MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
OF THE
EL TORO WATER DISTRICT
September 27, 2018

President Goldman called the meeting of the Board of Directors of the ELTORO WATER DISTRICT to order at 7:30 o'clock a.m. on September 27, 2018 at the El Toro Water District Administrative Offices, 24251 Los Alisos Boulevard, Lake Forest, California.

Vice President Vergara led in the Pledge of Allegiance to the flag.

Present at today's meeting were Committee Members M. SCOTT GOLDMAN, JOSE F. VERGARA, MARK MONIN, FRED ADJARIAN and KATHRYN FRESHLEY.

Also present were ROBERT R. HILL, General Manager/Secretary, DENNIS P. CAFFERTY, Assistant General Manager/District Engineer, JUDY CIMORELL, Human Resources Manager, NEELY SHAHBAKHTI, Finance Manager/Controller, GILBERT J. GRANITO, General Counsel, MIKE GASKINS, customer, and POLLY WELSCH, Recording Secretary.

Oral Communications - Public Comments

President Goldman stated that at this time members of the public may address the Board or they may reserve this opportunity with regards to an item on the agenda, until the Board discusses said item later in today's meeting.

There were no comments.

Items Received Too Late To Be Agendized

President Goldman asked if there are any items received too late to be agendized. Mr. Hill replied no.

Presentation of Awards, Recognitions and Introductions

There were no acknowledgements.

Special District/Employee Association/Community Award Acknowledgement and Employee Special Recognition

There were no acknowledgements.

Consent Calendar

All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item.

1. Consider approving the August 16, 2018 Special Board meeting minutes.
2. Consider approving the August 21, 2018 Engineering Committee meeting minutes.
3. Consider approving the August 21, 2018 Finance Committee meeting minutes.
4. Consider approving the August 23, 2018 Board meeting minutes.

Director Freshley made a correction to the minutes, which the Board Secretary noted and will correct.

Motion: Director Freshley made a Motion, seconded by Director Monin, and unanimously carried across the Board to approve the Consent Calendar, with Director Freshley's suggested correction.

Roll Call Vote:

Director Adjarian	aye
Director Monin	aye
President Goldman	aye
Vice President Vergara	aye
Director Freshley	aye

Approval of Items Removed from the Consent Calendar

There were no items removed from today's Consent Calendar.

Director/Committee Reporting

Director Adjarian stated that he attended the MWDOC/MET Directors workshop, the SOCWA Board meeting, WACO, a SCE Water conference, WACO Planning Committee, SOCWA Finance Committee, LF Chamber of Commerce meeting, and will be talking about the CA Water Fix on TV-6.

Director Monin stated that he attended WACO, ISDOC Executive Committee, MWDOC/MET Directors workshop, MWDOC Admin/Finance, MWDOC Planning/Operations, WACO Planning Committee, the LF Legislative luncheon, and the CSDA conference.

Vice President Vergara stated that he attended the MWDOC Planning/Operations meeting, MWDOC/MET Directors workshop, WACO, MWDOC Admin/Finance, MWDOC Board meeting, the Scott Colton Celebration of Life, the LF Legislative lunch meeting, and will be attending the memorial service for Wayne Clark.

Director Freshley stated that she attended WACO, LAFCO, SOCWA Board, SOCWA Finance, LF Legislative lunch meeting, Women in Water breakfast, and CSDA Governance Training,

President Goldman stated that he attended the SOCWA Board meeting, WACO, annual WateReuse conference, the CASA Board retreat, and a meeting later today with IRWD as a follow-up to the SOCWA Board meeting, and the WEFTEC conference.

General Manager Action Items

R-6 Reservoir Sodium Hypochlorite Tank Replacement Project

Mr. Cafferty stated that the two 5,000 gallon Sodium Hypochlorite Storage Tanks at the R-6 Reservoir are nearly 20 years old and beginning to show signs of fatigue. He further stated that staff had several contractors take a look at them, and it was determined that they are unrepairable and the manufacturer recommends replacing the tanks due to leaks and internal wear.

President Goldman asked how to determine share of costs with MNWD and SMWD. Mr. Cafferty replied that the original agreement states that SMWD pays 25% of capital costs for the inlet/outlet system and MNWD pays 5%.

Director Monin asked what happens to the old tanks. Mr. Cafferty replied that there are certain protocols that have to be followed for disposal of the tanks.

Director Freshley asked if this project has to be staged. Mr. Cafferty replied yes, the contractor will drain and replace the tanks one at a time.

Mr. Cafferty stated that this project is a carry-over from last year's capital budget.

President Goldman asked for a Motion.

Motion: Director Adjarian made a Motion, seconded by Director Monin and unanimously carried across the Board that the Board authorize the District's General Manager to enter into a contract with S.S. Mechanical Construction Corp. in the amount of $213,224.00 for construction of the R-6 Reservoir Sodium Hyperchlorite Tank Project.

