MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
OF THE
EL TORO WATER DISTRICT
March 24, 2022

President Freshley called the meeting of the Board of Directors of the ELTORO WATER DISTRICT to order at 7:30 a.m. on March 24, 2022.

President Freshley led in the Pledge of Allegiance to the flag.

Directors KATHRYN FRESHLEY, KAY HAVENS, MIKE GASKINS, and MARK MONIN participated.

Director JOSE VERGARA was absent.

Also present were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, JASON HAYDEN, CFO, SCOTT HOPKINS, Operations Superintendent, HANNAH FORD, Engineering Manager, SHERRI SEITZ, Public Relations/Emergency Preparedness Administrator, GILBERT J. GRANITO, General Counsel, ANDY SELLS, ACWA/JPIA, CATHY GREEN, ACWA/JPIA, ADRIENNE BEATTY, ACWA/JPIA, CAROL MOORE, Laguna Woods Mayor (zoom), SUDHIR PARDIWALA, Raftelis Representative, and POLLY WELSCH, Recording Secretary.

Oral Communications/Public Comments

There were no comments.

Items Received Too Late to be Agendized

President Freshley asked if there were any items received too late to be agendized. Mr. Cafferty replied no.

ACWA/JPIA Presentation

Mr. Andy Sells, Chief Executive Officer, Ms. Adrienne Beatty, Assistant Executive Officer, and Ms. Cathy Green, Executive Committee Member, presented the District with a refund check for the District's participation in the safety program, reduction of risks, and staff participation in training classes.

At approximately 7:50 a.m. Mr. Sells, Ms. Beatty, and Ms. Green left the meeting.

Consent Calendar

President Freshley asked for a Motion.

Motion: Director Monin made a Motion, seconded by Vice President Havens and unanimously carried across the Board to approve the Consent Calendar.

Roll Call Vote:

Director Vergara	absent
Director Monin	aye
Director Gaskins	aye
Vice President Havens	aye
President Freshley	aye

Adoption of an Amended Water Shortage Contingency Plan (Appendix H to the ETWD 2022 Urban Water Management Plan)

Mr. Cafferty stated that when the Board approved the Urban Water Management Plan in May, the District's Water Shortage Contingency Plan had 3

levels of shortage which went from 0-20%, 20-40%, and larger than 40%. He further stated that the State has certain mandated shortage levels in 10% increments.

Mr. Cafferty stated that staff updated the Table which explains what actions we might take at each of the different levels. He further stated that in 2015 when the District last updated the Ordinance, it included a clear definition of the Drought Factor which is used as a calculation of our water budget and how it might be implemented.

Mr. Cafferty stated that an Appendix was added to the Ordinance 2015-1, and 2 months after its adoption, changes were made and the Ordinance was adopted again as Ordinance 2015-3 and the Appendix disappeared. He further stated that the Drought Factor is still a defined part of our response actions, so staff has updated the Drought Factor description using current numbers, and added it as an Appendix to the Water Shortage Contingency Plan.

Adoption of ETWD Water Shortage Contingency Response Ordinance 2022-1

Mr. Cafferty stated that the Ordinance is what we are adopting which is a part of the Appendix for the Water Shortage Contingency Plan. He further stated that in 2015 in response to the mandated conservation requirements from the State, the District was required to cut back by 24%, and an Administrative Penalty was added and set at $2 per unit for customers not meeting their budgets.

Mr. Cafferty stated that the Administrative Penalty has been renamed as the Water Shortage Rate Surcharge, but neither penalty is being implemented

currently. He further stated that in 2015/16, when we were collecting the Administrative Penalty, MET had gone into allocations and there were surcharges for exceeding certain water budgets. However, MWDOC did not enter allocations, which meant we did not pay any penalties, and all of the penalty money that was collected had to be returned.

Vice President Havens asked for clarification on page 193, numbers 3 & 4. Mr. Cafferty replied that our Water Budget Based Tiered Rates have a formula that calculates the indoor budget (Tier 1 at 55 gallons per day per person), which includes a Drought Factor set at 100%. He further stated that there is a similar calculation for Tier 2 outdoor usage.

Mr. Cafferty stated that the Water Shortage Rate Surcharge is a separate and additional tool where we have the ability to enact a surcharge defined in the Ordinance in a range of $2 - $10 per billing unit for water used in excess of the Tier 1 and Tier 2 budget. He further stated that this surcharge was what was refunded.

