

APPENDIX E

MNWD RESOLUTION NO. 92-2

WATER SHORTAGE CONTINGENCY PLAN

MNWD Water Conservation Provisions

Provisions in the Moulton Niguel Water District Water Shortage Contingency Plan (MNWD Board of Directors Resolution 92-2) will result in potable water demand reductions of up to 50%. These reductions are shown in the following table showing the incremental and cumulative savings in the four stages of water shortage. The base reduction for the Moulton Niguel Water District is the 20% annual reduction realized by the extensive water-recycling program.

	PERCENTAGE	
	SAVINGS	CUMULATIVE
WATER RECYCLING	20%	20%
Stage 1 Voluntary Conservation	10%	30%
Stage 2 Vehicle Washing Restrictions	5%	35%
<ul style="list-style-type: none"> ▪ No Pavement Wash Down ▪ Recycled Water Used (Construction) 		
Stage 3 Limit Potable Irrigation 6pm - 6am 4 days/wk	5%	40%
<ul style="list-style-type: none"> ▪ Fill Lakes - Permit Only ▪ Only RW Used for Fountains ▪ Construction Water (Permit Only) 		
Stage 4 Prohibit Potable Irrigation	10%	50%
<ul style="list-style-type: none"> ▪ No Pool, Spa or Lake Refill 		

Note : A total of 15% reduction can be achieved by limiting/prohibiting potable water irrigation. 5% is achieved through limitation and an additional 10% is achieved through prohibition.

RESOLUTION NO. 92-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT REGARDING
THE ADOPTION OF AN URBAN WATER SHORTAGE
CONTINGENCY PLAN AMENDING THE DISTRICT'S
URBAN WATER MANAGEMENT PLAN

WHEREAS, the Urban Water Management Planning Act of 1983, as amended (the "Act"), requires public agencies and other urban water suppliers to adopt a plan to describe and evaluate reasonable and practical efficient uses of water, reclamation and conservation activities and address measures for residential, commercial, industrial, and governmental water management, including a strategy and time schedule for implementation (an "Urban Water Management Plan" or "Plan");

WHEREAS, on December 19, 1985, the Board of Directors of the Moulton Niguel Water District (the "District") adopted Resolution No. 85-86, which Resolution adopted an Urban Water Management Plan for the District;

WHEREAS, the Act requires an urban water supplier, as defined, to periodically review its Urban Water Management Plan and make any amendments or changes to its plan and adopt amendments or changes indicated by such review;

WHEREAS, the Act also requires an urban water supplier, as defined, to prepare, adopt, and submit to the Department of Water Resources an amendment to its Urban Water Management Plan which meets the requirements of the Act specified in Section 10631(e) of the Water Code, to include the preparation of an urban water shortage contingency plan;

WHEREAS, the District has completed review of its Urban Water Management Plan as provided by the Act in Section 10621(b) of the Water Code and has prepared the amendment pursuant to Section 10631(e) (entitled the "Urban Water Shortage Contingency Plan"); and

WHEREAS, the District has made the Urban Water Shortage Contingency Plan available for public review and has held a hearing on February 20, 1992 (the "Hearing") pursuant to the provisions of the Act in Water Code Section 10642, and notice of the Hearing was given in the manner provided for by the Act in Water Code Section 10642.

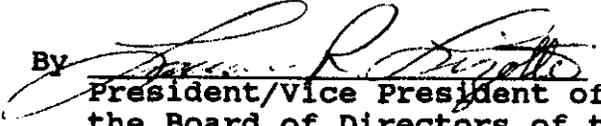
NOW THEREFORE, THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

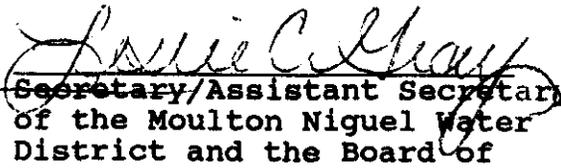
Section 1. The Moulton Niguel Water District adopts the Urban Water Shortage Contingency Plan, as attached hereto as Exhibit "A" and incorporated herein by this reference, and will implement the same in accordance with the terms set forth therein.

Section 2. The Secretary or Assistant Secretary of the District is hereby directed to submit the Urban Water Shortage Contingency Plan to the Department of Water Resources, pursuant to Section 10644 of the Water Code.

ADOPTED, SIGNED AND APPROVED this 20th day of February, 1992.

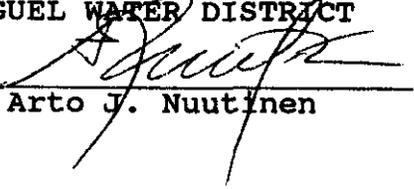
MOULTON NIGUEL WATER DISTRICT

By 
President/Vice President of
the Board of Directors of the
Moulton Niguel Water District

By 
Secretary/Assistant Secretary
of the Moulton Niguel Water
District and the Board of
Directors thereof

APPROVED AS TO FORM:

Bowie, Arneson, Kadi,
Wiles & Giannone
Legal Counsel - MOULTON
NIGUEL WATER DISTRICT

By 
Arto J. Nuutinen

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, LESLIE C. GRAY, Assistant 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 20th day of February, 1992, and that it was so adopted by the following vote:

AYES: DIRECTORS:

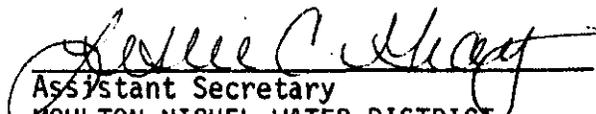
LARRY R. LIZOTTE
RICHARD S. FIORE
BRYAN S. HALL
GERALD E. BUCK

ROBERT W. BONHAM
STEVEN G. FELDMAN
ERNIE M. ELLSWORTH

NOES: DIRECTORS:

ABSTAIN: DIRECTORS:

ABSENT: DIRECTORS:


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

URBAN WATER SHORTAGE

CONTINGENCY PLAN

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I. INTRODUCTION

PURPOSE

This report is an amendment to the Urban Water Management Plan that was prepared by the Moulton Niguel Water District and submitted to the State of California, Department of Water Resources in December 1990. The report has been prepared in response to Assembly Bill No. 11 which amends the Urban Water Management Plan and requires every urban water supplier, to prepare a Water Shortage Contingency Plan by January 31, 1992.

This Water Shortage Contingency Plan is specific to the Moulton Niguel Water District service area; however, since the Moulton Niguel Water District is totally dependent on imported water from the Metropolitan Water District of Southern California (MWDSC) and the Municipal Water District of Orange County (MWDOC), portions of this Water Shortage Contingency Plan will refer to the Water Shortage Contingency Plans that have been prepared by each of these agencies.

Coordinated Planning

The Moulton Niguel Water District's Water Shortage Contingency Plan will begin with Section 10620 (d)(2) as amended. This paragraph required "each urban water supplier shall coordinate the preparation of its urban water shortage contingency plan with other urban water suppliers and public agencies in the area, to the extent practicable."

The Moulton Niguel Water District (MNWD) distributes water to approximately 40,000 connections in Southern Orange County. The District does not treat surface water or extract subsurface water for domestic or commercial purposes, and is totally dependent on the Metropolitan Water District of Southern California (MWDSC) for providing treated water and on the Municipal Water District of Orange County (MWDOC) for delivering the treated water to the Moulton Niguel service area.

In the preparation of this Urban Water Shortage Contingency Plan the Moulton Niguel Water District will refer to reports and documents that have been prepared by both the Metropolitan Water District of Southern California (MWDSC) and the Municipal Water District of Orange County (MWDOC).

