

MINUTES OF THE REGULAR MEETING  
OF THE  
ENGINEERING COMMITTEE MEETING  
AND  
FINANCE/INSURANCE COMMITTEE

April 23, 2013

Chairman Goldman called the Meeting of the Engineering Committee and Finance/Insurance Committee to order at 7:30 o'clock a.m. on April 23, 2013.

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

Present at today's meeting were Committee Members TED F. MARTIN, M. SCOTT GOLDMAN, JERARD B. WERNER and JOSE F. VERGARA .

Also present were ROBERT R. HILL, General Manager/Secretary, DENNIS P. CAFFERTY, Director of Operations and Engineering, MICHAEL P. GRANDY, Chief Financial Officer/Assistant Treasurer, GILBERT J. GRANITO, General Counsel, POLLY WELSCH, Recording Secretary, NEELY SHAHBAKHTI, Controller, KATHRYN FRESHLEY, Customer, and CAROL MOORE, Customer.

Committee Member WILLIAM H. KAHN was absent.

Oral Communication/Public Comment

There were no comments.

Items Received too Late to be Agendized

There were no items.

Approval of Minutes

There being no further comments or questions the Committee approved placing the Engineering/FIC minutes on the Consent Calendar for the regular scheduled meeting of the Board of Directors.

## ENGINEERING COMMITTEE

### Engineering Action Items

#### Vehicle Replacements

Mr. Cafferty stated that staff is proposing to replace two existing F-350 pickup trucks due to age and overall operating condition. He further stated that one of the vehicles needs a service body and each truck requires light bars and other minor miscellaneous equipment.

Vice President Goldman asked if staff is asking for the Board to approve the purchase price of the two vehicles only, or the entire \$80,836.49 which includes the service body, light bars, and miscellaneous equipment. Mr. Cafferty stated that staff is asking for the Board to approve the total amount of \$80,836.49, which includes the other items that fall under the General Managers authority for approval.

There being no further comments or questions the Committee approved placing this item on the Consent Calendar for the regular scheduled meeting of the Board of Directors.

### Engineering General Information Items

#### El Toro Water District Capital Project Status Report

#### Northline Lift Station Improvement Project

Mr. Cafferty stated that the channel grinder has failed. He further stated

that an inflatable sewer plug was found in the grinder which caused damage. Mr. Cafferty stated that the grinder is being repaired.

Mr. Cafferty stated that staff is evaluating potential odor monitoring options.

President Martin asked how the station is operating without the grinder. Mr. Cafferty replied that flow is bypassing into the wet well around the grinder channel.

#### WRP Grit Classifier and Grit Chamber Covers

Mr. Cafferty stated that installation of the grit classifier and air piping repairs are complete. He further stated that the Grit Chamber covers have been delivered and staff has begun to install them.

#### WRP PD Blower Replacement

Mr. Cafferty stated that the turbo blower is in service, and the Grit Chamber Blower has been installed and tested. He further stated that the Grit Chamber Blower will be placed into service upon completion of the installation of the Grit Chamber Covers.

#### DAF #1 Component Replacement Project

Mr. Cafferty stated that all purchase orders have been issued, and the project should commence in a couple weeks.

#### RAS Pump Station Upgrade

Mr. Cafferty stated that the first pump has been pulled by staff for pickup by Vaughn Industrial for re-build.

#### R-1 & R-2 Reservoir Management System

Mr. Cafferty stated that the engineering contract for design services has been issued to PACE, and they are incorporating the District's comments from the 90% design review.

#### Spartan Booster Station MCC Replacement

Mr. Cafferty stated that conduit between the electrical panels and the pumps are corroded and needs replacement. He further stated that the sidewalk will also have to be replaced.

#### Towers Booster Station Roof Replacement

Mr. Cafferty stated that a contract has been issued and staff is working with the contractor and Towers director to confirm the roofing material and resolve a few structural issues.

#### Central SCADA Upgrade Project

Mr. Cafferty stated that the servers have been received and are being configured by staff. He further stated that the Factory Talk software has been received, and Motoronics is working on the software installation, programming, and screen development.

#### Radio Equipment Replacement

Mr. Cafferty stated that the new repeaters and new radios have been received. He further stated that a new license has been submitted to the FCC and has recently been received by staff.

#### GIS

Mr. Cafferty stated that scanning of the District's drawings is complete, and the project is continuing.

## RWEP

Mr. Cafferty stated that staff has received 51 easements, and is working on the remaining 5 easements.

Mr. Cafferty stated that staff was waiting on the AQMD permit for the Tertiary Treatment Plant which was applied for 6 months ago, and has now been received by staff.

Mr. Cafferty stated that the distribution system consists of three components. He further stated that the East Side System and West Side System construction is in progress. Mr. Cafferty stated that the North Side System design is nearly 100% complete, and staff is preparing to put the project out to bid.

Vice President Goldman asked how much we have spent so far. Mr. Cafferty replied that E.J. Meyer was paid a progress billing just under \$200,000 and currently there is another progress billing close to the same amount. He further stated that on the West Side System, the progress billing was nearly \$600,000.

Vice President Goldman asked if staff receives very many phone call inquiries about the project. Mr. Cafferty replied that there have not been very many calls, and the call log is included in the Public Outreach report in the Board package. He further stated that staff is ready to install state required signage inside the gates at Laguna Woods Village, which explains the project.

## Baker Water Treatment Plant Project

Mr. Cafferty stated that IRWD is reviewing the design documents, and the

project is expected to go to bid in June with a go/no go decision in August or September.

