

MINUTES OF THE SPECIAL MEETING
OF THE
BOARD OF DIRECTORS
OF THE
EL TORO WATER DISTRICT
August 15, 2014

President Martin called the meeting of the Board of Directors of the ELTORO WATER DISTRICT to order at 7:30 o'clock a.m. on August 15, 2014 at the El Toro Water District Administrative Offices, 24251 Los Alisos Boulevard, Lake Forest, California.

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

Directors TED F. MARTIN, M. SCOTT GOLDMAN, WILLIAM H. KAHN, JOSE F. VERGARA, and JERARD B. WERNER were present.

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

Oral Communications - Public Comments

President Martin 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.

President Martin congratulated Director Kahn on a successful re-election to the ETWD Board, and also congratulated and welcomed newly elected Fred Adjarian to the ETWD Board. He further stated that Director Kahn and Mr. Adjarian will be sworn in after December 5, 2014.

Resolution No. 14-8-1 Declaring a Level 1 Water Supply Shortage

Mr. Hill stated that at the Special Board meeting on August 6th, staff had a detailed presentation recommending that the Board authorize and conduct a Public Hearing for the purpose of declaring a Level I Water Shortage in accordance with applicable provisions of the District's Water Conservation and Water Supply Shortage Ordinance.

Mr. Hill stated that as a secondary measure and subject to the responsiveness of customers to enhanced drought related outreach and education, staff may come back to the Board to recommend an adjustment to the indoor and/or outdoor Drought Factors. He further stated that adjusting the Drought Factors will require a Public Hearing and noticing of same pursuant to the District's Water Conservation and Water Supply Shortage Ordinance.

Mr. Hill stated that when it comes to enforcement and a pricing signal, staff will rely on the District's Allocation-Based Tiered Conservation Rate Structure. He further stated that Raffelis is analyzing different scenarios and alternative drought factor adjustments.

Mr. Hill stated that MET may make a decision to go to allocations like they did in 2009. He further stated that included in the Board package with the Resolution is Exhibit "A" which details Permanent Mandatory Water Conservation

Measures, and Exhibit "B" which shows the Level 1 Water Supply Shortage measures.

Mr. Hill stated that if the Resolution is adopted today, it must be posted within 10 days of adoption in the local newspaper. He further stated that staff posted August 8th in the Orange County Register the Notice of today's Public Hearing, which was a minimum 7-day pre-Notice of the Public Hearing.

Mr. Hill stated that staff is working with Thomas Communications Group toward outreach efforts to customers, and Mike King is working with the HOA Boards.

Mr. Hill stated that September 2nd Mr. Hill will be speaking with the City of Mission Viejo. He further stated that he will also be meeting with the City of Laguna Woods, and the City of Lake Forest.

Vice President Goldman asked if the State defined the Levels of conservation. Mr. Hill replied that the State did not dictate a particular shortage level, but they did require agencies to enact a level that restricts outdoor irrigation to 3 days per week.

Mr. Hill stated that IRWD is pursuing an alternate method of compliance because they don't restrict outdoor irrigation until they get to Level 5.

Mr. Hill stated that the District needs to see a reduction each month compared to the same month in the previous year.

President Martin asked if the report is due to the State today. Mr. Hill replied yes, he has prepared the report and is almost complete and ready to send to the State.

Director Vergara asked if we are working with neighboring agencies on the 20% cutback the Governor wanted. Mr. Hill replied that we are coordinating efforts. He further stated that ETWD's target audience are those in Tiers 3 & 4.

Mr. Hill stated that residential consumption per capita is also part of the reporting.

Director Kahn asked if the HOA's are included in the residential usage reporting. Mr. Hill replied yes, we are sending notices and tri-folds to every customer, including the HOA management and HOA Board of Directors.

Director Kahn asked what the percentage from MET was in 2009. Mr. Hill replied that ETWD was required to reduce system-wide consumption by 14%.

Director Werner recalled that those who were penalized then received a refund. Mr. Hill stated that MWDOC took the position to reconcile at the end of the year with agencies who collectively did not meet the reduction. He further stated that ETWD then credited customers on their bills. Mr. Hill stated that monies collected during the Level 1 water shortage will be held in Restricted Reserves for Conservation use.

Vice President Goldman asked if the cities will be informed which days they can water. Mr. Hill replied yes.

Director Kahn asked what staff plans to do about Smart Timers. Mr. Hill replied that staff is communicating with large commercial customers to modify the weather based controllers.

Director Kahn asked if the Smart Timers formula can be changed to water less often. Director Vergara stated that the Smart Timers are based on the ET and the ET can be adjusted to something less than 100%.

Director Kahn asked what percentage of our customers are using Smart Timers. Mr. Hill replied that number is relatively low, based on the number of customers who have applied for and received rebates.

Mr. Grandy stated that staff has been working with Thomas Communications Group to prepare a 2014 Drought Compliance Outreach Draft Scope of Work. He further stated that when staff meets with the HOA's they will be discussing the Smart Timer exemption and the need to deal with landscaping.

Mr. Grandy stated that Thomas Communications Group will be assisting with the design of the tri-fold, frequently asked questions, and the bilingual fact sheet. He further stated that Thomas Communications Group plans to print approximately 20,000 tri-fold, bilingual factsheets, and envelopes.

Vice President Goldman stated that the Resolutions states that the implementation of the Mandatory Water Conservation Measures set forth are "effective immediately". Mr. Hill replied that staff will change the Resolution to state that the effective date will be 15 days after the date the Board approved and adopted the Mandatory Water Conservation Measures.

Director Vergara stated that if the allocation from the State that MET receives is below 35%, there will be allocations to the agencies.

Mr. Hill stated that if ETWD does a drought factor allocation, they will coincide with the allocations from MET.

Mr. Grandy stated that there could be additional phases as we work through the 270 day period.

Open Public Hearing

At approximately 8:21 o'clock a.m., President Martin opened the Public Hearing.

Public Comment

There were no Public Comments.

Close Public Hearing

At approximately 8:22 o'clock a.m., President Martin closed the Public Hearing, and regular session resumed.

Regular Session

Resolution No. 14-8-1 Declaring a Level 1 Water Supply Shortage

President Martin asked for a Motion.

Motion: Director Werner made a Motion, seconded by Director Kahn and unanimously carried across the Board to approve and adopt Resolution No. 14-8-1, as amended, to be effective 15 days after today's meeting of August 15, 2014.

President Martin asked for a Roll Call Vote.

Roll Call Vote:

Director Vergara	aye
Director Kahn	aye
President Martin	aye
Vice President Goldman	aye
Director Werner	aye

Attorney Report

There were no comments.

Adjournment

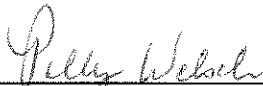
There being no further business to come before the Board, the following motion was duly made and passed.

Motion: Vice President Goldman moved, seconded by Director Kahn and unanimously carried across the Board that today's meeting be hereby adjourned at 8:30 o'clock a.m.

Roll Call Vote


Director Vergara	aye
Director Kahn	aye
President Martin	aye
Vice President Goldman	aye
Director Werner	aye

Respectfully submitted,

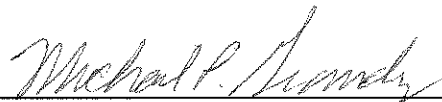


POLLY WELSCH
Recording Secretary

APPROVED:



TED F. MARTIN, President of
the El Toro Water District and the
Board of Directors thereof



MICHAEL P. GRANDY, Assistant Secretary
of the El Toro Water District and
the Board of Directors thereof