

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

May 26, 2015

Director Vergara called the Meeting of the Engineering Committee and Finance/Insurance Committee to order at 7:30 o'clock a.m. on May 26, 2015

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

Present at today's meeting were Committee Members JOSE F. VERGARA, FRED ADJARIAN, and MARK MONIN.

Committee Members 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, CAROL MOORE, Customer, and KATHRYN FRESHLEY, Customer.

Oral Communication/Public Comment

There was no public.

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
Director Monin	aye
Director Adjarian	aye

Engineering Action Items

WRP Operations Control Building

Mr. Cafferty stated that the building has seen some modifications to the men's restroom to accommodate new water heaters, janitorial wash sinks, transforming the electrical room into the computer/SCADA server room, and converting the office supply room into additional office space and a technical reference library.

Mr. Cafferty stated that the break room and kitchen facilities require remodeling.

Director Monin asked is staff received bids for this project. Mr. Cafferty replied that bids were received for the construction, carpet, appliances, and furniture.

Director Vergara asked if this project has been budgeted. Mr. Cafferty replied yes.

Director Monin asked if staff received references from California Home Renovation, who was the lowest bidding contractor for the kitchen remodel. Mr. Cafferty replied that he will follow up with the plant staff.

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.

Director Vergara asked for a Roll Call Vote.

Roll Call Vote:

Director Vergara	aye
Director Monin	aye
Director Adjarian	aye

Recycled Water SCADA Network

Mr. Cafferty stated that the Recycled Water Distribution system includes two pressure transmitting facilities designed to communicate recycled water system pressure to the plant. He further stated that the pressure data is used to evaluate and adjust the operation of the Recycled water Pump Station to maintain adequate pressure in the Recycled Water Distribution System.

Mr. Cafferty stated that the system requires installation of an antenna and radio system at each of the two pressure transmitter facilities to provide a point connection from Towers to P-1 and from P-1 to the Plant. He further stated that this system requires a capital investment of \$29,250 but has no subsequent on-going monthly costs.

Director Monin asked what distance is between the connections. Mr. Cafferty replied a mile or two.

Director Monin asked if someone is monitoring the system during the day. Mr. Cafferty replied yes, and during the night it will be monitored as part of the District's overall control system.

Director Vergara asked if the system could be monitored from a cell phone. Mr. Cafferty replied that the operators have not been provided offsite monitoring, due to security issues.

Director Vergara asked if this cost would be coming from Reserves. Mr. Cafferty replied that the cost is included in the Recycled Water project costs.

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.

Director Vergara asked for a Roll Call Vote.

Roll Call Vote:

Director Vergara	aye
Director Monin	aye
Director Adjarian	aye

City of Mission Viejo Resurfacing Project

Mr. Cafferty stated that the City of Mission Viejo shifted their schedule on resurfacing. He further stated that staff became aware of the scope of the City's project after the 2014/15 budget preparation was complete.

Mr. Cafferty stated that the 2014/15 budget included \$30,000 for costs associated with City resurfacing projects, and staff has evaluated the overall budget and determined the invoiced cost can be accommodated within the Outside Contractors cost center within the budget.

Director Adjarian asked if staff attends meetings with the City where upcoming projects are discussed. Mr. Cafferty replied that staff attends quarterly City meetings, when available.

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.

Director Vergara asked for a Roll Call Vote.

Roll Call Vote:

Director Vergara	aye
Director Monin	aye
Director Adjarian	aye

Vehicle Replacements

Mr. Cafferty stated that staff is proposing to purchase two new vehicles as part of the on-going vehicle replacement program. He further stated that the first vehicle will replace a 12 year old F-350 pickup truck that has over 140,000 miles.

Mr. Cafferty stated that the second pickup truck will be added to the fleet allowing reassignment of other vehicles.

Mr. Cafferty stated that staff received proposals from 3 vendors for the pickup trucks and chasis, and had to negotiate a price with a separate vendor for the truck body.

Director Monin stated that he does not wish to add a vehicle to the fleet, and suggested receiving additional bids from vendors other than Ford. Mr. Cafferty replied that the District has standardized on Ford and will discuss with

the District's mechanic the issues associated with utilizing other vehicle manufacturers.

Director Monin asked if staff can purchase a lower cost vehicle that is not a truck, for the intern to use for inspections. Mr. Cafferty replied that the operating requirements drive the type of vehicle purchased.

Director Vergara asked if this is included in the budget. Mr. Cafferty replied yes.

Director Adjarian suggested moving forward with the purchase of the two Ford F-350 pickups, and in the future, suggested that staff obtain bids from vendors other than Ford.

Director Monin suggested that staff consider purchasing a smaller vehicle whenever it will satisfy the purpose for the District pool.

Ms. Moore asked how many vehicles the District has compared to employees. Mr. Cafferty replied that pool trucks are shared, some trucks are assigned by function, and depending on staff's role and responsibilities depends on whether or not they are assigned a vehicle.

Director Vergara suggested that in the future, staff could consider alternative energy vehicles, comparing electric vehicles to gas.

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.

Director Vergara asked for a Roll Call Vote.

