

**BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
August 15, 2013
5:30 PM
Approximate Meeting Time: 2 Hours**

Agenda exhibits and other writings that are disclosable public records distributed to all, or a majority of, the members of the Moulton Niguel Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection at the District Office, 27500 La Paz Road, Laguna Niguel, CA ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available in the reception area of the District Office at the same time as they are distributed, except that, if such writings are distributed immediately prior to, or during, the meeting, they will be available in the Board meeting room.

1. CALL MEETING TO ORDER

2. PLEDGE OF ALLEGIANCE

3. MINUTE APPROVAL:

REGULAR MEETING OF JULY 18, 2013

SPECIAL MEETING OF JULY 31, 2013

4. PUBLIC COMMENTS

Persons wishing to address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request To Be Heard" forms are available at the entrance to the Board Room. Comments are limited to five minutes unless further time is granted by the Presiding Officer. Submit form to the Recording Secretary prior to the beginning of the meeting.

Those wishing to address the Board of Directors on any item listed on the Agenda should submit a "Request To Be Heard" form to the Recording Secretary before the Presiding Officer announces that agenda item. Your name will be called to speak at that time.

CONSENT CALENDAR ITEMS: (Items on the Consent Calendar have been discussed at the regularly scheduled Engineering/Operations and Finance/IT Board meetings)

Consent items: Unless the General Manager or the Board requests that an item be removed from the Consent Calendar, all items will be acted upon as a whole and by one vote. Requests for discussion of any specific item should be made to the Presiding Officer in conjunction with the discussion of the consent motion.

5. BAKER PIPELINE CAPACITY TRANSFER AGREEMENT

THE BOARD OF DIRECTORS APPROVES THE BAKER PIPELINE CAPACITY TRANSFER AGREEMENT SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY LEGAL COUNSEL AND PENDING APPROVAL OF FINAL PARTICIPATION IN THE PROJECT; AND AUTHORIZES THE BOARD PRESIDENT TO EXECUTE THE AGREEMENT.

6. METER MAINTENANCE AND REPLACEMENT PROGRAM FOR FY 2013/2014

THE BOARD OF DIRECTORS AUTHORIZES METER PURCHASES WITH AQUAMETRICS FOR AN AMOUNT NOT-TO-EXCEED \$582,000 FOR FY 2013/2014; AUTHORIZES METER PURCHASES WITH EQUARIUS WATERWORKS FOR AN AMOUNT NOT-TO-EXCEED \$25,000 FOR FY 2013/2014; AND AUTHORIZES METER LIDS AND OTHER SUPPLY PURCHASES WITH L.G. SUPPLIES FOR AN AMOUNT NOT-TO-EXCEED \$120,000 FOR FY 2013/2014.

7. KITE HILL PRESSURE REDUCING STATION RELOCATION, PROJECT NO. 2010.003

THE BOARD OF DIRECTORS AWARDS THE CONSTRUCTION SERVICES CONTRACT TO PAULUS ENGINEERING IN THE AMOUNT OF \$219,300; AUTHORIZES THE GENERAL MANAGER TO EXECUTE THE CONTRACT PENDING THE EXECUTION OF THE EASEMENT WITH KITE HILL HOA; INCREASES THE PROJECT EXPENSE AUTHORIZATION FROM \$80,000 TO \$352,187; AND AUTHORIZES THE GENERAL MANAGER OR DESIGNEE TO AUTHORIZE CONTRACT CHANGE ORDERS UP TO 10% OF THE CONTRACT VALUE.

8. FLEET REPLACEMENT FOR FY 2013/2014

THE BOARD OF DIRECTORS AUTHORIZES VEHICLE PURCHASES WITH SANTA MARGARITA FORD FOR FOUR VEHICLES, INCLUDING BODY ACCESSORIES, TOTALING \$138,847.40, AND WITH TUTTLE CLICK FORD FOR ONE VEHICLE TOTALING \$21,155.15; AND AUTHORIZES SALVAGE OF EIGHT VEHICLES – UNITS 40, 43, 45, 87, 85, 1004, 1005, AND 1008.

