

**MINUTES OF THE
ENGINEERING AND OPERATIONS
BOARD OF DIRECTORS
OF THE
MOULTON NIGUEL WATER DISTRICT**

August 15, 2011

A regular meeting of the Engineering and Operations Board of the Moulton Niguel Water District (MNWD) was held at the District office, 27500 La Paz Road, Laguna Niguel, California, at 9:00 a.m. on August 15, 2011. The following Directors of the District were present:

DIRECTORS

DON FROELICH	Chairman
SCOTT COLTON	Director
RICHARD S. FIORE	Director
GARY R. KURTZ	Director
LARRY R. LIZOTTE	Director
LARRY MCKENNEY	President
BRIAN PROBOLSKY	Vice President

Also present and participating were:

STAFF MEMBERS, LEGAL COUNSEL

ROBERT C. GUMERMAN	General Manager
DAVID D. CAIN	Director of Finance/Treasurer
MATT COLLINGS	Director of Engineering & Operations
CHARLES J. ROY	Director of Customer Service
PAT GIANNONE	Bowie, Arneson, Wiles & Giannone
LESLIE GRAY	Board Secretary
RAY MCDOWELL	MNWD
EVA PLAJZER	MNWD
MARK MOUNTORD	MNWD
FRANI BAILEY	Recording Secretary

Absent was:

There were no absences.

Chairman Don Froelich presided at the meeting and Frani Bailey recorded the minutes thereof.

Item No. 1 - Approval of Minutes

Chairman Froelich noted that the minutes of the July 18, 2011 Engineering Board meeting were previously forwarded to those Directors present at the meeting. He reported that he would entertain a motion to approve the minutes. President McKenney requested that the references to Metropolitan Water District of Southern California as “MET” and “MWD” on Pages 6 and 10 be spelled out to read Metropolitan Water District of Southern California.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR FIORE AND SECONDED BY DIRECTOR KURTZ THE MINUTES OF THE AUGUST 15, 2011 ENGINEERING AND OPERATIONS BOARD MEETING WERE UNANIMOUSLY APPROVED AS AMENDED.

Item No. 2 - Public Comments

Chairman Froelich asked if there were any public comments. Hearing none, he closed the Public Comments portion of the meeting.

PRESENTATION ITEMS

Item 3 – Local Water Supply Policy – Background Presentation

Mr. Matt Collings reported that at the Strategic Planning Meeting held last September the Local Water Supply was discussed, and subsequently he and Dr. Gumerman have discussed how to approach developing a policy with regard to local water supply. He commented that some questions were raised about risk associated with the water supply, and staff has been thinking about how to craft a policy that meets those objectives.

Mr. Collings explained that he plans to present a series of presentations that would get the Board and staff to some level of discussion and consensus on what is an appropriate policy for water supply for the District. He commented that today he would lay the groundwork for the questions that will be asked, the issues that will be discussed, the objectives the Board and staff hope to obtain, and how staff plans to craft the discussion to reach an end point where the Board and staff is discussing a policy associated with local water supply.

Mr. Collings reviewed where the District currently is with regard to the existing Resolution 08-38, which was the policy the Board adopted in 2008 that established the 31 days of water system reliability. He discussed the differences between that policy and what is being
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discussed today with regard to local water supply, reviewed the issues the District will be facing, some of the decision points that the Board will have regarding local water supply projects, and how they need to be looked at in a different light than the system reliability. Mr. Collings discussed the approach he wants to take over the next several meetings to reach the goal of having a draft policy for the Board's consideration. A discussion ensued and Mr. Collings and Dr. Gumerman answered the Board members' questions.

Mr. Collings reiterated that his presentation today was to define the difference between system supply and system reliability and discuss the District's dependence upon Metropolitan Water District of Southern California (Metropolitan Water District) and how to address it going forward. He reported that Presentation No. 2 would be to have someone from Metropolitan Water District and/or MWDOC discuss Metropolitan Water District's supply reliability, specifically its IRP, and the risks associated with it so the Board and staff can have a conversation about how confident they are in the IRP, whether they feel the District needs to work on projects independent of the IRP or in conjunction with Metropolitan Water District, and how to evaluate Metropolitan Water District's risks with the District's supply needs.

