a delay from competitive solicitations; (3) The District received prior approval from the awarding agency; or (4) competition is determined to be inadequate after solicitation from a number of sources. A written justification will be prepared and kept on file for any noncompetitive procurement.

18. 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.

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- 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.

19. 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.

20. 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.

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

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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)*.

22. 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.

23. 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.

24. 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.

25. 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;

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- 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;

26. 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.

27. 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.

Appendix I: Maintaining Water District Investment Funds (Policy A-7)

POLICY A-7: MAINTAINING WATER DISTRICT INVESTMENT FUNDS

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A-7: MAINTAINING DISTRICT INVESTMENT FUNDS

This Investment Policy (Policy) may be amended by the Board as it deems appropriate from time to time to ensure prudent management of the District's funds.

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 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 District shall invest public funds in such a manner as to comply with state and local laws:

- 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. Scope

This investment policy applies to all investment activities and financial assets of the District. The funds covered by this policy are accounted for and incorporated in the District Annual Comprehensive Financial Report (ACFR).

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:

- 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.
- Any other funds specifically exempted by the District.

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3. Prudence

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 prudent investor standard states, “When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency”.

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

1. Safety: The District will seek investments in a manner that seeks to ensure the preservation of capital in the overall portfolio. To accomplish this, the District will diversify its portfolio by investing funds among a variety of securities with independent returns.
2. Liquidity: The portfolio will remain sufficiently liquid to meet all reasonably anticipated operating requirements.
3. Return on Investments: The portfolio will be designed to obtain a market rate of return throughout budgetary and economic cycles, recognizing investment risk limits for safety and liquidity requirements.

5. 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 Policy.

The Board, as permitted under California Government Code 53607 delegates the responsibility to invest or reinvest the funds of the District or to sell or exchange securities so purchased, to the Treasurer who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials, and their procedures in the absence of the Treasurer. The Board of Directors will oversee the investments.

The Moulton Niguel Water District may hire external investment advisers registered

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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.

6. Ethics and Conflicts of Interest

All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. Thus, employees and officials involved in the investment process shall refrain from personal business activity that could create a conflict of interest or the appearance of a conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Employees and investment officials shall disclose to the District any material interests in financial institutions with which they conduct business, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the Agency.

7. 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:

- Institutions licensed by the state as a broker-dealer.
- Institutions that are members of a federally regulated securities exchange.
- Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.
- Nationally or state-chartered banks.
- The Federal Reserve Bank.
- Direct issuers of securities eligible for purchase.

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

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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.

The 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.

8. Allocation of District Investments by Fund Type

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, Deputy General Manager, Director of Financial Planning & Innovation, or Financial Planning Manager 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.

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2. Limited Maturity Fund:

Funds needed to meet expenses anticipated over the next one to five years.

This fund shall preserve principal, provide liquidity for operations and maintenance, debt service payments, and capital needs within the next five years, and earn a total rate of return in line with the first two goals.

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

3. Operating Reserve Fund:

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

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

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

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

4. Debt Service Restricted Reserve Funds:

Funds required per bond trust indentures of the District's debt portfolio. This fund will preserve the 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 Benchmarks for Reserve Funds are developed based on the criteria of the indenture.

9. **Authorized Investments**

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:

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- 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, except for securities held in the Operating Reserve, which can have a stated maturity of ten (10) years.

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, except for securities held in the Operating Reserve, which can have a stated maturity of 10 years.

Federal Agencies

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

- No more than 25% of the portfolio may be invested in any single Agency/GSE issuer.
- The maximum maturity does not exceed five (5) years, except for 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.

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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.
- If the District’s investment assets under management are greater than \$100,000,000 no more than 40% of the portfolio may be invested in Commercial Paper under a provision ending on January 1, 2026. If the District’s investment assets under management are less than \$100,000,000, no more than 25% of the portfolio may be invested in Commercial Paper. After January 1, 2026, no more than 25% of the portfolio may be invested in Commercial Paper regardless of the District’s investment assets under management.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed 270 days.

Negotiable Certificates of Deposit (NCDS)

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

- The amount of the NCD insured up to the FDIC limit does not require any credit ratings.
- Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated in a rating category of “A-1” or higher by at least one NRSRO; or long-term obligations rated in a rating category of “A” or higher by at least one NRSRO.
- No more than 30% of the total portfolio may be invested in NCDs.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

Federally Insured Time Deposits (Non-Negotiable Certificates of Deposit)

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

- The amount per institution is limited to the maximum covered under federal insurance.
- No more than 20% of the portfolio will be invested in a combination of federally insured and collateralized time deposits.

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- The maximum maturity does not exceed five (5) years.

Collateralized Time Deposits (Non-Negotiable Certificates of Deposit)

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

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

Collateralized Bank Deposits

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

Repurchase Agreements

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

- Securities used as collateral for Repurchase Agreements will be delivered to an acceptable third-party custodian.
- Repurchase Agreements are subject to a Master Repurchase Agreement between the District and the provider of the repurchase agreement. The Master Repurchase Agreement will be substantially in the form developed by the Securities Industry and Financial Markets Association (SIFMA).
- The maximum maturity does not exceed one (1) year.