9. WASTEWATER PRETREATMENT PROGRAM INSPECTION AND FOG PROGRAM COMPLIANCE CONTRACT SERVICES FOR FY 2013/2014

THE BOARD OF DIRECTORS APPROVES AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT WITH ENVIRONMENTAL COMPLIANCE INSPECTION SERVICES (ECIS) FOR A NOT-TO-EXCEED FEE OF \$140,000 FOR FY 2013/2014 FOR A TOTAL AGREEMENT VALUE OF \$278,000; AND AUTHORIZES THE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 1.

10. RATIFICATION OF JOINT POWERS AUTHORITIES BUDGETS FOR FY 2013/2014

THE BOARD OF DIRECTORS RATIFIES THE OPERATIONS AND MAINTENANCE AND CAPITAL IMPROVEMENT PROGRAM BUDGETS FOR THE JOINT POWERS AUTHORITIES FOR FY 2013/2014 AS FOLLOWS: SOUTH ORANGE COUNTY WASTEWATER AUTHORITY IN THE AMOUNT OF \$13,155,877; SAN JUAN BASIN AUTHORITY IN THE AMOUNT OF \$163,375, AND JOINT REGIONAL WATER SUPPLY SYSTEM IN THE AMOUNT OF \$3,072,646.

11. 10-INCH WATER LINE BREAK IN LAGUNA HILLS

THE BOARD OF DIRECTORS AUTHORIZES A PROJECT EXPENSE AUTHORIZATION OF \$150,000.

12. PROFESSIONAL SERVICES AGREEMENT AMENDMENT FOR FINANCE DEPARTMENT SUPPORT

THE BOARD OF DIRECTORS APPROVES A SECOND AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH CFO-ONSITE, LLC, AND AUTHORIZES THE GENERAL MANAGER TO EXECUTE ALL NECESSARY DOCUMENTS ON BEHALF OF THE DISTRICT.

GENERAL MANAGER MATTERS: (ADMINISTRATIVE MATTERS/GENERAL DISTRICT BUSINESS (UPDATE AS NECESSARY))

LEGAL MATTERS:

13. ADOPTION OF RESOLUTION NO. 13-____ APPOINTING TREASURER OF THE DISTRICT

PRESIDENT'S REPORT

BOARD REPORTS

CLOSED SESSION

14. Conference with Legal Counsel – Existing Litigation (Three Cases)

Pursuant to Government Code Section 54956.9(a), a Closed Session will be conducted to confer with Legal Counsel regarding the following cases:

a. Shapell Industries, Inc., a Delaware Corporation vs Moulton Niguel Water District (Orange County Superior Court)

b. Briosa Owners Association, a California Corporation vs Moulton Niguel Water District (Orange County Superior Court)

c. Cantora Community Association vs Metropolitan Water District of Southern California, Moulton Niguel Water District (Orange County Superior Court)

LATE ITEMS (Appropriate Findings to be Made)

- a. Need to take immediate action; and
- b. Need for action came to District's attention after Agenda Posting. [Requires 2/3 vote (5 members) or unanimous vote if less than 2/3 are present]

ADJOURNMENT

A copy of the agenda and attachments is available for review at the District office. The Board of Directors' Meeting Room is wheelchair accessible. If you require any special disability related accommodations (i.e., access to an amplified sound system, etc.), please contact the Moulton Niguel Water District Secretary's office at (949) 643-2006 at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternate format upon written request to the Moulton Niguel Water District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT**

**JULY 18, 2013
5:30 PM**

A Regular Meeting of the Board of Directors of the Moulton Niguel Water District was held at the District offices, 27500 La Paz Road, Laguna Niguel, California. There were present and participating:

DIRECTORS

Larry McKenney	President
Richard Fiore	Director
Donald Froelich	Vice President
Gary Kurtz	Director
Larry Lizotte	Director
Brian Probolsky	Vice President

