

I hereby certify that the following agenda was posted at least 72 hours prior to the time of the meeting so noticed below at 24251 Los Alisos Boulevard, Lake Forest, California.



Robert R. Hill, Secretary of the
El Toro Water District and the Board of
Directors thereof

AGENDA

EL TORO WATER DISTRICT

**REGULAR MEETING OF THE
BOARD OF DIRECTORS
ENGINEERING COMMITTEE MEETING
AND
FINANCE/INSURANCE COMMITTEE MEETING**

September 25, 2017

7:30 a.m.

CALL TO ORDER – Director Vergara

PLEDGE OF ALLEGIANCE – Director Adjarian

ORAL COMMUNICATION – PUBLIC COMMENT

Members of the public may address the Committee at this time or they may reserve this opportunity with regard to an item on the agenda until said item is discussed by the Committee. Comments on other items will be heard at the time set aside for “COMMENTS REGARDING NON-AGENDA ITEMS.” The public will identify themselves when called on and limit their comments to three minutes.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize items(s) which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present, or, if less than two-thirds of the Board members are present, a unanimous vote of those members present.)

1. **Approval of Minutes**

The Engineering and FIC Committee will consider approving minutes for the August 21, 2017 Engineering and Finance/Insurance Committee meeting.

Recommended Action at the September 26, 2017 Board Meeting: Approve minutes for the August 21, 2017 Engineering and Finance/Insurance Committee meeting and place on the Engineering and Finance/Insurance Committee's approval list for the September 26, 2017 meeting of the Board of Directors.

Committee Recommendation: The Committee will consider placing this item on the Engineering and Finance/Insurance Committee approval list for the regular meeting of the Board of Directors.

ENGINEERING COMMITTEE

ENGINEERING ACTION ITEMS

2. **Northline Lift Station Spare Grinder** (Reference Material Included)

Staff will review and comment the purchase of a spare grinder at the Northline Lift Station. The 2017/18 Capital Budget allocated \$84,000 for the acquisition of the spare grinder.

Recommended Action at the September 26, 2017 Board Meeting:

Staff recommends that the Board of Directors authorize the General Manager to enter into a Purchase Order Agreement with JWC Environmental in the amount of \$82,946.12 for the purchase of one Channel Monster Sewer Grinder. Staff further recommends that the Board authorize the General Manager to fund the costs from the designated Capital Reserve in accordance with the District's adopted Capital Reserve Policy.

Committee Recommendation: The Committee will consider placing this item on the Engineering and Finance/Insurance Committee recommended approval list for the regular meeting of the Board of Directors.

3. **Phase II Recycled Water Project Geotechnical Construction Support Services** (Reference Material Included)

Staff will review and comment on the review of the proposals submitted in response to the District's Request for Proposals for Geotechnical Construction Support Services for the Phase II Recycled Water Distribution System Expansion Project.

Recommended Action at the September 26, 2017 Board Meeting:

Staff recommends that the Board of Directors authorize the District's General Manager to enter into a contract with Hushmand Associates Inc. in the amount of \$85,995.00 for Geotechnical Construction Support Services for the Phase II Recycled Water Distribution System Expansion Project. Staff also recommends that the Board authorize the General Manager to fund the project costs from the District's Capital Reserves in accordance with the District's adopted Capital Reserve Policy.

Committee Recommendation: The Committee will consider placing this item on the Engineering and Finance/Insurance Committee recommended approval list for the regular meeting of the Board of Directors.

ENGINEERING GENERAL INFORMATION ITEMS

4. **EI Toro Water District Capital Project Status Report**
(Reference Material Included)

Staff will review and comment on the EI Toro Water District Capital Project Status Report.

5. **Engineering Items Discussed at Various Conferences and Meetings** (Oral Report)

The Committee will discuss any pertinent Engineering items discussed at Conferences.

COMMENTS REGARDING NON-AGENDA ENGINEERING COMMITTEE ITEMS

CLOSE ENGINEERING COMMITTEE MEETING

FINANCE/INSURANCE COMMITTEE MEETING

CALL MEETING TO ORDER – Director Monin

FINANCIAL ACTION ITEMS

6. **Financial Package - Authorization to Approve Bills for Consideration dated September 25, 2017 and Receive and File Financial Statements as of August 31, 2017** (Reference Material Included)

Staff will review and comment on the Bills for Consideration dated September 25, 2017 and Receive and File Financial Statements as of August 31, 2017.

Recommended Action at the September 26, 2017 Board Meeting: Staff recommends that the Board: 1) Approve, ratify and confirm payment of those bills as set forth in the schedule of Bills for Consideration dated September 25, 2017, and 2) receive and file the Financial Statements for the period ending August 31, 2017 and place on the Engineering and Finance/Insurance Committees approval list for the September 26, 2017 meeting of the Board of Directors.

Committee Recommendation: The Committee will consider placing this item on the Engineering and Finance/Insurance Committee recommended approval list for the regular meeting of the Board of Directors.

7. **Resolution No. 17-9-1 Amending the District's Investment Policy Statement 1985-3 (IV)** (Reference Material Included)

Staff will review and comment on amending the District's Investment Policy Statement 1985-3 (IV).

Recommended Action at the September 26, 2017 Board Meeting: Staff recommends adopting Resolution No. 17-9-1 which amends the El Toro Water District Investment Policy Statement 1985-3 (IV).

Committee Recommendation: The Committee will consider placing this matter on the Engineering and Finance/Insurance Committee's recommended approval list for the regular meeting of the Board of Directors.

RESOLUTION NO. 17-9-1

RESOLUTION OF THE BOARD OF DIRECTORS
OF EL TORO WATER DISTRICT
AMENDING THE DISTRICT'S INVESTMENT POLICY
STATEMENT 1985-3 (IV)

8. **Capital Facility Fee Reserve Reconciliation in Accordance with SB1760 (Government Code Section 66013)** (Reference Material Included)

Staff will review and comment on the 2016/17 fiscal year reconciliation of the District's restricted Capital Facility Fee Reserve. In accordance with SB1760 (Government Code Section 66013), the District is obligated to reconcile financial information regarding the nature, balances, collections, earnings and expenditures of funds in the Capital Facilities Fee Reserve. As such, a reconciliation report of the 2016/17 fiscal year has been prepared.

Recommended Action at the September 26, 2017 Board Meeting: Staff recommends that the Board of Directors receive and file the 2016/17 fiscal year Capital Facility Fee Reserve reconciliation report.

Committee Recommendation: The Committee will consider placing this matter on the Engineering and Finance/Insurance Committee approval list for the regular meeting of the Board of Directors.

FINANCIAL INFORMATION ITEMS

9. Tiered Water Usage and Revenue Tracking (Reference Material Included)

Staff will review and comment on monthly and year to date Tiered Water Usage and Revenue tracking.

COMMENTS REGARDING NON-AGENDA FIC ITEMS

CLOSE FINANCE AND INSURANCE COMMITTEE MEETING

ATTORNEY REPORT

CLOSED SESSION

At this time the Board will go into Closed Session as follows:

1. In accordance with Government Code Section 54956.8 to consult with the District's Negotiator (Dennis Cafferty, Assistant General Manager) regarding the terms and conditions concerning the potential sale/disposition of the following property: Property and Easements within Assessor Parcel Number 613-011-01 (District's existing Pump Station site).
2. In accordance with Government Code Section 54956.9 to consult with legal counsel on matter of potential litigation – (one matter).
3. In accordance with Government Code Section 54956.96 in order to receive, discuss, and/or take action concerning information obtained by the District's representative pertaining to a closed session of the South Orange County Wastewater Authority ("SOCWA"), a joint powers agency.

REGULAR SESSION

REPORT ON CLOSED SESSION (Legal Counsel)

Mr. Granito will provide an oral report on the Closed Session.

ADJOURNMENT TO 7:30 a.m., Monday, October 23, 2017.

The agenda material for this meeting is available to the public at the District's Administrative Office, which is located at 24251 Los Alisos Blvd., Lake Forest, Ca. 92630. If any additional material related to an open session agenda item is distributed to all or a majority of the board of directors after this agenda is posted, such material will be made available for immediate public inspection at the same location.

Request for Disability-Related Modifications or Accommodations

If you require any disability-related accommodation, including auxiliary aids or services, in order to participate in this public meeting, please telephone the District's Recording Secretary, Polly Welsch at (949) 837-7050, extension 225 at least forty-eight (48) hours prior to said meeting. If you prefer, your request may be submitted in writing to El Toro Water District, P.O. Box 4000, Laguna Hills, California 92654, Attention: Polly Welsch.

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

AUGUST 21, 2017

Chairman Vergara called the Meeting of the Engineering Committee and Finance/Insurance Committee to order at 7:30 o'clock a.m. on August 21, 2017.

Chairman Vergara led in the Pledge of Allegiance to the flag.

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

Committee Member WILLIAM H. KAHN was absent.

Also present were ROBERT R. HILL, General Manager/Secretary, DENNIS P. CAFFERTY, Assistant General Manager/District Engineer, NEELY SHAHBAKHTI, Finance Manager/Controller, JUDY CIMORELL, Human Resources Manager, RICK OLSON, Operations Superintendent, VICKI TANIOUS, Accounting Supervisor, NANCY LAURSEN, Accountant/Insurance Administrator, GILBERT J. GRANITO, General Counsel, BOB ADAMS, HIGHMARK Representative, and CAROL MOORE, Customer.

Oral Communication/Public Comment

There were no comments.

Items Received too Late to be Agendized

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

Presentation of Awards, Recognitions and Introductions

Continuing Education & Training, Degree and Certification Program Acknowledgement

Mr. Hill recognized and congratulated the Finance Department for achieving the Certificate of Achievement for Excellence in Financial Reporting (CAFR) for its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.

New Employee Recognition

Mr. Hill recognized and welcomed Rick Olson, Operations Superintendent, to the District.

At approximately 7:37 o'clock a.m. Ms. Tanious, Ms. Laursen, and Mr. Olson left the meeting.

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.

Quarterly Review of the District's 401(k) Retirement Savings Plan

Mr. Adams stated that on page 12 we had a good quarter with performance for all 4 portfolios outperforming the secondary benchmark. Director Monin asked if any of the benchmarks were changed. Mr. Adams replied the Alternative portion of the secondary benchmark changed.

Mr. Adams stated that on page 20 some of the funds have not performed well lately, but they are still good funds.

Mr. Adams stated that the next quarter will reflect any new changes to the portfolio.

Mr. Adams stated that on page 21 the investments are doing well. He further stated that on page 22 the Fidelity fund is lagging lately.

Mr. Adams stated that on page 25 the Managed Futures Strategy has periods of underperformance.

Engineering Committee

Engineering Action Items

275 KW Emergency Generator

Mr. Cafferty stated that the District maintains permanent stationary generators at several of the District's sewage lift stations and water pump stations. Mr. Cafferty further stated that the District also maintains portable generators for use at sites without stationary generators or to provide emergency backup power in the event of a generator failure at sites equipped with stationary generators. Mr. Cafferty stated that three of the District's portable generators are no longer in compliance with Air Quality Management District (AQMD) regulations.

Mr. Cafferty stated that the proposed generator purchase was budgeted in the 2017/18 fiscal year budget, and will represent the best available technology to comply with AQMD requirements.

Director Vergara asked what happens to the old generators that do not meet the new AQMD requirements. Mr. Cafferty replied that retro-fitting is not an option; and since the AQMD requirements are for California, we may be able to maximize the value out of state.

Director Monin asked what other reasons were there for choosing this generator. Mr. Cafferty replied configuration and cost.

President Goldman asked if this is the first time the District is buying a Cummins generator. Mr. Cafferty replied no, we have other Cummins generators in our system.

Director Adjarian asked if this generator provided enough power in an emergency outage. Mr. Cafferty replied yes, for the remote pump stations and lift stations that will be using it.

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

Oso Lift Station Improvement Project

Mr. Cafferty stated that the project design effort is underway, and expected to be complete in September.

Phase II RW Distribution System Expansion Project

Mr. Cafferty stated that the West Side System has been awarded to E. J. Meyer, and staff will schedule a pre-construction meeting. He further stated that staff is preparing to bid the East Side System, and expects a recommendation for a construction contract in October.

Mr. Cafferty stated that the easements on the West Side System are complete and should be recorded soon. He further stated that VMS will be taking the East Side System easements to the United Board soon.

Mr. Cafferty stated that staff is updating the 1718 cash flow analysis to incorporate the financial impacts of the Phase II Recycled Water Project.

Effluent Holding Pond

Mr. Cafferty stated that staff has a consultant performing an evaluation of options for aeration, and will share information at the next meeting.

President Goldman asked what is the cost of the consultant. Mr. Cafferty replied that it is approximately \$7,500.

Baker Water Treatment Product Water Conveyance Options

Director Vergara asked if MNWD still plans to convey water through the Los Alisos interconnection. Mr. Cafferty replied yes, until the permanent conveyance facilities are complete. He further replied that this project is currently on hold due to MNWD's resources being tied up in other areas at this time.

Energy Efficiency Projects

Mr. Cafferty stated that staff has been working with companies regarding energy efficiency projects. He noted that one company is focused on using batteries to allow purchases of power during off peak periods in the day and using the power from the batteries during the more expensive peak power periods. Mr. Cafferty further stated that staff is also meeting with another company this afternoon to discuss the District's energy use and efficiency.

He further stated that staff will provide more detail at a future meeting.

Engineering Items Discussed at Various Conferences and Meetings

There were no comments.

Comments Regarding Non-Agenda Engineering Committee Items

Director Monin stated that he attended the Urban Water conference where they discussed pumping water at night at a cheaper energy rate, and asked if this is possible

to do at the Plant. Mr. Cafferty replied that staff has already implemented Time of Use programs at facilities where appropriate. He further stated that these programs offer discounts when the District commits to shut facilities off during peak electrical use periods. Mr. Cafferty noted that programs like these that dictate power use by time of day won't work at all District facilities and can only be implemented at sites where the District has alternative service options when power is off.

President Goldman asked when the Master Plan and the AMR/AMI will be ready. Mr. Cafferty replied that staff is working on options and scopes for these projects.

Close Engineering Committee Meeting

At approximately 8:18 o'clock a.m. the Engineering meeting was closed. Also at this time the Board took a short recess.

FINANCE/INSURANCE COMMITTEE

At approximately 8:23 o'clock a.m. Director Monin called the Finance/Insurance Committee meeting to order.

Financial Action Items

Finance Report

Ms. Shahbakhti stated that this is the first month of the fiscal year.

Ms. Shahbakhti stated that on page 4, Cash Investments, market value is up and are exceeding the cash requirement.

Ms. Shahbakhti stated that on page 10, Income Statement, we had a return of over \$17,000 with varied interest rates on sales and profits.

Ms. Shahbakhti stated that staff is preparing for the annual audit next week.

Director Vergara asked on page 7, why only 2 Directors are reported. Ms.

Shahbakhti replied that only expenses over \$100 are to be reported.

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.

Resolution No. 17-8-1 Which Adopts a Revision to the District's Water Capital Facilities Fee and Amends Schedule 2-W (Capital Facilities Fee) of the District's Rules and Regulations

Mr. Cafferty stated that we adopted a Water Supply Charge just over a year ago. He further stated that the means to calculate the charge was taken from an estimate of sewer demand based on procedures defined in Schedule 5-S of the District's Rules and Regulations.

Mr. Cafferty that there have been occasions on some of the smaller developments where we are calculating the charge based on the tables, but we also get an estimate from the developer that their product is going to generate a certain amount of sewer demand.

Mr. Cafferty stated that in some cases the developer's estimate is higher than what we are calculating. He further stated that this information is useful in the calculation, and we are proposing to add language similar to what is in the existing sewer calculation to allow staff the discretion to use the developer's estimates in calculating the capital facilities fees.

Mr. Cafferty stated that other components were added which provide the opportunity to reconcile the fees after the facility has been operation for a year based on actual metered water consumption, consistent with the language in Schedule 5-S.

Mr. Cafferty stated that the Resolution which references Government Codes that reference providing appropriate public notification. Staff considered whether this minor modification requires public notice. Staff determined it was more appropriate to pull this item from the Consent Calendar, provide the proper public notice, and bring this item back to the Board next month for approval.

Mr. Hill stated that staff will bring back a revised Resolution. Mr. Cafferty stated that this item will be pulled from tomorrow's Consent Calendar.

Ms. Moore asked if this fee would impact existing customers. Mr. Cafferty replied no, the fee is only for new development.

Financial Information Items

ETWD Employee Retirement Savings Plan/Deferred Compensation Plan

Mr. Hill stated that this is a continuation of July's discussion, which we were aware that Prudential, who is our Plan Administrator and Record Keeper for the District's 401(k) Plan and 457 Plan, indicated that they did not think it was in their best interest to continue as the record keeper for both Plans because they are not generating much revenue.

Mr. Hill stated that Prudential has submitted a proposal, which is included in today's Board package, which proposes to get rid of HighMark and convert the 401(k) Plan to a participant directed program, and restructure the fee to be similar to what HighMark's fee is.

Mr. Hill stated that the custodian for both Plans is U.S. Bank, and the Co-Fiduciary Investment Management Advisor is HighMark Capital, with the Administrator/Record keeper is Prudential, and our Legal Counsel is Drinker Biddle &

Reath, LLP.

Mr. Hill stated that the 457 is participant directed, and the Investment Fund Platform is Prudential's, and the Administrator/Record Keeper is Prudential, and the Legal Counsel is Drinker Biddle & Reath, LLP. He further stated that while the overall fees would decrease, the District would need to hire a third party to insure that the investment funds are best in class, and monitor the performance.

Mr. Hill stated that Prudential's Plan is to convert the 401(k) Plan from a District Directed Plan to a Participant Directed Plan, provided for and administered by Prudential. He further stated that Sageview's Proposal is to perform a comprehensive evaluation of the 401(k) Plan Co-Fiduciary Investment Manager/Advisor scope of service and performance, and evaluation of current Plan Administration/Record Keeping pricing along with possible alternative Administration/Record Keeping options.

Mr. Hill stated that we will be engaging Sageview in the amount of \$20,000 to comprehensively evaluate HighMark Capital, the Prudential Proposal, and options for Plan Administration/Record Keeping replacement options for both Plans.

Mr. Hill stated that staff would return to the Board with recommendations at a future meeting.

Director Vergara asked how does the 401(k) Plan compare to the 457 Plan. Mr. Hill replied that they track pretty close relative to returns.