Roll Call Vote:

Director Vergara	aye
Director Monin	aye
Director Adjarian	aye

Engineering General Information Items

El Toro Water District Capital Project Status Report

R-1 & R-2 Reservoir Management System

Mr. Cafferty stated that the project is out to bid, bids are due June 11th, and staff anticipates bringing a construction award recommendation to the Board in June.

Recycled Water Expansion Project

Mr. Cafferty stated that as of last week 49 of the 260 meters have been converted and are delivering recycled water, which represents over 25% of the project demand.

Mr. Cafferty stated that the rebate program is going well.

Recycled Water Expansion Project – Phase II

Mr. Cafferty stated that the design effort by Tetra Tech to prepare a shovel ready project is underway, and staff is reviewing the 90% level design drawings. He further stated that work on the environmental documentation (CEQA) is underway.

Mr. Cafferty stated that staff is investigating the option to expand the Phase II service area and communicating with Laguna Beach County Water District regarding a potential joint project.

Engineering Items Discussed at Various Conferences and Meetings

There were no comments.

Comments Regarding Non-Agenda Engineering Committee Items

Director Vergara thanked Directors Adjarian and Monin for their input on the vehicle replacements.

Close Engineering Committee Meeting

At approximately 8:33 o'clock a.m. the Engineering meeting was closed. Also at this time the Board took a short recess.

FINANCE/INSURANCE COMMITTEE

At approximately 8:37 o'clock a.m. Director Vergara called the Finance Committee meeting to order.

Treasurer Action Items

Financial Package – Authorization to Approve Bills for Consideration dated May 26, 2015 and Receive and File Financial Statements as of April 30, 2015

Ms. Shahbakhti stated that we have closed the 10th month of the fiscal year. She further stated that on page 8, 401(k) Plan is performing well.

Ms. Shahbakhti stated that on page 10, Income Statement, year to date net income is \$916,000 compared to the year to date budget of \$229,000. She further stated that the Auditors will be performing a 4th Quarter Audit in August, and an Annual Audit at the end of August or beginning of September.

Director Monin asked how staff feels on how cutbacks affect the District's financials. Mr. Hill replied that the cutbacks should be minimal to the District, affecting the Delivery charge slightly. Mr. Cafferty added that the budget going into 2015/16 is now based on the expected lower deliveries.

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.

Director Vergara asked for a Roll Call Vote.

Roll Call Vote:

Director Vergara	aye
Director Monin	aye
Director Adjarian	aye

ETWD's Draft 2015/16 Budget/COS/Ordinance/Prop 218 Notice/State

Regulations

Mr. Hill stated that this is an on-going project, with further discussion at Thursday's meeting. He further stated that the Modified Approval Timeline is included in the Board package.

Mr. Hill stated that staff was instructed by the Board to reduce the gallons per capita from 60 gallons per day to 55 gallons per day, based on a AWWA Research Foundation study, which is being updated. He further stated that the outdoor Drought Factor was also reduced from 100% to 50%.

Mr. Hill stated that sales projections are at 7,350. He further stated that at the Special Board meeting scheduled for June 9th, amendments to the Ordinance will be suggested, as well as approving the COS, Prop 218 Notice, and authorizing a Public Hearing for July 30th.

Mr. Hill stated that staff is suggesting adding an Administrative Penalty effective July 1st.

Mr. Hill stated that the updated COS was received over the weekend, and staff has not yet reviewed the amendments. He further stated that due to reduction in purchases and sales, the rate increase will go from 10 cents to 12 cents.

Mr. Grandy stated that also at the June 9th Special Board meeting, staff will confirm the Level 1 declaration and impose penalties for Tiers 3 & 4 use and a recommendation for the amount of the penalty.

Mr. Hill stated that no action is being taken at today's meeting, as this item is being carried over to Thursday's agenda. The Board concurred.

Treasurer Information Items

Water Usage Activity Report, State Emergency Drought Regulations and Monthly Reporting

Mr. Grandy stated that we used more water in 2014/15 than in 2013/14.

Mr. Hill stated that the State Report is included in the Board package, which staff has been submitting since June, comparing current fiscal year usage with past fiscal year usage. He further stated that usage and purchases will vary.

Director Monin asked why the difference in the ET Factor. Mr. Hill explained the ET Factor is weather based.

Comments Regarding Non-Agenda FIC Items

Director Monin stated that the District's new website is very clear to use, and he complimented staff on the good work they have done.

Close Finance and Insurance Committee Meeting

At approximately 8:58 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. Mr. Granito further reported that a Closed Session will be needed at Thursday meeting.

Mr. Granito reported that there is no need to take action on the Action Item on today's agenda, therefore no Action was taken.

Adjournment


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

Motion: Director Monin made a motion, seconded by Director Adjarian and unanimously carried that today's meeting be adjourned at 8:59 o'clock a.m. to Tuesday, June 23, 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
Director Monin:	aye
Director Adjarian:	aye

Respectfully submitted,



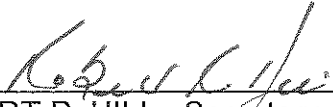
POLLY WELSCH
Recording Secretary

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