Roll Call Vote:

Director Adjarian	aye
Director Monin	aye
Director Freshley	aye
President Goldman	aye
Vice President Vergara	aye

ETWD Emergency Storage Analysis/Formation of a South Orange County Water Storage Coalition

Mr. Hill stated that there has been a lot of discussion about system and supply reliability, and the Orange County Water Reliability Study is still in progress. He further stated that staff attended a workshop last week on this topic.

Mr. Hill stated that some time ago a South County Water Reliability Study was done with MWDOC leading the effort. He further stated that it concluded that when it comes to a MET pipeline system break, it is probably going to be 2 weeks, but the more significant exposure would be to a Diemer outage. Mr. Hill

stated that MET has invested millions of dollars in improving reliability at the Diemer filtration plant in Yorba Linda.

Mr. Hill stated that based on MET's input, the goal or objective was to be able to withstand a 60-day interruption of the Diemer Filtration plant. He further stated that SMWD wants to form a South Orange County Water Storage Coalition.

Mr. Hill stated that staff will discuss with the Board whether we want to provide a non-binding letter of interest to SMWD in being part of the coalition. He further stated that SMWD would like to know a specific amount of storage we would be interested in.

Mr. Cafferty stated that the R-6 capacity is 275 million gallons (mg), and ETWD owns 124.5 mg, MNWD owns 13 mg, and SMWD owns 137.5 mg. He further stated that tank storage in the R-1 Reservoir is 3 mg, R-2 Reservoir is 2 mg, R-3 Reservoir is 2 mg, R-4 Reservoir is 3 mg, and R-5 Reservoir is 2 mg, for a total of 12 mg.

Director Freshley asked how much is a million gallons of water. Mr. Cafferty replied that approximately 325,000 gallons of water equal an acre foot.

Mr. Cafferty stated that the R-6 Reservoir at minimum operating level capacity is 268 mg, and ETWD's emergency capacity is 121 mg. He further stated that staff assumes tank emergency storage at 50% capacity or 6 mg, for a total storage of 127 mg.

Mr. Cafferty stated that staff evaluated 4 years of billing data from 2014-2018, and selected the 2017/18 demands for a conservative analysis. He further

stated that the analysis incorporates the impact of the Phase II Recycled Water Project offset of potable demands.

Mr. Cafferty stated that the sources of supply include the Diemer Treatment plant, and the Baker Water Treatment plant which takes water from the Colorado River. He further stated that storage analysis includes demand conditions such as winter, average daily demand, and summer.

Mr. Cafferty stated that ETWD can already meet a 60 day outage of MWD treated water supplies under winter conditions. He further stated that existing storage provides ETWD a reasonably good position relative to 60 day outage of MWD treated water supplies under average day conditions. Mr. Cafferty noted that far more aggressive conservation would be required to meet a 60 day outage in summer demand conditions.

Mr. Cafferty stated that potential storage and reliability projects in South County could include the Cadiz Water Bank project, the Strand Ranch project, the Doheny Desal project, and the Poseidon Desal project. He further stated that other projects include the South County Regional Interconnection, the EOCF #2 groundwater emergency pump-in, the Irvine Lake emergency supply to the Baker Treatment Plant, and the ETWD Phase III Recycled Water project.

Mr. Cafferty stated that SMWD is seeking a non-binding letter of interest and a specific amount of storage.

President Goldman asked what other agencies are signing up for the emergency storage coalition. Mr. Hill replied that staff will survey the neighboring agencies to see who is confirming commitments.

President Goldman suggested that the Board consider identifying 500 acre feet of storage in a non-binding letter of interest.

President Goldman asked for a Motion.

Motion: Director Adjarian made a Motion, seconded by Vice President Vergara and unanimously carried across the Board to authorize the District's General Manager to prepare and submit a non-binding letter of interest to SMWD to participate in the proposed South Orange County Water Storage Coalition for the amount of 500 acre feet of storage.

Roll Call Vote:

Director Adjarian	aye
Director Monin	aye
Director Freshley	aye
Vice President Vergara	aye
President Goldman	aye

Proposed Ratification of a Revision to the Employee Handbook

Mr. Hill stated that in March 2018 the Employee Handbook was updated and approved by the Board to replace the existing manual in it's entirety with the labor laws updated.

Mr. Hill stated that steel-toed boots are required for the staff who work in the field. He further stated that boot prices have increased and that the boot allowance is not sufficient to cover the cost of the boots.

Mr. Hill stated that staff did an agency survey and the allowance is between $200 and $500 with the average allowance being $320 per year.

President Goldman asked for a Motion.