Section 10631 (a-d) of Assembly Bell No. 11 was addressed in the Moulton Niguel Water District's Urban Water Management Plan that was prepared and submitted to the State of California, Department of Water Resources in December 1990. Therefore, this part of the contingency plan will address only Section 10631 (e), paragraph 1 through 9 and Sections 10631 (f) and (g), which includes the following components:

- Projected Water Demand
- Estimated "Worst Case" Water Supply
(for next 12, 24, 36 months)
- Established Stages of Action addressing supply reductions up to 50 percent, and triggers applicable to each stage

- Mandatory Prohibitions ("No-Waste")
- Consumption Limits in the Most Restrictive Stages
- Penalties or Charges for Excessive Use
- Revenue and Expenditure Analysis
- Implementation Resolution or Ordinance
- Monitoring Mechanisms
- Public Noticing and Adoption

II. SECTION 10631(e)(1) REQUIRES PAST CURRENT AND PROJECTED WATER USE, PAST AND CURRENT WATER USE

This Water Shortage Contingency Plan includes past, current, and projected water use and, to the extent records are available, a breakdown of those uses on the basis of residential single family, residential multi-family, and now residential use.

The Moulton Niguel Water District services four cities and one unincorporated area in South Orange County. The cities are primarily suburban communities with very little industrial character. Moulton Niguel Water District provides service to the City of Laguna Niguel, portions of the Cities of Dana Point, Mission Viejo, Laguna Hills, and the unincorporated area of Aliso Viejo.

The District has included the industrial, commercial, irrigation, and governmental accounts into one category referred to as non-residential accounts. The population equivalents used for this report are 3.02 persons per single family dwelling and 2.14 persons per multiple family unit.

Table 2-1 shows the past five (5) year growth in single family, multiple family and non-residential service connections for the Moulton Niguel service area.

Table 2-1
District Service Connections

Year	Single Family	Multiple Family	Non-Residential*	Population
Dec. 1991	29,548	10,137	3,325	110,927
Dec. 1990	29,241	9,640	3,012	108,938
Dec. 1989	26,754	9,394	2,652	100,901
Dec. 1988	23,540	9,125	2,305	90,617
Dec. 1987	20,440	8,893	2,093	80,758

*Non-residential connections include industrial, commercial, irrigation and governmental accounts.

Table 2-2 shows the past water deliveries in acre feet. The Moulton Niguel Water District has had significant growth from 1987 to 1991 however, conservation policies were initiated in 1990 that has reflected an approximate 20 percent reduction in water consumption.

Table 2-2
Water Deliveries Acre Feet

Month	Year				
	1991	1990	1989	1988	1987
DEC	2159.0	2289.4	2449.6	2421.8	1313.0
NOV	2608.6	2598.6	2657.0	1845.7	1317.8
OCT	3207.1	3408.6	2762.0	2858.3	2003.0
SEPT	3042.4	3688.8	3392.6	3591.5	2848.1
AUG	3125.7	3787.5	3978.4	3718.1	2848.4
JULY	3097.6	4054.1	3817.0	3580.9	2729.2
JUNE	2807.7	3044.8	3296.5	3040.5	2655.4
MAY	2526.2	3092.7	3296.5	2834.4	2382.9
APRIL	1795.1	2168.1	2641.4	2029.1	2102.9
MARCH	1154.6	2018.1	1964.3	2096.6	1236.3
FEB	1841.4	1407.9	1427.3	1631.1	1164.9
JAN	1766.7	1595.5	1481.6	1338.4	1217.9
TOTALS	29,132.1 9,493MG	33,154.1 10,803MG	33,164.2 10,806MG	30,986.4 10,097MG	23,819.8 7,762MG

NOTE: One acre foot is equivalent to 325,851 gallons.

Projected Water Use

It is anticipated that there will be continued growth in the Moulton Niguel Water District service area in 1992.

It is anticipated that approximately 1,000 new units will be constructed in 1992 or a growth of 2½ percent (see Table 2-3).

Table 2-3
Future Service Connections
Residential Connections

Year	Single Family	Multiple Family	Population
1991	29,548	10,137	110,925
1992	30,287	10,390	113,700
1993	31,044	10,650	116,550
1994	31,820	10,916	119,450
1995	32,616	11,200	122,500

One Acre Foot = 325,851 gallon

Table 2-4
Future Water Demands

<u>Year</u>	<u>Acre Feet/Day</u>	<u>Acre Feet/Year</u>
1991	86.00	32,500
1992	89.00	33,000
1993	92.00	34,000
1994	95.00	35,000
1995	98.00	35,800

III. SECTION 10631(e)(2) - ESTIMATE OF THE MINIMUM WATER SUPPLY AVAILABLE AT THE END OF 12, 24, AND 36 MONTHS, ASSUMING THE WORST CASE WATER SUPPLY SHORTAGES

The Moulton Niguel Water District is completely dependent on imported water from the Metropolitan Water District of Southern California (MWDSC) and the Municipal Water District of Orange County (MWDOC). Water is delivered to the Moulton Niguel service area through the Tri-Cities Transmission main and the Allen-McCulloch Pipeline. The District owns 45 cubic-feet per second of capacity rights in the Tri-Cities Transmission main and 30 cubic-feet per second of capacity rights in the Allen-McCulloch Pipeline System.

Since both pipeline systems are dependent upon the Metropolitan Water District of Southern California for water, the Moulton Niguel Water District needs to refer to both the Metropolitan Water District of Southern California and the Metropolitan Water District of Orange County's resources and policies to determine the supplies that will be available at the end of 12, 24, and 36 months of water shortages.

The Metropolitan Water District of Southern California (MWDSC) has developed the Incremental Interruption and Conservation Plan (IICP), Table 3-1, to encourage member agencies to utilize water held in local groundwater and surface storage reserves and promote consumer water conservation to reduce demands on imported sources during drought.

Table 3-1
MWDSC Incremental Interruption Conservation Plan
IICP Stages

<u>Stage</u>	<u>Non-Firm Deliveries</u>	<u>Firm Deliveries</u>	<u>Expected Savings AFY</u>	<u>Percent Saved</u>
I	Voluntary 5%	Voluntary 5%	100,000	
II	20	5	260,000	10%
III	30	10	430,000	17%
IV	40	15	600,000	34%
V	50	20	770,000	31%
VI	90	30	1,200,000	50%

The Metropolitan Water District's Incremental Interruption Conservation Plan (IICP) is based on past water usage using fiscal year 1989-1990 as the base year. Metropolitan Water District of Southern California (MWDSC) allots water supplies to its member agencies on the basis of past usage records that are adjusted for the particular stage that has been determined by Metropolitan Water District of Southern California (MWDSC) for the Incremental Interruption Conservation Plan. Table 3-1 illustrates MWDSC's IIPC allocations.

If the scheduled targets are exceeded by a Metropolitan Water District member agency, a disincentive charge is assessed for the amount of water delivered over the target quantity, plus an applicable service rate. The Moulton Niguel Water District which is a member agency of the Metropolitan Water District of Orange County is responsible for meeting the conservation goals set by Metropolitan Water District of Southern California (MWDSC). As a member agency of MWDOC, the Moulton Niguel Water District will be assessed a disincentive fee and service charges by MWDOC for not attaining the conservation goals that have been determined for a particular stage of the Metropolitan Water District's Incremental Interruption Conservation Plan.

The worst case water supply shortage would be a thirty (30) percent cut back in water usage based on fiscal year 1989-1990 deliveries. In fiscal year 1989-1990 the Moulton Niguel Water District purchased 32,383.7 acre feet of water from the Metropolitan Water District of Orange County. If the District assumes a stage VI status in the Metropolitan Water District Incremental Interruption Conservation Plan, the Moulton Niguel Water District would be required to conserve 30 percent of the fiscal year 1989-1990 deliveries or a savings of 9,715.1 acre feet less a factor for growth.

