

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

June 25, 2013

Chairman Goldman called the Meeting of the Engineering Committee and Finance/Insurance Committee to order at 7:30 o'clock a.m. on June 25, 2013.

Director Werner led in the Pledge of Allegiance to the flag.

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

Committee Members WILLIAM H. KAHN and JOSE F. VERGARA were absent.

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, NEELY SHAHBAKHTI, Controller, GILBERT J. GRANITO, General Counsel, POLLY WELSCH, Recording Secretary, KATHRYN FRESHLEY, Customer, and CAROL MOORE, Customer.

Oral Communication/Public Comment

Ms. Moore shared her thoughts for the landscape area in front of the main office.

Items Received too Late to be Agendized

Chairman Goldman asked if there were any items received too late to be agendized. Mr. Hill replied yes.

Mr. Hill stated that there is an issue with the Recycled Water Expansion Project which could become a significant change order and increase in costs. He further stated that staff would like to discuss this at today's meeting, under the Capital Projects report, and add this item to the Action Items at Thursday's Board meeting.

The Board authorized discussion of this item at today's meeting, and to consider taking Action on this item at Thursday's Board meeting.

#### 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 Replacement

Mr. Cafferty stated that due to a recent vehicular accident, one of the District's pick-up trucks was determined by the insurance company to be a total loss.

Director Werner asked how old the truck was. Mr. Cafferty replied 12 years old with approximately 73,000 miles, and was already planned to be rotated for a lower use.

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

President Martin asked about the status of the new grinder. Mr. Cafferty replied that it was damaged due to an old sewer plug entering the grinder. He further stated that the grinder is back in service now, and the well washer system is functioning well.

Mr. Cafferty stated that the odor issue is less objectionable.

Spartan Booster Station MCC Replacement

Mr. Cafferty stated that final installation is in progress. He further stated that it should be running within the next week or two, and then we can stop purchasing water from MNWD.

RWEP

Mr. Cafferty stated that we are approximately \$6.5 million into the project, and are close to requesting funding on the grant and the SRF loan. He further stated that at the end of this month we will begin billing the state and replenishing District Reserves.

Mr. Cafferty stated that a progress update sheet has been added to the Board package reference material. He further stated that currently there is approximately 20,000 feet of pipe in the ground, and on the East Side they are almost 40% complete with the project.

Mr. Cafferty stated that on the West Side they are almost 15% complete.

Mr. Cafferty stated that on the East Side System, Allowance Utilization

contains a \$250,000 contingency item, which was to cover costs associated with alignment changes due to utility conflicts. He further stated that this cost will not be considered a Change Order, but will come from the Contingency line item.

Mr. Cafferty stated that actual contract Change Orders contain a credit of approximately \$4,126.52.

Mr. Cafferty stated that on the West Side System, the Contractor has not requested any additional costs, but did have one Change Order of approximately \$8,050.00.

Mr. Cafferty stated that the geotechnical evaluation performed during design of the East Side System determined that the native material was not suitable for backfill.

Mr. Cafferty stated that EJ Meyer, the East Side contractor, hauls away the dirt, and uses imported crushed aggregate material for backfill. He further stated that the geotechnical evaluation in the West Side System however, determined that the native material would be okay to use as backfill.

Mr. Cafferty stated that the City of Laguna Hills strongly suggests using imported base material rather than the native material as backfill. He further stated that staff is working with the Contractors on the costs of replacing the native material with imported base material. Mr. Cafferty stated that the City is concerned about compaction and considers the dirt a water quality problem, and does not want the dirt left on the street.

#### Baker

Mr. Cafferty stated that the project has slipped again, with possible bid

opening in mid September, with a Go/No Go decision in October or November. He further stated that staff is anticipating a Special Board meeting in August to discuss the project costs, agreements, and bids.

