

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

**December 12, 2011**

A regular meeting of the Engineering and Operations Board of Directors of the Moulton Niguel Water District (MNWD) was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 9:00 a.m. on December 12, 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
MATT COLLINGS	Director of Engineering & Operations
DAVID D. CAIN	Director of Finance/Treasurer
CHARLES J. ROY	Director of Customer Service
PAT GIANNONE	Bowie, Arneson, Wiles & Giannone
RAY MCDOWELL	MNWD
EVA PLAJZER	MNWD
MARK MOUNTFORD	MNWD
STEVE MERK	MNWD
MICHAEL GOMEZ	MNWD
LESLIE GRAY	Board Secretary

**PUBLIC MEMBERS**

MIKE DUNBAR	South Coast Water District
BEN BOYCE	LAER PEARCE & ASSOCIATES

Absent was:

There were no absences.

Item No. 1 – Call Meeting to Order

Chairman Don Froelich presided at the meeting and Leslie Gray recorded the minutes thereof.

**ACTION ITEMS**

**Item No. 8 – Upper Chiquita Reservoir, Project 2008.032 – Additional Reservoir Capacity**

- **Chairman Froelich asked Mr. Cain to present an updated 10-year cash flow incorporating the increase purchase of capacity and the water reliability supply status at the December 15, 2011 Board Meeting.**

Item No. 2 - Approval of Minutes

Chairman Froelich entertained a motion to approve the minutes.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR KURTZ AND SECONDED BY DIRECTOR COLTON, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT APPROVED THE MINUTES OF THE NOVEMBER 14, 2011 ENGINEERING AND OPERATIONS BOARD OF DIRECTORS' MEETING.

Item No. 3 - Public Comments

Chairman Froelich asked if there were any public comments. Mr. David Cain introduced Mr. Michael Gomez, Senior Financial Analyst, and stated it was his first day on the job. Mr. Gomez gave a brief synopsis of his career thus far. The Board of Directors welcomed Mr. Gomez.

Director Probolsky arrived at 9:02 a.m.

**DISCUSSION ITEMS**

Item No. 4 – Monthly Operational Status Reports

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

Item No. 5 – Monthly Construction Progress Report

Mr. Collings stated there are several projects wrapping up. This report will be on the Consent Calendar on Thursday.

a. Upper Salada Oxygen Generation System, Contract 2010.110

Mr. Collings mentioned that the system has been on line since November 16, 2011 and the system calibration and monitoring is on-going. Once the calibration is completed, Mr. Collings will bring a full report back to the Board of Directors at a future meeting.

Director McKenney arrived at 9:05 a.m.

Item No. 6 – Capital Project Budget Summary

Mr. Collings reported that the Engineering Division is moving forward with the execution of projects. This report will be on the Consent Calendar on Thursday.

Item No. 7 – Water Supply Reliability Projects' Status Summary Report

Mr. Collings reported that there a few minor changes from last month. One item noted was that an adjustment was made to the Upper Chiquita Reservoir project to reflect revisions in the project cost and capacity allocation. The discrepancy between the original project cost and current project cost is due to more accurate cost projections being available, as well as adjustments from grant funding (\$8 million) and the purchase of additional capacity (3 cfs) in the Baker Water Treatment Plant (\$4 million). This report will be on the Consent Calendar on Thursday.

Item No. 8 – Upper Chiquita Reservoir, Project 2008.032 – Additional Reservoir Capacity

Mr. Collings reported that the City of San Juan Capistrano is reducing their request for capacity rights by 26.1 acre-feet in the project. The proposed project agreement states that participating agencies have first right of refusal of the available capacity. On Thursday, the Board will be asked to authorize the General Manager to execute an amendment to the Project Agreement to acquire the additional 26.1 acre-feet capacity and to increase the project budget and expense authorization to \$20,600,000 to be funded by bond proceeds. The additional capacity will increase the District's capacity rights to 289.1 acre-feet or 37.6% of the total capacity. The purchase of the additional capacity will help achieve the District goal of providing 31 days of water supply reliability during average day demand conditions.

Mr. Collings also stated that South Coast Water District has voiced an interest in purchasing additional capacity, plus Trabuco Canyon Water District, whom is not currently a participant, has also expressed interest in purchasing the 26.1 acre-feet capacity. Dr. Gumerman will contact Santa Margarita Water District regarding the division and purchase of additional  
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capacity among the participants and clarify what the deadline is for the purchase and report back at the Board Meeting.

Chairman Froelich asked Mr. Cain to present an updated 10-year cash flow incorporating the increase purchase of capacity and the water reliability supply status at the December 15, 2011 Board Meeting.

Item No. 9 – El Dorado and La Paz Pressure Relief Stations, Project 2009.014 – Construction Contract Award

Mr. Collings reported that staff issued a Notice Inviting Sealed Proposals for mechanical modifications at the El Dorado and La Paz Pump Stations. The Board will be asked to award the contract to SS Mechanical Corporation in the amount of \$74,500 and increase the project expense authorization to \$130,200.