IV. SECTION 10631(e)(3) - STAGES OF ACTION TO BE UNDERTAKEN BY THE URBAN WATER SUPPLIER IN RESPONSE TO WATER SUPPLY SHORTAGES, INCLUDING UP TO A 50 PERCENT REDUCTION IN WATER SUPPLY AND AN OUTLINE OF SPECIFIC WATER SUPPLY CONDITIONS WHICH ARE APPLICABLE TO EACH STAGE.

The Moulton Niguel Water District is totally dependent on the Metropolitan Water District of Southern California (MWDSC) and the Municipal Water District of Orange County (MWDOC) for water suppliers in the service area. The Metropolitan Water District of Southern California (MWDSC) has introduced a plan, the Incremental Interruption and Conservation Plan (IICP), that addresses and responds to water supply shortages including, and up to, 50 percent. (see Table 3-1 and Appendix 2)

The Moulton Niguel Water District is a member agency of the Municipal Water District of Orange County (MWDOC) who in turn is a member agency of MWDSC. The Moulton Niguel Water District will be responsible to MWDOC for not meeting the conservation targets that are set by MWDSC. The Moulton Niguel Water District will be financially responsible for disincentive charges and applicable service rates.

The Moulton Niguel Water District is currently expanding the use of reclamation water within the District for landscape irrigation and the District has an ongoing educational program with consumers through the monthly newsletter. The District passed a water conservation resolution on May 16, 1991 reaffirming the water conservation rules and regulations that have been in effect since January 1, 1977. (see Item V, Section 10631(e)(4))

V. SECTION 10631(e)(4) - MANDATORY PROVISIONS TO REDUCE WATER USE WHICH INCLUDES PROHIBITIONS AGAINST SPECIFIC WASTEFUL PRACTICES; SUCH AS GUTTER FLOODING

The Moulton Niguel Water District adopted a Water Conservation Resolution No. 91-24 on May 16, 1991, calling for the implementation of the District's water conservation rules and regulations that have been in effect since January 1, 1977 and reaffirmed by Board resolution in June 1988.

Resolution No. 91-21, complete with Exhibit A, is specific to Section 5N of the Moulton Niguel Water District's Rules and Regulation is shown as Appendix 1. The Rules and Regulations include, but are not limited to, the following provisions:

- Lawn watering and landscape irrigation is prohibited between 10:00 a.m. and 4:00 p.m. Outside irrigation is permitted between the hours of midnight to 10:00 a.m. and 4:00 p.m. to midnight on the scheduled days indicated below:

Residential Customers

Mission Viejo & Aliso Viejo	Dana Point, Laguna Hills & Laguna Niguel
Monday, Thursday & Saturday or Sunday	Tuesday, Friday & Saturday or Sunday

Commercial Customers

Monday, Wednesday, and Friday

- Property owners within the District who are installing new landscaping or re-landscaping existing properties are encouraged to utilize drought-tolerant plants to assist in decreasing demands on irrigation water.
- Water for irrigation use or other purposes shall not be permitted to escape from any hose, pipe, valve, faucet, sprinkler or irrigation device into any drain, gutter, or street if it can be reasonably prevented.

- All new homes shall be required to incorporate water conservation devices within any plumbing, water piping, or other water-using fixtures; including low-flow shower heads, faucets, and toilets.
- Property owners who have a swimming pool or a spa are encouraged to cover said facilities to minimize water loss due to evaporation.
- Water should not be used to clean, fill, or maintain levels in decorative fountains unless a recycling system is used.
- Washing of autos, trucks, trailers, boats, airplanes, and other types of mobile equipment shall be done only with a bucket and a hose with a shut-off nozzle for quick rinses. Commercial car washes are exempt. Further, such washing is exempt from these regulations where the health, safety, and welfare of the public is contingent upon frequent vehicle cleaning; such as garbage trucks and vehicles used to transport food and perishables.
- Washing down sidewalks, driveways, parking areas, patios, or other paved areas; except to alleviate immediate fire or sanitation hazards; is prohibited.
- All water leaks shall be repaired within 24 hours.
- Restaurants within the District shall only serve water to customers upon request.

Any person who is suspected of violating the restrictions imposed by the District's Rules and Regulations shall be given a preliminary notice in writing of such violation, with the description of violation set forth in such preliminary notice.

Such person shall have 24 hours to correct such violation, or terminate the use.

If the violation is not corrected or the use terminated, the District may either:

- a) issue a second written warning;
- b) disconnect service;
- c) install flow-restricting devices; or,
- d) assess a monetary surcharge of \$200.00 per occurrence.

Service disconnected or restricted pursuant to (b) or (c) shall be restored only upon payment of all applicable charges.

VI. SECTION 10631(e)(5) - CONSUMPTION LIMITS IN THE MOST RESTRICTIVE STAGES.

The Moulton Niguel Water District is an importer of domestic water and for this reason, the District is subject to the restrictions placed upon it by both the Metropolitan Water District of Southern California (MWDSC) and the Metropolitan Water District of Orange County (MWDOC).

In Section III, we discussed the Incremental Interruption and Conservation Plan (IICP) that was designed by MWDSC to encourage its member agencies to promote Consumer Water Conservation while reducing demand on imported water sources during drought conditions.

Under the IICP, Metropolitan Water District assigns each member agency a monthly target quantity of water based on the total amount of water purchased from MWD in fiscal year 1989-1990, which is referred to as the base year. If the target quantities are exceeded, the member agency must pay a disincentive charge for the amount of water used over the target quantity, plus the applicable service rate. The disincentive charge is twice the non-interruptive water rate, which is currently \$444.00 per acre foot). The disincentive applies only for Stages II through VI of the Incremental Interruption and Conservation Plan (IICP), see Table 3-1.

As a retailer of imported water, it is the District's responsibility to establish a rate structure that will not penalize consumers that conserve water; yet provide sufficient funds from water wasters to pay the disincentive charge and any applicable service rates that are established by either MWDSC and MWDOC.

State I of the IICP is a voluntary 5% reduction of 1989-1990 deliveries. Stage II through VI range from 5 to 30 percent reductions of the base year deliveries and are subject to the disincentive charge and the applicable service rates established for anything over the base year delivered, less a growth factor.

VII. SECTION 10631(e)(6) - PENALTIES OR CHARGES FOR EXCESSIVE WATER USE

In March 1991, the Moulton Niguel Water District established an Interim Drought Rate adjustment that would meet the following requirements:

- 1) Revenue
To raise sufficient revenue to pay for expenses.
- 2) Equity
Apportion charges according to responsibility for costs.
- 3) Efficiency
Encourage the economic optimum use of the service by customers.
- 4) Acceptability
Be simple enough to be understood and accepted by the public. Not requiring constant revisions due to projection failures.

- 5) Conservation
To encourage water conservation.

The following are assumptions that were used for establishing an equitable rate structure:

- 1) MWD will have a wholesale water rate increase of \$53.00 per acre-foot that will take effect on July 1, 1991. This anticipated increase equates to a 23% increase in the wholesale cost of water. Current prices for water are \$233.00 (with surcharges), the increased cost will be \$286.00.
- 2) A Stage V or VI Phase will be in effect that requires a 20% or 30% mandatory reduction in water deliveries. If these reductions are not met, the disincentive penalty to MNWD by MWD will be \$394.00 per acre foot.
- 3) A reduction in domestic, irrigation, and commercial usage can and will be achieved.
- 4) A water price inelasticity does exist but education and community relations will assist in meeting requirements.
- 5) Consumption average basis: Single Family Residents - 17 BU's/mo - Commercial 200 BU's/mo - Irrigation 244 BU's/mo.

Anticipated expenses, based on actual and projected demands.