Mr. Collings explained that Presentation No. 3 would be to discuss the different types of approaches and analyses that staff could use to center in on what direction the District wants to go looking towards the District's supply risks. He reported that based on the results of the risk analysis and the Metropolitan Water District presentation, staff would propose a policy to guide the direction the Board wants to take with regard to a local water supply policy. Mr. Collings reported that he hopes to have someone from Metropolitan Water District available in October to discuss Metropolitan Water District's supply reliability, then in November or December the Board would discuss the different type of risks, and in early 2012 staff would present a draft policy for the Board to consider with regard to local supply. A discussion ensued and Mr. Collings answered the Board members' questions.

Item 4 – Staff Presentation on the Geographic Information System (GIS) Implementation Plan

Mr. Collings reported that prior to the Personnel & Salary Board meeting on Thursday he wanted to discuss what the District is working towards with regard to the GIS System. He

reported that in 2009, as a result of the IT Strategic Plan and, to some extent, his request, the District commissioned a GIS Implementation Plan. The purpose of the Implementation Plan was to provide staff with direction on where it wanted to go with regard to GIS and what it would take to get there. He reported that staff had many ideas and goals; however, there was not a clear plan as to what it would take to accomplish those goals to continue to meet the requirements to support and sustain a functional and thriving GIS.

Mr. Collings reported that in 2009 NexLevel and Farallon Geographics were contracted to review the District's current GIS environment and make recommendations in the areas of governance, data staffing, workflow integration, etc. He reported that one of the key discussions as part of that development was that the GIS was going to be the source of truth for all of the District's assets. Mr. Collings reported that this is critical when the different sources of business processes the District uses are looked at going forward with regard to the ERP and CMMS integration. He explained that the fact that the GIS is intended to house and maintain the single set of lists of all of the District's assets is important to note as part of the implementation plan and is one of the key drivers behind the level of effort required to maintain the GIS.

Mr. Collings reported that the objectives were to review District goals and business processes, look at ways to improve management of District assets, and improve business process efficiencies and overall District customer service functionality through the GIS. He explained asset management and the goal of being able to track life cycle costs associated with the different assets. Mr. Collings reported it will be critical for the District to maintain a mature, functional GIS in order to achieve appropriate document management functionality.

Mr. Collings reported that the Implementation Plan looked at different areas of improvement related to how quickly data base updates can be made, how quickly the asset data is updated on a daily basis, the accuracy of the data, how much access staff has to it, and staff's ability to use the GIS to support other District functions. He reported that the Implementation Plan made recommendations in three categories: governance and staffing, deployment and data maintenance, and GIS access. Mr. Collings reported that on the governance and staffing recommendations it was recommended that the GIS be contained under the IT governance

oversight. He reported that the GIS was moved under IT's governance group and at the monthly IT governance meeting there are updates on GIS functions. Mr. Collings reported that a GIS Technical Advisory Committee (TAC) was created to stress that the GIS is a District-wide enterprise, not just a function of Engineering. He reported that the GIS TAC is composed of employees from all divisions technically capable of discussing the GIS to prioritize where it is going.

Mr. Collings reported that the governance group defined staff's roles and responsibilities with regard to IT and the current Mapping Department and defined the GIS staffing needs. He reported this resulted in the request for the GIS Analyst position that is on the agenda for the Personnel & Salary Board meeting on Thursday. Mr. Collings reported that staff believes this is an absolutely important request, because the District is currently managing the data base through the use of two outside consultants, which is a cumbersome, costly, and timely process that it is important to internalize. He reported that as staff looks at expanding the GIS functionality and needs to multiple departments and business processes it is important to have timely, accurate, and consistent updates to the data base. Mr. Collings reported that the individual staff wants to hire would be making edits to the data base on a day-to-day basis, keeping the District's asset information current, and be responsible for working with the crews to get daily updates through their business processes and workflows identified in the field.

