

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

February 24, 2015

Director Vergara called the Meeting of the Engineering Committee and Finance/Insurance Committee to order at 7:30 o'clock a.m. on February 24, 2015

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

Present at today's meeting were Committee Members M. SCOTT GOLDMAN, WILLIAM H. KAHN, JOSE F. VERGARA, FRED ADJARIAN, and MARK MONIN.

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, JUDY CIMORELL, Human Resources Manager (joined the meeting at 9:06 a.m.), CAROL MOORE, Customer, and KATHRYN FRESHLEY, Customer.

Oral Communication/Public Comment

Director Vergara congratulated Ms. Freshley on her appointment to LAFCO as Alternate Public Member.

Items Received too Late to be Agendized

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

Engineering Committee

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.

Director Vergara asked for a Roll Call Vote.

Roll Call Vote:

Director Vergara	aye
Vice President Kahn	aye
President Goldman	aye
Director Monin	aye
Director Adjarian	aye

Grinder for Headworks Bypass Channel

Mr. Cafferty stated that flow passes through an existing Barscreen to remove large solid material to avoid damage or disruption to the downstream components of the treatment process.

Mr. Cafferty stated that during extreme peak flows the influent will spill over the top of the existing slide gate in the bypass channel diverting unscreened or ungrinded flow from the barscreen to the downstream equipment and processes. He further stated that under some conditions the larger solids can affect the downstream fine screens, causing water to shoot through or over the top of the fine screens and overwhelm the submersible pump in the lower Headworks area.

Mr. Cafferty stated that the Plant's barscreen has struggled to keep up with the heavier solids on days they are pumping the Northline wet well out; the new grinding equipment would alleviate this situation.

Mr. Cafferty stated that during the last annual inspection of the Plant by the Regional Water Quality Control Board, the inspector questioned the lack of redundant or back-up equipment for the barscreen. He further stated that the inspector was satisfied with the District's Chief Plant Operator's explanation of the planned addition of the channel grinder.

Mr. Cafferty stated that the 2014/15 Capital Budget allocated \$65,000 for the Headworks Bypass Channel Grinder Project. He further stated that due to an error in the estimated sizing of the channel grinder during the preparation of the project budget, the total project cost is over budget by \$27,820.

President Goldman asked why there is a price difference in the Recommendation vs. the bid sheet. Mr. Cafferty stated that the price of the bid sometimes does not include shipping and taxes.

President Goldman asked for clarity on the alternatives not meeting the capacity requirement. Mr. Cafferty stated that some of the proposals did not comply with the District's requests and were displayed only for reference.

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.

Hydrocleaner Replacement

Mr. Cafferty stated that the District conducts on-going aggressive maintenance of the sewer collection system. He further stated that the maintenance is conducted through the use of a variety of equipment including a Hydrocleaner Truck, a portable jetter, a TV Van, a small TV truck, and a variety of additional sewer maintenance tools.

Mr. Cafferty stated that the Hydrocleaner has been used extensively since its purchase in 2001, and is reaching the end of its useful service life. He further stated that increasingly frequent breakdowns have been occurring, and delays in repair is common due to difficulty in locating obsolete parts.

Mr. Cafferty stated that new equipment will help ensure the District continues to reliably meet the production and system maintenance programs in the District's Sewer System Management Plan

Mr. Cafferty stated that the overall project cost is well within the 2014/15 budget.

Director Monin asked if there were multiple bidders. Mr. Cafferty replied yes, there were 3 bids received. Director Monin asked how close the bids were. Mr. Cafferty stated that 2 of the bids were similar and the 3rd one was higher.

Director Adjarian asked how many miles of pipe are in the sewer collection system. Mr. Cafferty replied that there are about 115 miles of pipe in the sewer collection system. He further stated that the hot spots include an additional 30,000 feet per month.

Vice President Kahn asked if staff presented an RFQ. Mr. Cafferty replied that staff did not produce a formal document; staff contacted several manufacturers, describing the application, and asked them to submit proposals.