Motion: Director Monin made a Motion, seconded by Director Adjarian and unanimously carried across the Board to ratify a revision to Section VI – Management/Employee Relations – Expenses and Expense Accounts of the Employee Handbook increasing the Safety Boot Allowance from $200 to $300 per year, retroactive to July 1, 2018.

Roll Call Vote:

Director Adjarian	aye
Director Monin	aye
Director Freshley	aye
Vice President Vergara	aye
President Goldman	aye

MWDOC Legislative Policy Principles

Mr. Hill stated that every year the District contributes to MWDOC's lobbyists general fund budget. He further stated that MWDOC is asking for recommendations no later than Friday, October 5, 2018.

Mr. Hill stated that staff is not recommending providing MWDOC with suggested changes.

Director Freshley stated that she read the materials and agree with MWDOC's objectives. Director Adjarian stated that he also agreed.

President Goldman stated that there is no action needed on this proposal.

Resolution No. 18-9-2 Biennial Review of Conflict of Interest Code

Mr. Hill stated that this Code is reviewed every two years, and the only amendment is adding the Project Engineer as a position required to file a Form 700 since he is involved with Contractors. He further added that this position does not file with the FPPC.

President Goldman asked for a Motion.

Motion: Director Monin made a Motion, seconded by Director Freshley and unanimously carried across the Board to approve and adopt Resolution No. 18-9-2, and to authorize the Recording Secretary to disclose to the County Board of Supervisors office using e-disclosure that the District's Conflict of Interest Code will be amended in 2018.

Roll Call Vote:

Director Adjarian	aye
Director Monin	aye
Director Freshley	aye
Vice President Vergara	aye
President Goldman	aye

Resolution No 18-9-3 Supporting Water Professionals Appreciation Week

Mr. Hill stated that Oct 6 thru 14th is California Water Professionals Appreciation Week. He further stated that the webpage will be expanded and we will use social media, CAG, and TV-6 to expand on this.

Director Adjarian noted that the second paragraph of the reference material mentions the ACWA Deputy Executive Director for External Affairs Jennifer Persike, however Jennifer has retired.

President Goldman asked for a Motion.

Motion: Director Adjarian made a Motion, seconded by Director Monin and carried unanimously across the Board to approve Resolution No. 18-9-3 supporting California Water Professionals Appreciation Week.

Roll Call Vote:

Director Adjarian	aye

Director Monin	aye
Director Freshley	aye
Vice President Vergara	aye
President Goldman	aye

General Manager Information Items

General Manager's Monthly Report

Mr. Hill stated that the Customer Service report is looking good.

There were no other comments.

State Drought Regulations – Monthly Report

Mr. Hill stated that we continue to file the monthly water usage reports to the State compared to our 2013 usage. He further stated that we included Recycled Water sales, and are still at 24% overall.

Legislative Reports

Mr. Hill stated that SB 998, which wants one size fits all for shutting off customers for non-payment, is on the Governor's desk for signature. He further stated that staff will be having a meeting to discuss the District's current process for handling non-payment customers, and how this bill will impact the District.

Mr. Hill stated that AB 2050 which is taking the place of SB 623, Water Tax is also on the Governor's desk for signature. He further stated that SB 845, Urban Water Suppliers, and SB 844, Agricultural Suppliers which was trying to replace SB 623 Water Tax both failed, but could return next year.

Mr. Granito reported that it is highly probable that SB 998 will be signed by the Governor. If so, the compliance date is February 1, 2020.

Director Freshley stated that whoever wrote the County of Orange Report on the LAFCO update, the last paragraph, she didn't get the same interpretation at all while she attended the meeting. Mr. Hill replied that the Lewis Consulting Group who is a consultant for MWDOC wrote the summary.

Public Education and Outreach/Water Conservation Reports

Mr. Hill stated that Ms. Seitz is attending a California Emergency Services Association conference in Indian Wells. He further stated that ETWD will be joining the group for $110 the first year and $75/year afterwards.

Director Freshley stated that in the report there are 4 different activities and asked if the Board members could attend. Mr. Hill replied that Ms. Seitz previously sent this list of outreach activities to the Directors so that they are aware of what is going on in the community and could attend if interested. President Goldman stated that the outreach events are not compensable events.

SOCWA Reports

President Goldman stated that at the SOCWA Board meeting there was an open discussion item that was somewhat disturbing by the SOCWA General Manager that suggested that all agencies have liability if there is a third party lawsuit associated with the failure of SOCWA facilities regardless of the membership in individual project committees. He further stated that the SOCWA General Manager suggested that the lack of financial support of capital projects at the Coast Treatment Plant by MNWD could lead to catastrophic failures and each of the member agencies would all be liable.

Director Adjarian stated that the SOCWA Board directed the General Manager to provide a list of critical projects that need attention within the next 12-18 months and the cost associated with them. President Goldman stated that what was presented was a $15 million project.