Also present and participating were:

STAFF MEMBERS, LEGAL COUNSEL, AND MEMBERS OF THE PUBLIC

Joone Lopez	General Manager
Matt Collings	Director of Engineering & Operations
Gina Hillary	Director of Human Resources
Eva Plajzer	MNWD
Megan Geer	MNWD
Kelly Winsor	MNWD
Karren Maddox	MNWD
Pat Giannone	Bowie, Arneson, Wiles & Giannone
Michael Beanan	South Laguna Civic Association
Leslie Gray	Board Secretary

1. **CALL MEETING TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **MINUTE APPROVAL:**

MOTION DULY MADE BY GARY KURTZ AND SECONDED BY DONALD FROELICH, THE MINUTES OF THE REGULAR MEETING OF JUNE 20, 2013 WERE APPROVED AS PRESENTED.

4. PUBLIC COMMENTS

Michael Beanan, Vice President of the South Laguna Civic Association, stated that a Wastewater Task Force has been set up for the City of Laguna Beach. Mr. Beanan invited MNWD to be a member of Task Force and also distributed brochures for the Laguna Bluebelt and suggested the Board of Directors consider becoming members of that organization.

Jackie Gallagher, a resident of Laguna Beach, spoke to the Wastewater Task Force and also encouraged the District's involvement.

CONSENT CALENDAR ITEMS:

Larry McKenney reported that Consent Calendar Items 5-11 were extensively discussed by the Board of Directors at the Engineering & Operations and Finance & Information Technology Board meetings prior to taking action today. Donald Froelich requested that Item 11 be pulled for further discussion.

MOTION DULY MADE BY GARY KURTZ, SECONDED BY DONALD FROELICH, THE BOARD OF DIRECTORS APPROVED CONSENT ITEMS 5-10 AS PRESENTED.

FOLLOWING DISCUSSION, MOTION DULY MADE BY LARRY MCKENNEY, SECONDED BY DONALD FROELICH, CONSENT CALENDAR ITEM 11 WAS APPROVED WITH THE BOARD'S SUPPORT OF WILLIAM NELSON, INCUMBENT, FOR THE CALIFORNIA SPECIAL DISTRICTS ASSOCIATION, SEAT B, REGION 6.

GENERAL MANAGER MATTERS:

Joone Lopez reported that the District-sponsored Regional Blood Drive, recommended by Brian Probolsky was very successful. The District's record was broken with a total of 46 pints collected. Joone recognized the support of the City of Laguna Niguel for hosting the event. The Red Cross was extremely happy with the venue and the results of the blood drive. The next Regional Blood Drive is scheduled for October 3 at the Laguna Niguel City Hall.

Joone will attend the El Toro Water District Recycled Water Project Groundbreaking tomorrow.

The next meeting of the South Orange County Agencies will be on July 31 at noon. Bill Steele, Area Manager for the Southern California Area Office of the United States Bureau of Reclamation will give a presentation on the current state of federal funds and potential impacts to South Orange County agencies.

The MWDOC Water Policy Dinner is on July 24, and the new City Manger of Laguna Niguel, Rod Foster, will be a District-sponsored guest.

The Special Board meeting on July 31 will include a Public Hearing for the Laguna Sur/Monarch Point proposed sewer service rate increase set by SCWD and the annual adoption of a resolution for collection of 2013/14 sewer service charges and rates on property tax bills. A Water Reliability Update will also be presented, including a presentation by CDM Smith regarding the District's Long Range Water Resources Plan.

Directors Richard Fiore and Gary Kurtz attended the Orange County Employee Association sponsored Hot Dog Day held at Plant 2A on July 16.

Joone Lopez reported that employee Kevin Crawford put together a water distribution training and field trip for interested employees. She has received great feedback from employees following the training and is looking to expand the training.