Tiered Water Usage and Revenue Tracking

Ms. Shahbakhti stated that for the month of July compared to last year, we were 95% efficient.

Comments Regarding Non-Agenda FIC Items

There were no comments.

Close Finance and Insurance Committee Meeting

At approximately 8:46 o'clock a.m. the Finance meeting was closed.

Attorney Report

Mr. Granito reported that there is a need for a Closed Session at today's meeting to discuss item #4 of today's Closed Session agenda, discussing pertinent information with regard to the General Manager's employment agreement.

Mr. Granito reported that the California Law Review Commission, based on direction from the State Legislature, has announced the study of non-substitutive clean-up of the California Public Records Act. Mr. Granito indicated that such clean-up is intended to add clarity and avoid redundancy, all of which will facilitate compliance with the Public Records Request.

Closed Session

At approximately 8:46 o'clock a.m. the Board went into Closed Session to discuss item #4 of today's Closed Session agenda. Also at this time, Mr. Cafferty, Ms. Shahbakhti, Ms. Cimorell, Ms. Welsch, and Ms. Moore left the meeting.

Open Session/Report

At approximately 9:02 o'clock a.m. the Board returned to Regular session. Also at this time, Ms. Welsch returned to the meeting.

Mr. Granito reported that the Board did go into Closed Session at approximately 8:46 o'clock a.m. to discuss item #4 of today's Closed Session agenda. No further reportable action was taken.

Adjournment

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

Motion: Director Adjarian made a motion, seconded by Director Vergara and unanimously carried that today's meeting be adjourned at 9:02 o'clock a.m. to Monday, September 25, 2017 at 7:30 o'clock a.m. at the District's Administrative Offices at 24251 Los Alisos Blvd, Lake Forest, CA. 92630.

Roll Call:

President Goldman	aye
Director Monin	aye
Director Adjarian	aye
Director Vergara	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

NORTHLINE LIFT STATION SPARE GRINDER



BACKGROUND/PURPOSE:

The pumps at sewer lift stations are particularly vulnerable to rags, rocks, wood, disposable wipes and other trash and objects that are often present in the sewer collection system. Grinders are designed to shred this material into small pieces, allowing the debris to pass harmlessly through the pump station. The Northline Lift Station Improvement Project installed a channel grinder, upstream of the wet well, specifically to protect the Northline pumps from this type of debris.

The Northline channel grinder is approximately 5 years old and has been rebuilt on two occasions. Each of the rebuilds took approximately 2 months to complete. During the periods the grinder is out of service the lift station influent is bypassed into the wet well allowing the debris to pass directly through the pumps. The bypass operation creates several problems for the operation of the Northline Lift Station.

- The exposure of the pumps to the influent debris creates excess wear and potential damage to the pump impellers that can reduce the life of the pumps, drive increased maintenance costs and potentially result in a pump station failure and associated sewer spill.
- The Northline channel grinder was specifically designed to deal with the rags and wipes that created significant maintenance issues for the previous pump station. While these rags and wipes can be removed from the pump impeller it requires a significant amount of work to remove the pump, disassemble to remove the rags and wipes, reassemble the pump and reinstall into the wet well. If the rags and wipes successfully pass through the lift station, they have a high potential to create the same pump related issues at the Water Recycling Plant. The removal process is also potentially dangerous to the District's pump stations maintenance personnel.
- When Northline is operated in bypass mode, there is a significant increase in velocity and turbulence, which greatly increases the odors coming from the wet well. This can lead to a high number of odor complaints, in an area that is already prone to odor issues.

Northline Lift Station Spare Grinder

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- The high velocity and turbulence also creates additional challenges and safety issues to staff when there is a need to replace a pump. During bypass mode, the high velocity flow is moving directly to the suction side of the pumps increasing the difficulty and hazard of any necessary pump replacement operation.

The investment in a spare grinder will provide increased reliability and allow for a rotational process to service the existing grinder. The spare grinder will allow staff to establish a maintenance schedule for the grinder and minimize down time. The ability to rotate the grinders will reduce operating time and extend the useful service lives of both units.

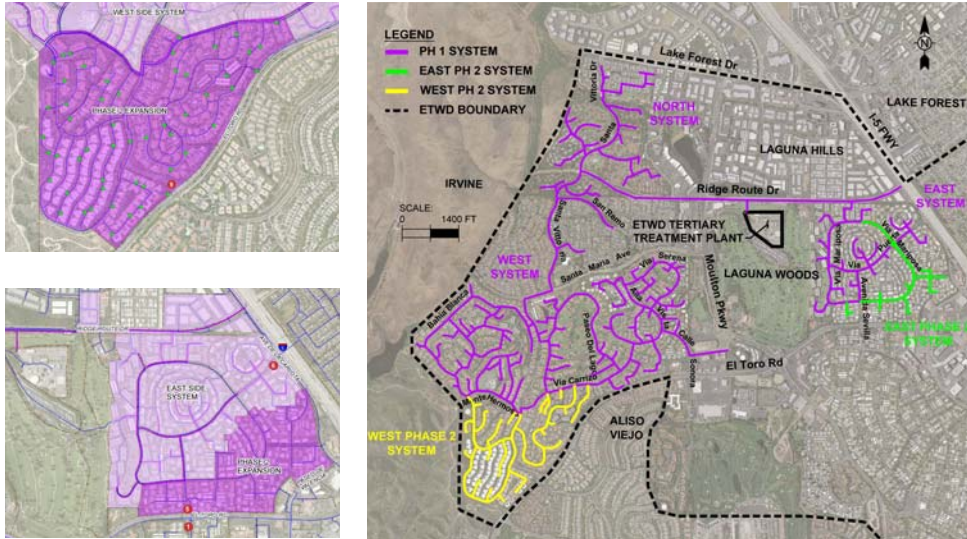
The 2017/18 capital budget allocated \$84,000 for the acquisition of a spare grinder for the Northline Lift Station. The JWC Channel Monster was selected after a detailed evaluation of alternatives and costs during the design of the Northline Lift Station. The spare grinder must necessarily be the same model in order to facilitate the immediate replacement of the service grinder with the spare when required. The cost to procure the JWC Channel Monster Sewer Grinder is within budget at \$82,946.12.

Recommended Action at the September 26, 2017 Board Meeting:

Staff recommends that the Board of Directors authorize the General Manager to enter into a Purchase Order Agreement with JWC Environmental in the amount of \$82,946.12 for the purchase of one Channel Monster Sewer Grinder. Staff further recommends that the Board authorize the General Manager to fund the costs from the designated Capital Reserve in accordance with the District's adopted Capital Reserve Policy.

By: Dennis P. Cafferty
Date: September 22, 2017

PHASE II RECYCLED WATER DISTRIBUTION SYSTEM EXPANSION PROJECT CONSTRUCTION GEOTECHNICAL SUPPORT SERVICES



BACKGROUND

The Phase II Recycled Water Distribution System Expansion Project West Side System construction contract has been awarded. The East side system construction project is currently out to bid. The inspection of the various construction components of the Phase II Recycled Water Distribution System Expansion Project will require specialty inspection by a geotechnical consulting firm. These services include observation of the geotechnical and material aspects of the earthwork, trench backfill, and pavement construction.

PROPOSAL EVALUATION

The District developed an RFP and requested proposals for the required geotechnical services from three geotechnical consultants each of whom submitted a proposal.

Hushmand Associates, Inc.
GMU Geotechnical, Inc.
Leighton Consulting, Inc.

Staff performed a detailed evaluation of the experience and qualifications of each firm. All three firms demonstrated appropriate competency in the proposed scope of work. Each is a reputable firm with offices in Orange County relatively local to the project. It is staff's opinion that Hushmand's proposal stood out in its demonstration of specific project experience relative to geotechnical services necessary for a pipeline construction project.

Hushmand performed similar services for the first phase of the District's Recycled Water Expansion Project. Hushmand has a clear understanding of the work necessary to support the

Phase II Project and enjoys a good working relationship with the District, the construction manager, MWH, and the West Side System contractor, E.J. Meyer Company. Both staff and MWH were pleased with Hushmand's performance on the Phase I Project. In order to transfer that success to the Phase II Project Hushmand is proposing to assign the same project manager that successfully completed the Phase I project to the current Phase II effort. In addition their proposal identifies the same technician that performed the majority of the work on the Phase I Project.

Following the evaluation of the proposals staff reviewed the proposed fees submitted by each firm. The proposals received identified the following fees:

Hushmand Associates, Inc.	\$ 85,995
GMU Geotechnical, Inc.	\$ 173,570
Leighton Consulting	\$ 207,765

It should be noted that the assumptions regarding estimated hours and numbers of tests varied significantly amongst the proposals. Staff reviewed the hourly rates to get a better comparison and found the Hushmand hourly rates to be more competitive than the other proposals.

Hushmand is a reputable local firm. Their office is located very close to the project area giving them a significant advantage on the cost associated with travel time. In fact, the Hushmand proposal indicates they will not charge travel time or mileage to the project.

The Hushmand scope covers all of the required inspection and testing services at a competitive rate. MWH performed an independent review of the proposals and concurs with the staff's recommendation to award the geotechnical construction services contract to Hushmand Associates, Inc.

RECOMMENDATION

Recommended Board Action at the September 26, 2017 Meeting:

Staff recommends that the Board of Directors authorize the District's General Manager to enter into a contract with Hushmand Associates, Inc. in the amount of \$85,995 for Geotechnical Construction Support Services for the Phase II Recycled Water Distribution System Expansion Project. Staff also recommends that the Board authorize the General Manager to fund the project costs from the District's Capital Reserves in accordance with the District's adopted Capital Reserve Policy.

Date: September 22, 2017
By: Dennis P. Cafferty

CAPITAL PROJECT / EQUIPMENT STATUS REPORT

September, 2017

I Oso Lift Station Improvement Project

The project design effort is underway. The design is expected to be complete in January.

II Phase II Recycled Water Distribution System Expansion Project

The West Side System project has been awarded to E.J. Meyer Company. A preconstruction meeting was conducted on August 30 at which point a Notice to Proceed was issued. The contractor is providing the project submittals and is preparing to commence potholing in early October.

The East Side System bids are due on October 12. Staff anticipates providing a recommendation for the award of a construction contract for the East Side System in October.

The easements required for the West Side System have been executed by Third Laguna Hills Mutual and the Golden Rain Foundation. The executed easement documents are in the process of being recorded. The District recently received the easements for the East Side System from United Laguna Woods Mutual. Staff is preparing to record the East Side System easements.

Staff is preparing to implement the communications and outreach plan for the project. The outreach plan includes:

- Mailed Construction Alerts**
- Project Website**
- Project Hotline**
- TV-6 Presentations**
- TV-6 Commercial**
- ETWD Newsletter**

III Phase III Recycled Water Distribution System Expansion Project

Staff is working on a high level project summary that will evaluate and compare the costs and benefits of various recycled water project options. Staff is preparing to make a report to the Board, at a conceptual level, in the near future regarding potential future recycled water projects.

IV 2nd Street Pump Station Demolition Project

Staff conducted a preconstruction meeting with S.S. Mechanical at the pump station site. S.S. Mechanical estimates the project will take two weeks to complete following commencement of demolition activities. The work will be scheduled following the de-energization of the electrical supply to the pump station building. Staff submitted a request and is awaiting a schedule from SCE. Staff is concurrently processing the encroachment and demolition permits with the City of Lake Forest. Staff continues to communicate with the HOA regarding the project.

V Effluent Holding Pond

Staff issued a contract to PACE Advanced Water Engineering to perform an alternatives analysis of aeration options at the WRP Effluent Holding Pond. The results of the PACE analysis, evaluating aeration alternatives as well as associated costs and benefits, will be presented to the Board at the Engineering Committee meeting.

VI WEROC South Emergency Operations Center

WEROC and the District have partnered to provide space for the WEROC Emergency Operations Center at the District's Main PR site for over twenty years. WEROC recently conducted a seismic and safety analysis of the building that currently serves as the EOC. A memo summarized the results is attached. Staff will provide an update on the status of the building and site at the Engineering Committee meeting.

VII South Orange County Supply and System Reliability Projects

A. Baker Water Treatment Product Water Conveyance Options

Moulton Niguel Water District is evaluating a potential new turnout on the South County Pipeline that would include a turnout connection dedicated to the ETWD Baker supply. MNWD has verbally indicated they are prepared to continue the temporary conveyance of water through the Los Alisos interconnection until such time that the permanent conveyance facilities are complete.

B. Poseidon HB Ocean Desalination Project

OCWD continues to work on preparation of CEQA (EIR) documentation for the project. The process is going slowly. The EIR will consider the impacts of injecting all of the water into the basin. That option would require over 30 new injection wells for which it has been difficult to find appropriate site locations. They are also studying how to construct a new six-mile pipeline to convey water to SOC as they suspect that Met will not allow them to use EOC

Feeder No. 2 to convey the product water. This pipeline option will be incorporated into the EIR. The pipeline would be designed to convey 10 mgd (base loaded) to MNWD (4mgd), SMWD (5 mgd) and ETWD (1mgd).

Poseidon is working to renew and modify their State Lands Commission permit in August or September and then pursue renewal of their NPDES discharge permit with the Santa Ana Regional Water Quality Control Board in early 2018. It is anticipated that Poseidon will then seek project approval from the Coastal Commission sometime next summer.

The Project moving forward is contingent upon:

- **Poseidon securing the Coastal Commission Permit**
- **Poseidon renewing their Regional Water Quality Control Board Permit**
- **MWDOC securing a Met LRP (\$475/acre foot over a 15-year period)**
- **If molecules were to be delivered to South County obtaining Met approval to introduce product water into East Orange County Feeder No. 2**

Met approval of the LRP is subject to Poseidon receiving all applicable regulatory and environmental permits.

OCWD and Poseidon have agreed on a non-binding term sheet which will be the basis for negotiating a Water Purchase Agreement.

Agreed upon rate between Poseidon and OCWD Met rate plus an escalating surcharge over a 50-year period:

- **20% first 10 years**
- **15% second 10 years**
- **10% third ten years**
- **5% fourth ten years**
- **0% for the last ten years**

There is also a “reopener” to renegotiate based upon actual expenses at 15 years which, is tied to the proposed 15 year Met LRP.

OCWD takes delivery at the plant property line and is responsible for design, financing, construction and operation of the delivery system.



Kelly Hubbard
Emergency Services Manager

**Municipal Water District
of Orange County**

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MEMBER AGENCIES

City of Anaheim
City of Brea
City of Buena Park
Costa Mesa Sanitary District
East Orange County Water District
El Toro Water District
City of Fountain Valley
City of Fullerton
City of Garden Grove
Golden State Water Company
City of Huntington Beach
Irvine Ranch Water District
City of La Habra
City of La Palma
Laguna Beach County Water District
Mesa Water District
Midway City Sanitary District
Moulton Niguel Water District
Municipal Water District of Orange County
City of Newport Beach
City of Orange
Orange County Sanitation District
Orange County Water District
City of San Clemente
City of San Juan Capistrano
City of Santa Ana
Santa Margarita Water District
City of Seal Beach
Serrano Water District
South Coast Water District
South Orange County Wastewater
Authority
Trabuco Canyon Water District
City of Westminster
Yorba Linda Water District

TO: Bob Hill, General Manager, El Toro Water District
Dennis Cafferty, Assistant General Manager, El Toro Water District
FROM: Kelly Hubbard, WEROC Emergency Manager, Municipal Water
District of Orange County
DATE: September 13, 2017
SUBJECT: WEROC South Emergency Operations Center (EOC)

WEROC staff would like to inform El Toro Water District (ETWD) of a series of emergency preparedness activities and proposed future actions or considerations, as it relates to the WEROC South Emergency Operations Center (EOC). The WEROC SEOC is a building on ETWD's 26081 Via Pera, Mission Viejo property and was an old administrative building for the district. We hope that this memo will facilitate further discussion between MWDOC and ETWD as to possible future collaboration for the WEROC EOC, in addition to what has been discussed to date.

Background

In 2016, Claris Strategies was hired to conduct an analysis of the WEROC Emergency Operations Centers and to develop a recommendation for the appropriate number of facilities to be maintained over the long run, as well as the types and locations of facilities necessary to meet the objectives of WEROC's program. Claris Strategies recommended and the MWDOC Board supported for MWDOC to consolidate from its current configuration of two primary EOC locations and one EOC-in-a-box to one primary EOC and one alternate EOC. They further recommended that the South EOC become the WEROC Primary EOC, but also made some recommendations with respect to reliability and operability of the building, including the following:

1. Implement Life Safety Recommendations
 - a. Replace doors with "crash bar" doors for emergency evacuation purposes
 - b. Install Smoke/Carbon Monoxide Detectors
 - c. Wall mount fire extinguishers in each main room
 - d. Determine and implement actions related to the stove and proper venting
2. Prepare an electrical study and rewire the facility for OSHA standards
3. Complete a seismic study to examine potential improvements to strengthen the facility to withstand shaking and still function as the primary EOC.

MWDOC and WEROC Staff determined that it was important to complete the seismic study first and then the above noted actions as they all related to staff safety. Other recommendations, such as new AC unit, furniture, security systems,

etc. were determined to have a lower priority and would be budgeted and implemented at a later time.

South EOC Seismic Study

MWDOC hired IDS Group to conduct the seismic study to evaluate the facility for its seismic stability, with the primary focus being:

1. Life safety protections of employees or volunteers working at the facility; and
2. Ability of the facility to continue to serve as an EOC following anticipated shaking.

In general the assessment found that “the risk of life-threatening injury as a result of structural damage is expected to be low.” General recommendations to “substantially improve” staff safety could be achieved by bracing the following elements:

- Ceiling system
- Suspended lights
- Suspended mechanical registers (such as T.V.s and projectors)
- Equipment and contents (such as bookshelves, and wall mounted items).

Additional analyses were made in regards to the ability of the EOC to continue to operate immediately following an earthquake, including potentially significant seismic retrofits to the building to bring it up to essential facility standards. These recommendations were more significant in nature due to complexity and potential costs. At this time we believe that a full seismic retrofit of the building is financially difficult to achieve and that other options for the long term needs of WEROC need to be examined. A full MWDOC staff report was presented to the MWDOC Planning and Operations Committee of the Board on August 7th and staff has shared the full seismic study already with ETWD staff.

MWDOC/WEROC Staff Current Actions

MWDOC and WEROC staff have been exploring several options on how to move forward with the WEROC SEOC facility while ensuring the safety of staff the performance of the EOC when it is needed.