Public Hearing

At approximately 8:05 a.m. President Freshley opened the Public Hearing.

Public Hearing Regarding Adoption of an amended Water Shortage Contingency Plan (Appendix H to the ETWD 2022 Urban Water Management Plan)

Ms. Moore asked 1) what is the cost to collect the surcharge and then refund it, and 2) if the State could enact a restriction causing the District to reduce water, and how will it work with recycled water. Mr. Cafferty replied that there was an administrative effort to refund the money, and if there gets to be a

point where the Board decides to implement the surcharge, we would carefully track who has paid it with the anticipation of possibly returning it. He further stated that devoted staff time would be minimal.

Mr. Cafferty stated that mandating reduction of recycled water is unnecessary and financially impactful to agencies that produce recycled water and rely on the revenue to support the cost of installing the recycled water systems.

Public Hearing Regarding Adoption of ETWD Water Shortage Contingency Response Ordinance 2022-1

There were no comments.

Close Public Hearing

At approximately 8:10 a.m. President Freshley closed the Public Hearing.

Regular Session – Action Items

Resolution No. 22-3-1 Adopting the Amended Water Shortage Contingency Plan (Appendix H to the ETWD 2022 Urban Water Management Plan)

President Freshley asked for a Motion.

Motion: Director Gaskins made a Motion, seconded by Director Monin and unanimously carried across the Board to approve Resolution No. 22-3-1 which adopts the amended Water Shortage Contingency Plan (Appendix H to the ETWD 2022 Urban Water Management Plan).

Roll Call Vote:

Director Monin	aye
Director Gaskins	aye
Vice President Havens	aye
President Freshley	aye
Director Vergara	absent

Resolution No. 22-3-2 Adopting the ETWD Water Shortage Contingency Response Ordinance 2022-1

Mr. Cafferty pointed out that there are a few typographical errors in the Ordinance which staff will correct.

President Freshley asked for a Motion.

Motion: Director Monin made a Motion, seconded by Vice President Havens and unanimously carried across the Board to approve Resolution No. 22-3-2 which adopts the ETWD Water Shortage Contingency Response Ordinance 2022-1 subject to the corrections of typographical errors therein.

Roll Call Vote

Director Monin	aye
Director Gaskins	aye
Vice President Havens	aye
President Freshley	aye
Director Vergara	absent

Resolution No. 22-3-3 Declaring a Level 2 Water Shortage

Mr. Cafferty stated that in 2020 the Governor declared a 15% cutback which is challenging given the 24% we had already cutback relative to the 2013 benchmark.

Vice President Havens noted the need for signage for recycled water throughout the community.

President Freshley asked for a Motion.

Motion: Director Gaskins made a Motion, seconded by Director Monin and unanimously carried across the Board to approve Resolution No. 22-3-3 which adopts the ETWD Water Shortage Contingency Response Ordinance 2022-1.

Roll Call Vote

Director Monin	aye
Director Gaskins	aye
Vice President Havens	aye
President Freshley	aye
Director Vergara	absent

R-2 Reservoir Funds

Mr. Cafferty stated that the grant funds have been awarded, and the Contractor can now proceed with the project.

Attorney Report

Mr. Granito reported that there is a need for a Closed Session as set forth in today's agenda.

Closed Session

At approximately 8:20 a.m. President Freshley stated that the Board will now go into Closed Session. Also at this time, everyone left the meeting except the Board members, General Counsel, the Chief Financial Officer and the General Manager.

Open Session Report

At approximately 9:50 a.m. the Board returned to regular session, and Ms. Cimorell, Ms. Ford, Mr. Hopkins, Ms. Seitz, Ms. Moore, and Ms. Welsch returned to the meeting.

Mr. Granito reported that the Board did go into Closed Session with regards to one matter on today's Closed Session agenda. Mr. Granito further reported that during the Closed Session the General Manager and General Counsel reported on a matter of potential litigation. No reportable action was taken.

Director Reports for Meetings Attended

Director Monin stated that he attended the ISDOC Executive Committee meeting, the MWDOC/MET Director workshop, WACO, the MWDOC Admin/Finance meeting, WACO Planning Committee meeting, Laguna Hills City Council meetings, the Laguna Woods City Council meeting, the South OC Economic Coalition, the regular Board meetings, and will be attending the South Orange County Economic Coalition tomorrow.