Vice President Kahn asked if the actual capacity requirement was made clear. Mr. Cafferty replied yes.

Director Vergara asked who is Plumbers Depot. Mr. Cafferty replied that Plumbers Depot is a representative for Sewer Equipment of America.

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.

RW On-Site Conversions

Mr. Cafferty stated that the Recycled Water Expansion Project has entered the on-site retrofit phase of the project. He further stated that the on-site retrofits facilitate the ultimate conversion of the designated potable water dedicated landscape irrigation meters to recycled water.

Mr. Cafferty stated that the \$175,000 contract awarded to Trautwein Construction was intended to fund the conversion of four sites and connect 19 new recycled water meters to the existing irrigation system. He further stated that these four sites are nearly complete.

Mr. Cafferty stated that staff is proposing to extend the Trautwein contract to convert an additional 12 sites accounting for 30 recycled water meters. He further stated that staff is purchasing materials throughout the total retrofit project, for a total not to exceed amount of \$750,000.

Vice President Kahn asked if staff is keeping track of how much is being spent on materials. Mr. Cafferty replied that staff will log all materials purchased and track what is installed and in inventory.

Director Adjarian asked how the materials will be reconciled. Mr. Cafferty replied that staff will submit the rebate request with the construction costs to MET.

President Goldman asked how the rebate applications are coming along. Mr. Cafferty replied that we have submitted 4 rebate applications which have been approved, and the next 9 sites will be submitted within a few days. He further stated that the approval process happens quickly.

President Goldman asked how long after approval before we receive the rebates. Mr. Cafferty replied that it could take 6-8 weeks from the submittal of cost documentation.

Director Vergara asked by going to June 2016, are we maximizing the rebate program, or do we leave money behind. Mr. Cafferty replied that as long as the MET rebate program does not run out of money, we will continue to request rebates.

Director Monin asked what is the normal course of action. Mr. Cafferty stated that staff does a pre-inspection and checks the pressure. Director Monin asked if there is a precedent on how long they go inspect before they allow staff to go it alone. Mr. Cafferty replied no.

Director Monin asked if MET is delaying processing the rebates. Mr. Cafferty replied that MET is not delaying processing the rebates.

Director Adjarian asked if the County is understaffed for this program. Mr. Cafferty replied yes.

Director Adjarian asked if the County is aware of the rebate deadlines. Mr. Cafferty replied yes.

Director Vergara asked if there is anything we can do to reach the higher level management by inviting them to the OCWA meetings so they can understand the rebate program. Mr. Cafferty replied that staff has had discussions and they understand the need and desire for urgency, but they continue to fall back on protecting the public, which is the same objective as ours.

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 General Information Items

El Toro Water District Capital Project Status Report

Main Office Demonstration Garden

Mr. Hill stated that staff is currently reviewing the conceptual design drawing and estimate of probable construction costs prepared by Richard Fisher Associates. He further stated that the conceptual drawing was a collaborative effort on the part of Richard Fisher Associates and Saddleback Community College.

Mr. Hill stated that the tentative schedule is to complete construction documents and commence bidding in March with Board project approval being

sought in April. He further stated that construction is estimated to be complete by the end of June which is consistent with the timeline we must meet to secure all applicable rebates from MET.

Vice President Kahn asked if we could coordinate with May being Water Awareness Month. Mr. Hill replied that we would be under construction in May, and are on a tight timeline.

Director Monin asked if staff has any idea how much public will take advantage of the garden. Mr. Hill replied that knowledge is not available, but the demonstration garden will be inviting.

Vice President Kahn stated that it shows to be a reasonable thing to do showing that ETWD is taking advantage of the conservation efforts by creating a demonstration garden. Mr. Hill stated that staff will bring more information to the Board in April.

Director Monin stated that he would like to see some of the synthetic turf being used. Mr. Hill replied that there is synthetic turf to the left of the driveway.

Director Monin stated that we could provide outreach to the community after the project is complete to encourage customers to conserve water.