		Notes
O & M Budget for 1991/1992	\$13,400,000.00	(1)
Water Purchases	10,296,000.00	(2)
Supply Expense	<u>1,568,200.00</u>	<u>(3)</u>
Total Expenses	\$25,264,200.00	(4)

- Notes:
- (1) a 2.4% growth factor is calculated over the 1990/1991 budget amount of \$13,145,600.00
 - (2) a growth factor of 7% is anticipated for 1991/1992 or 36,000 acre feet - the anticipated water sales for 1990/1991 will be 33,500 acre feet
 - (3) utilities and meter expense
 - (4) no debt service or capital replacements are included

Average Consumption Distribution:

	Residential		Commercial	
0 BU's to 10 BU's	4,774	14.6%	356	24.1%
11 BU's to 10 BU's	6,175	18.7%	285	19.2%
21 BU's to 30 BU's	6,044	18.3%	127	8.6%
31 BU's to 50 BU's	10,738	32.6%	218	14.7%
51 BU's to 100 BU's	5,209	15.8%	376	25.3%
over 100 BU's				
Totals	<u>32,940</u>	<u>100.0%</u>	<u>1,484</u>	<u>100.0%</u>

	Irrigation		Construction	
0 BU's to 20 BU's	49	2.9%	14	11.2%
21 BU's to 50 BU's	64	3.9%	35	28.0%
50 BU's to 100 BU's	126	7.6%	25	20.0%
over 101 BU's	<u>1,423</u>	<u>85.6%</u>	<u>51</u>	<u>40.8%</u>
Totals	<u>1,662</u>	<u>100.0%</u>	<u>125</u>	<u>100.0%</u>

Current Rates:

	Residential	Commercial
Service Charge:	\$3.50 per month	\$3.50 per month
0 to 10 BU's	0.59 per BU	0.65 per BU
11 to 20 BU's	0.64 per BU	0.70 per BU
21 to 30 BU's	0.70 per BU	0.75 per BU
31 and over	0.85 per BU	0.90 per BU

	Irrigation	Construction
Service Charge:	\$15.00 per month	\$26.50 per month
all BU's	0.80 per BU	1.03 per BU

Income Statement:

"Fixed Revenue" (revenue independent of conservation)	
Sanitation Sales	\$ 5,212,000.00
Interest on General Fund	1,850,000.00
Tax Revenue (secured)	<u>2,569,000.00</u>
Total	\$ 9,631,000.00
Total Expenses: (see above)	<u>\$25,264,200.00</u>
Adjusted Expenses Less Revenue	(\$15,633,200.00)

Revenue Requirements: (Expenses) \$15,633,200.00

Conservation Revenue Adjustments:

Residential	0% Reduction	30% Reduction	20% Reduction
Service Charge:	\$1,782,000.00	\$1,782,000.00	\$1,782,000.00
0 to 10 BU's	274,000.00	274,200.00	274,200.00
11 to 20 BU's	1,203,900.00	1,084,600.00 (10%)	1,084,600.00 (10%)
21 to 30 BU's	1,562,000.00	1,249,800.00 (20%)	1,327,900.00 (15%)
31 to 50 BU's	1,754,200.00	1,315,700.00 (25%)	1,491,100.00 (15%)
51 and over	<u>1,298,700.00</u>	<u>909,100.00 (30%)</u>	<u>1,039,000.00 (20%)</u>
	\$7,875,000.00	\$6,615,400.00	\$6,998,800.00

Commercial

Service Charge	\$ 162,000.00	\$ 162,000.00	\$ 162,000.00
0 to 10 BU's	357,300.00	357,300.00	357,300.00
11 to 20 BU's	425,700.00	383,200.00 (10%)	383,200.00 (10%)
21 to 30 BU's	500,600.00	400,500.00 (20%)	425,600.00 (15%)
31 to 50 BU's	686,300.00	514,800.00 (25%)	583,400.00 (15%)
51 and over	<u>390,000.00</u>	<u>273,000.00 (30%)</u>	<u>312,000.00 (20%)</u>
	\$ 2,521,900.00	\$ 2,090,800.00	\$ 2,223,500.00

Irrigation

Service Charge:	\$ 306,000.00	\$ 306,000.00	\$ 306,000.00
Consumption	<u>4,480,000.00</u>	<u>3,136,100.00 (30%)</u>	<u>3,584,100.00 (20%)</u>
	\$ 4,786,100.00	\$ 3,442,100.00	\$ 3,890,100.00

Construction

Service Charge:	\$ 39,800.00	\$ 39,800.00	\$ 39,800.00
Consumption	<u>252,200.00</u>	<u>201,800.00 (20%)</u>	<u>201,800.00 (20%)</u>
	\$ 292,000.00	\$ 241,600.00	\$ 241,600.00

Subtotal	\$15,475,200.00	\$12,389,900.00	\$12,354,000.00
Penalties	(3,096,800.00)	(1)	
Water Purchases	<u> </u>	<u>3,088,800.00 (2)</u>	<u>2,059,200.00 (3)</u>
	\$12,378,400.00	\$15,478,700.00	\$15,413,000.00

- (1) penalty amount 7,860 acre feet @ \$394.00
- (2) amount of water not purchased would be 10,800 acre feet @ \$286.00
- (3) " " " " " " " " 7,200 acre feet " "

The rate structure for the Moulton Niguel Water District was adopted July 1, 1991 and is based on a Stage V Condition in the Incremental Interruption and Conservation Plan (IICP). The Stage V is a 20% reduction of water deliveries based on 1989-1990 records and adjusted for growth.

VIII. SECTION 10631(e)(7) - ANALYSIS OF THE IMPACTS OF THE PLAN ON REVENUES AND EXPENDITURES OF THE URBAN WATER SUPPLIER ADOPTED RATE STRUCTURE

RESIDENTIAL		Monthly
R1	Service Charge Water	4.50
	Water 1st 10 B.U.	0.70
	2nd 10 B.U.	0.80
	3rd 10 B.U.	1.00
	31-50 B.U.	1.20
	51+ B.U.	1.30
	Service Charge Sewer	4.50
	Sewer 1st 25 B.U.	0.40
	26+ B.U.	0.00

*R1 = Regular Residential Domestic & Sewer Service

*R2 = Condos/Townhomes (no lawns) Domestic & Sewer Service

*R3 = Residential High Users Domestic & Sewer Service

*WO1 = Residential, Water Only

APARTMENTS		Bimonthly
A1	Service Charge Water/unit	8.75
	Water 1st 10 B.U.	0.70
	2nd 10 B.U.	0.80
	3rd 10 B.U.	1.00
	31-50 B.U.	1.20
	51+ B.U.	1.30
	Service Charge Sewer/Unit	8.85
	Sewer 1st 50 B.U.	0.40
	51+ B.U.	0.00

COMMERCIAL		Bimonthly
CM1	Service Charge Water	9.00
	Water 1st 10 B.U.	0.70
	2nd 10 B.U.	0.80
	3rd 10 B.U.	1.00
	31-50 B.U.	1.20
	51+ B.U.	1.30
	Service Charge Sewer	9.00
	Sewer Class 1	0.40
	Class 2	0.60
	Class 3	0.80
	Class 4	1.00

CM2 Water Only - Water charges same as CM1
Sewer Class = 6

CM4 Service Charge Water 9.00

CM3 Water 1st 10 B.U. 0.70
2nd 10 B.U. 0.80
3rd 10 B.U. 1.00
31-50 B.U. 1.20
51+ B.U. 1.30

Service Charge Sewer 9.00 PER SEWER
Sewer Class 1 0.40
Class 2 0.60
Class 3 0.80
Class 4 1.00

HYDRANT-CONST. WATER Monthly

H1 Service Charge Water 26.50
Water 1-50 B.U. 1.20
51+ B.U. 1.30
Sewer Class = 6

IRRIGATION WATER Bimonthly

I1 Service Charge Water 30.00

RC3* Water 1-50 B.U. 1.20
50+ B.U. 1.30
Sewer Class = 5

RECLAIMED WATER (FOR IRR) Bimonthly

RC1* Service Charge Water 30.00

RC2* Water 0-50 B.U. 0.96
51+ B.U. 1.04
Sewer Class = 5

*RC1 = Reclaimed Water Rate

*RC2 = Reclaimed Water Rate (MET Reimbursement Program)