Mr. Collings reported that the GIS Analyst would also manage and execute the different sorts of workflow extensions that will be put out to improve the daily business processes, to integrate sewer cleaning and video inspection to the GIS, and to integrate the workflow system so staff can track maintenance history on assets. He reported this is all driving towards appropriate asset management to achieve the goals that staff has outlined previously with regard to tracking life cycle costs and understanding and prioritizing the CIP budgets. Mr. Collings elaborated further on the duties of the GIS Analyst and answered the Board members' questions.

DISCUSSION ITEMS

Item 5 – Monthly Operational Status Reports

Mr. Collings reported that the Monthly Operational Status Report will be on the Consent Calendar on Thursday night.

Item 6 – Monthly Construction Progress Report

Mr. Collings reported that the first page of the report describes two large recycled water pipeline extension projects that are just about completed. He reported that both pipelines are in service and the contractor is completing some paving and should be finished soon. He reported that at the end of the month the bypass line for the Plant 3A ETM will be removed and a permanent pipeline will be installed.

a. Upper Salada Oxygen Generation System, Contract 2010.110

Mr. Collings reported that the contractor is on site and working on the foundation for the building that will house the oxygen generation equipment. He reported the schedule is still working towards the oxygen generation equipment being online at the beginning of October.

Item 7 – Capital Project Budget Summary

Mr. Collings reported that this month the Board received two reports; one for the entire previous fiscal year and one for the one-month period for FY 2011-2012. He reported that he included a staff report summarizing the completed FY 2010-2011 capital project budget. Mr. Collings reported that there were 191 active projects and 147, or 77% of them, were completed. He noted that of the 44 projects not completed, not all were intended to be completed in FY 2010-2011. A discussion ensued and Mr. Collings answered the Board members' questions. Director Probolsky commented that he would like to see Mr. Collings come up with a metric to measure success in completing projects. Mr. Collings reported that he and Ms. Plajzer have discussed this and will look into it as the year goes along.

Item 8 – Water Supply Reliability Projects Status Summary Report

Mr. Collings reported that the District paid an invoice for \$450,000 to SMWD on the Upper Chiquita Reservoir project. He reported that he updated the schedule for the Baker Water

Treatment Plant and it appears that the construction contract will be awarded in January or February 2012, which would be the time for the go-no-go decision.

Item 9 – Upper Chiquita Reservoir, Contract 2008.032 – Project Budget Adjustment Approval

Mr. Collings reported that he is still working with Santa Margarita Water District to get clarification on the budget adjustment and the change orders, and will hopefully have the information at the next Engineering & Operations Board meeting.

Mr. Collings reported that the reservoir has been filled about half way on the height and 25% of the volume. He reported that there were some minor cracking issues with the concrete on the outlet structure that are being repaired; otherwise, everything is going well. Chairman Froelich asked when the dedication of the reservoir would be and Dr. Gumerman reported he believes it will be sometime in October.

Item 10 – Review Annual Service Contracts and Professional Services Agreements Associated with Engineering and Operations Functions for Fiscal Year 2011-2012

Mr. Collings reported that last month he brought before the Board several of the Annual Service Contracts for the Board's consideration, and this month he has a Service Agreement with Process Solutions, Inc. He reported that he included a staff report explaining the services that Process Solutions, Inc. provides to the District, i.e., helping with the maintenance and repairs on the chemical injection pumps, circulator pumps, analyzers, and level indicators for the reservoir maintenance systems (ClorTec systems).

Mr. Collings reported that staff compared Process Solutions, Inc.'s pricing with two other firms, Severn Trent and South West Reservoir Maintenance, and found that Process Solution, Inc.'s pricing and service were the most appropriate for what the District is looking for. Director Probolsky asked what method staff used to compare pricing and Mr. Collings reported that staff requested copies of the three providers' rate structures for this year based on the different types of levels staff requested.