Mr. Hill stated that Saddleback Community College will not charge the District, but does appreciate a donation, and they may provide some level of maintenance for the demonstration garden.

Director Monin suggested preparing a sign acknowledging Saddleback Community College. Mr. Hill replied that a sign reflecting collaborative efforts could be prepared.

Recycled Water Expansion Project

Mr. Cafferty stated that there are 78 sites to convert with retrofits. He showed a slide show of the areas completed with retrofits.

Mr. Cafferty stated that a status log is included in the Board package.

President Goldman stated that he would like to see the log expanded to include some projected dates and identify the entire project, not just next phase.

Mr. Cafferty stated that staff will need to revise the Rules and Regulations again, so it may be brought back to the Board in April. He further stated that Phase 2 planning is underway.

Poseidon Huntington Beach Ocean Desal Project

Mr. Hill stated that according to Poseidon they will be in front of the Coastal Commission in March or June 2015, and the Coastal Commission will be meeting in San Diego in March and Orange County in June.

Baker Water Treatment Plant Project

Director Monin stated that there was an easement, and asked what the status is. Mr. Cafferty replied that he will provide an update at next month's meeting. He further stated that staff just received the contact information for the easements.

Mr. Hill asked what is the status of RBF on the design. Mr. Cafferty stated that they had the kick-off meeting, reviewed the site, and started the design. He further stated that during the kick-off meeting, the possibility of noise was discussed.

SDRWQB Basin Plan Amendment

Mr. Hill stated that included in the Board package are 2 letters to the San Diego Regional Water Quality Basin on the impact of recycled water use.

Mr. Hill stated that the intent of the Salt and Nutrient Management Plan is that all sources be managed on a basin-wide or watershed-wide basis in a manner that ensures attainment of water quality objectives and protection of beneficial uses. He further stated that the State Water Board finds that the appropriate way to address salt and nutrient issues is through the development of regional or sub regional salt and nutrient management plans rather than through imposing requirements solely on individual recycled water projects.

Mr. Cafferty showed a map of Region 8 and Region 9 and how Phase 1 and Phase 2 of the District's Recycled Water Expansion Plan overlaps some areas of Region 8 and Region 9. Mr. Hill stated that ETWD has 2 separate permits to cover Region 8 and Region 9 with SOCWA.

President Goldman asked if the Phase 2 that is in Region 9 will be covered under the permit we have with SOCWA for Region 8. Mr. Cafferty replied that he believes so.

Mr. Hill stated that he had a meeting with Chris Macon, City Manager of Laguna Woods, who indicated that the 3 cities approached the Regional Board requesting that they be designated a single Regional Board for surface water and MS 4 permit, and they were successful. He further stated that the City of Laguna Woods and Laguna Hills requested that they be designated under San Diego, and the City of Lake Forest requested to be in the Santa Ana Region.

Engineering Items Discussed at Various Conferences and Meetings

Comments Regarding Non-Agenda Engineering Committee Items

There were no comments.

Close Engineering Committee Meeting

At approximately 8:59 o'clock a.m. the Engineering meeting was closed, and the Board took a short recess.

FINANCE/INSURANCE COMMITTEE

At approximately 9:06 o'clock a.m. Director Vergara called the Finance Committee meeting to order. Also at this time, Ms. Judy Cimorell joined the meeting.

Treasurer Action Items

Financial Package – Authorization to Approve Bills for Consideration dated February 24, 2015 and Receive and File Financial Statements as of January 31, 2015

Ms. Shahbakhti stated that included in the Board package is an updated schedule of the Baker project

Ms. Shahbakhti stated that the market was down slightly which affected the 401(k) Plan performance.

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.

Employee Compensation Adjustment

Mr. Hill stated that in accordance with Personnel Manual Procedure No. A-1-7 the management staff reviews the benefit plans and salary ranges annually,

and brings any recommended adjustments to the Board for their consideration.

Mr. Hill stated that it has been the practice of the District to utilize the survey information to assess the competitiveness and adequacy of employee salary ranges when compared to neighboring agencies.