*RC3 = Reclaimed Water Account - receiving potable water at this time

FIRE PROTECTION		Bimonthly	
FP1	Service Charge Water Water Sewer Class = 7	4.00 per inch 1.30/B.U.	(Fire line size.)
H2	Service Charge Water	200.00	3.33 M3-02306-0 UNISYS Corp.
	Water 1+ B.U. Sewer Class = 6	0.62	
H3	Service Charge Water	150.00	2.50 M3-00798-0 Saddleback Unified School District
	Water 1+ B.U.	0.62	M3-02990-0 Saddleback Unified School District
	Sewer Class = 6		M3-00818-0 Saddleback Unified School District

SEWER ONLY		Bimonthly	
SO1	Service Charge Sewer Water Rate = SO1 No Sewer Class	10.42 per unit	M3-03108-0 ETWD

IX. SECTION 10631(e)(8) - A DRAFT WATER SHORTAGE CONTINGENCY RESOLUTION OR ORDINANCE TO CARRY OUT THE URBAN WATER SHORTAGE CONTINGENCY PLAN.

The Moulton Niguel Water District's Water Shortage Contingency Resolution is shown in Appendix 3.

X. SECTION 10631(e)(9) - A MECHANISM FOR DETERMINING ACTUAL REDUCTION IN WATER USE PURSUANT TO THE URBAN WATER SHORTAGE CONTINGENCY PLANS.

The mechanism for determining actual reduction in water use will be comparing the monthly water purchased in fiscal year 1991-1992 to the monthly water purchased in the IICP base year 1989-1990. The 1991-1992 purchases will be adjusted for growth and any disincentive charges or applicable services rate will be paid on a month to month basis.

APPENDIX 1

RESOLUTION NO. 91- 24

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE MOULTON NIGUEL WATER DISTRICT CALLING
FOR IMPLEMENTATION OF WATER CONSERVATION PROGRAM

WHEREAS, California is in the fifth consecutive year of below-normal precipitation, and reduced supplies in storage will cause shortfalls in imported water deliveries to the region unless appropriate conservation measures are implemented; and

WHEREAS, one hundred percent of the Moulton Niguel Water District's ("MNWD") total water supply is imported from the Metropolitan Water District of Southern California ("MWD"); and

WHEREAS, the Board of Directors of MWD have adopted a drought response currently in effect that sets the total water savings goal of an overall reduction in water consumption of 20% and imposes economic penalties for failure to meet such goals;

WHEREAS, MWD has called upon its member agencies and subagencies to comply with its mandatory water conservation program to mitigate a water supply shortfall and related impacts;

WHEREAS, the Moulton Niguel Water District (MNWD) is a California Water District organized and existing under the California Water District Law (Division 13 of the California Water Code) and all of the land within the boundaries of MNWD is located in the County of Orange, State of California;

WHEREAS, Section 35423 and Section 35501 of the California Water Code empower MNWD to establish, print and distribute equitable rules and regulations for the distribution of water and prescribe and collect rates or other charges for sewer service. The Board of Directors of MNWD previously approved and adopted "Rules and Regulations of Moulton Niguel Water District for Water, Sewer and Reclaimed Water Service" including Section 5N thereof establishing a water conservation program (the "Rules and Regulations").

WHEREAS, MNWD has the power and the authority to adopt and enforce water conservation measures within its district boundaries pursuant to Water Code Sections 375 and 1009; and

WHEREAS, the general welfare requires that the conservation of such water be practiced for the benefit of the people of MNWD and for the public welfare. Voluntary conservation efforts have not accomplished this, making a mandatory water conservation program a necessity for the purpose of conserving the water supplies of MNWD.

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

Section 1. Purpose. The purpose of this resolution and the amendment to the Rules and Regulations of MNWD is to prevent the waste or unreasonable use of water and to provide a mandatory water conservation plan during a proclaimed water shortage. Due to water supply conditions prevailing in the area of the State of California from which MNWD obtains a portion of its supply the general welfare requires that the conservation of such water be practiced for the benefit of the people of MNWD and for the public welfare. This resolution and the Rules and Regulations adopted pursuant to it shall apply within all territory included within the boundaries of MNWD.

Section 2. Authorization. The General Manager is authorized and empowered to enforce and administer the provisions of this resolution and the Rules and Regulations included as Exhibit A to this resolution.

Section 3. Public Health and Safety Not Affected. Nothing in this resolution shall be construed to require MNWD to curtail the supply of water to any customer when such water is required by that customer to maintain an adequate level of public health and safety.

Section 4. California Environmental Quality Act Exemption. This resolution and the actions hereafter taken pursuant thereto are exempt from the provisions of the California Environmental Quality Act of 1970 Public Resources Code Section 21000 et seq. ("CEQA") as a project undertaken as immediate action necessary to prevent or mitigate an emergency pursuant to Section 507(c) of the State CEQA Guidelines.

Section 5. General Prohibitions And Regulations Governing Water Conservation. Included as Exhibit A to this resolution are the Rules and Regulations implementing the water conservation program pursuant to Water Code Section 375 et seq. and Water Code Section 1009. Amended Section 5N of the Rules and Regulations as set forth in Exhibit A of this resolution attached hereto and by this reference made a part hereof is hereby approved and shall be included within such rules and regulations.

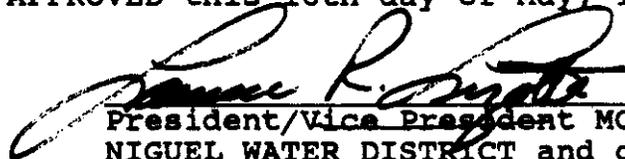
Section 6. Severability. If any section, subsection, sentence, clause, phrase or portion of this resolution or Exhibit A attached hereto is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the resolution or Rules and Regulations. MNWD hereby declares that it would have adopted this resolution, including Exhibit A, and each section, subsection, sentence,

clause, phrase or portion thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions be declared invalid or unconstitutional.

Section 7. Effective Date. The provisions of this resolution shall be effective May 16, 1991.

Section 8. Publication. The Secretary of MNWD is hereby directed to publish this resolution inclusive of Exhibit A in a newspaper of general circulation printed and published and circulated within MNWD one time within 10 days of the date hereof and thereafter a second time seven days from the first date of publication, pursuant to Water Code Sections 376 and 35424.

ADOPTED, SIGNED AND APPROVED this 16th day of May, 1991.



James R. Moulton
President/Vice President MOULTON
NIGUEL WATER DISTRICT and of the
Board of Directors thereof



Leslie C. Gray
Secretary/Assistant Secretary
MOULTON NIGUEL WATER DISTRICT and
of the Board of Directors thereof

APPROVED AS TO FORM:

BOWIE, ARNESON, KADI & DIXON
Legal Counsel - MNWD

By 
Patricia B. Giannone

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.

I, LESLIE C. GRAY, Assistant 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 16th day of May, 1991, and that it was so adopted by the following vote:

AYES: DIRECTORS: LARRY R. LIZOTTE
RICHARD S. FIORE
ROBERT W. BONHAM
STEVEN G. FELDMAN
ERNIE M. ELLSWORTH

NOES: DIRECTORS:

ABSTAIN: DIRECTORS:

ABSENT: DIRECTORS: BRYAN S. HALL
GERALD E. BUCK

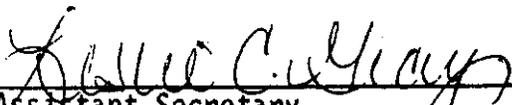

Assistant Secretary
MOULTON NIGUEL WATER DISTRICT
and of the Board of Directors thereof

EXHIBIT A

Revision to Section 5 N of Moulton Niguel Water District's Rules and Regulations

N. Water Conservation

Consistent with its legal responsibilities to seek to utilize the water resources of the State of California for the fullest possible, reasonable beneficial use, thereby avoiding waste or unreasonable use of the natural resources of the State of California and the District, the following conditions precedent to any obligation of the District to provide water or sewer service are established effective January 1, 1977, as to any application for water or sewer service not complete as of said date. Additionally, said requirements shall be applicable in any instance as to applications completed prior to such date where such are agreed to by the applicant.