Mr. Cafferty stated that at the Engineering Committee meeting they laid out a 10-year capital plan for the Regional Treatment Plant at which ETWD owns solids handling capacity, for a $95 million total cost over the next 10 years, of which ETWD is responsible for approximately $8 million, which is double what was discussed last year.

Director Adjarian stated that at the Finance Committee meeting they discussed the 2016/17 Use Audit, 2017/18 staff presentations, and an update from MNWD regarding their analysis of unfunded liability. He further stated that MNWD is still reviewing additional data, so this is still pending. Director Adjarian stated that they recommended approval of the 2016/17 Use Audit.

Mr. Cafferty stated that SOCWA is reviewing the O&M costs and some agencies may get a refund while others may incur additional costs.

MWDOC

Director Monin stated that at the Planning & Operations meeting they discussed the status of the Orange County Water Reliability, the MWDOC Strand Ranch pilot, and water loss control. Vice President Vergara stated that they had a presentation by IRWD on the Strand Ranch project

Director Monin stated that at the MWDOC/MET Workshop they discussed MET Chairmanship, and the Santa Ana Regional Conservation program.

Director Monin stated that at the Admin/Finance meeting they discussed a MWDOC Water Facilities meeting, a presentation from HighMark regarding OPEB and pension trust investments, 2018/19 choice programs, an award for seismic retrofits, Prudent companion policy, FEMA and AWWA disaster resource workshops, and the ACC-OC advocacy conference.

Vice President Vergara stated that the companion policy is when a Director attends a conference and brings their spouse along.

Vice President Vergara stated that at the Board meeting they approved everything on the agenda.

Mr. Hill stated that Mr. Cafferty attended the Orange County Water Reliability Study workshop which was held in lieu of the Managers meeting.

LAFCO

Director Adjarian stated that the Commission approved the MSR for the City of San Juan Capistrano Water and Wastewater Utility, and there was no emphasis on which agency to recommend.

SOCWMA

Mr. Cafferty stated that at the Management Committee they discussed south and north county disadvantaged community applications, and ETWD will now be a part of the sub-committee that will review projects.

ISDOC Meetings

Director Monin stated that they discussed joining the Fire Authority.

WACO Meetings

Vice President Vergara stated that they discussed potential new water supplies, and who should attend and speak at the WACO Planning Committee meetings.

City Coordination Efforts

There were no comments.

Committee and General Information

There were no comments.

Dates to Remember

There were no comments.

Carry-Over Pending Matters

Mr. Cafferty stated that Cyber Security, and System Vulnerability are on-going projects, and Phase III Recycled Water will be discussed at the upcoming Special Board meeting, and we are focused on these projects.

Director Comments/Non-Agenda Items

Director Freshley stated that she sat in on a City meeting where they discussed a cell tower that Verizon is proposing to put on ETWD's property. She further stated that they passed Ordinances within our service area regarding access to the cell tower and any graffiti removal. She asked who is responsible for the upkeep on the cell tower and any removals.

Mr. Cafferty stated that there is a separate lease document between the District and Verizon. He further stated that the District has several cell site leases within the service area, and when the towers go away, the lease holder is responsible for taking them down.

Attorney Report

Mr. Granito reported that there is a need for a Closed Session today for staff to provide an update on the SCE claim.

Recess

At approximately 9:34 o'clock a.m. the Board took a short recess.

Regular Session

Closed Session

At approximately 9:37 o'clock a.m. the Board returned to Regular Session and immediately went into Closed Session.

Regular Session/Open Session Report

At approximately 9:45 o'clock a.m. the Board returned to Regular Session. Also at this time, Ms. Welsch returned to the meeting.

Mr. Granito reported that at approximately 9:37 o'clock a.m. the Board went into Closed Session to discuss item #2 of today's Closed Session agenda. He further reported that during this phase of the Closed Session, the General Counsel, General Manager, and Assistant General Manager led a discussion on the Claim filed by Southern California Edison (SCE) on August 20, 2018, and during the Closed Session the Board rejected that Claim. No further reportable action was taken.

Adjournment

There being no further business to come before the Board, the following motion was duly made and passed.

Motion: Director Monin moved, seconded by Director Freshley and unanimously carried that today's meeting be hereby adjourned at 9:45 o'clock

a.m. to Thursday, October 25, 2018 at 7:30 o'clock a.m. at the District's Administrative Offices, 24251 Los Alisos Blvd., Lake Forest, California.

Roll Call Vote:

Director Adjarian	aye
Director Monin	aye
Director Freshley	aye
Vice President Vergara	aye
President Goldman	aye

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

M. SCOTT GOLDMAN, President of
the El Toro Water District and the
Board of Directors thereof

ROBERT R. HILL, Secretary
of the El Toro Water District and
the Board of Directors thereof