State of California Local District Investment Fund (LAIF)

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

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

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

Local Government Investment Pools

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

- CALTRUST
- California Asset Management Program (CAMP)

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

Corporate Medium Term Notes (MTNS)

Corporate Medium Term Notes (MTNS), provided that:

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

Mutual Funds

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

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

Money Market Mutual Funds

Money Market Mutual Funds that are registered with the Securities and Exchange

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Commission under the (link) Investment Company Act of 1940, provided that such Funds meet either of the following criteria:

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

Supranationals

Supranationals, provided that:

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

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

Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized 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.

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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.
- Under a provision ending on January 1, 2026, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted. After January 1, 2026, an investment in any security that could result in a zero-interest accrual if held to maturity is not permitted.
- 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. Review of the District Investments for Compliance with Governing Laws

The District's investments are governed by California Government Code (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 and credit ratings 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.

The securities held by the District must be in compliance with Section 9.0 Authorized Investments at the time of purchase. The Treasurer shall at least annually review the portfolio to identify those securities for compliance with all governing documents. The Treasurer shall establish procedures to report to the District's Board of major and critical incidences of noncompliance identified through the review of the portfolio.

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11. Analysis of Investment Pools / Mutual Funds

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, and what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc. utilized by the pool/fund?
- A fee schedule, and when and how it is assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

12. District Mitigates Credit Risk through Diversification

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.

13. District Mitigates Market Risk with Maturity Restrictions

The District will not directly invest in securities maturing more than 5 years from the date of purchase with the exception of the Operating Reserve which may have a stated maturity of 10 years unless specified by the investment policy.

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

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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.

14. District Mitigates Credit Risk by Utilizing a Downgrade Procedure

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 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 Treasurer will decide whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors.
 - If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Board of Directors.

15. District Internal Controls

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, fraud, or misuse. Accordingly, the Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

16. The District Requires Collateralization for Specific Securities

Certificates of Deposit (CDs)

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

Collateralization of Bank Deposits

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

Repurchase Agreements

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

- The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
- The District and its investment adviser shall receive monthly statements of collateral.

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17. Custodian Keeps District's Investments in Safekeeping

All investment transactions shall be settled using "delivery vs. payment".

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 custodian 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).

18. Performance Standards

The District's investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The District has four distinct categories:

- Liquid Fund: The Liquid Fund's investment performance shall earn a return over a market cycle that equals or exceeds the return on the ICE BofA US 3-Month Treasury Bill Index.
- Limited Maturity Fund: The investment performance objective of the Limited Maturity Fund is to earn a return that equals or exceeds the return of the ICE BofA 0-3 Year US Treasury Index.
- Operating Reserve Fund: The investment performance objective of the Limited Maturity Fund is to earn a return that equals or exceeds the return of the ICE BofA 1-10 Year US Treasury & Agency Index.
- Debt Service Restricted Reserve Funds: The investment performance objectives for the Debt Service Restricted Benchmarks for Reserve Funds are developed based on the criteria of the indenture.

19. Fiduciaries Shall Report to the Board Regularly

The District's custodian and investment adviser shall each provide monthly statements of holdings and account activity to the District's Treasurer, Deputy General Manager or Director of Financial Planning & Innovation. The District custodian shall also provide such information to the District's Investment Adviser(s).

The investment adviser and brokers shall promptly confirm all transactions and fund movements to the District. The investment adviser shall also ensure brokers provide duplicate trade confirmations to the District.

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

Monthly Reports

Monthly transaction reports will be submitted by the Treasurer to the Board in accordance with California Government Code Section 53607.

Quarterly Reports

The Treasurer will submit a quarterly investment report to the Board which provides full disclosure of the District's investment activities within 45 days after the end of the quarter. The quarterly report will disclose the information required by Government Code Section 53646(b), and, at a minimum, the following information about the District's portfolio:

1. 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.
2. Transactions for the period.
3. 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)
4. A one-page summary report that shows:
 - a. Average maturity of the portfolio and modified duration of the portfolio;
 - b. Maturity distribution of the portfolio;
 - c. Percentage of the portfolio represented by each investment category;
 - d. Average portfolio credit quality; and,
 - e. Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months and since inception compared to

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- the District's market benchmark returns for the same periods.
5. 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.
 6. A statement that the District has adequate funds to meet its cash flow requirements for the next six months.

Annual Reports

A comprehensive annual report will be presented to the Board. This report will include comparisons of the District's return to the market benchmark return, suggest policies and improvements that might enhance the investment program, and will include an investment plan for the coming year.

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

This Policy may be amended by the Board as it deems appropriate. Changes must be approved by the Board of Directors and sent in writing to the Treasurer 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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Glossary:

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.

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

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

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

Callable - A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of the 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 the principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

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

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.

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).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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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.”

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.

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 J: Maintaining Water District Cash Reserve Funds (Policy A-8)



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A-8: MAINTAINING WATER DISTRICT CASH RESERVE FUNDS

1. District Cash 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 identified critical 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 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 Financial Planning & Innovation/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.