Mr. Grandy stated that as a part of the SRF loan both at Northline and the RWEF project, the state is taking steps to make sure that recipients do not get too far into debt, so they have established a requirement subsequent to the SRF loan that any new debt we incur is rated by at least 2 agencies, and that we maintain an "A" rating in order for the debt to be parity debt. He further stated that staff met with PFM to pursue a rating, and simultaneously we are discussing with IRWD about having the debt subordinating the SRF loan.

Director Werner asked if there is a cost to obtain the rating. Mr. Grandy replied that we will have to pay the rating agency for the privilege of getting rated, and the consultant for assisting in making it happen, so fees could be up to \$50,000, and there may be an annual fee to maintain the rating.

#### 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 8:10 o'clock a.m. the Engineering Committee meeting was closed and the Board took a short recess.

### FINANCE/INSURANCE COMMITTEE

At approximately 8:17 o'clock a.m., Chairman Werner called the Finance/Insurance Committee meeting to order.

## Treasurer Action Items

### Financial Package – Authorization to Approve Bills for Consideration dated June 25, 2013 and Receive and File Financial Statements as of May 31, 2013

Ms. Shahbakhti stated that we just closed the 11<sup>th</sup> month of the fiscal year. She further stated that cash was lower this month due to the Recycled Water project expenses, however when the grant money and SRF funds are received, the cash Reserves will return to normal.

Ms. Shahbakhti stated that on page 10, Profit and Loss, we are close to the budget.

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.

### Resolution No. 13-6-1 – Budget for Fiscal Year 2013/14

Mr. Grandy stated that the draft budget is included in the Board package and is now ready for final approval by adopting Resolution No. 13-6-1.

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.

### SOCWA 2013/14 Budget 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.

## SCWD JRWSS Fiscal Year Budget 2013/14

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.

## Annual Agreements Exceeding \$20,000 for Fiscal Year 2013/14

Mr. Hill stated that staff has reviewed a 5-year expenses and they have not increased. He further stated that the County of Orange dump fees and Olin Chlor fees have decreased slightly.

Director Werner asked why ADT seems to be over budget. Mr. Grandy replied that some are monthly incurred fees and maintenance fees.

Vice President Goldman suggested researching competitive bids next year for the janitorial and landscape contractors.

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.

## SCAP Membership Renewal

Mr. Hill stated that the renewal fees have not increased from last year.

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 Tier 3 & 4 for the month of May has increased slightly, which could be due to weather.

#### 2013/14 Prop 218 Process

Mr. Grandy stated that the District has received 5 protest letters, which are included in the Board package.

Director Werner asked if staff plans to answer any of the protest letters. Mr. Hill replied that staff has not responded in the past, but will be prepared at the Public Hearing to respond to any concerns from the Public.

#### Comments Regarding Non-Agenda FIC Items

#### Close Finance and Insurance Committee Meeting

At approximately 8:37 o'clock a.m. the Finance meeting was closed.

#### Attorney Report

Mr. Granito reported that there is no need for a Closed Session at today's meeting, and therefore Regular Session continued.

Mr. Granito reported that during the Open Session on Thursday he plans to discuss the impact that the proposed State budget may have on deleting significant mandatory compliance provisions of the Public Records Act.

#### Comments Regarding Non-Agenda Items

#### Adjournment

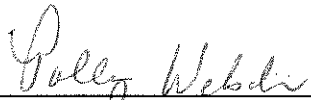
There being no further business to come before the Board, the following motion was duly made and passed.

Motion: Director Werner made a motion, seconded by Vice President Goldman and unanimously carried that today's meeting be adjourned at 8:38



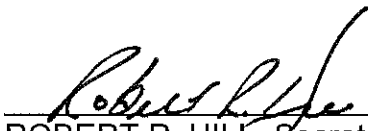
o'clock a.m. to Tuesday, July 23, 2013 at 7:30 o'clock a.m. at the District's  
Administrative Offices at 24251 Los Alisos Blvd, Lake Forest, CA. 92630.

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