

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

November 25, 2013

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

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

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

Director M. SCOTT GOLDMAN and WILLIAM H. KAHN 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. Freshley complimented the District for the professionalism the contractor has been doing on the Recycled Water project. Mr. Cafferty stated that he will pass the compliment along to the contractor.

Director Werner asked if the District is working on the street on Ridge Route. Mr. Cafferty replied that it is the city resurfacing project and stated that the District has finished work on Ridge Route.

Items Received too Late to be Agendized

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

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

PLC Upgrade to Control Logix

Mr. Cafferty stated that the District's remote water and sewer facilities are controlled at the site by programmable logic controllers. He further stated that the technology is over 20 years old and within the next few years spare parts will no longer be available.

Mr. Cafferty stated that the proposed purchase contract will provide for the acquisition of PLCs and associated components, while the installation and programming will be performed by staff.

Director Werner asked what type of schedule we are considering. Mr. Cafferty replied that the goal is to have installation completed within the fiscal year.

President Martin asked what happens if Allen-Bradley discontinues the business. Mr. Cafferty replied that there are other manufacturers who could fill the void.

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.

WRP Main Electrical Power Transfer Switches Upgrade

Mr. Cafferty stated that the existing breakers are over 15 years old and have experienced failures during which it has been difficult to acquire parts and technicians capable of working on this equipment. He further stated that it is important to upgrade before the new Tertiary Treatment plant adds additional load and power requirements to the electrical system.

Mr. Cafferty stated that the District received bids from two contractors, and staff is recommending entering into a contract with Gilbert & Stearns for purchase and installation of two switches at the WRP.

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

Recycled Water Expansion Project

Mr. Cafferty stated that the East Side System is complete. He further stated that the project close out change order reduces the contract amount by

\$282,000.

Mr. Cafferty stated that we are approaching 50% completion of the West Side system. He further stated that a contract has been awarded for the North Side system.

Tertiary Treatment Plant

Mr. Cafferty stated that construction is in progress and could be done a month earlier than anticipated.

Mr. Cafferty stated that approximately \$13 million has been spent on this project, and a \$3 million invoice has been submitted to the County.

Poseidon Huntington Beach Ocean Desal Project

Mr. Hill stated that the Coastal Commission had a meeting November 13th that lasted around 8 hours. He further stated that the Commission approved the application with 21 conditions. Mr. Hill stated that the primary condition was to further evaluate and demonstrate the infeasibility of a sub-surface intake system. Mr. Hill indicated that the conditional approval provides Poseidon with 90-days to resubmit. He further stated that Poseidon responded that 90-days was insufficient time to adequately satisfy all of the conditions and elected to withdraw it's application. Mr. Hill stated that Poseidon intends to resubmit at the end of 2014.

Mr. Hill stated that project investors remain committed and have invested \$40 million over the last 15 years.

Poseidon Carlsbad Ocean Desal Project

Mr. Hill stated that the treatment facility and pipeline work is 20%

complete, and the project could come on line sometime in 2015.

Engineering Items Discussed at Various Conferences and Meetings

There were no comments.

Comments Regarding Non-Agenda Engineering Committee Items

Director Werner asked if staff has an update on IRWD's discrepancy with bidders. Mr. Cafferty replied no.

Close Engineering Committee Meeting

At approximately 8:11 o'clock a.m. the Engineering Committee meeting was closed and the Board took a short recess.

FINANCE/INSURANCE COMMITTEE

At approximately 8:20 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 November 25, 2013 and Receive and File Financial Statements as of October 31, 2013

Mr. Grandy stated that on page 4, Cash & Investments, staff has the obligation to report to the Board that October cash balances have dropped below the six month reporting requirement as a result of cash requirements for the Recycled Water project, pending receipt of funding from the SRF loan. He further stated that staff expects this condition to continue through the month of November at which time cash balances will be restored.

Director Werner asked why the electrical power costs were high. Mr. Cafferty replied that budgeted power costs are annualized and actual costs fluctuate throughout the year.

Ms. Shahbakhti stated that the stock market has been performing well and reflects a good increase in the 401(k) Plan.

Ms. Freshley asked if the District takes discounts for prompt payment of purchases. Ms. Shahbakhti replied that the District takes discounts when offered from vendors.

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.

Association Membership/Sponsorships

Director Vergara asked if we have a contact person for the Lake Forest Chamber. Mr. Grandy replied that Scott Goldman is supposed to be the representative, and Mike is the alternate. Director Vergara asked what we get for being members. Mr. Grandy reviewed the member benefits which include free attendance at signature events, recognition at same and opportunities to communicate water related issues to the City and the business community.

CSDA

Mr. Hill stated that CSDA dues increased 7.5%.

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.

ACWA

Mr. Hill stated that ACWA dues increased 2%.

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.

WaterReuse Association

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.

WaterReuse California Annual Conference Sponsorship

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 water sales charts are included in the package.

Mr. Hill stated that the District will be intentionally getting only 5% water from the State Water Project for 2014.

Ms. Freshley stated that their Tier 4 usage is better now that they were able to gain access to a manor that had 2 leaky toilets and make repairs.

Director Vergara stated that he noticed a difference in toilets made in China and the more expensive ones which work better.

Ms. Freshley stated that she did the same thing, and Third Mutual approves the 3 inch discharge toilets to allow enough flushing action to push the water through the sewer discharge lines. She further stated that Third Mutual offers \$100 rebates for switching out the toilets.

Comments Regarding Non-Agenda FIC Items

There were no comments.

Close Finance and Insurance Committee Meeting

At approximately 8:36 o'clock a.m. the Finance meeting was closed.

Attorney Report

At approximately 8:36 o'clock a.m. President Martin called for a Closed Session. Also at this time Ms. Welsch, Ms. Shahbakhti, Ms. Moore, and Ms. Freshley left the meeting.

Closed Session

Open Session

At approximately 9:54 o'clock a.m. Open Session resumed. Also at this time Ms. Welsch returned to the meeting.

Report on Closed Session

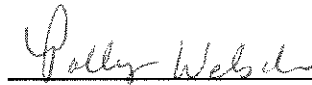
Mr. Granito reported that at approximately 9:27 o'clock a.m. the Board went into Closed Session to consult with legal counsel pursuant to Government Code Section 54956.9 (d) (2) identified as potential litigation, item 1 of today's Closed Session agenda item, and no further reportable action was taken. The Board deferred any discussion of item 2 of today's agenda until Tuesday's November 26th regular Board meeting.

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 9:30 o'clock a.m. to Tuesday, December 17, 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,




POLLY WELSCH
Recording Secretary

APPROVED:



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



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