Staff hired IDS Group to also conduct a seismic study of the MWDOC Administrative Building and recently received those results. The study recommended several improvement elements for safety, as well as some minimal structural improvements. To move forward with informed decision making, MWDOC will be developing cost estimates to retrofit both buildings.

Additionally, as discussed with ETWD staff, WEROC staff is moving forward with the life safety recommendations from the original EOC Site Facility Assessment and from an OCFA Fire Marshall inspector (such as new doors and smoke detectors). WEROC staff will keep ETWD staff informed throughout this process. Additionally, we discussed the need to ensure brush and

tree clearance to maintain defensible space around the facility to a distance of 100', including brush around equipment to the North of the building.

Future Use of the Building/Property

MWDOC would like to continue discussions with ETWD about its future use of this property, as we continue to explore options for the EOC.

Furthermore MWDOC is also interested in understanding the ability to expand into the garage space or remodel the current space, as well as pursue updates to the AC, electrical, space layout and furnishings within the facility. WEROC staff will ensure that any proposed improvements at the EOC are fully coordinated with ETWD staff.

It is our understanding that ETWD is working on plans for the demolition of the old treatment plant building, immediately adjacent to the WEROC EOC, and will be discussing potential future development of the property. MWDOC would like to be included in any future discussions regarding this site, especially when it might pertain to the future availability of the building to us and any restrictions or changes that may occur. Additionally, if ETWD was to decide to build any type of new buildings on the property, we would want to be included in those discussions for any potential opportunities to develop a new space for the WEROC EOC.

Lastly, we want to extend a warm felt thanks to the superb working relationship at this site over the years and believe that ETWD's assistance to WEROC has been extremely valuable. Thank you. We look forward to continuing that relationship.

CC: Karl Seckel, Assistant General Manager, MWDOC
Rob Hunter, General Manager, MWDOC

**F.Y. 2017/18 CAPITAL REPLACEMENT AND REFURBISHMENT PROGRAM BUDGET ITEMS > \$50,000
BOARD APPROVAL SCHEDULE**

Project Description		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Budget Estimate	Board Approved Cost
<i>2017/18 Capital Projects</i>															
1	Recycled Water Phase II	B	A	C	A	C	C	C	C	C	C	C	C	\$10,000,000	\$4,439,879
2	Replace R-6 Sodium Hypochlorite Tanks	E	E	E	B	A	C	C	C	C				\$210,000	
3	Oso Lift Station Improvement Project	E	E	E	E	E	E	B	A	C	C	C	C	\$1,000,000	
4	AMR / AMI Implementation													\$200,000	
5	Master Plan Update			RFP	RFP	A	E	E	E	E				\$350,000	
6	A/C Pavement Repair and Maintenance at Los Alisos Facility						E	E	B	A	C	C		\$100,000	
<i>2017/18 Capital Equipment</i>															
1	Also Creek Lift Station Spare Grinder			Quote is <\$50K. Will be Purchased Under GM Authority										\$52,500	\$0
2	Northline Lift Station Spare Grinder			A										\$84,000	
3	WRP Tractor							A		R				\$200,000	
4	Vehicle Replacement								A		R			\$100,000	
5	250KW Portable Emergency Generator		A											\$210,000	\$141,826
6	Backhoe					B	A		R					\$168,000	
Total														\$12,674,500	\$4,581,705

E = Engineering/Study
C = Construction
O = Order

R = Receive
P = Permit
CQ = CEQA

RFP = Request for Proposal
B = Bid
A = Approve by Board

ET = Evaluate
M = Monitoring
BP = Board Presentation

N = Negotiate

CO = Carry Over

Revised 09/22/17

EL TORO WATER DISTRICT
FINANCIAL REPORT
September 25, 2017

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**EL TORO WATER DISTRICT
BALANCE SHEET**

	8/31/17 (Unaudited)	June 30, 2017 (Unaudited)
ASSETS		
Current Assets		
Cash & Investments	\$6,843,713	\$6,482,719
Receivables:		
Accounts Receivable	4,136,519	3,000,262
Notes Receivable	-	-
Inventories	634,720	616,603
Prepaid Expenses	334,967	161,161
Total Current Assets	11,949,919	10,260,746
Restricted Assets		
Cash & Investments	11,009,286	10,897,628
Total Restricted Assets	11,009,286	10,897,628
Non-Current Assets		
Utility Plant:		
Land & Easements	7,451,585	7,451,585
Long Term Leases	342,382	342,382
Equipment	111,224,201	94,991,417
Collection & Impound Reservoirs	6,243,706	6,243,706
Structure & Improvements	34,640,855	34,599,770
Total Utility Plant	159,902,731	143,628,861
Less Accumulated Depreciation & Amortization	(67,488,538)	(66,535,201)
Net Utility Plant	92,414,193	77,093,660
Construction Work in Progress		
Notes Receivable	1,853,637	17,832,166
Total Non-current Assets	94,267,830	94,925,825
TOTAL ASSETS	\$117,227,035	\$116,084,199

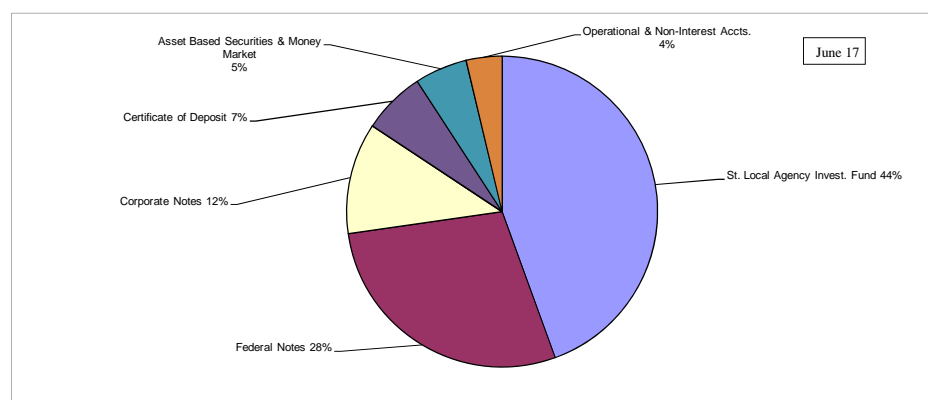
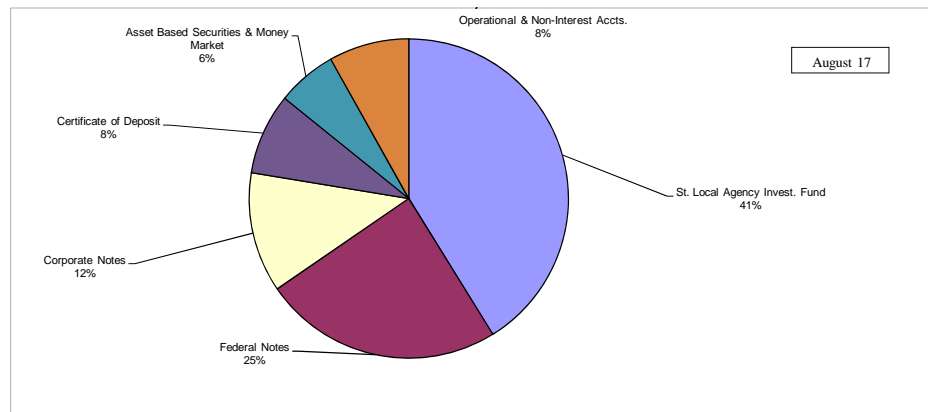
**EL TORO WATER DISTRICT
BALANCE SHEET**

	8/31/17 (Unaudited)	June 30, 2017 (Unaudited)
LIABILITIES and EQUITY		
Liabilities		
Current Liabilities Payable		
Accounts Payable	\$1,726,367	\$1,515,973
Current Portion of Long-Term Debt	1,750,248	10,611
Other Current Liabilities	8,434,801	6,524,521
Total Current Liabilities Payable		
From Current Assets	11,911,416	8,051,106
Long Term Debt		
Long Term Debt	35,802,806	37,542,443
Total Long Term Debt	35,802,806	37,542,443
Total Liabilities	47,714,222	45,593,548
Fund Equity		
Retained Earnings - Reserved	22,174,300	22,174,300
Contributed Capital	8,744,767	8,744,767
Retained Earnings - Unreserved	38,033,523	38,615,382
Net Income	560,224	956,202
Total Fund Equity	69,512,814	70,490,651
Total Liabilities & Fund Equity	\$117,227,035	\$116,084,199

CASH & INVESTMENTS
SUMMARY OF INVESTMENTS BY TYPE

	Maturity Dates	Par	Market Value	Financial Institution	YTM	Original Cost
			8/31/17		8/31/17	8/31/17
State Local Agency Investment Fund	NA	NA	\$7,361,038	LAIF	1.08%	\$7,361,038
US Treasury N/B - Coupon Rate 1.500%	2/28/2019	50,000	50,141	US Bank/CAMP	1.15%	50,512
US Treasury N/B - Coupon Rate 1.625%	7/31/2020	300,000	301,676	US Bank/CAMP	1.60%	300,188
US Treasury N/B - Coupon Rate 1.375%	8/31/2020	200,000	199,586	US Bank/CAMP	1.53%	199,094
US Treasury N/B - Coupon Rate 1.375%	8/31/2020	260,000	259,462	US Bank/CAMP	1.44%	259,523
Intl BK of Recon & Dev Global Notes - Coupon Rate 1.125%	11/27/2019	110,000	109,024	US Bank/CAMP	1.50%	109,098
Intl BK of Recon & Dev Notes - Coupon Rate 1.875%	4/21/2020	90,000	90,762	US Bank/CAMP	1.90%	89,922
Inter-American Devel BK Note - Coupon Rate 1.625%	5/12/2020	150,000	150,251	US Bank/CAMP	1.70%	149,645
FHLB Global Note- Coupon Rate 0.875%	10/1/2018	340,000	338,573	US Bank/CAMP	0.94%	339,595
FNMA Benchmark Note - Coupon Rate 1.000%	2/26/2019	900,000	895,544	US Bank/CAMP	1.21%	894,429
FHLMC Reference Note- Coupon Rate 0.875%	7/19/2019	800,000	792,518	US Bank/CAMP	1.08%	795,616
FNMA Notes - Coupon Rate 1.000%	8/28/2019	950,000	942,543	US Bank/CAMP	1.10%	947,435
FNMA Notes - Coupon Rate 1.500%	2/28/2020	200,000	200,212	US Bank/CAMP	1.52%	199,872
Federal Notes		4,350,000	4,330,292			4,334,927
JP Morgan Chase Notes - Coupon Rate 6.000%	1/15/2018	250,000	253,924	US Bank/CAMP	1.79%	272,010
John Deere Capital Corp. - Coupon Rate 1.650%	10/15/2018	30,000	30,050	US Bank/CAMP	1.69%	29,981
Toyota Motor Credit Corp. - Coupon Rate 1.700%	1/9/2019	150,000	150,310	US Bank/CAMP	1.72%	149,948
US Bankcorp (Callable) Notes - Coupon Rate 2.200%	4/25/2019	150,000	151,268	US Bank/CAMP	1.47%	152,727
Pepsico Inc. - Coupon Rate 1.550%	5/2/2019	50,000	50,044	US Bank/CAMP	1.59%	49,963
American Express Credit - Coupon Rate 1.875%	5/3/2019	50,000	50,161	US Bank/CAMP	1.90%	49,980
American Honda Finance - Coupon Rate 1.200%	7/12/2019	150,000	148,718	US Bank/CAMP	1.48%	148,887
Goldman Sachs Group Inc - Coupon Rate 1.950%	7/23/2019	60,000	60,038	US Bank/CAMP	1.96%	59,993
Cisco Systems Notes - Coupon Rate 1.400%	9/20/2019	150,000	149,481	US Bank/CAMP	1.42%	149,931
American Express Credit Corp. - Coupon Rate 1.700%	10/30/2019	100,000	99,583	US Bank/CAMP	1.99%	99,240
BB&T Corp. Note - Coupon Rate 2.450%	1/15/2020	100,000	101,491	US Bank/CAMP	2.08%	101,053
Morgan Stanley Corp. Bonds - Coupon Rate 2.650%	1/27/2020	40,000	40,632	US Bank/CAMP	2.35%	40,346
IBM Corp. Notes - Coupon Rate 1.900%	1/27/2020	100,000	100,526	US Bank/CAMP	1.93%	99,904
Microsoft Corp. Note - Coupon Rate 1.850%	2/6/2020	90,000	90,550	US Bank/CAMP	1.87%	89,940
Apple Inc. Bonds - Coupon Rate 1.900%	2/7/2020	80,000	80,454	US Bank/CAMP	1.92%	79,961
Chevron Corp Notes - Coupon Rate 1.991%	3/3/2020	70,000	70,688	US Bank/CAMP	1.99%	70,000
Walt Disney Corp Notes - Coupon Rate 1.95%	3/4/2020	20,000	20,157	US Bank/CAMP	1.96%	19,995
Exxon Mobil Corp Note - Coupon Rate 1.912%	3/6/2020	90,000	90,562	US Bank/CAMP	1.75%	90,402
John Deere Capital Corp. - Coupon Rate 2.200%	3/13/2020	40,000	40,410	US Bank/CAMP	2.23%	39,969
Apple Inc. Bonds - Coupon Rate 1.800%	5/11/2020	60,000	60,193	US Bank/CAMP	1.84%	59,939
Intel Corp Notes - Coupon Rate 1.850%	5/11/2020	90,000	90,162	US Bank/CAMP	1.86%	89,966
Home Depot Inc Corp Notes - Coupon Rate 1.800%	6/5/2020	40,000	40,186	US Bank/CAMP	1.82%	39,977
Walt Disney Corp Notes - Coupon Rate 1.800%	6/5/2020	70,000	70,030	US Bank/CAMP	1.84%	69,919
John Deere Capital Corp Notes - Coupon Rate 1.950%	6/22/2020	20,000	20,098	US Bank/CAMP	1.97%	19,988
State Street Corp Notes - Coupon Rate 2.550%	8/18/2020	10,000	10,218	US Bank/CAMP	1.83%	10,208
State Street Corp Notes - Coupon Rate 2.550%	8/18/2020	70,000	71,524	US Bank/CAMP	1.82%	71,471
VISA Inc. (Callable) Corp Notes - Coupon Rate 2.200%	12/14/2020	20,000	20,246	US Bank/CAMP	1.85%	20,220
Corporate Notes		2,150,000	2,161,704			2,175,914
Bank of Tokyo Mitsubishi - Coupon Rate 0.000%	1/26/2018	150,000	149,145	US Bank/CAMP	1.54%	148,296
Canadian Imperial Bank NY CD - Coupon Rate 1.760%	11/30/2018	250,000	250,625	US Bank/CAMP	1.25%	250,320
Svenska Handelsbanken NY LT CD - Coupon Rate 1.890%	1/10/2019	200,000	199,280	US Bank/CAMP	1.91%	200,000
Bank of Montreal Chicago CD - Coupon Rate 1.880%	2/7/2019	180,000	180,735	US Bank/CAMP	1.90%	180,000
Bank of Nova Scotia Houston LT CD - Coupon Rate 1.910%	4/5/2019	180,000	179,712	US Bank/CAMP	1.91%	180,000
Sumitomo Mitsui Bank CD - Coupon Rate 2.050%	5/3/2019	180,000	180,689	US Bank/CAMP	2.05%	180,000
Skandinav Enskilda Banken NY CD - Coupon Rate 1.840%	8/2/2019	180,000	180,617	US Bank/CAMP	1.85%	179,930
Westpac Banking Corp NY CD - Coupon Rate 2.050%	8/3/2020	150,000	150,879	US Bank/CAMP	2.05%	150,000
Certificate of Deposit		1,470,000	1,471,683			1,468,546
Nissan ABS 2015-A A3 - Coupon Rate 1.050%	10/15/2019	10,981	10,964	US Bank/CAMP	1.28%	10,929
CNH 2017-A A2 - Coupon Rate 1.640%	7/15/2020	190,000	190,142	US Bank/CAMP	1.80%	189,993
Toyota ABS 2017-A A3 - Coupon Rate 1.730%	2/15/2021	50,000	50,117	US Bank/CAMP	1.74%	49,994
John Deere ABS 2017-A A3 - Coupon Rate 1.780%	4/15/2021	30,000	30,080	US Bank/CAMP	1.79%	29,996
Toyota ABS 2017-B A3 - Coupon Rate 1.760%	7/15/2021	100,000	100,286	US Bank/CAMP	1.76%	99,992
Honda ABS 2017-1 A3 - Coupon Rate 1.720%	7/21/2021	40,000	40,071	US Bank/CAMP	1.72%	39,998
Hyundai ABS 2017-A A3 - Coupon Rate 1.760%	8/15/2021	40,000	40,099	US Bank/CAMP	1.76%	39,997
Nissan ABS 2017-A A3 - Coupon Rate 1.740%	8/15/2021	50,000	50,134	US Bank/CAMP	1.74%	49,995
Ally ABS 2017-2 A3 - Coupon Rate 1.780%	8/15/2021	70,000	70,124	US Bank/CAMP	1.79%	69,992
Honda ABS 2017-2 A3 - Coupon Rate 1.680%	8/15/2021	90,000	90,048	US Bank/CAMP	1.68%	89,992
John Deere ABS 2017-B A3 - Coupon Rate 1.820%	10/15/2021	30,000	30,109	US Bank/CAMP	1.82%	29,998
Ford ABS 2017-B A3 - Coupon Rate 1.690%	11/15/2021	70,000	70,059	US Bank/CAMP	1.69%	69,997
American Express 2017-4 A - Coupon Rate 1.640%	12/15/2021	100,000	100,131	US Bank/CAMP	1.65%	99,984
Hyundai ABS 2017-B A3 - Coupon Rate 1.770%	1/15/2022	80,000	79,986	US Bank/CAMP	1.78%	79,986
Citibank 2017-A3 A3 - Coupon Rate 1.920%	4/7/2022	100,000	100,532	US Bank/CAMP	1.82%	100,267
CAMP Money Market Fund	NA	NA	31,974	US Bank/CAMP	1.14%	31,974
Asset Based Securities & Money Market		1,050,981	1,084,857			1,083,083
Total Camp Investments		9,020,981	9,048,536			9,062,470

