

December 21, 1998



Moulton Niguel Water

Mr. Ken Frank
City Manager
City of Laguna Beach
505 Forest Avenue
Laguna Beach, California 92651

Regarding: **Proposed Capacity Purchase
AWMA Coastal Treatment Plant**

Dear Ken:

In the District's October 7, 1998 letter to you, the District outlined its need for additional treatment plant capacity, and made an offer to purchase excess capacity owned by the City in the AWMA Coastal Treatment Plant. The value of the offers was \$2,971,150 for 1.5 mgd of capacity, and \$3,466,341 for 1.75 mgd of capacity. These values were determined using the final audited costs for the AWMA project committees that constructed the Coastal Treatment Plant and the sludge force main, and updating them to April 1998. It is our intention to update these costs to the actual transfer date, once that is known.

Subsequent to making this offer, the District has determined that several recent and ongoing capital improvement projects at the Coastal Treatment Plant should also be included in the offer to purchase, since MNWD will benefit from them as a member of Project Committee 15. These capital improvements are the new sludge force main, the foul air system upgrades, reconstruction of the treatment plant access bridge, and retrofit of the secondary clarifiers to a conventional chain and flight mechanism. The total cost of these projects, as well as the cost that MNWD would pay if purchasing either 1.5 or 1.75 mgd of capacity are shown on the attached Table.

When these costs are added, the value of the offer to purchase becomes \$3,832,643 and \$4,471,416 for 1.5 and 1.75 mgd of treatment capacity respectively.

If the City is interested in this proposed capacity transfer, please contact me as soon as possible so that preparation of the required amendments to the AWMA Project Committee Agreements can be commenced.

Sincerely,

MOULTON NIGUEL WATER

John N. Wiper
Assistant General Manager

JNW:LGP

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