Director Gaskins stated that he attended the RRC meeting, the MWDOC/MET Directors workshop, the MWDOC Planning/Operations, the MWDOC Board meeting, the SOCWA Board meeting, WACO, the SOCWA Finance Committee meeting, the OCWA luncheon, the regular Board meetings, and will be attending the South Coast Agencies meeting this afternoon.

Vice President Havens stated that she attended the ISDOC Executive Committee meeting, the MWDOC/MET Directors workshop, the Watershed

Executive Quarterly meeting, WACO, the Pres/VP/GM meetings, TV-6, the MWDOC Planning/Operations meeting, the Agenda Review meeting, a Third Mutual meeting, the MWDOC Board meeting, the OCWA meeting, and the regular Board meetings, WateReuse meetings, and is considering attending the UCI Water Roundtable on Inclusion.

President Freshley attended the WACO meeting, the RRC meeting, the SOCWA Board meeting, the SOCWA Finance Committee meeting, the SOCWA Special Board meeting, the MWDOC Board meeting, the MWDOC/MET Directors workshop, Pres/VP/GM meetings, Agenda Review, the Laguna Woods City Council meeting, LAFCO, the OCWA luncheon, and the regular Board meetings.

General Manager Action Items

Nomination of a Candidate to the California Special Districts Association Board of Directors, Southern Network – Seat B

Mr. Cafferty stated that Seat B is a 2-year term, and it is time to nominate a candidate for the seat, and the current incumbent is running for re-election. He further stated that, if the Board does not nominate anyone for the seat, there will be no need for a Motion today.

The Board concurred that there will not be a nomination for Seat B, therefore no Motion was taken.

Appointment for the Orange County LAFCO Regular and Alternate Special District Member Seats

Mr. Cafferty stated that the Regular and Alternate Special District Members seats expire June 30, 2022. He further stated that Doug Davert,

current Special District Member and President Freshley current Alternate member are asking to be considered for re-election.

President Freshley asked for a Motion.

Motion: Vice President Havens made a Motion, seconded by Director Monin and unanimously carried across the Board to 1) authorize Director Gaskins to vote in the OC LAFCO Special District Selection Committee election, 2) designate Director Monin as the Alternate voting member, 3) nominating President Freshley for the OC LAFCO Alternate Special District member, and 4) to direct the General Manager to submit the Declaration of Qualification to Vote form and Nomination Form to LAFCO by the April 22, 2022 deadline.

Roll Call Vote

Director Monin	aye
Director Gaskins	aye
Vice President Havens	aye
President Freshley	aye
Director Vergara	absent

General Manager Information Items

COVID-19 Update

There were no comments.

General Manager's Monthly Report

Mr. Cafferty stated that OCWD and MNWD are working to get emergency water from the groundwater basin. He further stated that groundwater producers who don't have storage have raised significant objection to providing water to an agency outside of the basin.

Mr. Cafferty stated that they have gone from calling it an emergency storage program to an emergency supply program, and the study has identified a $24 million project to build a new well in Santa Ana as well as conveyance facilities to convey water to the East Orange County Feeder #2. He further stated that Santa Ana would operate the well and in an emergency the well could send water to South Orange County, with MNWD being the primary recipient.

Mr. Cafferty stated that they are looking for other interested agencies for this project, but it is only available in the event that MET cannot deliver water to South Orange County.

Mr. Cafferty stated that he asked if the program would activate if the Allen-McColloch Pipeline (AMP) fails and MET is still delivering water to East Orange County Feeder #2. He was told the program would not activate in this scenario, so our District would only receive water through this program in the event of a Diemer failure. He further stated that this project is expensive, costing $24 million for 14 cfs of water that will only be used in an emergency.

Mr. Cafferty stated that MNWD is happy to participate in the project.

Director Monin asked what is the cost difference in participating in this project compared to the cost of water we get from MET. Mr. Cafferty replied that the project could cost approximately $13,000 per acre foot, which is significantly higher than MET.

Director Monin asked for clarification of what will be stored in the new warehouse building at the Filter Plant site. Mr. Cafferty replied that it will be

mostly non-daily use equipment, like trailered equipment.

Mr. Cafferty stated that the District received $617,000 grant funding for the R-2 Reservoir Interior Recoating project.

At approximately 10:20 a.m. Director Monin left the meeting.

Legislative Reports

Director Gaskins stated that AB 1944 and AB 2449 both involve teleconferencing and hybrid meetings and noticing requirements on agendas.