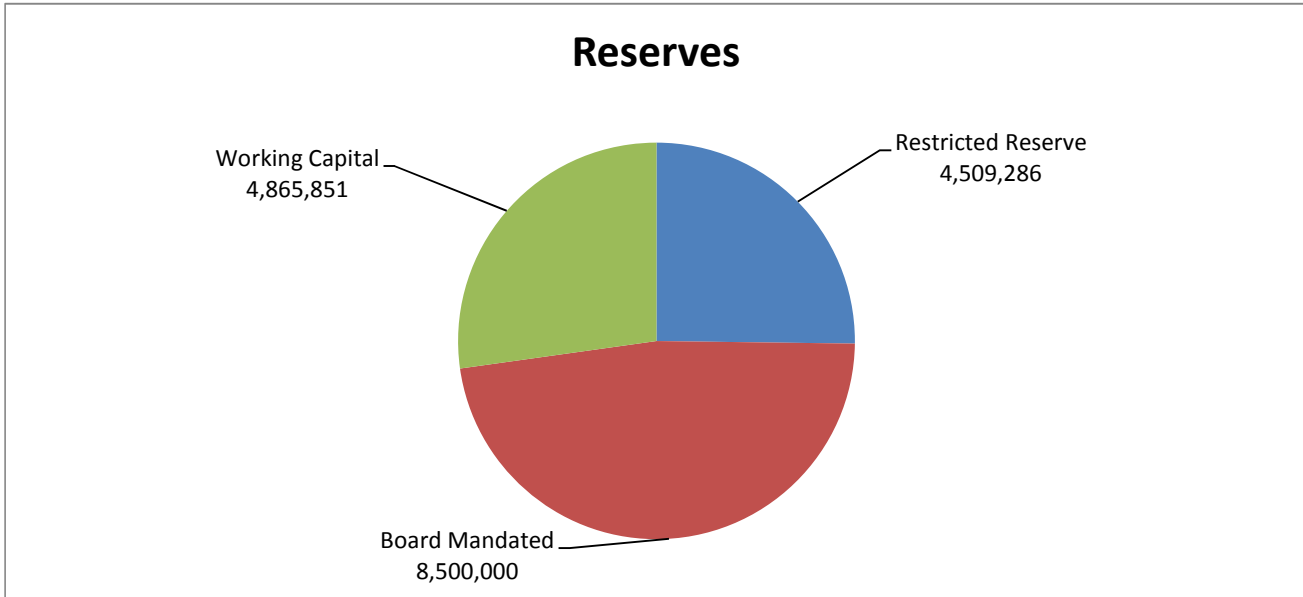
Operational & Non-Interest Bearing Accounts						
ETWD General Cash Account	NA	NA	1,426,538	Union Bank of Cal.	0.00%	1,426,538
ETWD Capital Facilities Reserve Account	NA	NA	24,392	Union Bank of Cal.	0.00%	24,392
ETWD Payroll Account	NA	NA	0	Union Bank of Cal.	0.00%	0
ETWD Petty Cash Account	NA	NA	700	Union Bank of Cal.	0.00%	700
Operational & Non-Interest Accts.			1,451,629			1,451,629
			\$17,861,203	Total Investments & Cash		\$17,875,137



	August 31, 2017		June 30, 2017	
	\$	%	\$	%
DEMAND	\$ 8,844,641	49.48%	\$ 8,399,070	48.21%
30 Days	\$ -	0.00%	\$ -	0.00%
31-180 Days	\$ 420,306	2.35%	\$ -	0.00%
181 - 360	\$ -	0.00%	\$ 420,306	2.41%
361-1200 Days	\$ 8,610,190	48.17%	\$ 8,602,295	49.38%
TOTAL	\$ 17,875,137	100.00%	\$ 17,421,671	100.00%

All investment actions since the prior report have been executed in full compliance with the District's Investment Policy and in accordance with California Government Code Sections 53646 (b) (2) and (3) requiring sufficient cash reserves for six months of District operations.

**EL TORO WATER DISTRICT
RESERVE ANALYSIS
31-Aug-17**



Restricted Reserve	\$	4,509,286
Board Designated	\$	8,500,000
Capital Cash Flow/ Compliance	\$	4,865,851
Total	\$	17,875,137

Restricted Reserve

SRFL-Recycled	\$	1,602,958
Capital Facilities Reserve	\$	24,639
Tiered Cons Fund	\$	1,871,670
Baker Funding	\$	1,010,019
Total	\$	4,509,286

Board Mandated Minimum Reserve Levels

Capital Construction	\$	3,000,000
Rate Stabilization	\$	2,200,000
Operations	\$	1,300,000
Working Capital	\$	2,000,000
Total	\$	8,500,000

Six months operating expense requirement:	\$11,119,197
Cash less restricted reserve on hand:	\$13,365,851

EL TORO WATER DISTRICT CHANGE IN RESERVES

	<u>August 31, 2017</u>	<u>Year to Date</u>	<u>June 30, 2017</u>
Operating Revenue	2,437,782	4,769,013	23,839,180
Non-operating Revenue	163,010	310,327	1,501,421
Total Revenue	<u>2,600,793</u>	<u>5,079,340</u>	<u>25,340,601</u>
Operating Expenses	1,920,033	3,679,874	20,040,847
Depreciation	352,477	704,954	3,814,656
Non-operating Expenses	67,144	134,288	528,896
Total Expenses	<u>2,339,654</u>	<u>4,519,117</u>	<u>24,384,399</u>
NET INCOME	261,139	560,224	956,202
Non-Cash Items:			
Add: Depreciation	352,477	704,954	3,814,656
Change in Notes Receivable/Grant Fund	-	-	-
Loan Proceeds	-	-	1,352,912
Less: Debt Service	-	-	(199,965)
Capital Improvements	(58,649)	(230,737)	(3,561,957)
Total Non-Cash Items	<u>293,828</u>	<u>474,217</u>	<u>1,405,646</u>
CHANGE IN RESERVES	<u><u>554,967</u></u>	<u><u>1,034,441</u></u>	<u><u>2,361,848</u></u>

EL TORO WATER DISTRICT
Cash Sheet
For the month ending August 31, 2017

CHECK NUMBER	PAYMENT DATE	VENDOR NAME	PAYMENT AMOUNT
83612	08/10/2017	MUNICIPAL WATER DISTRICT OF ORANGE CO.	651,716.20
83701	08/24/2017	SO. CALIFORNIA EDISON CO.	180,980.60
83604	08/10/2017	IRVINE RANCH WATER DISTRICT	175,849.08
83640	08/17/2017	ACWA HEALTH BENEFITS AUTHORITY	106,644.95
TOTAL CHECKS OVER \$50,000			\$ 1,115,190.83
TOTAL CHECKS IN REGISTER			\$ 1,519,418.26

INTERBANK WIRES / DEBIT TRANSFERS

08/04/2017	PAYROLL DIRECT DEPOSIT	136,537.67
08/04/2017	FEDERAL DEPOSIT LIABILITY	32,925.46
08/04/2017	SDI & STATE TAX	10,953.77
08/04/2017	WAGE GARNISHMENTS	585.00
08/04/2017	PRUDENTIAL (401K)	49,621.86
08/04/2017	PRUDENTIAL (457)	16,603.96
08/15/2017	PAYROLL BOARD OF DIRECTOR	3,340.97
08/15/2017	SS, MEDICARE, SDI & STATE TAX	1,229.95
08/15/2017	PRUDENTIAL (457)	2,147.80
08/18/2017	PAYROLL DIRECT DEPOSIT	131,267.49
08/18/2017	FEDERAL DEPOSIT LIABILITY	31,521.40
08/18/2017	SDI & STATE TAX	10,721.64
08/18/2017	WAGE GARNISHMENTS	585.00
08/18/2017	PRUDENTIAL (401K)	47,887.99
08/18/2017	PRUDENTIAL (457)	16,266.31
08/31/2017	ADP AND BANK FEES	4,424.55
TOTAL INTERBANK WIRES / DEBIT TRANSFERS		\$ 496,620.82

TOTAL DISBURSEMENTS **\$ 2,016,039.08**

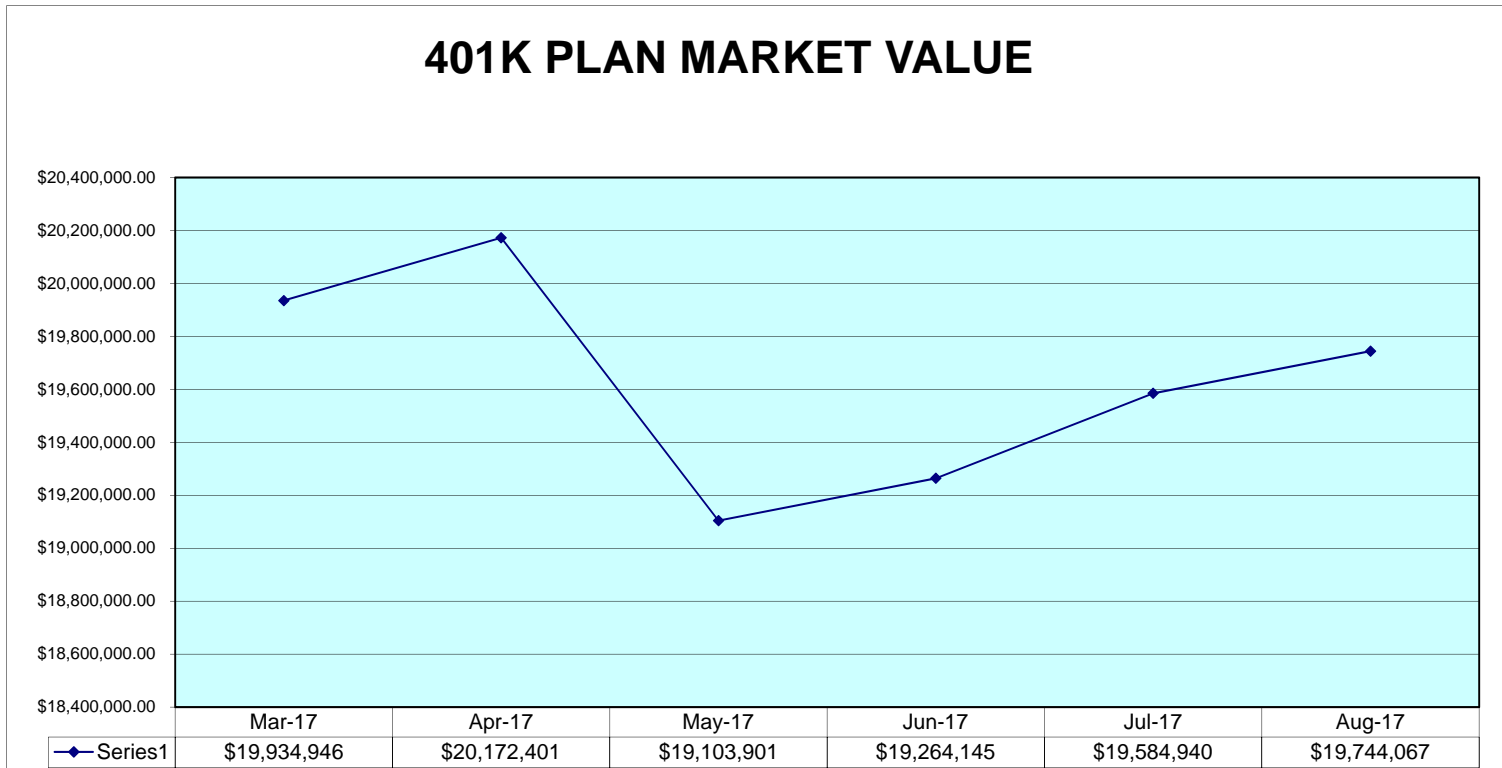
ETWD EMPLOYEES

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
83716	08/31/2017	ERIC NGUYEN (Expense Reimbursement)	662.39
83592	08/10/2017	ED PETERSON (Expense Reimbursement)	373.80
83617	08/10/2017	RALPH PALOMARES (Expense Reimbursement)	270.71
83721	08/31/2017	MICHAEL MIAZGA (Expense Reimbursement)	109.53
83597	08/10/2017	GARTH BOTHA (Expense Reimbursement)	86.50
TOTAL CHECKS TO EMPLOYEES			\$ 1,502.93

ETWD DIRECTORS

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
83610	08/10/2017	MARK MONIN (Expense Reimbursement)	164.78
83607	08/10/2017	JOSE VERGARA (Expense Reimbursement)	118.24
TOTAL CHECKS TO DIRECTORS			\$ 283.02

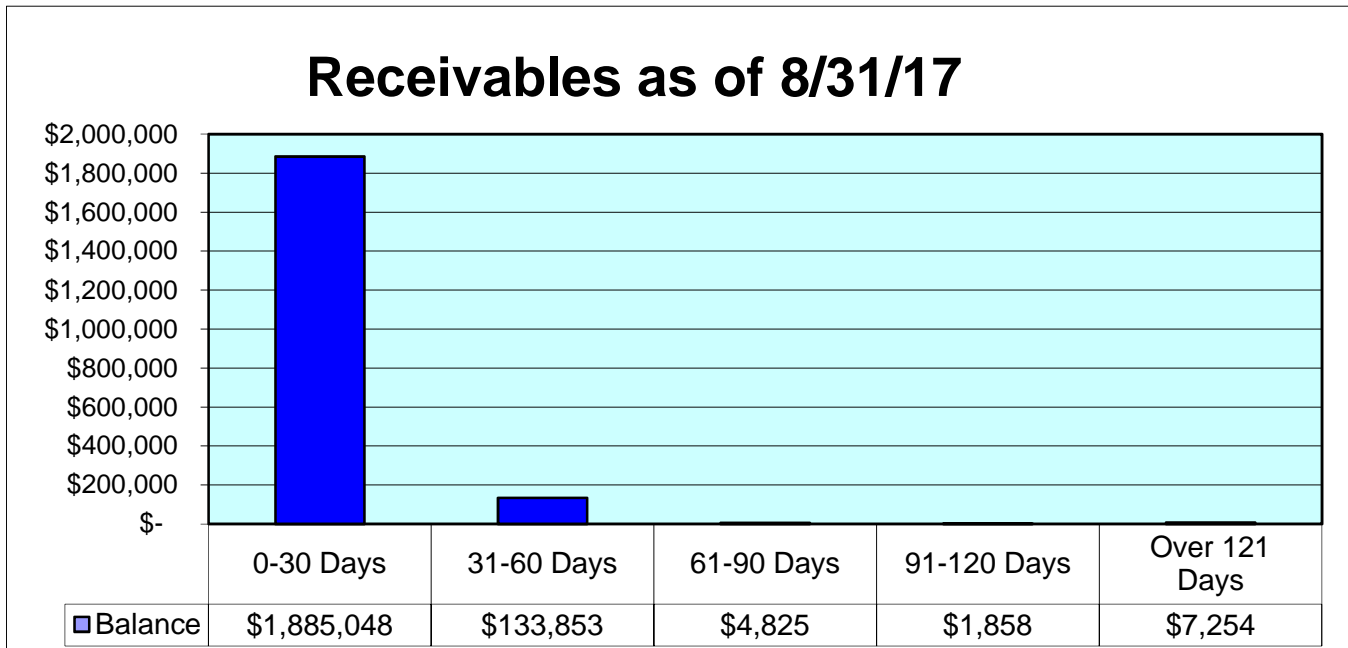
EL TORO WATER DISTRICT 401K PLAN SUMMARY



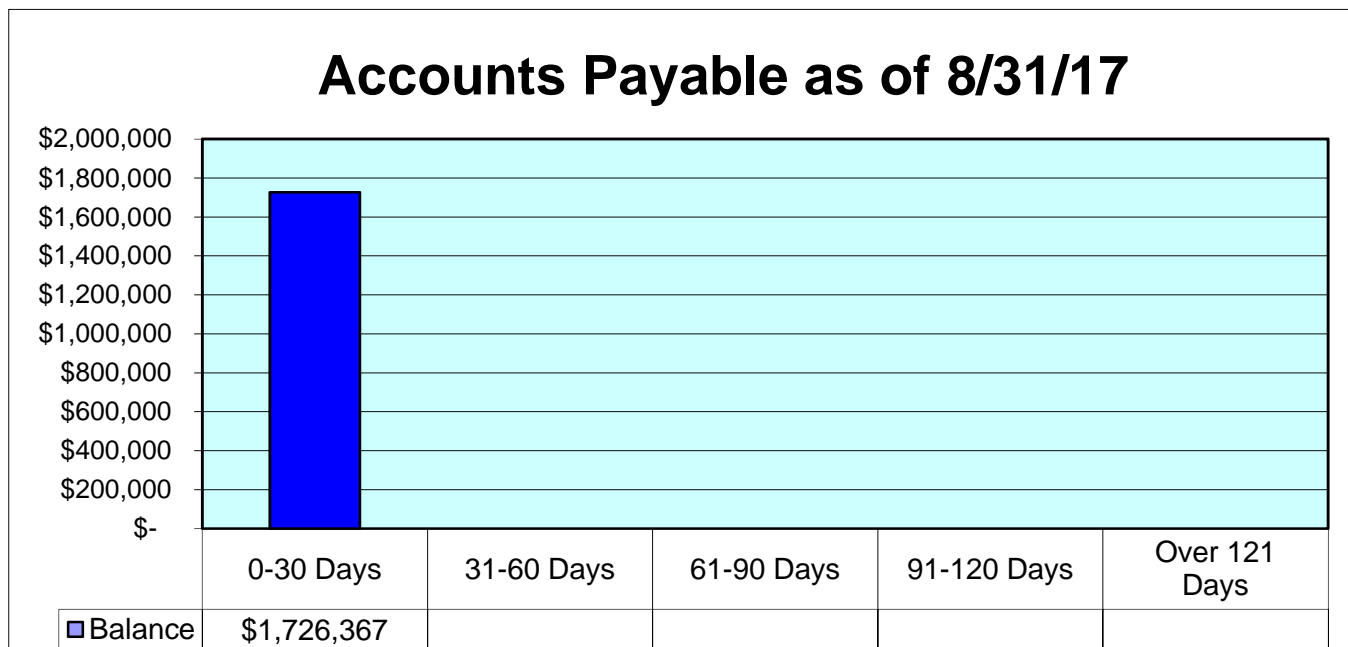
	MARKET VALUE SUMMARY			
	Growth Port. Under 40 yrs. Old	Balanced Port. 40 to 50 yrs. Old	Income & Growth 50 to 60 yrs. Old	Capital Pres. Port Over 60 yrs. Old
Balance at July 1, 2017	\$ 1,249,773.70	\$2,323,855.06	\$11,668,412.71	\$4,022,103.68
Contributions	53,096.46	30,206.63	111,825.24	48,326.94
Withdrawals	(2.92)	0.00	(1,980.78)	(47,943.41)
Transfers	(233,907.18)	(42,684.69)	(538,442.46)	815,034.33
Interest, dividends and appreciation net of fees and charges	16,843.11	41,129.43	167,875.91	60,544.74
Balance at August 31, 2017	\$ 1,085,803.17	\$2,352,506.43	\$11,407,690.62	\$4,898,066.28
Average return YTD August 31, 2017	1.55%	1.75%	1.47%	1.24%

Average return is calculated by dividing the interest, dividends and appreciation, net of fees by ending fund balance and then annualize.

