

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

July 21, 2015

Director Vergara called the Meeting of the Engineering Committee and Finance/Insurance Committee to order at 7:30 o'clock a.m. on July 21, 2015

Director Kahn 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, JUDY CIMORELL, Human Resources Manager (arrived at 8:45 a.m.), NANCY LAURSEN (arrived at 8:45 a.m.), and POLLY WELSCH, Recording Secretary.

Oral Communication/Public Comment

There were no comments.

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 Kahn	aye
President Goldman:	aye
Director Monin	aye
Director Adjarian	aye

Engineering Action Items

Recycled Water Distribution System Phase II Expansion Project – East Side System Expansion

Mr. Cafferty stated that nearly a year ago the Board approved authorizing design of the West Side System Recycled Water Expansion project, and this project is 92% complete.

Mr. Cafferty stated that in the Gate 5 & 6 area United did not have the same configuration of dedicated irrigation meters, which creates more complications to convert them to recycled water.

Mr. Cafferty stated that the retrofit project is going well.

President Goldman asked Mr. Cafferty to show on the map which section of pipes would be replaced from 6" to 8" pipes.

Mr. Cafferty stated that staff asked Tetra Tech for a proposal for the design component of the East Side System Expansion Phase II, which they presented in the amount of \$111,000. He further stated that staff asked Dudek

for a proposal to prepare appropriate CEQA documentation for the project, which they presented in the amount of \$13,800.

President Goldman asked if the Phase II projects were included in the budget. Mr. Cafferty replied that some of the project was budgeted, and the remainder will come from the Consulting budget.

Director Monin asked if IRWD and Mesa have an abundance of recycled water. Mr. Cafferty replied that he is unsure about Mesa, but IRWD is running short of recycled water in the summer.

Mr. Cafferty stated that after more research staff will present a financial analysis of the project after additional funding resources are identified.

Director Monin asked if the project remains shelved, how expired does the design become. Mr. Cafferty replied that utility changes are not expected and the design would remain valid.

Mr. Cafferty stated that positioning ourselves to move quickly will be beneficial once the funding is available.

Director Monin asked if we could have a greater yield. Mr. Cafferty replied that we have seen a significant impact on wastewater influent due to conservation efforts, such as high-efficiency washers, low-flow toilets, and low-flow shower heads.

Mr. Cafferty stated that the Tertiary Treatment Plant was designed to handle the amount of flow of the original Phase II project. He further stated that staff is reviewing several scenarios to determine how much supplemental potable

water is needed in a maximum day recycled water demand condition for the expanded Phase II scope, but anticipates the amount to be manageable.

Mr. Hill stated that re-development of the Laguna Hills Mall will also impact our influent.

Vice President Kahn asked what the construction is going to cost. Mr. Cafferty replied the total project inclusive of the East Side Expansion is a \$10 million project, and not included in the budget. He further stated that this is what the funding is planned for.

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 Kahn	aye
President Goldman	aye
Director Monin	aye
Director Adjarian	aye

Engineering General Information Items

ETWD/IRWD MOU – Temporary Use of Sewer Flow Splitter

Mr. Cafferty stated that IRWD has a shortfall of recycled water for the summer, and they asked if they could close off ETWD's side of the splitter to direct up to 100% of the flow to IRWD. He further stated that this would be a temporary arrangement for a short-term period, and could be terminated at any time.

Mr. Cafferty stated that the District could save a minimal amount of treatment cost at the Water Recycling Plant.

Director Vergara asked why we are not charging them for receiving our share of the flow. Mr. Cafferty stated that essentially we will be saving money by not having to treat the water.

Mr. Cafferty stated that the splitter was closed last week, and our Treatment Plant Operator was on-site at the time.

El Toro Water District Capital Project Status Report

R-1 & R-2 Reservoir Management System

Mr. Cafferty stated that the R-1 & R-2 Reservoir Management System has been approved, and the Notice to Proceed has been issued to the contractor.

Recycled Water Expansion Project

Mr. Cafferty stated that included in the package is an update on the retrofits. He further stated that we have 2 separate ETWD staff members providing cross connection tests.

Mr. Cafferty stated that we are continuing to pursue retrofit rebates from MET. He further stated that we have approvals for over \$600,000 of rebates.

Recycled Water Expansion Project – Phase II

Mr. Cafferty stated that project will expand through the remainder of Laguna Woods Village. He further stated that staff is reviewing the Laguna Hills Mall area for potential recycled water use.

Mr. Hill stated that staff is working with General Counsel on regulations and conditions of the Will Serve, as well as samples of development agreements,

and possibly a Water Supply Assessment.

Mr. Cafferty stated that the developer is paying for the hydraulic analysis.

Director Adjarian asked when the next update to the Water & Sewer Master Plan is expected. Mr. Cafferty replied staff is discussing an update, but needs to wait until the recycled water projects that have significant impact on the system demand are complete.

Engineering Items Discussed at Various Conferences and Meetings

There were no comments.

Comments Regarding Non-Agenda Engineering Committee Items

There were no comments.

Close Engineering Committee Meeting

At approximately 8:40 o'clock a.m. the Engineering meeting was closed. Also at this time, the Board took a short recess.

FINANCE/INSURANCE COMMITTEE

At approximately 8:45 o'clock a.m. Director Vergara called the Finance Committee meeting to order. Also at this time, Ms. Cimorell and Ms. Laursen joined the meeting.