1. No water shall be provided by the District for internal or external use to any residential, commercial, industrial, agricultural, recreational, governmental or public building or structure of any kind which is constructed or altered and in which either internal or external irrigation or domestic water piping or water fixtures are to be installed, extended or altered in any way, including but not limited to any plumbing, water piping or water fixtures for which a construction permit is required to be obtained from the County of Orange or its successor, or for which District approval of plans and service applications are required, unless the new, extended, or altered plumbing, water piping or other water using facilities conform to the requirements and standards of paragraph 2 of this section of the Rules and Regulations.
2. The required water conservation devices and standards of the District are those set forth on Exhibit "F" to these Rules and Regulations. Nothing herein provided shall be deemed to relieve any person from compliance with the plumbing code of the County of Orange or any other state or local plumbing or building requirements.
3. Pursuant to Sections 375 et seq. and 1009 of the Water Code of the State of California, the District is authorized to establish a water conservation program. Under this program, certain water uses are restricted or prohibited.

For the purposes of the following subparagraphs, the following terms, phrases, words, and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the singular number, and words in the singular number include the plural number. The word "shall" is always mandatory and not merely directory:

- (1) "District" is Moulton Niguel Water District.
- (2) "Person" is any individual, firm, partnership, association, company, organization of any kind.
- (3) "Water" is water supplied by the District.

Upon declaration of the District's water supplier that a drought condition exists, the following water use restrictions shall apply to all use of water, other than reclaimed water, for as long as that drought condition exists. The provisions of these water use restrictions shall apply to all persons using water in the District, regardless of whether any person using water shall have a contract for water service.

- a. No person shall cause or permit any water furnished to any property within the District to run or to escape from any hose, pipe, valve, faucet, sprinkler or irrigation device into any gutter or otherwise to escape from the property if such running or escaping can reasonably be prevented.
- b. No person shall use any water furnished to any property within the District to wash sidewalks, driveways, parking areas, patios or other paved areas, except to alleviate immediate fire or sanitation hazards.
- c. Washing of autos, trucks, trailers, boats, airplanes and other types of mobile equipment shall be done only with a bucket and a hose with a shut-off nozzle for quick rinses. Commercial car washes are exempt. Further, such washings are exempt from these regulations where the health, safety and welfare of the public is contingent upon frequent vehicle cleaning such as garbage trucks, and vehicles used to transport food and perishables.
- d. Lawn watering and landscape irrigation is prohibited between 10:00 a.m. and 4:00 p.m. to midnight on the scheduled days indicated below: Outside irrigation is permitted between the hours of midnight to 10:00 a.m. and 4:00 p.m.

Mission Viejo &
Aliso Viejo

Dana Point, Laguna Hills
& Laguna Niguel

Monday & Thursday only

Tuesday & Friday only

- e. Water shall not be used to clean, fill or maintain levels in decorative fountains unless a recycling system is used.
 - f. No person shall permit leaks of water which he or she has the authority to eliminate.
 - g. Restaurants within the district shall only serve water to customers upon request.
 - h. No person shall cause or permit water under his or her control to be wasted.
 - i. Property owners within the District who are installing new landscaping or re-landscaping existing properties are encouraged to utilize drought tolerant plants to assist in decreasing demands on irrigation water.
 - j. Property owners who have a swimming pool or a spa are encouraged to cover said facilities to minimize water loss due to evaporation.
4. Exemption Procedure. Any person may apply to the General Manager for an exception to the terms of these regulations, which exception may be granted at the discretion of the General Manager upon a determination that such exception is consistent with the purposes of this Section N of these Rules and Regulations as to other applicants and is in the best interests of the District. This may include facts substantiating that other devices, systems, or procedures set forth herein cannot be reasonably accomplished.

Persons may be exempted from application of these restrictions to a certain type of use if the General Manager of the District or his designee issues a permit allowing such use and if such permit issuance is based on a finding that enforcement of the applicable restriction would either: (1) cause an unnecessary and undue hardship to the applicant or the public; or (2) would cause or threaten an emergency condition affecting the health, sanitation, fire protection, or safety of the applicant or the public. The General Manager of the District or his designees may require the use of such water conservation devices or practices

as he deems appropriate as a condition of the exemption permit. He shall promulgate a list of approved devices.

5. Violations Enforcement. Prior to enforcement of any of the restrictions set forth in this section, any person who is suspected of violating the restrictions imposed by these Rules and Regulations shall be given a preliminary notice in writing of such violation, with the description of violation set forth in such preliminary notice. The notice shall be delivered by certified mail, and shall include a statement of the possible penalties for violation and a statement informing the customer of his right to a hearing on the merits of the violation. Such person shall have seven days from date of receipt to correct such violation, or terminate the use. If the violation is not corrected or the use terminated, the General Manager of the District or his designee shall give a second notice of violation in the manner set forth above. If the violation continues after the second notice of violation, the General Manager or his designees may forthwith either (a) disconnect service; (b) install flow-restricting devices restricting water service; (c) assess a monetary billing surcharge of \$200 per occurrence for failure to correct the violation. (Service disconnected or restricted pursuant to (a), (b) or (d) shall be restored only upon payment of the turn-on and other charges fixed by the Board of Directors as provided in the Rules and Regulations of the District.) Any other sanctions which the District is presently authorized to impose or which the District may at some future time be authorized to impose may be imposed to enforce this water conservation program.

6. Hearing Procedure.

- (a) Any customer receiving notice of a second or subsequent violation shall have a right to a hearing by the General Manager or his designees provided that a written request for hearing is filed within fifteen days from the date of the notice of violation and the customer deposits with the District a sum equal to any billed surcharge and pays all other outstanding water charges.
- (b) The customer's timely written request for a hearing shall automatically stay installation of a flow-restricting device on the customer's premises until a decision is rendered.

- (c) If it is determined that a monetary surcharge was wrongly assessed, the District will refund any money deposited to the customer.
- (d) The decision of the General Manager or his designee shall be provided in a written notification to the customer. The Drought Appeal Board (comprised of the General Manager or his designees, members of the Board of Directors, or members of the community designated by the District) shall provide the customer an opportunity to present his position within forty-five (45) days following receipt of the customer's written request for reconsideration.

APPENDIX 2

METROPOLITAN WATER DISTRICT INCREMENTAL INTERRUPTION CONSERVATION PLANS (IICP)

In November 1990, Metropolitan adopted the Incremental Interruption and Conservation Plan (IICP) to meld provisions for service interruptions under the Interruptible Water Service Program and curtailments in service of Seasonal Storage water service, into a staged plan of reductions of Metropolitan supplied water during droughts. The IICP is designed to encourage member agencies to utilize water held in local groundwater and surface storage reservoirs and promote consumer water conservation to reduce demands on imported supplies during droughts. The program is implemented in stages, with each stage progressively reducing the water use objectives for each member agency. Metropolitan's Board determines the appropriate stage of implementation based on certain projections of supply. Stage I is a voluntary program. Later stages are mandatory with specified disincentive charges applicable when member agencies' use of Metropolitan-supplied water exceeds limits established by the IICP. These stages are described in Table IV-1.