RECEIVABLES & PAYABLES AGEING



Bad Debts Year to Date: \$4,078



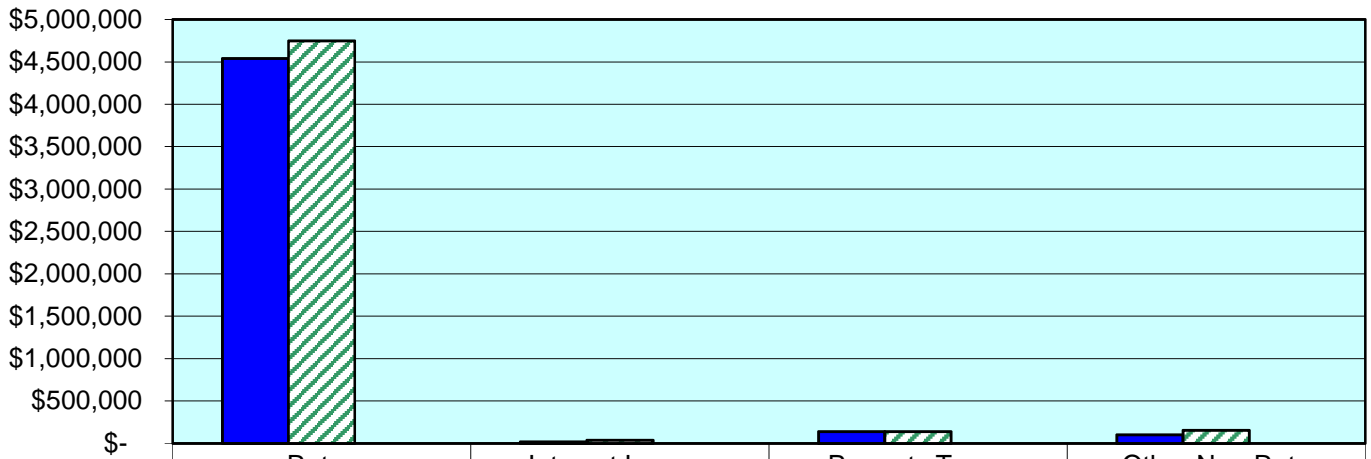
Year to Date Discounts Taken: \$863

Page 10
El Toro Water District
Income Statement
August 2017

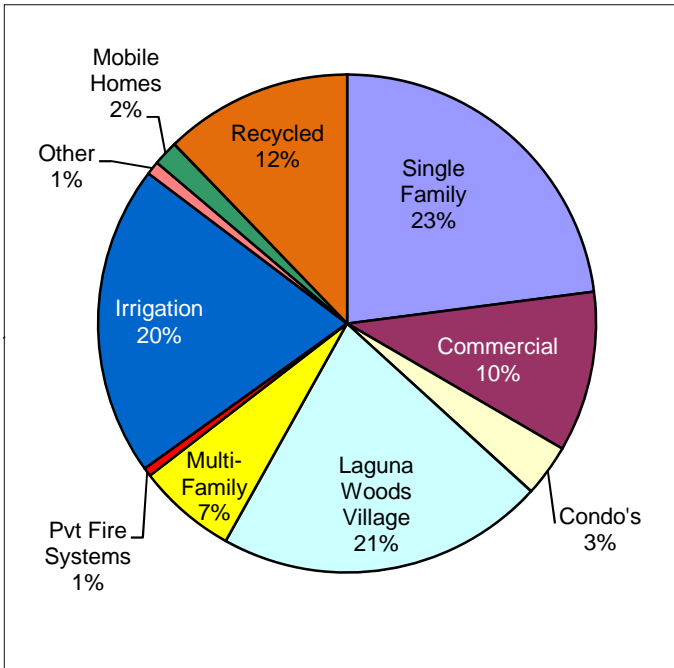
	<u>Aug 17</u>	<u>Budget</u>	<u>% of Budget</u>	<u>Jul - Aug 17</u>	<u>YTD Budget</u>	<u>% of Budget</u>	<u>Annual Budget</u>
Income							
4600 · Water Service Charge	255,122.38	256,107.50	99.62%	489,808.91	512,215.00	95.63%	3,073,290.00
4700 · Sanitary Service	638,491.60	630,416.67	101.28%	1,273,145.17	1,260,833.30	100.98%	7,565,000.00
4722 · Recycled Water Tertiary Sales	240,866.87	157,344.99	153.08%	446,091.50	312,219.94	142.88%	1,450,000.00
4724 · Service Charge - Recycled Water	17,253.20	17,333.33	99.54%	32,949.80	34,666.70	95.05%	208,000.00
4750 · Capital Facilities Charge	250,685.35	251,250.00	99.78%	500,951.90	502,500.00	99.69%	3,015,000.00
4800 · Commodity Charge	1,031,056.89	966,689.75	106.66%	2,004,388.75	1,918,204.21	104.49%	8,908,451.00
4950 · Other Operating Income	4,305.95	4,583.33	93.95%	10,677.41	9,166.70	116.48%	55,000.00
4960 · Other Income	63,069.06	35,625.00	177.04%	112,658.66	71,250.00	158.12%	427,500.00
4967 · SMWD	0.00	8,333.33	0.0%	0.00	16,666.70	0.0%	100,000.00
4970 · MNWD	0.00	1,750.00	0.0%	11,000.00	3,500.00	314.29%	21,000.00
4980 · Interest Income	18,397.11	8,333.33	220.77%	35,572.13	16,666.70	213.43%	100,000.00
4985 · Changes FMV CAMP	10,615.58			21,584.36			
4990 · Property Taxes	70,928.51	69,583.33	101.93%	140,511.84	139,166.70	100.97%	835,000.00
Total Income	2,600,792.50	2,407,350.56	108.04%	5,079,340.43	4,797,055.95	105.89%	25,758,241.00
Gross Profit	2,600,792.50	2,407,350.56	108.04%	5,079,340.43	4,797,055.95	105.89%	25,758,241.00
Expense							
5100 · Personnel Cost	660,436.46	658,579.42	100.28%	1,285,533.20	1,317,158.80	97.6%	7,902,953.00
5405 · Water Purchases	677,726.19	834,233.61	81.24%	1,422,443.45	1,655,393.46	85.93%	7,691,757.00
5410 · Electrical Power	167,415.00	80,341.66	208.38%	259,493.77	160,683.40	161.49%	964,100.00
5415 · Repair Parts & Materials	97,575.17	34,372.44	283.88%	115,138.58	68,745.60	167.49%	412,470.00
5420 · Equipment Maintenance & Repair	5,023.89	11,045.81	45.48%	6,771.44	22,091.90	30.65%	132,550.00
5425 · Pump Maintenance & Repair	5,796.78	12,741.66	45.5%	6,676.78	25,483.40	26.2%	152,900.00
5430 · Motor Maintenance & Repair	4,158.45	3,141.69	132.36%	4,158.45	6,283.10	66.19%	37,700.00
5440 · Electrical/Contl Maint & Repair	1,551.45	5,500.01	28.21%	1,551.45	10,999.90	14.1%	66,000.00
5445 · Meter Maintenance & Repair	0.00	183.33	0.0%	0.00	366.70	0.0%	2,200.00
5455 · Chemicals	20,022.53	17,275.00	115.91%	33,374.11	34,550.00	96.6%	207,300.00
5460 · Structure Maint & Repair	3,046.12	2,721.67	111.92%	3,046.12	5,443.30	55.96%	32,660.00
5465 · Asphalt Maintenance & Repair	9,410.00	6,125.00	153.63%	19,670.00	12,250.00	160.57%	73,500.00
5470 · Consultants	5,564.60	11,433.34	48.67%	9,821.10	22,866.60	42.95%	137,200.00
5475 · Contractors	99,461.66	109,535.75	90.8%	205,611.80	219,071.50	93.86%	1,314,429.00
5480 · Engineers	1,652.59	7,141.67	23.14%	1,652.59	14,283.30	11.57%	85,700.00
5482 · Dump Fees	532.32	1,333.34	39.92%	532.32	2,666.60	19.96%	16,000.00
5485 · Laboratory	1,480.00	1,558.34	94.97%	1,615.00	3,116.60	51.82%	18,700.00
5490 · License & Permits	6,006.40	10,639.96	56.45%	8,983.80	21,280.40	42.22%	127,680.00
5495 · Gas & Oil	7,784.83	7,500.00	103.8%	14,580.51	15,000.00	97.2%	90,000.00
5500 · Equipment Rental	1,462.40	1,366.67	107.01%	1,992.60	2,733.30	72.9%	16,400.00
5505 · Landscaping	3,908.33	6,888.33	56.74%	7,646.66	13,776.70	55.5%	82,660.00
5510 · Small Tools & Equipment	3,769.65	4,708.34	80.06%	4,736.99	9,416.60	50.31%	56,500.00
5515 · Security	1,587.81	1,587.94	99.99%	3,175.62	3,175.60	100.0%	19,055.00
5520 · Operating Supplies	3,792.30	3,958.34	95.81%	9,080.46	7,916.60	114.7%	47,500.00
5525 · Safety Equipment	4,871.26	1,958.33	248.75%	9,939.84	3,916.70	253.78%	23,500.00
5530 · Temporary Help	0.00	4,583.34	0.0%	0.00	9,166.60	0.0%	55,000.00
5535 · Other Employee Cost	10,397.12	6,583.34	157.93%	16,238.70	13,166.60	123.33%	79,000.00
5540 · Depreciation	352,477.00	333,333.33	105.74%	704,954.00	666,666.70	105.74%	4,000,000.00
5545 · Insurance	36,195.87	35,191.67	102.85%	72,923.89	70,383.30	103.61%	422,300.00
5555 · Advertising & Publicity	200.00	208.33	96.0%	779.00	416.70	186.95%	2,500.00
5560 · Amortization	570.49	570.83	99.94%	1,140.98	1,141.70	99.94%	6,850.00
5570 · Annual Event	0.00	445.83	0.0%	0.00	891.70	0.0%	5,350.00
5575 · Audit	8,400.00	2,500.00	336.0%	8,400.00	5,000.00	168.0%	30,000.00
5580 · Bad Debts	2,774.54	1,666.67	166.47%	4,077.64	3,333.30	122.33%	20,000.00
5585 · Bank Charges	4,424.55	4,500.00	98.32%	8,564.90	9,000.00	95.17%	54,000.00
5590 · Data Processing Supply & Access	1,308.77	1,666.67	78.53%	3,649.95	3,333.30	109.5%	20,000.00
5595 · Data Processing Equipment	768.69	3,333.33	23.06%	768.69	6,666.70	11.53%	40,000.00
5600 · Data Processing Consultants	3,455.00	4,166.67	82.92%	6,910.00	8,333.30	82.92%	50,000.00
5605 · Directors Fees	6,532.00	7,750.00	84.28%	15,340.00	15,500.00	98.97%	93,000.00
5610 · Dues & Memberships	5,381.13	6,250.00	86.1%	17,148.52	12,500.00	137.19%	75,000.00
5615 · Education & Training	558.00	2,625.00	21.26%	5,441.97	5,250.00	103.66%	31,500.00
5620 · Election Expense	0.00	0.00	0.0%	0.00	0.00	0.0%	0.00
5625 · Employee Service Awards	0.00	333.33	0.0%	0.00	666.70	0.0%	4,000.00
5630 · Software Maintenance & Licenses	6,427.70	6,616.67	97.14%	7,266.40	13,233.30	54.91%	79,400.00
5640 · Interest Expense	67,144.07	67,144.08	100.0%	134,288.14	134,288.20	100.0%	805,729.00
5645 · Janitorial	2,775.00	2,875.00	96.52%	5,550.00	5,750.00	96.52%	34,500.00
5650 · Legal	8,255.28	12,500.00	66.04%	15,019.52	25,000.00	60.08%	150,000.00
5655 · Meets, Conventions & Travel	5,532.88	2,916.67	189.7%	9,177.94	5,833.30	157.34%	35,000.00
5657 · Meets, Con & Travel - Directors	833.65	2,166.67	38.48%	4,411.83	4,333.30	101.81%	26,000.00
5660 · Office Supplies	1,644.97	1,916.67	85.82%	2,542.18	3,833.30	66.32%	23,000.00
5670 · Postage	170.47	1,708.33	9.98%	273.67	3,416.70	8.01%	20,500.00
5675 · Printing & Reproduction	1,170.79	1,750.00	66.9%	4,870.08	3,500.00	139.15%	21,000.00
5680 · Property Tax	1.76	458.33	0.38%	1.76	916.70	0.19%	5,500.00
5685 · Public Education & Outreach	8,186.99	20,016.67	40.9%	14,097.60	40,033.30	35.22%	240,200.00
5690 · Publications & Subscriptions	958.00	250.00	383.2%	958.00	500.00	191.6%	3,000.00
5695 · Communications	8,125.20	6,916.67	117.47%	14,455.72	13,833.30	104.5%	83,000.00
5700 · Utilities	947.56	1,541.67	61.46%	2,638.86	3,083.30	85.59%	18,500.00
Total Expense	2,339,653.67	2,380,357.42	98.29%	4,519,116.58	4,747,641.36	95.19%	26,245,243.00
Net Income							
	261,138.83	26,993.14	967.43%	560,223.85	49,414.59	1,133.72%	-487,002.00

EL TORO WATER DISTRICT REVENUES FROM WATER & WASTE WATER SALES AS OF 8/31/17

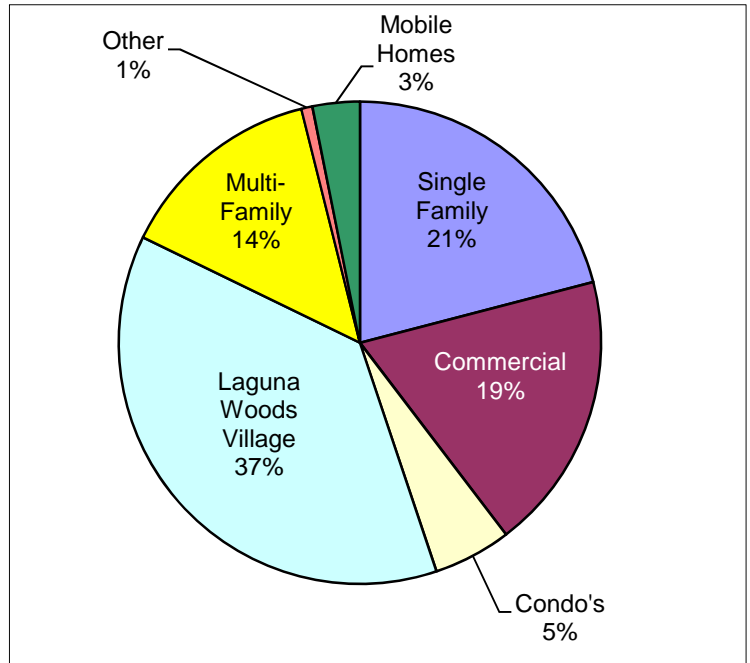
Where the Money Comes From



	Rates	Interest Income	Property Taxes	Other Non-Rate
■ Budget YTD	\$4,540,639	\$16,667	\$139,167	\$100,583
■ Actual YTD	\$4,747,336	\$35,572	\$140,512	\$155,920
□ % of Total	93.46%	0.70%	2.77%	3.07%