Mr. Hill stated that it has been the District's objective to neither be on the high end or the low end of the Survey average for each position. He further stated that the District compared its salaries to 95% of the average of neighboring agencies top of range. Mr. Hill stated that this practice was based on the assumption that an annual range adjustment equating to the Consumer Price Index Rate of Inflation would keep the District's salaries competitive.

Mr. Hill stated that the proposed salary range adjustments would take effect in July 2015 with the adoption of the 2015/16 budget. He further stated that the actual impact of the adjustments will not occur until the next merit pool allocation in January of 2016.

Mr. Hill stated that 38 of the District's 56 employees currently occupy these positions, and 23 employees are topped out and would receive merit increases rather than Top of Range awards in January.

Ms. Cimorell stated that each year the neighboring agencies will meet as a group to discuss salary ranges, job descriptions, job duties and levels of responsibility. She further stated that benefits will be included in the review process with neighboring agencies.

Director Monin asked if employee benefits are considered. Ms. Cimorell replied yes.

Mr. Hill stated that the District's On-Call Standby salary has not been adjusted for several years.

President Goldman asked what the purpose of the meeting with neighboring agencies would be. Ms. Cimorell stated that the meeting will be to re-design the salary survey for future use.

President Goldman asked who was surveyed to provide the salaries in the summary in today's Board package. Mr. Hill replied that IRWD, MNWD, City of Laguna Beach, MWDOC, OCWD, SMWD, SOCWA, SCWD, and private industry.

President Goldman asked what the term "affected by the range" mean. Mr. Hill replied that it means the employee is topped out in their position of the salary range.

Mr. Hill stated that 26 employees occupy these positions, with 23 being topped out with a chance to get a salary increase by way of a one-time check.

Mr. Cafferty stated that employees are given an evaluation in December and any raises given are on the first paycheck in January. He further stated that adjustments are determined during the budget process for the upcoming fiscal year.

Director Monin asked if the District has lost employees to neighboring agencies due to salaries. Mr. Cafferty replied that there were two recent employees who left for salary reasons. Director Monin asked if the employees who left went to other agencies. Mr. Hill replied no, they went to public agencies.

Director Monin asked if there are retirees from another agency who we

have hired. Mr. Hill replied yes.

Mr. Hill stated that Succession Planning is about promoting from within and hiring new employees that we can mold and train.

Director Vergara stated that recognizing the employees impacts performance and customer service.

Mr. Cafferty stated that the On-call people need to be available to respond to emergencies. He further stated that there are 4 people On-Call; one is the primary. The secondary is a Supervisor or Crew Chief or Foreman to provide direction. One of the Operators at the Plant is also On-Call, along with Maintenance.

Mr. Cafferty stated that the On-Call person has to be ready to leave immediately. He further stated that the District pays \$200 per week for the On-Call people.

Ms. Cimorell stated that staff surveyed neighboring agencies and the On-Call salaries range from \$175 - \$500 per week, with some agencies having a minimum hourly salary. She further stated that ETWD does not provide a minimum, just a flat rate.

Mr. Hill stated that the recommendation is to consider approving staff's proposed adjustments to certain employee salary ranges, and to the weekly On-Call Standby compensation, effective July 1, 2015. He further stated that the impact to the 2015/16 budget will be approximately \$35,000.

Director Monin asked if the On-Call person documents their hours. Mr. Cafferty replied yes, then their Supervisor reviews for approval, and then to Mr.

Cafferty for final approval.

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.

ISDOC Membership Renewal

Mr. Hill stated that staff recommends that we renew the ISDOC membership. The Board concurred.

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.

Appointment of Auditing Firm

Mr. Grandy stated that the District has previously signed into a 1-year agreement with Charles Z. Fedak for auditing purposes, with the option to renew each year for an additional 4 years. He further stated that last year was the first year with Charles Z. Fedak.