Item No. 10 – Operations Facility Drainage Improvements, Project 2010.017 – Professional Services Agreement Approval

Mr. Collings stated that this project involves site modifications to the District's Operations Facility (Plant 2A) as a result of RCE Consultants' analysis of drainage issues. The District holds an Industrial Storm Water Discharge Permit for the site. Samples were taken of the ponds and the run-off of the ponds and it was found that the water quality of the upper pond was poor at best, and could be considered septic. Filling the upper pond with gravel and soil has been determined to be the most cost effective alternative of solving the water quality/runoff issues. Additional site modifications will be added to the scope of work, including site security and space/parking considerations.

District staff is recommending the Board of Directors increase the approved expense authorization to \$150,000 at the December 15, 2011 Board Meeting. A discussion ensued relative to the \$150,000 analysis and it was felt that RCE be allowed to continue its review; however, an additional evaluation, within the General Manager's authorization, should be added to look at relocating the District facilities to another site within the District that may be more conducive to operations without environmental issues.

Item No. 11 – Crown Valley Parkway Valve Replacement, Project 2010.019 – Contract Change Order

Mr. Collings stated that the Board of Directors awarded a construction contract to Paulus Engineering and approved a project budget and expense authorization of \$660,000 in April 2011 to replace existing valves along the 16-inch 450-zone pipeline within Crown Valley Parkway from Cabot Road to Niguel Road. Several change orders have been issued due to numerous failures to the pipeline as a result of draining and charging, which will exceed the project contingency and will require an increase to the original project expense authorization.

The Board of Directors will be asked to increase the Fiscal Year 2011/12 project budget to \$800,000 and the approved expense authorization to \$800,000, increase the construction contingency to \$209,150, and authorize the General Manager to execute construction change orders up to a total amount of \$209,150.

Staff is preparing a Request for Proposals to evaluate alternatives for replacing the pipeline once this project is completed. Based on the recommendation and staff's determination of the extent of the pipe corrosion, a project to replace the failing portion of the project will be initiated.

Item No. 12 – Fleet and Auxiliary Generator Maintenance Services, Operation and Maintenance Budget for Fiscal Year 2011/2012 – Expense Authorization Approval

Mr. Collings reported that the District has utilized contract services of Bayshore Mechanical Repair, Inc., to augment the Support Services Crew with maintenance of District vehicles and equipment for the past few years. District staff is currently reviewing the resource requirements for the Support Services Crew to effectively and efficiently maintain the District's fleet and auxiliary equipment based on the increased maintenance programs. In the meantime, staff is recommending the Board of Directors authorize the General Manager to execute a service agreement with Bayshore Mechanical Repair, Inc., for an amount not-to-exceed \$120,000 through the end of Fiscal Year 2011/12.

**INFORMATION ITEMS**

Item No. 13 – Joint Regional Water Supply System – Project Agreement

Mr. Collings stated that the District is a partner in the Joint Regional Water Supply System (JRWSS) which has significant operational and financial impacts to the District.

Mr. Collings had provided the Agreement for Operations and Maintenance of the Joint Transmission Main along with his Staff Report for the Board's review. A Workshop will be scheduled in February or March, including the staff of the South Coast Water District, to discuss the governance structure of the JRWSS and review of the pipeline. The current Fiscal Year 2011/12 Capital Improvement Budget for the JRWSS is approximately \$2.9 million, which the Board of Directors ratified in July 2011.

Item No. 14 – Scheduled Shutdown of the Metropolitan Water District Diemer Filtration Plant

Mr. Collings reported that the District will participate in the MET planned 7-day shutdown of the Diemer Plant from January 8, 2012 through January 15, 2012. This scheduled shutdown will eliminate imported water to the MNWD system from MET. With the availability of the IRWD Interconnection Project and the Upper Chiquita Reservoir, District staff does not anticipate an impact to the District's normal operation during the shutdown.

Item No. 15 – City of Laguna Niguel – Crown Valley Widening Project

Mr. Collings reported that the City of Laguna Niguel is in the process of widening Crown Valley Parkway between Forbes Road and the I-5 Freeway. The project will impact District facilities at several locations. Therefore, the General Manager authorized a project expense of \$60,000 to address emergency installation of a damaged pipeline during the City's construction efforts.

Item No. 16 – Update of Chiquita Water Reclamation Plant Biosolids Project

Mr. Collings stated there are no updates at this time. The General Manager will make a report at the Board Meeting on Thursday night.

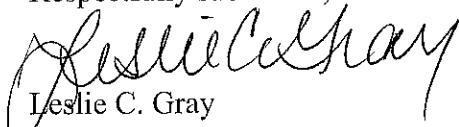
Late Items

There were no late items.

ADJOURNMENT

There was no further business to come before the Engineering and Operations Board and the meeting was adjourned at 11:00 a.m.

Respectfully submitted,

  
Leslie C. Gray  
Board Secretary