Director Probolsky asked why staff would not use a formal bidding process and Mr. Collings explained that staff could do so, but it would basically be those companies that would provide pricing, as there is a very limited market on the amount of companies that provide this

level of service in the area. He commented that the District has utilized Severn Trent and is looking at using South West for other functions, and given the pricing competitiveness of Process Solutions, Inc., staff recommended that the District use them. Director Probolsky commented that he would like to see a more formal bidding process next time and Mr. Collings reported that staff is working on developing more formal procurement processes. Further discussion ensued and Mr. Collings answered the Board members' questions.

INFORMATION ITEMS

Item 11 – FOG Program Update regarding Sanitary Sewer Overflow on June 17, 2011

Mr. Collings updated the Board on what staff is working on with regard to the sanitary sewer overflow (SSO) on June 17, 2011. He showed the Board a picture of the location of the SSO and explained that the Collection Crew determined that the overflow was the result of grease from the sewer lateral serving a Taco Bell and donut shop entering the District's main sewer line. Mr. Collings reported that last week the District sent a Notice of Violation to the property owner, Taco Bell, and the Donut Store citing the District's FOG Policy adopted by the Board requiring the businesses to install appropriate grease protection devices within 180 days or be subject to further enforcement of the District's FOG Policy.

Mr. Collings reported that staff is considering revising the FOG Policy to provide the District with better enforcement tools to make the food service establishments permit-compliant, ensure that they have appropriate grease protection devices, and encourage them through enforcement of policies to do that. He reported that staff is working with the District's consultant, ECIS, and will coordinate with Ms. Giannone on the FOG Policy, and he hopes to bring back a recommended policy with regard to grease protection in October. Mr. Collings reported that he wanted to provide the Board with a report on this location and the Notice of Violation, a copy of which was attached to the staff report.

A discussion ensued regarding the financial burden placed on businesses required to install grease interceptors and President McKenney asked if staff has looked at the Orange County Sanitation District Ordinance. Ms. Pat Giannone commented that when staff drafted the original FOG Program and the Rules and Regulations it looked at a number of sources, including

the Orange County Sanitation District Ordinance. She commented that the question is how fast the District implements the policy and when the retroactive steps are done, and there is some sensitivity to forcing anyone who doesn't have a grease interceptor who should have one under the FOG Program to install one because of economic difficulties. Mr. Collings explained that currently the Policy is tied towards different levels of tenant improvements, i.e., if an owner is making a substantial tenant improvement the District will require the owner to install a grease interceptor. If an owner is not making changes to the existing facility the FOG Policy does not allow the District to require installation of grease interceptors. Further discussion ensued.

Item 12 – Contract Engineer Update – Project Partners Contract

Mr. Collings reported that last month the Board approved execution of an agreement with Project Partners for the District to bring a contract engineer on board. He reported that he and Ms. Plajzer met with Project Partners and selected an engineer, Ray Hahn, who has been working with the District for two weeks. Mr. Collings reported that Mr. Hahn is focused solely on CIP projects and is doing very well and helping staff tremendously.

Item 13 – Tour of Coastal Treatment Plant – Scheduled for August 19, 2011

Dr. Gumerman reported that the Board's tour of the Coastal Treatment Plant is scheduled for August 19, 2011. He reported that the Board and staff would leave the District at 9:00 a.m. and the tour of the Coastal Treatment Plant would begin at 9:30 a.m. Director Kurtz asked how long the tour would last and Dr. Gumerman reported that he thinks those going on the tour would return to the District by 11:00 a.m.

Director Colton reported that the San Onofre Nuclear Generation Station is having an open house at the San Clemente Community Center this afternoon.

ADJOURNMENT

There was no further business to come before the Engineering and Operations Board and the meeting was adjourned at 10:45 a.m.

Respectfully submitted,

Frani Bailey
Recording Secretary