

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

September 22, 2015

Director Vergara called the Meeting of the Engineering Committee and Finance/Insurance Committee to order at 7:30 o'clock a.m. on September 22, 2015.

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

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

Vice President WILLIAM H. KAHN was 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

Ms. Moore commended Mr. Grandy on his service with the District, and upcoming retirement.

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
President Goldman:	aye
Director Monin	aye
Director Adjarian	aye

Engineering Action Items

Recycled Water Retrofit Change Order

Mr. Cafferty stated that Trautwein has 2 crews working on the project, and a Change Order to the existing Trautwein Construction contract is necessary to continue the project.

Director Vergara asked for a Roll Call Vote.

Roll Call Vote:

Director Vergara	aye
President Goldman	aye
Director Monin	aye
Director Adjarian	aye

Engineering General Information Items

EI Toro Water District Capital Project Status Report

R-1 & R-2 Reservoir Management System

Mr. Cafferty stated that staff is preparing to have the system on line in early 2016.

#### Recycled Water Expansion Project On-Site Conversions

Mr. Cafferty stated that the retrofits have been completed in Third with two more sites expected to be completed this week.

Mr. Cafferty stated that the District has received approval for over \$600,000 in rebates and has received approximately \$200,000 of it.

#### Recycled Water Expansion Project - Phase II

Mr. Cafferty stated that the project should be ready to bid at the end of this year. He further stated that we are generating an SRF application to submit in November.

Director Adjarian asked what the amount of the SRF Loan application for Phase II is. Mr. Cafferty replied \$10 million, with 35% being a grant and the balance a loan with 1% interest.

#### Baker Water Treatment Plant Project

Mr. Cafferty stated that a detailed project status provided by IRWD is included in the Board package.

#### Poseidon Huntington Beach Ocean Desal Project

Mr. Hill stated that there will be an action item at Thursday's meeting.

#### 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 7:39 o'clock a.m. the Engineering meeting was closed.

FINANCE/INSURANCE COMMITTEE

At approximately 7:39 o'clock a.m. Director Vergara called the Finance Committee meeting to order.

Financial Action Items

Financial Package – Authorization to Approve Bills for Consideration dated September 22, 2015 and Receive and File Financial Statements as of August 31, 2015

Ms. Shahbakhti stated that we closed the second month of the fiscal year.

Ms. Shahbakhti stated that page 10, revenue and expenses, we are behind budget due to commodity sales. She further stated that the total penalty funds collected is \$18,282 due to usage of Tier 3 & 4.

Mr. Grandy stated that staff budgeted to reach the state mandate of a 24% reduction of water use.

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
President Goldman	aye
Director Monin	aye
Director Adjarian	aye

Resolution No. 15-9-1 Amending the District's Investment Policy Statement

1985-3 (IV)

Mr. Hill stated that during the Special meeting last month, discussion was had on Succession Planning. He further stated that this policy is being updated to reflect those changes in titles.

Director Monin stated that there is a FI 360 which rates Mutual Funds in the portfolio, and suggested that staff request the report from HighMark. Mr. Grandy replied that staff will follow up with HighMark.

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
President Goldman	aye
Director Monin	aye
Director Adjarian	aye

Resolution No. 15-9-2 Purchasing Policy Statement 1996-13 (IV)

Mr. Hill stated that this policy is not required to be reviewed each year; but staff is amending it due to expenditure amount changes.

President Goldman asked for clarification on the General Manager's reporting to the Board. Mr. Cafferty replied that in the amended Purchasing Policy, the General Manager will report to the Board all expenditures over \$50,000 on a monthly basis.

President Goldman asked about bidders bonds and why it was changed from a requirement to an option. Mr. Cafferty replied that if there is a full set of contract documents, it always includes a bidders bond, but with smaller projects, it may not be necessary.

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
President Goldman	aye
Director Monin	aye
Director Adjarian	aye

Resolution No. 15-9-3 Adoption of the ETWD Appropriations Limit for Fiscal Year 2015/16

Ms. Shahbakhti stated that each year we are required to calculate the Appropriations Limit, general bonds issued. She further stated that it is a reporting requirement for the Auditors.

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
President Goldman	aye

Director Monin                      aye  
Director Adjarian                    aye

Financial Information Items

Development of a Commercial, Industrial & Institutional (CII) Water Budget Rate Structure

Mr. Hill stated that we have retained Raftelis Consultants to assist staff with pros and cons of a water budget based rate structure for Commercial customers. He further stated that more information will be forthcoming to the Board. Tentatively staff and consultant plan to address the pros and cons at a workshop in November.

Mr. Grandy stated that residential and irrigation budgets are quite scientific. He further stated that Commercial customers are totally different and have different demands for water.

Mr. Grandy stated that MNWD uses a rolling three year average to base the rates on.

President Goldman asked how many Commercial customers we serve. Mr. Grandy replied approximately 700 Commercial customers.

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

Mr. Hill reported on the State Report, and a spreadsheet with detailed gallons per day per capita. He further stated that the District is doing better than the 24% potable water reduction mandate, and the recycled water project is assisting with this.

Mr. Hill stated that the Plant delivery was 20.7 acre feet, the LWWV golf course is 135.1 acre feet, and we have converted 136.8 acre feet. He further stated that 251 million gallons are the total potable water reduction.

Mr. Hill stated that compared to June - August 2013, the total potable water reduction is 769 acre feet.

Ms. Freshley stated that the chart shows that the Laguna Woods Village golf course is taking most of the recycled water produced. Mr. Cafferty replied that we have additional capacity, but currently produce what is demanded, with the balance being treated and going to the ocean.

#### Comments Regarding Non-Agenda FIC Items

Mr. Cafferty gave a brief update on how the District prepares for wet weather.

#### Close Finance and Insurance Committee Meeting

At approximately 8:24 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, therefore Regular Session continued.

Mr. Granito reported that with respect to the Closed Session item reflected on today's Closed Session agenda, all parties have agreed to mediation to take place within the next 120 days.

#### Adjournment

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



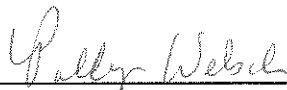
Motion: Director Monin made a motion, seconded by Director Adjarian and unanimously carried that today's meeting be adjourned at 8:25 o'clock a.m. to Tuesday, October 20, 2015 at 7:30 o'clock a.m. at the District's Administrative Offices at 24251 Los Alisos Blvd, Lake Forest, CA. 92630.

Roll Call:

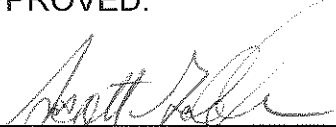
Director Vergara:	aye
President Goldman	aye
Director Monin:	aye
Director Adjarian:	aye

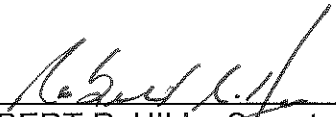
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Respectfully submitted,

  
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POLLY WELSCH  
Recording Secretary

APPROVED:

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

  
\_\_\_\_\_  
ROBERT R. HILL, Secretary  
of the EI Toro Water District and the  
Board of Directors thereof