

MINUTES OF THE SPECIAL MEETING  
OF THE  
BOARD OF DIRECTORS  
OF THE  
EL TORO WATER DISTRICT  
March 10, 2016

President Goldman called the meeting of the Board of Directors of the ELTORO WATER DISTRICT to order at 8:00 o'clock a.m. on March 10, 2016 at the El Toro Water District Administrative Offices, 24251 Los Alisos Boulevard, Lake Forest, California.

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

Directors M. SCOTT GOLDMAN, WILLIAM H. KAHN, JOSE F. VERGARA, MARK MONIN, and FRED ADJARIAN were present.

Also present were ROBERT R. HILL, General Manager/Assistant Secretary, DENNIS P. CAFFERTY, Assistant General Manager/District Engineer, NEELY SHAHBAKHTI, Finance Manager/Controller, GILBERT J. GRANITO, General Counsel, and POLLY WELSCH, Recording Secretary.

Oral Communications - Public Comments

President Goldman 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.

There were no comments.

Items Received Too Late to be Agendized

President Goldman asked if there were any items received too late to be agendaized. Mr. Hill replied no.

Amendment to Schedule No. 2-W Capital Facilities Fee

Mr. Hill stated that staff prepared a Cover Memo and a redline copy of Schedule 2-W.

Mr. Cafferty gave a presentation on why the Schedule No. 2-W Capital Facilities Fee needs to be amended and how the numbers were figured.

Mr. Cafferty stated that this is a one-time development fee. He further stated that the fee has to be paid before the developer receives service.

Mr. Cafferty stated that within the Schedule 2-W, the fee will be broken into two components; the first is the existing meter component, and then the Water Capital Facility Fee Demand Offset Component. He further stated that the new fee will fund water supply projects.

Mr. Cafferty stated that calculation included the completed Tertiary Treatment Plant costs inclusive of construction and support costs as well as retrofit costs. President Goldman asked if any grant money was used. Mr. Cafferty replied no, the grant money was used on the distribution system.

President Goldman suggested the capacity should reflect the secondary delivery limitations, not the entire production capacity.

Mr. Hill stated that staff is reviewing a draft Nexus report that Raftelis has prepared. He further stated that the report will be included in the March board package.

Mr. Cafferty stated that total demand for the Laguna Hills Mall project is estimated to be 222 acre feet per year.

Mr. Cafferty stated that the cost to the developer would be approximately \$1.3 million dollars. He further stated that the developer would pass the cost through to tenants and commercial customers.

Director Vergara asked how many more projects does staff expect to get in the future. Mr. Cafferty replied that the Laguna Hills mall project, possibly another phase of the Oakbrook Village project, and a potential project in Lake Forest.

President Goldman asked Mr. Cafferty to bring some comparisons to the Board of what some of the neighboring agencies charge for Capital Fees. Mr. Hill stated that staff needs to firm up the Nexus report to make it available for Thursday's Public Meeting, which has already been noticed in the OC Register.

Mr. Cafferty stated that staff would like to get the Capital Facility Fee into the Will Serve letter for the developer as soon as possible. He further stated that staff will change the production capacity number and have Raftelis modify the Nexus report to be available for public review, and bring this amended report back to the Board in March for approval. The Board concurred with staff's recommendation.

President Goldman asked for a Motion.

Motion: Director Monin made a Motion, seconded by Vice President Kahn and unanimously carried across the Board to 1) adopt the proposed new and increased Capital Facilities Fee at the Board meeting on March 24, 2016, and 2)

ratify and confirm the legal publications of said meeting and purpose (publication dates of 3/10 and 3/17).

Roll Call Vote:

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

MWDOC Rate Study Input

Mr. Hill stated there was a lot of discussion on this item at the MWDOC Admin/Finance meeting, and he showed some excerpts from the meeting to the Board members.

Mr. Hill stated that they wanted to revisit survey results from member agencies, address the OCWD question should they be contributing, and review preliminary rates using FY 2016 Core budget.

Mr. Hill stated that all member agencies responded except for the City of Buena Park, City of La Habra, City of San Juan Capistrano, and Emerald Bay Services District.

Mr. Hill reviewed the Survey Comparison of the survey respondents, and does OCWD benefit from MWDOC services. He further stated that it was determined that they definitely benefit from MWDOC services and should contribute.

Mr. Hill stated that not contributing is in violation of Prop 26, so from a legal perspective, OCWD will have to participate financially.

Mr. Hill stated that there are 3 scenarios and each has an element where they calculate an OCWD fixed charge, and the retail agencies are calculated by the number of meters based upon hydraulic capacity and population. He further stated that some agencies did not respond to what their meter sizes are.

Mr. Hill stated that the outcome needs to be equitable and fair. He further stated that the majority is suggesting Scenario #1.

President Goldman asked what is staff's recommendation at today's meeting. Mr. Hill replied that staff is recommending that the Board instruct staff with input to MWDOC on the Rate Study and/or to carry the review and discussion of the Rate Study over to one of the regularly scheduled March meetings, and to consider whether they would like to invite MWDOC's General Manager to one of the meetings to address the Board and respond to questions.

Mr. Hill stated that staff is suggesting that we wait until after the South County Agencies meeting on March 23<sup>rd</sup> because this is on the agenda for discussion with the other agencies.

President Goldman stated that he feels we do not need MWDOC's General Manager to address the Board. The Board concurred and instructed Mr. Hill to let MWDOC's General Manager know that our Board is aware of the issue.

No Motion was taken today.

#### Travel and Expense Reimbursement Policy

Mr. Hill stated that this is the annual review of the District's Travel and Expense Reimbursement Policy. He further stated that the first section of the policy is for employees and the last section is for Directors.

Mr. Hill stated that staff has some recommended edits on the employee section, and staff is suggesting initiating discussion on the 7b, allowance for Directors for conferences/meetings. He further stated that this amount was increased from \$3,500 to \$4,000 due to the District's membership in CASA.

Mr. Hill stated that staff is now suggesting that the Board consider whether or not an increase is in order.

President Goldman suggested that staff show the Board a basis for the \$4,000 figure. Mr. Hill concurred that he will prepare a comparison of each Director's travel expenses to review with the Board.

No action was taken at today's meeting.

#### DIRECTOR COMMENTS/NON-AGENDA ITEMS

#### Adjournment

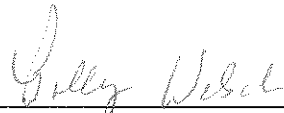
There being no further business to come before the Board, the following motion was duly made and passed.

Motion: President Goldman moved, seconded by Director Adjarian and unanimously carried across the Board that today's meeting be hereby adjourned at 9:24 o'clock a.m.

#### Roll Call Vote

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

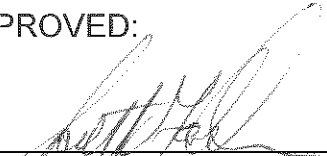
Respectfully submitted,



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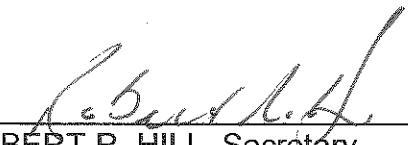
POLLY WELSCH  
Recording Secretary

APPROVED:



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



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