Insurance Information Item

Quarterly Insurance Report

Ms. Cimorell stated that on page 5, we came in under budget on Medical for the 2014/15 fiscal year.

Director Monin asked how much we budgeted for Medical. Ms. Cimorell stated that the 2014/15 Medical budget assumed rate increases of 6%-9%. She

further stated that JPIA gives us an estimated number that we use to prepare our budget.

At approximately 8:48 o'clock a.m. Ms. Cimorell and Ms. Laursen left the meeting.

Treasurer Action Items

Financial Package – Authorization to Approve Bills for Consideration dated July 21, 2015 and Receive and File Financial Statements as of June 30, 2015

Ms. Shahbakhti stated that we just closed the last month of the fiscal year, and Revenues are finalized each year with staff preparing 2 closings. She further stated that reconciliations are done after the final invoices for the fiscal year have been received.

Ms. Shahbakhti stated that a quarterly audit and annual audit have been scheduled.

Ms. Shahbakhti stated that on page 10, Income Statement, there are some entries made once a year.

Mr. Grandy stated that staff is modifying the customer bills to include the Drought Factor, Penalty, and the ET factor. He further stated that the back of the bill has been amended to define these changes.

Director Monin asked if the new bill will be on the District's website. Mr. Grandy replied yes.

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 Kahn	aye
President Goldman	aye
Director Monin	aye
Director Adjarian	aye

2015/16 Water Use Efficiency Rebate Program

Mr. Hill stated that staff has allocated approximately \$48,000 annually for rebates, and anticipates increasing the amount to \$100,000. He further stated that staff has prepared a comparison table showing MET's rebate, MWDOC's grant money, and ETWD's funding.

President Goldman suggested that we consider no longer offering rebates for indoor use, and focus more on outdoor use. President Goldman stated that we should focus more on smartimers and rotating nozzles.

Mr. Hill stated that if ETWD discontinued the rebates for washing machines and toilets, MET will still offer a rebate for those devices.

Vice President Kahn asked if staff is noticing a lower amount of rebate requests for washing machines. Mr. Hill replied that each year we have pretty much exhausted our allocated rebate subsidy for high efficiency washing machines and toilets.

President Goldman stated that he would rather take the rebate money currently used for washers and toilets and put it into the smartimers and rotating nozzles. Director Monin stated that he agrees that the District needs to focus more on the outdoor use.

Mr. Hill stated that today's recommended action is to approve the rebate program's financial contribution in the amount of \$100,000 and to fund same from the Restricted Conservation Reserve.

Mr. Hill stated that the District needs to enter into an agreement with MWDOC on the rebate program.

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 Kahn	aye
President Goldman	aye
Director Monin	aye
Director Adjarian	aye

California Association of Sanitation Agencies Membership

Mr. Hill stated that the District was a member in CASA in the past, and staff budgeted to join in 2015/16 in the amount of \$12,480.

President Goldman stated that SOCWA is a member of CASA and ETWD was contributing to both in the past, so the Board decided not to renew CASA membership. He further stated that they have since redone their membership

structure, and it is now separate from SOCWA, so he suggested that we renew the District's membership in CASA.

Mr. Hill stated that today's recommended action is to approve membership in CASA for the 2015/16 fiscal year in the amount of \$12,480.

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 Kahn	aye
President Goldman	aye
Director Monin	aye
Director Adjarian	aye

Southern California Water Committee (SCWC) Membership Renewal for 2015/16

Mr. Hill stated that staff is recommending that the Board renew membership in SCWC for 2015/16 in the amount of \$850.

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 Kahn	aye
President Goldman	aye
Director Monin	aye
Director Adjarian	aye

Treasurer Information Items

State Emergency Drought Regulations/Monthly Reporting/Customer Outreach & Water Usage/Sales

Mr. Hill stated that included in the package is the State Report which now includes Commercial usage. He further stated that the District is 45% into the days within the month and we are at 42% of our target.

Mr. Hill stated that also included in the package is a customer water waste complaint log and how staff responded.

Comments Regarding Non-Agenda FIC Items

There were no comments.

Close Finance and Insurance Committee Meeting

At approximately 9:23 o'clock a.m. the Finance meeting was closed.

Attorney Report

Mr. Granito provided a brief update on pending litigation.

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

Adjournment

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

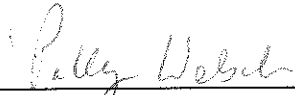
Motion: Director Monin made a motion, seconded by Director Adjarian and unanimously carried that today's meeting be adjourned at 9:25 o'clock a.m. to Tuesday, August 25, 2015 at 7:30 o'clock a.m. at the District's Administrative

Offices at 24251 Los Alisos Blvd, Lake Forest, CA. 92630.

Roll Call:

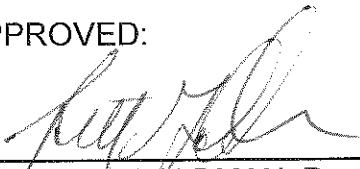
Director Vergara:	aye
Director Kahn	aye
President Goldman	aye
Director Monin:	aye
Director Adjarian:	aye

Respectfully submitted,

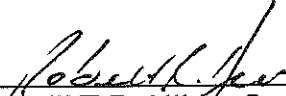


POLLY WELSCH
Recording Secretary

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