WATER REVENUE YTD 2017/2018



WASTE WATER REVENUE YTD 2017/2018

**EL TORO WATER DISTRICT
REVENUE COMPARISON
For the Month Ended August 31, 2017**

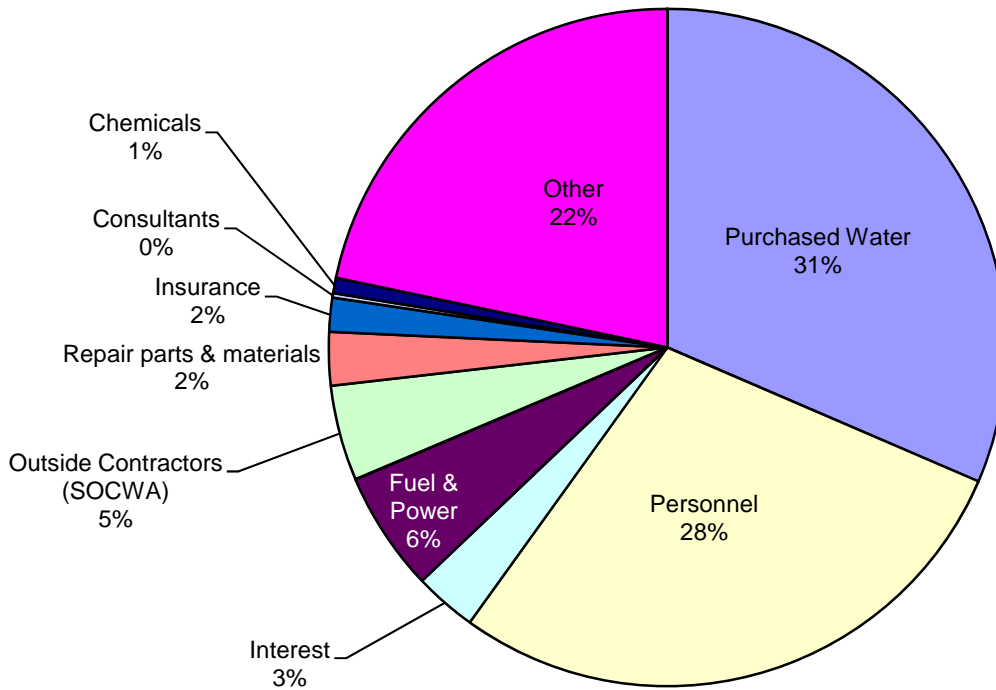
	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	BUDGET	REMAINING BUDGET
<u>From Rates</u>										
Capital Facilities Charge	\$ 250,685	\$ 251,250	\$ (565)	0%	\$ 500,952	\$ 502,500	\$ (1,548)	0%	\$ 3,015,000	\$ 2,514,048
Water sales - Commodity	1,031,057	966,690	64,367	7%	2,004,389	1,918,204	86,185	4%	8,908,451	6,904,062
Water sales - Fixed Meter	255,122	256,108	(985)	0%	489,809	512,215	(22,406)	-4%	3,073,290	2,583,481
Waste water sales	638,492	630,417	8,075	1%	1,273,145	1,260,833	12,312	1%	7,565,000	6,291,855
Recycled water tertiary sales	240,867	157,345	83,522	53%	446,092	312,220	133,872	43%	1,450,000	1,003,909
Service charge - Recycled water	17,253	17,333	(80)	0%	32,950	34,667	(1,717)	-5%	208,000	175,050
TOTAL FROM RATES	2,433,476	2,279,142	154,334	7%	4,747,336	4,540,639	206,697	5%	24,219,741	19,472,405
<u>Non-rate Revenue</u>										
Admin fee	2,251	1,600	651	41%	5,842	3,200	2,642	83%	19,200	13,358
48 Hour notice fee	1,665	2,451	(786)	-32%	4,020	4,903	(883)	-18%	29,416.44	25,396
Restoration fee	250	370	(120)	-32%	520	740	(220)	-30%	4,440	3,920
Unpaid check fee	140	150	(10)	-7%	295	300	(5)	-2%	1,800	1,505
Cut lock fee	-	12	(12)	-100%	-	24	(24)	-100%	144	144
TOTAL NON-RATE	4,306	4,583	(277)	-6%	10,677	9,167	1,511	16%	55,000	44,323
<u>Other Revenue</u>										
Interest	18,397	8,333	10,064	121%	35,572	16,667	18,905	113%	100,000	64,428
Change FMV Investment	10,616	-	10,616	0%	21,584	-	21,584	0%	-	(21,584)
Property taxes	70,929	69,583	1,345	2%	140,512	139,167	1,345	1%	835,000	694,488
Other	63,069	35,625	27,443	77%	112,659	71,250	41,409	58%	427,500	314,841
TOTAL OTHER REVENUE	163,010	113,542	49,469	44%	310,327	227,083	83,244	37%	1,362,500	1,052,173
<u>Contract Service</u>										
Santa Margarita W. D.	-	8,333	(8,333)	-100%	-	16,667	(16,667)	-100%	100,000	100,000
Moulton Niguel W. D.	-	1,750	(1,750)	-100%	11,000	3,500	7,500	214%	21,000	10,000
TOTAL CONTRACT SERVICES	-	10,083	(10,083)	-100%	11,000	20,167	(9,167)	-45%	121,000	110,000
 TOTAL REVENUE	 \$ 2,600,793	 \$ 2,407,351	 \$ 193,442	 8%	 \$ 5,079,340	 \$ 4,797,056	 \$ 282,284	 6%	 \$ 25,758,241	 \$ 20,678,901

**EL TORO WATER DISTRICT
NON-RATE REVENUE ANALYSIS
FOR THE MONTH ENDING August 31, 2017**

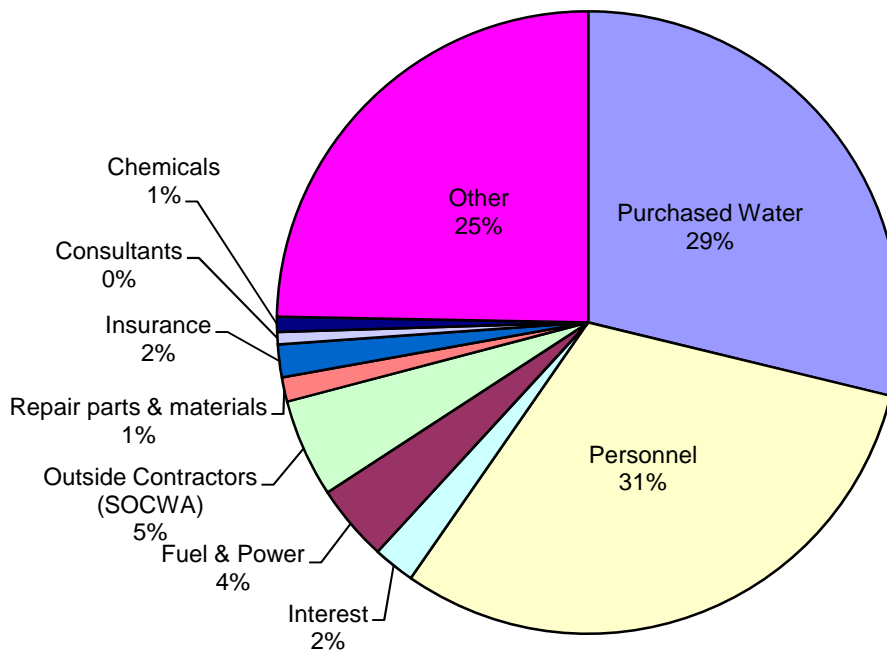
	Aug-17 Actual	Aug-17 Budget	Jul 17-Aug 17 YTD Actual	Jul 17-Aug 17 YTD Budget
Site Leases	7,409	15,833	30,773	31,666
MWD Recycled Water LRP Rebate	30,000	19,792	55,500	39,583
SOCWA Refund		-	-	-
MWDOC Budget Based Tier & 2015 Urban Water Refund	25,660	-	25,660	-
Recycled Metal	-	-	-	-
Diesel Fuel Tax Refund	-	-	-	-
Sale of District Vehicle	-		-	-
Misc Work for Customers	-	-	726	-
	<u>\$ 63,069</u>	<u>\$ 35,625</u>	<u>\$ 112,659</u>	<u>\$ 71,249</u>
Other Operating Income				
Sales to Santa Margarita	-		-	
Sales to Moulton Niguel	-		-	
	<u>-</u>		<u>-</u>	
Total	<u>63,069</u>		<u>112,659</u>	

WHERE THE MONEY GOES

YTD EXPENSES AT 8/31/17



EXPENSES YEAR ENDING 6/30/17



EL TORO WATER DISTRICT
Expense Comparison
For the Month Ended August 31, 2017

	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
<u>Operating Expenses</u>										
Personnel cost	\$660,436	\$658,579	(\$1,857)	0%	\$1,285,533	\$1,317,159	\$31,626	2%	\$7,902,953	6,617,420
Purchased water	677,726	834,234	156,507	19%	1,422,443	1,655,393	232,950	14%	7,691,757	6,269,314
Electrical power	167,415	80,342	(87,073)	-108%	259,494	160,683	(98,810)	-61%	964,100	704,606
Repair parts & materials	97,575	34,372	(63,203)	-184%	115,139	68,746	(46,393)	-67%	412,470	297,331
Equipment repairs & maintenance	5,024	11,046	6,022	55%	6,771	22,092	15,320	69%	132,550	125,779
Pump repairs & maintenance	5,797	12,742	6,945	55%	6,677	25,483	18,807	74%	152,900	146,223
Motor repairs & maintenance	4,158	3,142	(1,017)	-32%	4,158	6,283	2,125	34%	37,700	33,542
Electrical repairs & maintenance	1,551	5,500	3,949	72%	1,551	11,000	9,448	86%	66,000	64,449
Meter repairs & maintenance	-	183	183	100%	0	367	367	100%	2,200	2,200
Chemicals	20,023	17,275	(2,748)	-16%	33,374	34,550	1,176	3%	207,300	173,926
Structure repairs & maintenance	3,046	2,722	(324)	-12%	3,046	5,443	2,397	44%	32,660	29,614
Asphalt repairs & maintenance	9,410	6,125	(3,285)	-54%	19,670	12,250	(7,420)	-61%	73,500	53,830
Consultants - outside	5,565	11,433	5,869	51%	9,821	22,867	13,046	57%	137,200	127,379
Contractors - outside	99,462	109,536	10,074	9%	205,612	219,072	13,460	6%	1,314,429	1,108,817
Engineers - outside	1,653	7,142	5,489	77%	1,653	14,283	12,631	88%	85,700	84,047
Dump fees	532	1,333	801	60%	532	2,667	2,134	80%	16,000	15,468
Laboratories	1,480	1,558	78	5%	1,615	3,117	1,502	48%	18,700	17,085
License & permits	6,006	10,640	4,634	44%	8,984	21,280	12,297	58%	127,680	118,696
Automotive fuel & oil	7,785	7,500	(285)	-4%	14,581	15,000	419	3%	90,000	75,419
Equipment rental	1,462	1,367	(96)	-7%	1,993	2,733	741	27%	16,400	14,407
Landscaping	3,908	6,888	2,980	43%	7,647	13,777	6,130	44%	82,660	75,013
Small tools & equipment	3,770	4,708	939	20%	4,737	9,417	4,680	50%	56,500	51,763
Security	1,588	1,588	0	0%	3,176	3,176	(0)	0%	19,055	15,879
Operating supplies	3,792	3,958	166	4%	9,080	7,917	(1,164)	-15%	47,500	38,420
Safety equipment	4,871	1,958	(2,913)	-149%	9,940	3,917	(6,023)	-154%	23,500	13,560
Temporary help	-	4,583	4,583	100%	0	9,167	9,167	100%	55,000	55,000
Other employee cost	10,397	6,583	(3,814)	-58%	16,239	13,167	(3,072)	-23%	79,000	62,761
Employee service awards	-	333	333	100%	-	667	667	100%	4,000	4,000
Education & training	558	2,625	2,067	79%	5,442	5,250	(192)	-4%	31,500	26,058
Total Operating Expenses	1,804,991	1,849,997	45,005	2%	3,458,907	3,686,920	228,013	6%	19,880,914	16,422,007

EL TORO WATER DISTRICT
Expense Comparison
For the Month Ended August 31, 2017

	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
<u>Indirect Cost</u>										
Depreciation	352,477	333,333	(19,144)	-6%	704,954	666,667	(38,287)	-6%	4,000,000	3,295,046
Amortization	570	571	0	0%	1,141	1,142	1	0%	6,850	5,709
Insurance	36,196	35,192	(1,004)	-3%	72,924	70,383	(2,541)	-4%	422,300	349,376
Data processing supplies & assoc.	1,309	1,667	358	21%	3,650	3,333	(317)	-9%	20,000	16,350
Data processing equipment	769	3,333	2,565	77%	769	6,667	5,898	88%	40,000	39,231
Data processing consultants	3,455	4,167	712	17%	6,910	8,333	1,423	17%	50,000	43,090
Software maintenance & licenses	6,428	6,617	189	3%	7,266	13,233	5,967	45%	79,400	72,134
Janitorial	2,775	2,875	100	3%	5,550	5,750	200	3%	34,500	28,950
Printing & reproduction	1,171	1,750	579	33%	4,870	3,500	(1,370)	-39%	21,000	16,130
Publications & subscriptions	958	250	(708)	-283%	958	500	(458)	-92%	3,000	2,042
Communications - voice	3,429	1,250	(2,179)	-174%	6,049	2,500	(3,549)	-142%	15,000	8,951
Communications - data	2,528	3,917	1,389	35%	4,059	7,833	3,774	48%	47,000	42,941
Communications - mobile	2,168	1,750	(418)	-24%	4,347	3,500	(847)	-24%	21,000	16,653
Utilities	948	1,542	594	39%	2,639	3,083	444	14%	18,500	15,861
Total Indirect Cost	415,180	398,213	(16,968)	-4%	826,087	796,425	(29,662)	-4%	4,778,550	3,952,463
<u>Overhead Cost</u>										
Annual events	-	446	446	100%	-	892	892	100%	5,350	5,350
Audit	8,400	2,500	(5,900)	-236%	8,400	5,000	(3,400)	-68%	30,000	21,600
Bad debts	2,775	1,667	(1,108)	-66%	4,078	3,333	(744)	-22%	20,000	15,922
Bank charges	4,425	4,500	75	2%	8,565	9,000	435	5%	54,000	45,435
Directors fees	6,532	7,750	1,218	16%	15,340	15,500	160	1%	93,000	77,660
Dues & memberships	5,381	6,250	869	14%	17,149	12,500	(4,649)	-37%	75,000	57,851
Election Expense	-	-	0	0%	0	0	0	0%	0	0
Interest	67,144	67,144	0	0%	134,288	134,288	0	0%	805,729	671,441
Legal	8,255	12,500	4,245	34%	15,020	25,000	9,980	40%	150,000	134,980
Meetings, conventions & travel	5,533	2,917	(2,616)	-90%	9,178	5,833	(3,345)	-57%	35,000	25,822
Meets, con & travel - Directors	834	2,167	1,333	62%	4,412	4,333	(79)	-2%	26,000	21,588
Office supplies	1,645	1,917	272	14%	2,542	3,833	1,291	34%	23,000	20,458
Postage	170	1,708	1,538	90%	274	3,417	3,143	92%	20,500	20,226
Property taxes	2	458	457	100%	2	917	915	100%	5,500	5,498
Advertising & Publicity	200	208	8	4%	779	417	(362)	-87%	2,500	1,721
Public education & outreach	8,187	20,017	11,830	59%	14,098	40,033	25,936	65%	240,200	226,102
Total Overhead Cost	119,482	132,148	12,666	10%	234,123	264,297	30,174	11%	1,585,779	1,351,656
TOTAL EXPENSES	\$2,339,654	\$2,380,357	\$40,704	2%	\$4,519,117	\$4,747,641	\$228,525	5%	\$26,245,243	\$21,726,126



September 19, 2017

Memorandum

To: Neely Shahbakhti, Finance Manager/ Controller
El Toro Water District

From: Jeremy King, Key Account Manager
Richard Babbe, Senior Managing Consultant
PFM Asset Management LLC

Re: Investment Policy Review

We completed our annual review of El Toro Water District's (the "District") Investment Policy (the "Policy"). As written, the Policy is in compliance with the sections of the California Government Code (the "Code") that govern the investment of public funds. While no changes are required, we do, however, recommend that the District make a few changes to the Policy to incorporate a recent update to the Code and to enhance the Policy's risk control requirements. The remainder of this memorandum summarizes our recommendations by Policy section. We have also attached a marked-up version of the Policy to illustrate our recommendations.

8.0. Authorized Investments

We recommend that the District update the credit rating language used in the Policy to incorporate a recent revision to the Code. Senate Bill 974, which took effect on January 1, 2017, modified Code Section 53601 et seq. to clarify that the Code's rating requirements specify the minimum credit rating category required at purchase, without regard to "+", "-", or 1, 2, 3 modifiers. The Code change did not change the Code's minimum credit requirements. It simply codified the credit rating interpretation already used by most public agencies, including the District.

As part of incorporating this Code change, we recommend that District modify the Policy's language to reflect how the Code describes credit requirements. We also recommend the District delete Policy language that is made redundant by this change. This revision applies to all of the investment types listed in the Policy that specify a credit rating requirement for purchase.

10. Diversification

To address the District's risk management concerns, we recommend the District modify the Policy's diversification requirements in two respects: 1) we recommend the District lower the per issuer holding limits for corporate securities (Medium-Term Notes, Asset-Backed Securities, Commercial Paper, Bankers' Acceptances, and Negotiable Certificates of Deposit) to 5% from 10%. In addition, we recommend the District add an additional diversification requirement that would limit the portfolio's total allocation to corporate securities to 40% of the portfolio.



To avoid any inadvertent compliance violations, we also recommend the District add a provision to this Policy section that specifies that there is no compliance violation due to a subsequent change in the Policy or in the portfolio's size. This provision is consistent with the Code, which specifies that percentage limits apply at the time of purchase.

As part of implementing this change, we also recommend the District delete redundant language in Section 8.0.

We would be happy to discuss any questions regarding our recommended changes to the Policy.

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Approved by: Board of Directors		Date: <u>09/22/16</u> Revision: <u>4516</u>

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Superseded by Resolution: 91-02-02	Date: 02/02/91
Superseded by Resolution: 94-02-02	Date: 02/16/94
Superseded by Resolution: 95-02-16	Date: 02/16/95
Superseded by Resolution: 95-12-04	Date: 12/21/95
Superseded by Resolution: 98-02-01	Date: 02/19/98
Superseded by Resolution: 00-02-01	Date: 02/17/00
Superseded by Resolution: 01-15-01	Date: 11/15/01
Superseded by Resolution: 02-09-01	Date: 09-19-02
Superseded by Resolution: 03-04-02	Date: 04/24/03
Superseded by Resolution: 04-04-01	Date: 04/22/04
Superseded by Resolution: 05-02-01	Date 02/04/05
Superseded by Resolution: 08-9-1	Date: 09/23/08
Superseded by Resolution: 11-9-3	Date: 09/22/11
Superseded by Resolution: 15-9-1	Date: 9/24/15
Superseded by Resolution: 16-9-1	Date: 9/22/16
<u>Superseded by Resolution: 17-9-1</u>	<u>Date: 9/26/17</u>

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1.0 Policy

It is the duty of the El Toro Water District's (ETWD) Finance Manager/Controller to invest ETWD money consistent with safe and prudent management in such manner as to maximize yield without sacrificing safety or liquidity. Cash in excess of immediate operating requirements shall be invested in institutions meeting all legal requirements for the deposit of public funds.

The objective of this Investment Policy is to maintain a prudent mix of investments to provide the highest investment return while meeting the daily cash flow demands of ETWD.

2.0 Scope

This Investment Policy applies to all financial assets of ETWD. These funds are accounted for in ETWD's Books & Records and Annual Financial Report and include:

2.1 Funds:

- General Funds
- Capital Project Funds
- Other Funds as Approved by the Board

Bond proceeds shall be invested in the securities permitted by the applicable bond documents. If the bond documents are silent as to the permitted investments, bond proceeds will be invested in the securities permitted by this policy. Notwithstanding the other provisions of this policy, the percentage or dollar portfolio limitations listed elsewhere in this policy do not apply to bond proceeds. In addition to the securities listed in Section 8.0, bond proceeds may be invested in a structured investment product if approved by the Finance Manager/Controller.