Joone Lopez stated she attended the South Orange County Watershed Management Authority Executive Committee meeting today. They voted to adopt the Integrated Regional Water Management Plan Update, which is necessary to qualify for Proposition 84 funding. The Plan will be brought before the Board for their adoption in September. She reported that an election of a new Chair and Vice Chair took place at the Executive Committee. Jerry McCloskey, Council Member of Laguna Niguel was voted in as Chair, and Saundra Jacobs, Director, Santa Margarita Water District, was voted in as Vice Chair.

LEGAL MATTERS:

PUBLIC HEARING – 2013 REPORT WATER QUALITY RELATIVE TO PUBLIC HEALTH GOALS

Joone Lopez pointed out that staff made the requested language changes to the 2013 Report on Water Quality Relative to Public Health Goals as discussed in the Engineering and Operations Board meeting. Larry McKenney opened the Public Hearing at 6:55 p.m. and called for public comments. Hearing none, he closed the Public Hearing at 6:55 p.m. Pat Giannone noted for the record that both the Affidavit of Posting and Proof of Publication were completed.

MOTION DULY MADE BY RICHARD FIORE AND SECONDED BY DONALD FROELICH, THE BOARD OF DIRECTORS ADOPTED RESOLUTION NO. 13-15 ENTITLED "RESOLUTION OF THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT APPROVING TO RECEIVE AND FILE 2013 REPORT ON WATER QUALITY RELATIVE TO PUBLIC HEALTH GOALS", WITH THE AMENDED CHANGES.

PRESIDENT'S REPORT

Larry McKenney mentioned the Southern California Water Committee Quarterly meeting and Bay Delta Conservation Plan Workshop on Friday, July 26 being held at the Irvine Ranch Water District. The Workshop will include a panel discussion featuring

Dr. Jerry Meral, Deputy Secretary, CA Natural Resources Agency; Dr. David Sunding, UC Berkeley Professor & Economist, The Brattle Group; and Dave Mraz, Principal Engineer and Chief, DWR's Delta Levees & Engineering Branch.

Larry McKenney stated he was the guest speaker at last night's Aliso Viejo City Council meeting and spoke briefly on the Bay Delta Conservation Plan.

BOARD REPORTS

No reports

The meeting was adjourned to Closed Session at 6:01 p.m.

CLOSED SESSION

13. Conference with Legal Counsel - Anticipated Litigation

Pursuant to Government Code Section 54956.9(b) (1), a Closed Session will be conducted to confer with Legal Counsel regarding the following claims:

- a. Claim of Auto Club Enterprises/subrogation re insured Neal Massick [29522 Via Alto Cerro, Laguna Niguel, 92677]; for property damage related to water damage, pipe replacement.

Date of Occurrence: 6-27-2012
Amount Claimed: \$5,909.42
Date of Claim: 6-25-2013, received 6-28-2013

- b. Claim of Mission Point HOA for property damages related to 3A Effluent Transmission Main relocation project (San Juan Capistrano).

Date of Occurrence: 12-2010 through 8-2011
Amount Claimed: \$46,724
Date Formal Claim Submitted: 4-12-2013

The meeting was reconvened to open session at 7:26 p.m. Larry McKenney reported that the claim of Auto Club Enterprise/subrogation re insured Neal Massick was rejected. He also stated there was no reportable information relative to the Claim of Mission Point HOA.

LATE ITEMS (Appropriate Findings to be Made)

There were no late items presented.

ADJOURNMENT

Thereafter, the Regular Meeting of the Board of Directors of the Moulton Niguel Water District was adjourned at 7:27 p.m.