Public Education and Outreach & Water Use Efficiency Reports

Ms. Seitz stated that staff is reaching out to customers to let them know that the moratorium for non-payment is expiring, and shut-off for non-payments will be returning. She further stated that we will also inform customers about the arrearages program and how it will affect their delinquent bills.

Ms. Seitz stated that the newsletter is going out shortly which will include the notice of a Level 2 shortage.

Ms. Seitz stated that Vice President Havens was on TV-6 in March, and President Freshley will be speaking next month. She further stated that Mr. Cafferty spoke at the LWV Third Mutual Board meeting on Water Supply Conditions and Water Conservation.

Ms. Seitz stated that staff will speak at the LWV Third Mutual Gate 11 meeting on April 12th on Water Supply Conditions and Water Conservation.

Ms. Seitz stated that the Wyland Foundation delivered the Stella whale to the Laguna Woods Art Association, and a group of 6 artists completed the project over the weekend.

Ms. Seitz stated that the Department of Education's Outdoor department is reaching out to El Toro High School to invite them to participate in the campaign for student groups, and we are waiting for confirmation.

Ms. Seitz stated that ETWD will staff a booth at the LWV Concerned Citizens Earth Day event on Thursday, April 21st in Clubhouse 1.

Ms. Seitz stated that ETWD will staff a booth at the City of Mission Viejo's Earth Day/Arbor Day Celebration on April 23rd on Oso Creek Trail.

Ms. Seitz stated that ETWD is sponsoring the table centerpieces for the Lake Forest Chamber of Commerce's State of the City & Meet the Mayor event on April 26th.

Ms. Seitz stated that Director Monin spoke to Sergio from the County and they are having a State of the District event on May 5th at the Laguna Niguel Community Center and they are looking for sponsors and offer 3 levels of sponsorship; table of 8 guests for $750, gold level at $1,200 which includes 2 guest tickets, a $3,000 sponsorship, and a $6,000 sponsorship.

After discussion and due to scheduling conflicts, the Board decided not to participate in this event.

Ms. Seitz is also checking into the "adopt a creek" cleanup program and will retrieve additional information for the Board.

SOCWA Reports

Ms. Ford stated that at the Engineering meeting there was nothing related to our project committees. SOCWA did provide updated capital requirements that will be reflected in the District's 5-Year Capital Replacement

and Refurbishment Program budgeting.

President Freshley stated that at the Special Board meeting there was a presentation by MNWD and SMWD on the JPA Agreement Draft Withdrawal Provisions.

President Freshley stated that IRWD made a presentation relative to the agreement where it won't cost anyone else anything. Mr. Cafferty stated that the IRWD withdrawal could result in slightly increased costs to the remaining agencies when SOCWA allocates the General Fund portion of their Administrative Costs to 8 agencies instead of 10.

Mr. Cafferty stated that at the Finance meeting they discussed budget.

MWDOC Reports

Vice President Havens stated that Reserves were discussed at the MWDOC meetings.

Mr. Cafferty stated that at the MWDOC Managers meeting while discussing the budget they identified approximately $1 million of their Tier 2 Reserves that they are planning to return by applying it as bill credit in the next fiscal year which will offset the impact of their rate increase.

SOCWMA Reports

Vice President Havens stated that there was discussion on AB 361, meeting sites, dates for upcoming meetings, and Aliso Creek restoration.

LAFCO

President Freshley stated that discussion was focused on the budget and drawing down Reserves.

ISDOC

Director Monin stated that the ISDOC elections are coming up, and the bylaws state the need for only 1 quarterly meeting for the election. He further stated that they also discussed their website, and having the quarterly luncheons in person.

WACO

Director Monin stated that Jose Solario and Joe Yum from the California Water Commission gave a presentation of the California Water Commission.

COMMITTEE AND GENERAL INFORMATION

Dates to Remember for March/April

There were no comments.

Comments Regarding Non-Agenda Items

Vice President Havens stated that we should support Director Dick for promoting WEROC everywhere he goes and soliciting funding.

Adjournment

There being no further business to come before the Board, the meeting was adjourned at 11:10 a.m.

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

KATHRYN FRESHLEY, President of
the El Toro Water District and the
Board of Directors thereof

DENNIS P. CAFFERTY, Secretary
of the El Toro Water District and
the Board of Directors thereof