#### Poseidon Huntington Beach Ocean Desal Project

Mr. Hill stated that Poseidon is requesting participating agencies consider executing a non-binding LOI in good faith to negotiate definitive terms of a mutually acceptable WPA. He further stated that the LOI would specify the agency's desired quantity of water.

#### Poseidon Carlsbad Ocean Desal Project

Mr. Hill stated that Poseidon has selected Kiewit/JF Shea Joint Venture as their Engineer, Procurement and Construction contractor with Israeli Desalination Engineers as subcontractor. He further stated that the SDCWA and its member agencies will be preparing a cost-of-service study to determine what the product water rates and charges should be.

#### Engineering Items Discussed at Various Conferences and Meetings

There were no comments.

#### Comments Regarding Non-Agenda Engineering Committee Items

#### Close Engineering Committee Meeting

At approximately 8:13 o'clock a.m. the Engineering Committee meeting was closed and the Board took a short recess

### FINANCE/INSURANCE COMMITTEE

At approximately 8:19 o'clock a.m., Chairman Werner called the Finance/Insurance Committee meeting to order.

#### Insurance Update Report

## Quarterly Insurance Update Report

There were no comments.

## Treasurer Action Items

### Financial Package – Authorization to Approve Bills for Consideration dated April 23, 2013 and Receive and File Financial Statements as of March 31, 2013

Chairman Werner stated that on page 2, Balance Sheet, there is a large difference in Cash Investments. Mr. Grandy stated that on page 4, Summary of Investments by Type, shows the ending balances of our cash balances.

Mr. Grandy stated that the company credit cards will be expiring in July, and staff is reviewing other opportunities. He further stated that CSDA offers a purchase card program which we may qualify for, and the program offers a higher credit limit, and a rebate program.

Mr. Grandy stated that on page 6, Change in Reserves, shows cash flow and retired debts. He further stated that in a few months we will receive a check from SMWD for their final payment of \$1.3 million on the purchase of their share of the Reservoir.

Mr. Grandy stated that page 10, Income Statement, we are through  $\frac{3}{4}$  of our fiscal year and are tracking well.

Chairman Werner stated that on page 8, 401(k) Plan Summary, the percentage for the Over 60 group was not corrected. Mr. Grandy stated that graph has been corrected, but is not reflected in the numbers. Mr. Grandy stated that there were significant withdrawals due to retirements and preparation for retirements.

There being no further comments or questions, the Committee approved placing this item on the Consent Calendar for the regular scheduled meeting of the Board of Directors.

Scheduling of Public Hearing to Consider Amendments to the District's Rules and Regulations which Increase Certain Rates, Fees and Charges

Mr. Hill stated that this item was previously discussed at the April 18, 2013 Special Board meeting, and no further discussion is needed at today's meeting.

CAMP Notice of Solicitation of Written Consent of Participants

Mr. Grandy stated that as a participant in CAMP we have the ability to cast votes for trustees, and in the past we have abstained from voting, and staff is suggesting that we continue to abstain from voting for the CAMP Board of Trustees of the Trust. The Board concurred.

There being no further comments or questions, the Committee approved placing this item on the Consent Calendar for the regular scheduled meeting of the Board of Directors.

South Orange County Regional Chamber of Commerce Membership Renewal

Mr. Grandy stated that this is a recurring membership, and staff suggests that we renew membership in the amount of \$1,130. Mr. Hill stated that the membership has not increased from last year. The Board concurred to renew the District's membership in the amount of \$1,130.00.

There being no further comments or questions, the Committee approved placing this item on the Consent Calendar for the regular scheduled meeting of the Board of Directors.



## TREASURER INFORMATION ITEMS

### Water Budget Based Tiered Conservation Rate Structure and Usage Activity

#### Report

Mr. Grandy stated that included in the Board package are the on-going water usage charts. There were no other comments.

### Comments Regarding Non-Agenda FIC Items

There were no comments.

### Close Finance and Insurance Committee Meeting

At approximately 8:43 o'clock a.m. the Finance meeting was closed.

### Attorney Report

Mr. Granito reported that a Closed Session is necessary at today's meeting.

### Closed Session

At approximately 8:46 o'clock a.m., President Martin called for a Closed Session. Also at this time Ms. Moore, Ms. Freshley, and Ms. Welsch left the meeting.

### Regular Session

At approximately 8:57 o'clock a.m., regular session resumed. Also at this time Ms. Welsch returned to the meeting.

### Report on Closed Session

Mr. Granito reported that the Board did go into Closed Session at approximately 8:46 o'clock a.m. with regard to item 2 of today's agenda and

during that phase of the Closed Session, General Counsel and staff led a discussion on the pending litigation matter, as reflected in today's agenda.

No further reportable action was taken.

Comments Regarding Non-Agenda Items

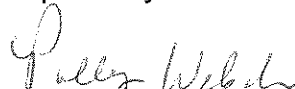
There were no comments.

Adjournment

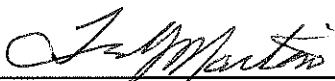
There being no further business to come before the Board, the following motion was duly made and passed.


Motion: Director Werner made a motion, seconded by Director Vergara and unanimously carried that today's meeting be adjourned at 8:58 o'clock a.m. to Tuesday, May 21, 2013 at 7:30 o'clock a.m. at the District's Administrative Offices at 24251 Los Alisos Blvd, Lake Forest, CA. 92630.

Respectfully submitted,

  
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POLLY WELSCH  
Recording Secretary

APPROVED:

  
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TED F. MARTIN, President  
of the El Toro Water District  
Engineering Committee

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