Respectfully submitted,

Leslie C. Gray
Board Secretary

DRAFT

**MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT**

July 31, 2013

A Special Meeting of the Board of Directors of the Moulton Niguel Water District was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 5:30 PM on July 31, 2013. There were present and participating:

DIRECTORS

Larry McKenney	President
Donald Froelich	Vice President
Brian Probolsky	Vice President
Richard Fiore	Director
Larry Lizotte	Director

Also present and participating were:

STAFF MEMBERS, LEGAL COUNSEL, AND MEMBERS OF THE PUBLIC

Joone Lopez	General Manager
Matt Collings	Director of Engineering & Operations
Gina Hillary	Director of Human Resources
Michael Gomez	Director of Finance
Eva Plajzer	MNWD
Mark Mountford	MNWD
Kelly Winsor	MNWD
Rhonda Himley	MNWD
Pat Giannone	Bowie, Arneson, Wiles & Giannone
Dan Rodrigo	CDM Smith
Lanaya Voelz	CDM Smith
Leslie Gray	Board Secretary

1. Call Meeting to Order
2. Public Comments

None

3. PUBLIC HEARING ON PROPOSED SEWER SERVICE RATE INCREASE SET BY SOUTH COAST WATER DISTRICT FOR LAGUNA SUR/MONARCH POINT REORGANIZATION AREA

ADOPTION OF ORDINANCE NO. 13-01 "ORDINANCE OF RULES AND REGULATIONS OF THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT ADOPTING CERTAIN REVISIONS TO ANNUAL SEWER SERVICE CHARGES AND USAGE RATES IN THE SCHEDULE OF RATES AND CHARGES AS SET FORTH IN EXHIBIT B TO THE RULES AND REGULATIONS OF MOULTON NIGUEL WATER DISTRICT FOR WATER, SEWER AND RECYCLED WATER SERVICE FOR: LAGUNA SUR/MONARCH POINT LAFCO-R096-05"

LARRY MCKENNEY OPENED THE PUBLIC HEARING AT 5:32 P.M. AND NOTED THAT THE SCWD APPROVED THE REVISED RATES AND CHARGES FOR YEARS 2013-14 AND 2014-15, ONLY, AND ALSO DECREASED THE USAGE RATES FOR 2013-14 AS ORIGINALLY PROPOSED IN THE 218 NOTICES. PAT GIANNONE ENTERED THE AFFIDAVIT OF POSTING AND PROOF OF PUBLICATION FOR THE RECORD. NO PUBLIC TESTIMONY OR WRITTEN PROTESTS WERE GIVEN; THEREFORE, THE PUBLIC HEARING WAS CLOSED AT 5:35 P.M.

Brian Probolsky arrived at 5:36 p.m.

UPON MOTION DULY MADE BY RICHARD FIORE, SECONDED BY DONALD FROELICH, THE PRESIDENT CONDUCTED THE SECOND READING OF THE PROPOSED ORDINANCE NO. 13-01 IMPLEMENTING REVISIONS TO THE DISTRICT RULES AND REGULATIONS FOR SOUTH COAST WATER DISTRICT SEWER SERVICE CHARGES AND RATES FOR LAGUNA SUR/MONARCH POINT REORGANIZATION AREA FOR 2013-14 AND 2014-15, WITH THE FINAL RATES ADOPTED BY SCWD.

LARRY MCKENNEY RECITED THE COMPLETE TITLE OF ORDINANCE NO. 13-01: "ORDINANCE OF RULES AND REGULATIONS OF THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT ADOPTING CERTAIN REVISIONS TO ANNUAL SEWER SERVICE CHARGES AND USAGE RATES IN THE SCHEDULE OF RATES AND CHARGES AS SET FORTH IN EXHIBIT B TO THE RULES AND REGULATIONS OF MOULTON NIGUEL WATER DISTRICT FOR WATER, SEWER AND RECYCLED WATER SERVICE FOR: LAGUNA SUR/MONARCH POINT LAFCO-R096-05."

UPON MOTION DULY MADE BY LARRY LIZOTTE, SECONDED BY RICHARD FIORE, THE BOARD OF DIRECTORS WAIVED THE READING OF THE COMPLETE TEXT OF ORDINANCE NO. 13-01.