3.0 Prudence

The Standard of Prudence to be used by investment officials shall be the "Prudent Investor" standard and shall be applied in the context of managing an overall portfolio. Investments shall be made with care, skill, prudence and diligence under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of ETWD that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and like aims.

Investment officers acting in accordance with this written procedure and Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion and that appropriate action is taken to control adverse developments.

4.0 Objective

The primary objectives, in priority order, for ETWD's Investment activities shall be:

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- 4.1 **Safety:** Safety of principal is the foremost objective of the investment program. Investments of ETWD shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, **diversification** is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- 4.2 **Liquidity:** ETWD's investment portfolio will remain sufficiently liquid to enable ETWD to meet all operating requirements, which might be reasonably anticipated.
- 4.3 **Return on Investment:** ETWD's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account ETWD's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 Delegation of Authority

Authority to manage ETWD's Investment Program is derived from the approval of Resolution 85-3-1 adopting policy statement 1985-3 (IV) Investment Policy. Management responsibility for the program is hereby delegated to the Finance Manager/Controller of ETWD for a one-year period. Subject to review, the Board of Directors may renew the delegation of authority pursuant to this section each year. The Finance Manager/Controller, through the approval of this Investment Policy, has established procedures for the operation of the Investment Program. No person may engage in an investment transaction except as provided under the terms of this policy and other procedures that may be established by the Finance Manager/Controller. ~~The Finance Manager/Controller~~The Investment Advisor shall be responsible for all transactions undertaken.

As authorized by the Board of Directors, ETWD may engage an Investment Advisor to assist with its investment program. The Investment Advisor shall be responsible for all transactions undertaken. Investments made by the Investment Advisor ~~will be under the direction of the Finance Manager/Controller and~~ will conform to this Policy and within the limitations of the Government Code. The Finance Manager/Controller shall provide monitoring and oversight of the investments made by the Investment Manager.

6.0 Ethics and Conflicts of Interests

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the General Manager any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of ETWD's portfolio. Employees and officers shall sub-ordinate their personal investment transactions to those of ETWD, particularly with regard to the time of purchases and sales. The General Manager, key employees, and the Investment Advisor, if one is used, will be required to prepare an Annual Conflict of Interest Statement (FPPC Form 700).

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7.0 Authorized Financial Institutions

No public deposit shall be made except in a **qualified public depository** as established by state laws.

If Broker/Dealers are required to complete a transaction, they should be associated with Primary Dealers. For transactions initiated through the Investment Advisor, the firm may use their own list of approved broker/dealers and financial institutions, which it will maintain and review periodically.

8.0 Authorized and Suitable Investments

Sections 53600 et. seq. of the California Government Code provides basic investment limits and guidelines for government entities. In the event an apparent discrepancy is found between this policy and the Government Code, the more restrictive parameters will take precedence.

~~Percentage holding limits listed in this section apply at the time the security is purchased. Credit ratings, where shown, specify the minimum credit rating category required at purchased without regard to +/- or 1,2,3 modifiers, if any.~~

- A. U.S. Treasury Instruments. United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States is pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio invested in this category.
- B. Federal Agency and Instrumentality Securities. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio invested in this category.
- C. Supranationals. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an Nationally Recognized Statistical Rating Organization ("NRSRO") and shall not exceed 30 percent% of the portfolio.
- D. Municipal Debt. Registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any state.

Bonds, notes, warrants, or other evidences of indebtedness of any local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

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Purchases are limited to securities rated ~~in a rating category of at least in the~~ “A” category, or its equivalent ~~or better~~, by an ~~Nationally Recognized Statistical Rating Organization (“NRSRO”)~~. A maximum of 10% of ETWD’s portfolio may be invested in this category.

- E. Medium-Term Notes. Medium-term notes are defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Purchases are limited to securities rated ~~in a rating category of at least in the~~ “A” category, or its equivalent, ~~or better~~ by an NRSRO. A maximum of 30% of ETWD’s portfolio may be invested in this category.
- F. Asset-Backed Securities. Asset-backed securities include mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, and consumer receivable-backed bonds. Purchases are limited to securities rated ~~in a rating category of at least in the~~ “AA” category, or its equivalent ~~or better~~, by an NRSRO. Additionally, securities must be issued by an issuer whose debt is rated ~~in a rating category of at least in the~~ “A” category, or its equivalent ~~or better~~, by an NRSRO. A maximum of 20 percent% of the portfolio may be invested in this category.
- G. Commercial Paper. Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars (\$500,000,000). (iii) Has debt other than commercial paper, if any, that is rated ~~in a rating category of at least in the~~ “AA” category, or its equivalent ~~or better~~, by an NRSRO. Eligible commercial paper shall have a maximum maturity of 270 days or less and not represent more than 10% of the outstanding paper of an issuing corporation. A maximum of 25% of ETWD’s portfolio may be invested in this category.
- H. Bankers’ Acceptances. Bankers’ acceptances, otherwise known as bills of exchange or time drafts, that are drawn on and accepted by a commercial bank. Purchases are limited to bankers’ acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System. Purchases of bankers’ acceptances may not exceed 180 days maturity. Eligible bankers’ acceptances are restricted to issuing financial institutions with short-term paper rated in the highest category by a NRSRO. A maximum of 15% of ETWD’s portfolio may be invested in this category.
- I. Negotiable Certificates of Deposit. Negotiable certificates of deposit (NCDs) issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. . Purchases are limited to institutions which have long-term debt rated ~~in a rating category of at least in the~~ “A” category, or its equivalent ~~or better~~, by an NRSRO; and/or have short-term debt rated ~~at least~~ “A-1”, or its equivalent ~~or better~~, by an NRSRO. A maximum of 30% of ETWD’s portfolio may be invested in this category.

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- J. Placement Service Deposit. Deposit placed through a deposit placement service shall meet the requirements under Government Code Section 53601.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by federal deposit insurance. A maximum of 30% of ETWD’s portfolio may be invested in this category.
- K. State of California’s Local Agency Investment Fund (LAIF). If ETWD has funds invested in LAIF, ETWD shall maintain on file LAIF’s current investment policy and its requirements for participation, including limitations on deposits or withdrawals. In addition, ETWD’s investments in LAIF should be reviewed periodically. A maximum of \$30 million dollars should be invested in the State pool.
- L. Money Market Funds. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission (“SEC”) under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 and following). The company shall have met either of the following criteria: (A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs. (B) Retained an investment adviser registered or exempt from registration with the SEC with not less than 5 years’ experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000). A maximum of 10% of ETWD’s portfolio may be invested in this category.
- M. California Asset Management Program (CAMP). If ETWD has funds invested in CAMP, ETWD shall maintain on file CAMP’s current investment policy and it’s requirements for participation, including limitations on deposits and withdrawals. In addition, ETWD’s investments in CAMP should be reviewed periodically. A maximum of 50% of ETWD’s portfolio may be invested in this category.
- N. Bank Deposits. FDIC insured or fully collateralized demand deposit accounts, savings accounts, market rate accounts, time certificates of deposits (“TCDs”) or other bank deposits in financial institutions located in California. The amount on deposit in any financial institution shall not exceed the shareholder’s equity. To be eligible to receive ETWD deposits, the financial institution must have received a minimum overall satisfactory rating, under the Community Redevelopment Act, for meeting the credit needs of California Communities in its most recent evaluation. Bank deposits are required to be collateralized as specified under Government Code Section 53630 et. seq. The ~~Chief Financial Officer~~Finance Manager/Controller, at his/her discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. ETWD shall have a signed agreement with any depository accepting ETWD funds per Government Code Section 53649. The maximum maturity of TCDs is one (1) year. A maximum of 20% of ETWD’s portfolio may be invested in TCDs

9.0 Safekeeping and Custody

All cash and securities in ETWD’s portfolio, including those that are being managed by the Investment Advisor, shall be held in in ETWD’s name. All deliverable securities shall be held by

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a third-party bank trust department, acting as agent for the ETWD under the terms of a custody agreement executed by the bank and ETWD. If ~~an~~ Investment Advisor is used by ETWD, they may never take possession of ETWD's cash or assets.

All deliverable securities will be received and delivered using standard **delivery-versus-payment (DVP)** procedures, ETWD's safekeeping agent will only release payment for a security after the security has been properly delivered. The only exception to the foregoing shall be depository accounts and securities purchases made with (i) local government investment pools; (ii) bank deposits; and, (iii) money market mutual funds, since the purchased securities are not deliverable. Evidence of each these investments will be held by ETWD.

10.0 Diversification

The purpose of Diversification is to reduce overall portfolio risks while obtaining Market Average Rates of return and avoiding losses. The investment portfolio shall be diversified among security types, issuers and maturities to prevent incurring unreasonable and avoidable risks regarding specific security types, individual financial institutions or maturity segments. In addition to the percentage limitations specified in Section 8.0 Permitted Investments, the maximum amount of the portfolio ETWD may invest with any one ~~non-governmental~~ issuer in the following categories (Medium-Term Notes, Asset-Backed Securities, Commercial Paper, Bankers' Acceptances, and Negotiable Certificates of Deposit) is 40%. In addition, the maximum amount of the portfolio ETWD may invest in these categories in aggregate is limited to 40%.

The percentage limitations listed, limiting the amount of ETWD's portfolio that may be invested in each investment category or issuer, apply to time of purchase. Percentage holding and diversification limits listed in this section Policy apply at the time the security is purchased. If a holding or diversification limit listed in this Policy is exceeded due a subsequent change in this Policy or in the portfolio's size, those securities may be held to maturity while still remaining in compliance with this Policy.

11.0 Maximum Maturities

To the extent possible, ETWD will attempt to match its investments with anticipated cash flow requirements. The maximum maturity of individual investments shall not exceed the limits set forth in Section 8.0. Where no maturity limit is stated, no investment shall exceed a maturity of five years from the date of purchase unless the Board of Directors has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board of Directors no less than three months prior to the investment.

Reserve funds may be invested in securities exceeding (2) years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

12.0 Internal Control

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The Finance Manager/Controller shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

13.0 Performance Standards

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account ETWD's investment risk constraints and cash flow needs.

Market Yield (Benchmark): ETWD's investment strategy is active. Given this strategy, the Finance Manager/Controller or the Investment Advisor, shall select an appropriate, readily available index to use as a performance benchmark.

14.0 Reporting

The Finance Manager/Controller is charged with the responsibility of providing monthly reports to the Board. The monthly reports shall encompass all investments and monies held by ETWD, and/or under management of any outside party and shall include a list of security transactions, the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, current market value on all securities (including the source of this valuation), a statement that the portfolio is in compliance with this policy or the manner in which it is not in compliance and a statement that ETWD has the ability to meet its expenditure requirements for the next six months or an explanation as to why sufficient money may not be available. The Finance Manager/Controller shall report whatever additional information or data the Board may deem necessary.

Credit Ratings Changes

In the event a security held by ETWD is subject to a rating change that brings it below the minimum credit ratings specified in this policy, the Finance Manager/Controller should notify the Board of the change. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the rate drop, prognosis for recovery or further rate drops, and the market price of the security.

15.0 Investment Policy Adoption

ETWD's investment policy shall be adopted by resolution of the ETWD's Board of Directors. The policy shall be reviewed on an annual basis by the ~~Chief Financial Officer~~Finance Manager/Controller and the Board of Directors. Any modifications made thereto must be approved in the form of a resolution by the Board of Directors.

RESOLUTION NO.

17-9-1

**RESOLUTION OF THE
BOARD OF DIRECTORS
OF THE EL TORO WATER DISTRICT
AMENDING POLICY STATEMENT
1985-3 (IV)
(ETWD INVESTMENT POLICY)**

RESOLUTION NO. 17-9-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
EL TORO WATER DISTRICT AMENDING POLICY
STATEMENT 1985-3 (IV)
(ETWD INVESTMENT POLICY)

WHEREAS, the Board of Directors of the El Toro Water District deems it to be in the best interest of the District to amend Policy Statement 1985-3 (IV) regarding the El Toro Water District's Investment Policy; and

WHEREAS, the Board of Directors of the El Toro Water District has reviewed the amended policy as set forth in Exhibit "A" which is attached hereto and incorporated by this reference.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the El Toro Water District does hereby adopt Policy Statement 1985-3 (IV), as amended and set forth in Exhibit "A", which is attached hereto, effective October 1, 2017.

ADOPTED, SIGNED AND APPROVED, this 26th day of September 2017.

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

(SEAL)

ATTEST:

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

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

I, ROBERT R. HILL, Secretary of the Board of Directors of the El Toro Water District, do hereby certify that the above and foregoing is a full, true and correct copy of Resolution No. 17-9-1 of said Board, and that the same has not been amended or repealed.

DATED: September 26, 2017

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

(SEAL)

Prepared by: Staff	EL TORO WATER DISTRICT POLICY STATEMENT 1985-3 (IV) INVESTMENT POLICY	Pages 8 total Item 2 Section IV
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1.0 Policy

It is the duty of the El Toro Water District's (ETWD) Finance Manager/Controller to invest ETWD money consistent with safe and prudent management in such manner as to maximize yield without sacrificing safety or liquidity. Cash in excess of immediate operating requirements shall be invested in institutions meeting all legal requirements for the deposit of public funds.

The objective of this Investment Policy is to maintain a prudent mix of investments to provide the highest investment return while meeting the daily cash flow demands of ETWD.

2.0 Scope

This Investment Policy applies to all financial assets of ETWD. These funds are accounted for in ETWD's Books & Records and Annual Financial Report and include:

2.1 Funds:

General Funds

Capital Project Funds

Other Funds as Approved by the Board

Bond proceeds shall be invested in the securities permitted by the applicable bond documents. If the bond documents are silent as to the permitted investments, bond proceeds will be invested in the securities permitted by this policy. Notwithstanding the other provisions of this policy, the percentage or dollar portfolio limitations listed elsewhere in this policy do not apply to bond proceeds. In addition to the securities listed in Section 8.0, bond proceeds may be invested in a structured investment product if approved by the Finance Manager/Controller.

3.0 Prudence

The Standard of Prudence to be used by investment officials shall be the "Prudent Investor" standard and shall be applied in the context of managing an overall portfolio. Investments shall be made with care, skill, prudence and diligence under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of ETWD that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and like aims.

Investment officers acting in accordance with this written procedure and Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion and that appropriate action is taken to control adverse developments.

4.0 Objective

The primary objectives, in priority order, for ETWD's Investment activities shall be:

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- 4.1 **Safety:** Safety of principal is the foremost objective of the investment program. Investments of ETWD shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, **diversification** is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- 4.2 **Liquidity:** ETWD's investment portfolio will remain sufficiently liquid to enable ETWD to meet all operating requirements, which might be reasonably anticipated.
- 4.3 **Return on Investment:** ETWD's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account ETWD's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 Delegation of Authority

Authority to manage ETWD's Investment Program is derived from the approval of Resolution 85-3-1 adopting policy statement 1985-3 (IV) Investment Policy. Management responsibility for the program is hereby delegated to the Finance Manager/Controller of ETWD for a one-year period. Subject to review, the Board of Directors may renew the delegation of authority pursuant to this section each year. The Finance Manager/Controller, through the approval of this Investment Policy, has established procedures for the operation of the Investment Program. No person may engage in an investment transaction except as provided under the terms of this policy and other procedures that may be established by the Finance Manager/Controller. As authorized by the Board of Directors, ETWD may engage an Investment Advisor to assist with its investment program. The Investment Advisor shall be responsible for all transactions undertaken. Investments made by the Investment Advisor will conform to this Policy and within the limitations of the Government Code. The Finance Manager/Controller shall provide monitoring and oversight of the investments made by the Investment Manager.

6.0 Ethics and Conflicts of Interests

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the General Manager any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of ETWD's portfolio. Employees and officers shall sub-ordinate their personal investment transactions to those of ETWD, particularly with regard to the time of purchases and sales. The General Manager, key employees, and the Investment Advisor, if one is used, will be required to prepare an Annual Conflict of Interest Statement (FPPC Form 700).

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7.0 Authorized Financial Institutions

No public deposit shall be made except in a **qualified public depository** as established by state laws.

If Broker/Dealers are required to complete a transaction, they should be associated with Primary Dealers. For transactions initiated through the Investment Advisor, the firm may use their own list of approved broker/dealers and financial institutions, which it will maintain and review periodically.

8.0 Authorized and Suitable Investments

Sections 53600 et. seq. of the California Government Code provides basic investment limits and guidelines for government entities. In the event an apparent discrepancy is found between this policy and the Government Code, the more restrictive parameters will take precedence.

- A. U.S. Treasury Instruments. United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States is pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio invested in this category.
- B. Federal Agency and Instrumentality Securities. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio invested in this category.
- C. Supranationals. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by a Nationally Recognized Statistical Rating Organization ("NRSRO") and shall not exceed 30 % of the portfolio.
- D. Municipal Debt. Registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any state.

Bonds, notes, warrants, or other evidences of indebtedness of any local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

Purchases are limited to securities rated in a rating category of "A" or its equivalent or better by an NRSRO. A maximum of 10% of ETWD's portfolio may be invested in this category.

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- E. **Medium-Term Notes.** Medium-term notes are defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Purchases are limited to securities rated in a rating category of “A” or its equivalent or better by an NRSRO. A maximum of 30% of ETWD’s portfolio may be invested in this category.
- F. **Asset-Backed Securities.** Asset-backed securities include mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, and consumer receivable-backed bonds. Purchases are limited to securities rated in a rating category of “AA” or its equivalent or better by an NRSRO. Additionally, securities must be issued by an issuer whose debt is rated in a rating category of “A” or its equivalent or better by an NRSRO. A maximum of 20 % of the portfolio may be invested in this category.
- G. **Commercial Paper.** Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars (\$500,000,000). (iii) Has debt other than commercial paper, if any, that is rated in a rating category of “AA” or its equivalent or better by an NRSRO. Eligible commercial paper shall have a maximum maturity of 270 days or less and not represent more than 10% of the outstanding paper of an issuing corporation. A maximum of 25% of ETWD’s portfolio may be invested in this category.
- H. **Bankers’ Acceptances.** Bankers’ acceptances, otherwise known as bills of exchange or time drafts, that are drawn on and accepted by a commercial bank. Purchases are limited to bankers’ acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System. Purchases of bankers’ acceptances may not exceed 180 days maturity. Eligible bankers’ acceptances are restricted to issuing financial institutions with short-term paper rated in the highest category by a NRSRO. A maximum of 15% of ETWD’s portfolio may be invested in this category.
- I. **Negotiable Certificates of Deposit.** Negotiable certificates of deposit (NCDs) issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. . Purchases are limited to institutions which have long-term debt rated in a rating category of “A” or its equivalent or better by an NRSRO; and/or have short-term debt rated “A-1” or its equivalent or better by an NRSRO. A maximum of 30% of ETWD’s portfolio may be invested in this category.
- J. **Placement Service Deposit.** Deposit placed through a deposit placement service shall meet the requirements under Government Code Section 53601.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by federal deposit insurance. A maximum of 30% of ETWD’s portfolio may be invested in this category.