Stage I of the IICP, calling for voluntary conservation measures, was instituted when the program was adopted in November 1990. In December 1990, there was a 25 percent chance that runoff would be so low as to require additional deficiencies in deliveries beyond a 65 percent shortage to agricultural users and 15 percent shortage to municipal and industrial users. The updated forecasts in January 1991 suggested that there was a 50 percent chance that greater deficiencies would be imposed, assuming that the SWP was able to effectively capture all of the available runoff for use in the current year.

Given the declining water supplies, Stage III was implemented by the Board on February 1, 1991. Continued depletion of available supplies forced the Board to adopt a resolution which instituted Stage V on March 1, 1991. As a result of combined drought conditions in California and the prospect that municipal and industrial users of SWP water faced substantial reductions in deliveries, Stage VI was scheduled for implementation beginning April 1, 1991. Improvements in California's water supply outlook as a result of a series of storms in March, allowed the Metropolitan to maintain its requested mandatory water conservation target at Stage V throughout calendar year 1991.

Under the IICP, Metropolitan establishes target objectives for the amount of water to be supplied to each member agency. Annual water use objectives are established based upon the amount of water purchased from Metropolitan in the base year of FY 1989-90 and the class of service (Noninterruptible, Interruptible, and Seasonal Storage Service) in which the water was purchased. In order to establish this annual target objective, water delivered in the base year is classified as either firm service or nonfirm service. Firm service includes all Noninterruptible Service and Seasonal Storage Service which was purchased from Metropolitan in the winter of FY 1989-90 and withdrawn from storage during the summer of 1990. Nonfirm service includes the remaining amounts of Seasonal Storage Service and all Interruptible Service.

Once deliveries in the base year are categorized as firm service and nonfirm service, annual water use objectives are established by reducing purchased deliveries in the base year in accordance with the following table.

TABLE IV-1

THE INCREMENTAL INTERRUPTION AND CONSERVATION PLAN

Stage	Reduction Target in Non-firm Deliveries (Percent)	Reductions from Base Year		Expected Savings (AFY)	Overall Reduction
		Conservation Target of Firm Deliveries (Percent)			
I	Voluntary	Goal 10		100,000	--
II	20	5		260,000	10%
III	30	10		430,000	17%
IV	40	15		600,000	24%
V	50	20		770,000	31%
VI	90	30		1,230,000	50%

The annual water use objectives are further broken into monthly target quantities based upon the member agency's usage in the corresponding month of the base year. However, not all of the water from the annual objective is scheduled into monthly targets. A portion of the water is held in what is termed a discretionary pool, which Metropolitan endeavors to deliver to agencies annually, but is available to agencies on the terms and at the water rate applicable to Seasonal Storage Service. Specifically, discretionary pool water is available at the discretion of Metropolitan's General Manager and can only be used for storage by a member agency. It is available intermittently during droughts and to help regulate overall demands.

Water which was delivered in the base year which is not included in monthly targets for member agencies, but is instead made available from the discretionary pool, includes: nonfirm

service delivered in the base year for groundwater basin replenishment by direct spreading or injecting, water delivered for replenishment of groundwater basins by making deliveries of imported water in-lieu of the pumping of groundwater, and water delivered in the base year on a nonfirm basis either for storage in a local reservoir or to maintain local water in storage in a reservoir.

After the creation of the discretionary pool is completed, the remainder of the agency's annual water-use-objective is broken into monthly target quantities based upon use in the corresponding month of the base year. The monthly target quantities effectively serve as water allocations to agencies. If, in any month, an agency's use of Metropolitan-supplied water exceeds its target quantity (after deducting any deliveries from the discretionary pool), the agency pays a disincentive charge for each acre-foot of water taken in excess of its monthly target quantity. Disincentive charges are twice the noninterruptible rate and are in addition to the applicable water rate for the purchase.

The distinction between deliveries made as part of the discretionary pool and the deliveries chargeable against an agency's monthly allocation is that water from the discretionary pool must be stored for later use. Agencies are required to certify that the quantities of water received are stored for later use during periods when discretionary pool water is available in order to process monthly accounting and potential disincentive charges.

Adjustments

Adjustments are made to the scheduled target quantities and the discretionary pool to reflect population growth, changes in local water supplies, conservation, and reclamation. A rescheduling of base-year deliveries of Metropolitan water is acceptable to meet the agency's operational needs. If rescheduling does not meet the needs of the agency, it may request a transfer of in-lieu base year deliveries from the discretionary pool to the nonfirm scheduled target quantities.

Incentives

The IICP originally included an incentive program. Stage I of the IICP was voluntary, and member agencies who reduced their use of water 5 percent of the base year deliveries and certified that they did not increase the use of local water to do so, were eligible to receive an incentive payment of \$99 (established at one-half the 1989-90 untreated noninterruptible water rate) for each acre-foot of water conserved. In Stages II through VI, agencies using less than their target quantity received the \$99/AF conservation incentive payment. In all cases, the conservation incentive payment only applied to deliveries from Metropolitan and not to total water usage. The conservation incentive payment was discontinued on September 30, 1991.

Penalties

No disincentive charges (or penalties) are used in Stage I of the IICP. Immediately upon the implementation of Stage II, a penalty rate is imposed on any agency that surpasses its target allocation.

For Stages II through VI, a penalty charge of twice the noninterruptible water rate (\$394 per acre-foot in FY 1990-91) is applied to any member agency that does not meet its scheduled target quantity. The penalty charges are imposed in addition to the applicable water rate for water purchased to the new total target quantity. The under-delivery of discretionary pool water is not allowed to be used to offset an overuse of scheduled targets. The penalty charge applies only to deliveries from Metropolitan, not total water usage. The overuse penalties do not apply to the discretionary pool.

Accounting and Reconciliation

Although disincentive charges are levied against an agency in any month that the agency's water usage exceeds its IICP target, agencies are allowed to offset overuse by extra conservation in other months through an annual reconciliation process. The reconciliation process occurs at the end of the water year (October 1 through September 30) or immediately following the Board's determination that Stage II through Stage VI are no longer in effect, whichever is earlier.

In the reconciliation process, under-usage in one month is allowed to offset over-usage in another month. An agency which utilizes more than its target in one month and has paid a disincentive charge for that over-usage is eligible for a refund of the disincentive charge to the extent that water usage in other months is less than the target allocation to that agency. Through the annual reconciliations, disincentive charges remain applicable only to the extent that an agency's usage in the entire year exceeds the sum of the agency's monthly targets for that year. Water used from the discretionary pool is excluded from the reconciliation.

In 1991, the accounting and certification processes took place after the deliveries had been made. The lag time between deliveries and certifications typically was several weeks. Because of this lag, it was not possible to immediately determine each agency's performance under the IICP. Thus, a delay in disincentive charges was possible for all agencies. The annual reconciliation accounted for any irregularities.

Determination of Actual Reductions in Water Demands on Metropolitan

The determination of actual reductions in water use are based upon the metering of monthly sales of water to Metropolitan's member agencies. Sales of water to member agencies in FY 1990-91 were compared to the amounts of water purchased from Metropolitan by the member agency during the FY 1989-90 base year. Table IV-2 shows the effectiveness of provisions to reduce water use in Metropolitan's service area from January to July 1991. During this six month period, the actual purchase of Metropolitan water decreased by more than 475,000 AF. The summer of 1991 was unusually cool and accounted for a portion of the reduced demand. Stage V called for total water savings of 31 percent, but by July, the actual reduction in Metropolitan sales achieved due to mandatory rationing was 40 percent. Between February and June 1991, actual savings in Metropolitan sales averaged 39 percent. During that period, Metropolitan paid out approximately \$18 million in incentive payments.