UPON MOTION DULY MADE BY RICHARD FIORE, SECONDED BY LARRY LIZOTTE, THE BOARD OF DIRECTORS ADOPTED ORDINANCE NO. 13-01, AS PRESENTED AND DIRECTED STAFF TO IMPLEMENT THE REVISIONS IN THE DISTRICT RULES AND REGULATIONS FOR SEWER SERVICE. BRIAN PROBOLSKY VOTED NO. MOTION PASSED 4-1.

4. PUBLIC HEARING AND ANNUAL ADOPTION OF RESOLUTION FOR COLLECTION OF 2013-14 SEWER SERVICE CHARGES AND RATES FOR LAGUNA SUR/MONARCH POINT REORGANIZATION AREA ON PROPERTY TAX BILL

LARRY MCKENNEY OPENED THE PUBLIC HEARING ON FISCAL YEAR 2013-14 REPORT FOR THE LAGUNA SUR/MONARCH POINT REORGANIZATION AREA TAX ROLL COLLECTION PROCESS AT 5:42 P.M. HEARING NO PUBLIC COMMENTS OR PROTESTS, THE PUBLIC HEARING WAS CLOSED AT 5:43 P.M.

UPON MOTION DULY MADE BY DONALD FROELICH, SECONDED BY LARRY LIZOTTE, THE BOARD OF DIRECTORS ADOPTED RESOLUTION NO. 13-16 ENTITLED, "RESOLUTION OF THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT RESOLUTION OF THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT ADOPTING REPORT OF ANNUAL SEWER SERVICE CHARGES TO BE COLLECTED VIA PROPERTY TAX STATEMENTS ON TAX ROLL FOR THE PERIOD COMMENCING JULY 1, 2013." RICHARD FIORE REQUESTED THAT HOMEOWNER NAMES BE REDACTED FROM THE RECORD IN EXHIBIT A TO RESOLUTION NO. 13-16.

5. WATER RELIABILITY UPDATE

Joone Lopez introduced the team from CDM Smith, Dan Rodrigo and Lanaya Voelz, who are working with staff on the Long Range Water Resources Plan ("Plan"). Matt Collings gave an overview of today's presentation.

He discussed the major project tasks, objectives, planning process, and schedule of the Plan. The Plan is anticipated to take 11 months and CDM Smith will provide updates to the Board. A formal presentation will occur at the October Board meeting, with a presentation of evaluation results and a draft strategy at the April 2014 Board meeting. The final Plant will be presented at the May 2014 Board meeting.

The Board thanked Dan Rodrigo and Lanaya Voelz for their presentation.

Matt Collings reviewed the various reliability projects the District is currently involved in: Baker Water Treatment Plant, San Juan Basin Authority Groundwater Management Facilities Plan, Doheny Desalter Project, Second Lower Cross Feeder, and the Huntington Beach Desalter Project.

#3.

6. GENERAL MANAGER MATTERS:

Joone Lopez deferred her report to the August 7 Personnel & Salary Board meeting.

7. CLOSED SESSION

Conference with Legal Counsel - Existing Litigation (One Case)

In Accordance with Government Code Section 54956.9 (a), a Closed Session will be conducted to confer with Counsel on:

United States, the States of California, Delaware, Florida, Illinois, Indiana, Nevada, New Mexico, New York, and Tennessee, the Commonwealths of Massachusetts and Virginia, and the District of Columbia ex rel. John Hendrix vs. J-M Manufacturing Company, Inc., d/b/a JM Eagle, a Delaware corporation, and Formosa Plastics Corporation, U.S.A., a Delaware corporation: Federal and State court cases

The meeting was adjourned to Closed Session at 7:53 p.m. The meeting reconvened to open session at 8:07 p.m. Larry McKenney stated there was no reportable action to announce.

Adjournment

Thereafter, the Special Meeting of the Board of Directors of the Moulton Niguel Water District was adjourned at 8:08 p.m.

Respectfully submitted,

Leslie C. Gray
Board Secretary