Mr. Grandy stated that in January staff was informed that the Senior Managers have left the firm and joined another auditing firm, the PUN Group. He further stated that the Audit Committee met to determine a course of action.

Mr. Grandy stated that the Audit Committee met with Charles Z. Fedak and then met with the PUN Group, and after hearing their presentations it was concluded that the District continue the next 4 years, 1 year at a time with the PUN Group.

President Goldman asked how the PUN Group proposal compares to the

Charles Z. Fedak original proposal. Mr. Grandy replied that the costs are the same.

President Goldman asked if staff consulted with General Counsel. Mr. Grandy replied yes.

Mr. Granito reported that he examined the contract and has concluded that the District has no contractual obligation for the District to continue using Charles Z. Fedak.

Vice President Kahn asked if the Board decides to go with the PUN Group, will we have a signed contract. Mr. Grandy replied yes, a contract will be signed for 1 year, with the option to continue an additional 3 years, 1 year at a time.

Director Monin stated that staff should contact Mr. Fedak as soon as possible to inform him that the District plans to go in another direction for auditing purposes. Mr. Grandy replied that he will prepare a memo to Charles Z. Fedak today explaining that the District will not be exercising it's option to renew with them for an additional 4 years, and simultaneously notify the PUN Group.

Director Monin stated that he feels the quarterly audits should be done on time and results published immediately afterwards to allow time for any corrections to be made.

Vice President Kahn asked if staff requests the auditors to come in to do a quarterly audit, or do the audits determine when they will perform the audit. Mr. Grandy replied that for 2014 there was a separate engagement letter for the quarterly audits, and a separate letter for the annual audit. He further stated that

due to the disarray in the firm, the engagement letters for 2015 were not provided to staff.

President Goldman asked the Board if they are in concurrence with staff's decision to terminate the District's relationship with Charles Z. Fedak and continue with a contract to the PUN Group for the District's auditing purposes. The Board concurred with staff's recommendation.

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.

At approximately 9:55 o'clock a.m., President Goldman left the meeting.

2015/16 Budget Preparation Schedule and Status

Mr. Grandy stated that the schedule is a reminder of the budget timeline preparation for staff and the Board.

Water Budget Based Tiered Conservation Rate Structure & Usage Activity and Mandatory Cutback Preparation

Mr. Hill commented on the water usage reductions for the month of January, including Commercial use.

Comments Regarding Non-Agenda FIC Items

Director Monin stated that the previous OCWA meeting where Dr. Lucy Jones spoke about earthquakes was very educational. He further stated that the District's plant on Ridge Route receives periodic odor complaints. Mr. Cafferty

stated that it is Northline Lift Station, and he could prepare an update at a future meeting.

Close Finance and Insurance Committee Meeting

At approximately 9:58 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 the regular session continued.

Regular Session

Adjournment

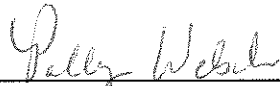
There being no further business to come before the Board, the following motion was duly made and passed.

Motion: Director Vergara made a motion, seconded by Director Monin and unanimously carried that today's meeting be adjourned at 10:00 o'clock a.m. to Tuesday, March 24, 2015 at 7:30 o'clock a.m. at the District's Administrative Offices at 24251 Los Alisos Blvd, Lake Forest, CA. 92630.

Roll Call:

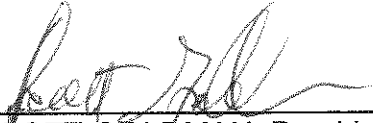
Director Vergara:	aye
Vice President Kahn:	aye
President Goldman:	absent
Director Monin:	aye
Director Adjarian:	aye

Respectfully submitted,

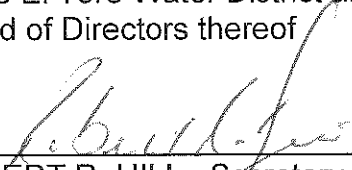


POLLY WELSCH
Recording Secretary

APPROVED:



M. SCOTT GOLDMAN, President
of the El Toro Water District and the
Board of Directors thereof



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