TABLE IV-2

METROPOLITAN NORMAL VS. ACTUAL PRODUCTION (JAN - JULY 1991)

	IICP Stage	% Reduction Goal	Normal Production/Purchase (Acre-feet)	Actual Production/Purchase (Acre-feet)	Percent Change
JAN	I	10	166,878.6	182,488.8	+9
FEB	III	17	159,724.1	126,788.7	-21
MAR	V	31	216,196.7	101,347.5	-53
APR	V	31	228,721.4	117,878.7	-48
MAY	V	31	200,003.4	138,201.6	-31
JUN	V	31	213,174.1	143,224.4	-33
JUL	V	31	<u>253,129.4</u>	<u>151,222.5</u>	-40
TOTAL			1,437,827.7	961,152.2	-33

APPENDIX 3

RESOLUTION NO. 92-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT REGARDING THE
ADOPTION OF AN URBAN WATER MANAGEMENT PLAN UPDATE

WHEREAS, the Urban Water Management Planning Act of 1983, as amended (the "Act"), requires public agencies and other urban water suppliers to adopt a plan to describe and evaluate reasonable and practical efficient uses of water, reclamation and conservation activities and address measures for residential, commercial, industrial, and governmental water management, including a strategy and time schedule for implementation (an "Urban Water Management Plan" or "Plan");

WHEREAS, on December 19, 1985, the Board of Directors of the Moulton Niguel Water District (the "District") adopted Resolution No. 85-86, which Resolution adopted an Urban Water Management Plan for the District;

WHEREAS, the Act requires an urban water supplier, as defined, to periodically review its Urban Water Management Plan and make any amendments or changes to its plan and adopt amendments or changes indicated by such review;

WHEREAS, the Act also requires an urban water supplier, as defined, to prepare, adopt, and submit to the Department of Water Resources an amendment to its Urban Water Management Plan which meets the requirements of the Act specified in Section 10631(e) of the Water Code, relating to the preparation of an urban water shortage contingency plan;

WHEREAS, the District has completed review of its Urban Water Management Plan as provided by the Act in Section 10621 of the Water Code and has adopted amendments and changes as required by Section 10621(a) and as indicated as a result of its review (the "Amended Plan");

WHEREAS, the District has made its Amended Plan available for public review and has held a hearing on February 20, 1992 (the "Hearing") pursuant to the provisions of the Act in Water Code Section 10642, and notice of the hearing was given in the manner provided for by the Act in Water Code Section 10642;

NOW THEREFORE, THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

The Moulton Niguel Water District acknowledges the essential nature of water reclamation and conservation within its boundaries as described in the Amended Plan, which is attached

AFFIDAVIT OF PUBLICATION

Space below for Filing Stamp Only.

STATE OF CALIFORNIA

COUNTY OF ORANGE

Proof of Publication of

I am a citizen of the United States and a resident of the County aforesaid. I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the **Saddleback Valley News**, a newspaper that has been adjudged to be a newspaper of general circulation by the Superior Court of the County of Orange, State of California, on December 7, 1976, Case No. A-86742 in and for the South Orange County Judicial District, and for the County of Orange, State of California; that the notice, of which the annexed is a true printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

February 5, 12, 1992

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Mission Viejo, Orange County, California, on

February 12, 1992

Susan Sewell
(Signature)

MOULTON NIGUEL WATER DISTRICT

MOULTON NIGUEL WATER DISTRICT
NOTICE IS HEREBY GIVEN that on February 30, 1992, the Board of Directors of the Moulton Niguel Water District (the "District") will conduct a public hearing to consider the adoption of an Amendment to its Urban Water Management Plan under the provisions of California Water Code Sections 10630 et seq. Said hearing will be held at 1:30 p.m. or as soon thereafter as practicable in the District meeting room, located at 27500 La Paz Road, Laguna Niguel, CA 92653.

The Amendment to the Urban Water Management Plan is available for Public Inspection at the District office at the above-referenced address between the hours of 8:30 a.m. and 4:00 p.m. Those desiring to comment on the Amendment to the Urban Water Management Plan will be given an opportunity to do so during the hearing or by providing written comments in advance thereof to the Moulton Niguel Water District, 27500 La Paz Road, Laguna Niguel, CA 92653, Attention: Director of Operations. Please reference the hearing and the subject matter in the correspondence. For further information you may contact Mr. Jim Smith, Director of Operations, at (714) 648-2008.

Arto J. Nuutinen
Assistant Secretary

Moulton Niguel Water District

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February 5, 12, 1992

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Mission Viejo, California 92690
(714) 768-3631

RESOLUTION NO. 92-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT REGARDING
THE ADOPTION OF AN URBAN WATER SHORTAGE
CONTINGENCY PLAN AMENDING THE DISTRICT'S
URBAN WATER MANAGEMENT PLAN

WHEREAS, the Urban Water Management Planning Act of 1983, as amended (the "Act"), requires public agencies and other urban water suppliers to adopt a plan to describe and evaluate reasonable and practical efficient uses of water, reclamation and conservation activities and address measures for residential, commercial, industrial, and governmental water management, including a strategy and time schedule for implementation (an "Urban Water Management Plan" or "Plan");

WHEREAS, on December 19, 1985, the Board of Directors of the Moulton Niguel Water District (the "District") adopted Resolution No. 85-86, which Resolution adopted an Urban Water Management Plan for the District;

WHEREAS, the Act requires an urban water supplier, as defined, to periodically review its Urban Water Management Plan and make any amendments or changes to its plan and adopt amendments or changes indicated by such review;

WHEREAS, the Act also requires an urban water supplier, as defined, to prepare, adopt, and submit to the Department of Water Resources an amendment to its Urban Water Management Plan which meets the requirements of the Act specified in Section 10631(e) of the Water Code, to include the preparation of an urban water shortage contingency plan;

WHEREAS, the District has completed review of its Urban Water Management Plan as provided by the Act in Section 10621(b) of the Water Code and has prepared the amendment pursuant to Section 10631(e) (entitled the "Urban Water Shortage Contingency Plan"); and

WHEREAS, the District has made the Urban Water Shortage Contingency Plan available for public review and has held a hearing on February 20, 1992 (the "Hearing") pursuant to the provisions of the Act in Water Code Section 10642, and notice of the Hearing was given in the manner provided for by the Act in Water Code Section 10642.

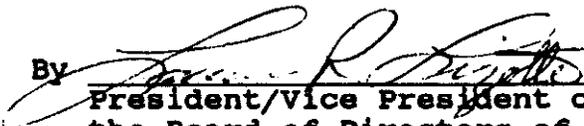
NOW THEREFORE, THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

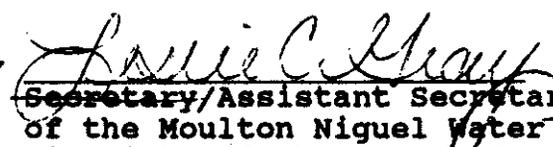
Section 1. The Moulton Niguel Water District adopts the Urban Water Shortage Contingency Plan, as attached hereto as Exhibit "A" and incorporated herein by this reference, and will implement the same in accordance with the terms set forth therein.

Section 2. The Secretary or Assistant Secretary of the District is hereby directed to submit the Urban Water Shortage Contingency Plan to the Department of Water Resources, pursuant to Section 10644 of the Water Code.

ADOPTED, SIGNED AND APPROVED this 20th day of February, 1992.

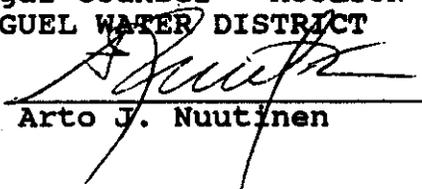
MOULTON NIGUEL WATER DISTRICT

By 
President/Vice President of
the Board of Directors of the
Moulton Niguel Water District

By 
Secretary/Assistant Secretary
of the Moulton Niguel Water
District and the Board of
Directors thereof

APPROVED AS TO FORM:

Bowie, Arneson, Kadi,
Wiles & Giannone
Legal Counsel - MOULTON
NIGUEL WATER DISTRICT

By 
Arto J. Nuutinen