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- K. State of California’s Local Agency Investment Fund (LAIF). If ETWD has funds invested in LAIF, ETWD shall maintain on file LAIF’s current investment policy and its requirements for participation, including limitations on deposits or withdrawals. In addition, ETWD’s investments in LAIF should be reviewed periodically. A maximum of \$30 million dollars should be invested in the State pool.

- L. Money Market Funds. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission (“SEC”) under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 and following). The company shall have met either of the following criteria: (A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs. (B) Retained an investment adviser registered or exempt from registration with the SEC with not less than 5 years’ experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000). A maximum of 10% of ETWD’s portfolio may be invested in this category.

- M. California Asset Management Program (CAMP). If ETWD has funds invested in CAMP, ETWD shall maintain on file CAMP’s current investment policy and it’s requirements for participation, including limitations on deposits and withdrawals. In addition, ETWD’s investments in CAMP should be reviewed periodically. A maximum of 50% of ETWD’s portfolio may be invested in this category.

- N. Bank Deposits. FDIC insured or fully collateralized demand deposit accounts, savings accounts, market rate accounts, time certificates of deposits (“TCDs”) or other bank deposits in financial institutions located in California. The amount on deposit in any financial institution shall not exceed the shareholder’s equity. To be eligible to receive ETWD deposits, the financial institution must have received a minimum overall satisfactory rating, under the Community Redevelopment Act, for meeting the credit needs of California Communities in its most recent evaluation. Bank deposits are required to be collateralized as specified under Government Code Section 53630 et. seq. The Finance Manager/Controller, at his/her discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. ETWD shall have a signed agreement with any depository accepting ETWD funds per Government Code Section 53649. The maximum maturity of TCDs is one (1) year. A maximum of 20% of ETWD’s portfolio may be invested in TCDs

9.0 Safekeeping and Custody

All cash and securities in ETWD’s portfolio, including those that are being managed by the Investment Advisor, shall be held in in ETWD’s name. All deliverable securities shall be held by a third-party bank trust department, acting as agent for the ETWD under the terms of a custody agreement executed by the bank and ETWD. If an Investment Advisor is used by ETWD, they may never take possession of ETWD’s cash or assets.

All deliverable securities will be received and delivered using standard **delivery-versus-payment (DVP)** procedures, ETWD’s safekeeping agent will only release payment for a security after the security has been properly delivered. The only exception to the foregoing shall be depository

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accounts and securities purchases made with (i) local government investment pools; (ii) bank deposits; and, (iii) money market mutual funds, since the purchased securities are not deliverable. Evidence of each these investments will be held by ETWD.

10.0 Diversification

The purpose of Diversification is to reduce overall portfolio risks while obtaining Market Average Rates of return and avoiding losses. The investment portfolio shall be diversified among security types, issuers and maturities to prevent incurring unreasonable and avoidable risks regarding specific security types, individual financial institutions or maturity segments. In addition to the percentage limitations specified in Section 8.0 Permitted Investments, the maximum amount of the portfolio ETWD may invest with any one issuer in the following categories (Medium-Term Notes, Asset-Backed Securities, Commercial Paper, Bankers' Acceptances, and Negotiable Certificates of Deposit) is 5%. In addition, the maximum amount of the portfolio ETWD may invest in these categories in aggregate is limited to 40%.

Percentage holding and diversification limits listed in this section Policy apply at the time the security is purchased. If a holding or diversification limit listed in this Policy is exceeded due a subsequent change in this Policy or in the portfolio's size, those securities may be held to maturity while still remaining in compliance with this Policy.

11.0 Maximum Maturities

To the extent possible, ETWD will attempt to match its investments with anticipated cash flow requirements. The maximum maturity of individual investments shall not exceed the limits set forth in Section 8.0. Where no maturity limit is stated, no investment shall exceed a maturity of five years from the date of purchase unless the Board of Directors has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board of Directors no less than three months prior to the investment.

Reserve funds may be invested in securities exceeding (2) years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

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The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account ETWD's investment risk constraints and cash flow needs.

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14.0 Reporting

The Finance Manager/Controller is charged with the responsibility of providing monthly reports to the Board. The monthly reports shall encompass all investments and monies held by ETWD, and/or under management of any outside party and shall include a list of security transactions, the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, current market value on all securities (including the source of this valuation), a statement that the portfolio is in compliance with this policy or the manner in which it is not in compliance and a statement that ETWD has the ability to meet its expenditure requirements for the next six months or an explanation as to why sufficient money may not be available. The Finance Manager/Controller shall report whatever additional information or data the Board may deem necessary.

Credit Ratings Changes

In the event a security held by ETWD is subject to a rating change that brings it below the minimum credit ratings specified in this policy, the Finance Manager/Controller should notify the Board of the change. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the rate drop, prognosis for recovery or further rate drops, and the market price of the security.

15.0 Investment Policy Adoption

ETWD’s investment policy shall be adopted by resolution of the ETWD’s Board of Directors. The policy shall be reviewed on an annual basis by the Finance Manager/Controller and the Board of Directors. Any modifications made thereto must be approved in the form of a resolution by the Board of Directors.

CAPITAL FACILITY FEE RESERVE
Annual Reconciliation in Accordance with Requirements of
SB 1760
(Government Code Section 66013)

In accordance with the District’s Rules and Regulations, the El Toro Water District collects from developers connecting to the District’s Water System and/or Sewer System a Capital Facility Fee (“CFF”). These funds are held in a segregated and restricted reserve (Capital Facility Reserve) for expenditure on qualified Water System and/or Sewer System Capital Facility projects.

In accordance with the requirements of SB 1760 (Government Code Section 66013) the District must make available to the Public, within 180 days after the last day of each fiscal year, information regarding the nature, balances, collections, earnings and expenditures of funds in the Capital Facilities Reserve. The following provides the necessary information in compliance with that requirement.

1) Description of the Capital Facility Fee:

In accordance with El Toro Water District Rules and Regulations Applicable to Water and Sewer Service, Schedule No. 2-W Water Capital Facilities Fee (Residential and Non-Residential Customers), Schedules No. 4-S Capital Facilities Fee (Residential Developments) and No. 5-S Capital Facilities Fee (Commercial and Industrial Developments and Public Authority Projects) the District collects Capital Facilities Fees. Fees are determined according to the respective policies as follows:

a. **Water Capital Facilities Fee (Residential and Non-residential Customers)**

The Water Capital Facilities Fee consists of two components

- i. The Water Capital Facilities Fee – Meter Component for each new residential and/or non-residential customer desiring new and/or increased capacity in the El Toro Water District water system shall be an amount based on the meter size as follows:

Meter Size	Capital Facilities Fee Meter Component
5/8”	\$2,145
3/4”	\$2,145
1”	\$3,582
1 1/2”	\$8,708
2”	\$21,856

- ii. The Water Capital Facilities Fee – Water Supply Charge (WSC) for each new residential and/or non-residential customer desiring new and/or increased capacity in the El Toro Water District water system shall be an amount based on the estimated new demand in acre-feet per year (afy) at a rate of \$8,900/afy as follows:

$$\text{WSC (\$)} = \text{Project Demand (afy)} \times \$8,900/\text{afy}$$

b. **Sewer Capital Facilities Fee (Residential Developments)** - The Capital Facilities Fee for each new residential customer desiring new and/or increased capacity in the El Toro Water District sewer system shall be \$9.311 times the number of gallons of sewage to be discharged into the District’s system each day. Gallons of sewage to be discharged will be calculated using characteristic sewage generation factors established by the City of Los Angeles/Los Angeles County Sanitation Districts for various residential user classifications.

c. **Sewer Capital Facilities Fee (Commercial and Industrial Developments and Public Authority Projects)** - The Capital Facilities Fee for each new Commercial and Industrial Development and Public Authority Project desiring new and/or increased capacity in the El Toro Water District sewer system shall be based on the daily volume of sewage to be discharged into the District’s sewer system by each establishment within a development. The Capital Facilities Fee for each establishment within a development shall be an amount equal to \$9.311 times the number of gallons of sewage to be discharged into the District’s system each day. Gallons of sewage to be discharged will be calculated using characteristic sewage generation factors established by the City of Los Angeles/Los Angeles County Sanitation Districts for various commercial, industrial and public authority user classifications.

- 2) A reconciliation of the funds in the Capital Facility Reserve during fiscal year 2016/17 is as follows:

	Water Meter	Water Supply	Sewer
Balance as of July 1, 2016	\$ -0-	\$ -0-	\$ -0-
Collections	\$4,944.32	\$ -0-	\$18,136.68
Interest Earned	\$51.92		\$190.44
Sub-Total	\$4,996.24		\$18,327.12
Expended during the fiscal year	(\$4,996.24)	\$ -0-	(\$18,327.12)
Balance June 30, 2017	\$ -0-	\$ -0-	\$ -0-

- 3) As reported in 2) above, the District collected a total of \$23,323.36 from new developments during fiscal year 2016/17.

- 4) During fiscal year 2016/17 the District allocated funds from the restricted Capital Facility Reserve to fund a portion of the relocation of a Surge Relief Valve, SRV-1 and a portion of the District's capital expense associated with the Oso Lift Station Improvement Project as follows:

	SRV-1 Relocation Project	%	Oso Lift Station Improvement Project	%
Total Project Cost	\$27,800.00		\$26,713.49	
Funding				
Capital Facility Reserve	\$4,996.24	8.0%	\$18,327.12	68.6%
Capital Construction Reserves	\$22,803.76	82.0%	\$8,386.37	31.4%

There were no inter-fund transfers or loans from the Capital Facilities Fee Reserve account during the year.

5) **Project Descriptions**

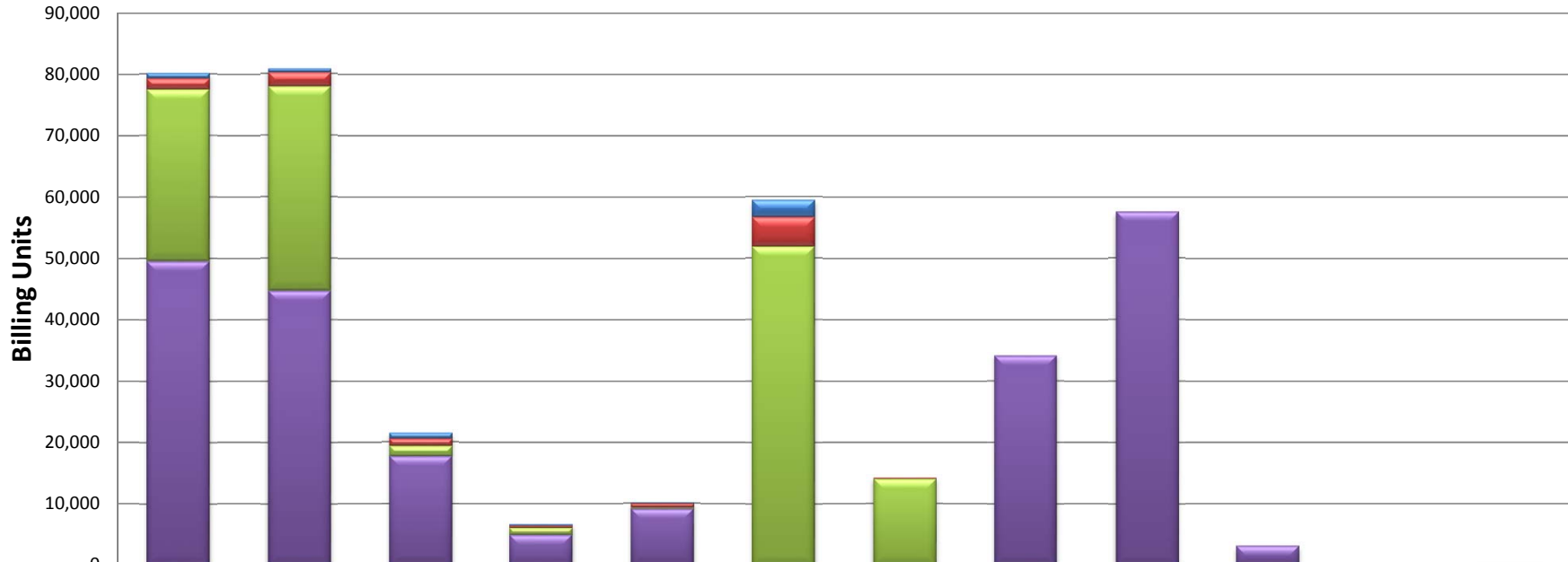
a. **Surge Relief Valve (SRV-1) Relocation Project**

The existing Surge Relief Valve designated as SRV-1 was located in a vault in a sidewalk inside of the Laguna Woods Village Gate 3. The vault had begun to deteriorate representing a potential hazard to pedestrians. The District contracted with T.E. Roberts to relocate the surge relief valve, vault and appurtenant piping to a landscape area behind the sidewalk to eliminate the hazard.

b. **Oso Lift Station Improvement Project**

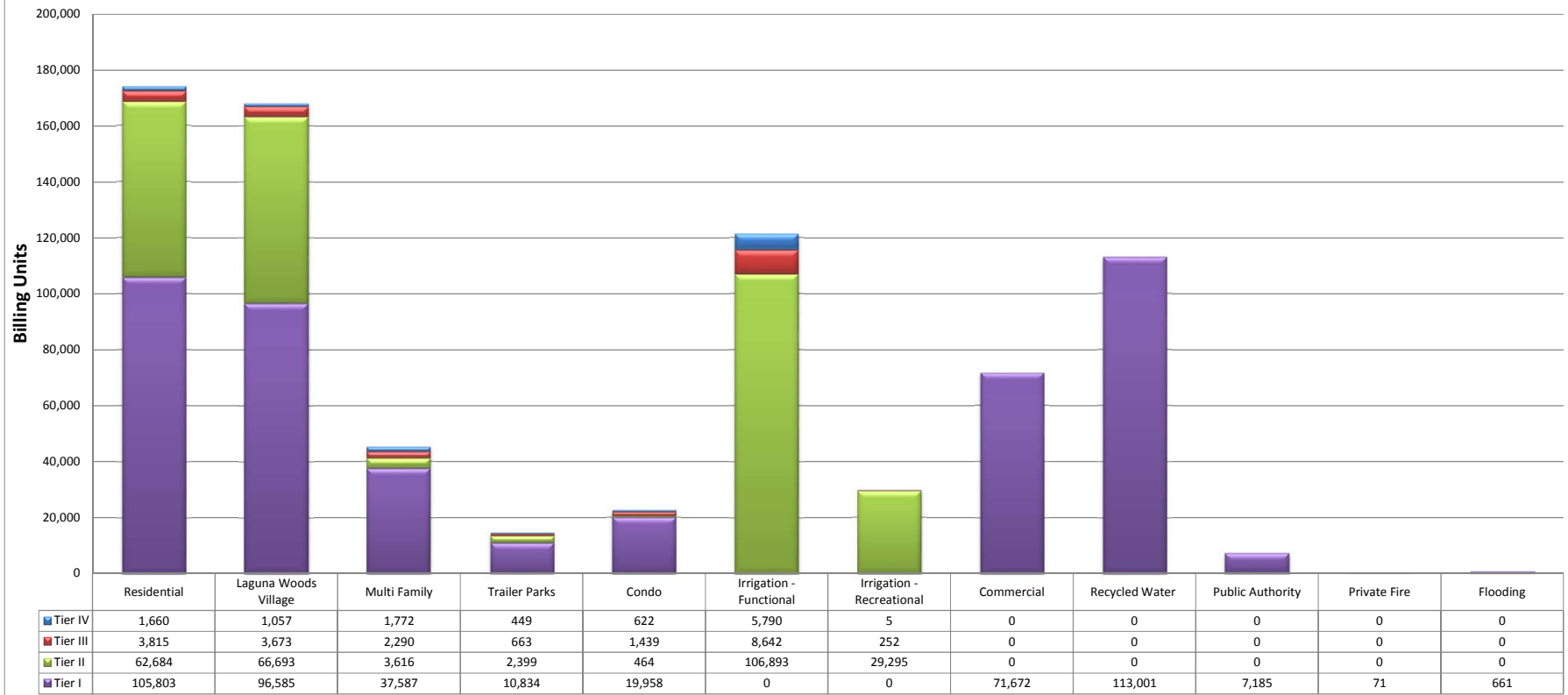
The engineering design of the Oso Lift Station Improvement project is currently underway. The project will replace the existing worn out and inefficient pumps while also improving the safety, reliability and efficiency of the facility.

August 2017 Water Sales

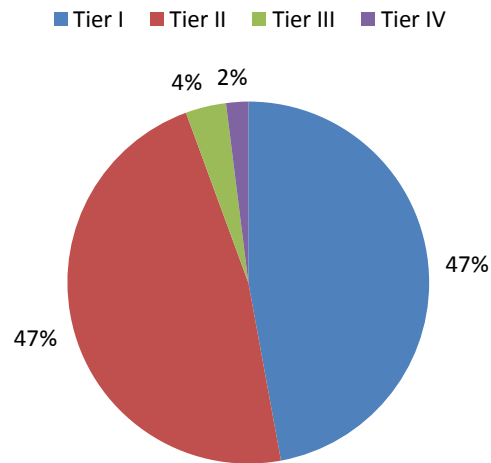


	Residential	Laguna Woods Village	Multi Family	Trailer Parks	Condo	Irrigation - Functional	Irrigation - Recreational	Commercial	Recycled Water	Public Authority	Private Fire	Flooding
■ Tier IV	884	561	932	250	190	2,805	0	0	0	0	0	0
■ Tier III	1,780	2,273	1,139	340	629	4,760	142	0	0	0	0	0
■ Tier II	27,997	33,270	1,680	1,112	207	51,922	14,009	0	0	0	0	0
■ Tier I	49,543	44,733	17,716	4,975	9,138	0	0	34,088	57,530	3,102	23	251

Year-to-Date Water Sales as of August 2017

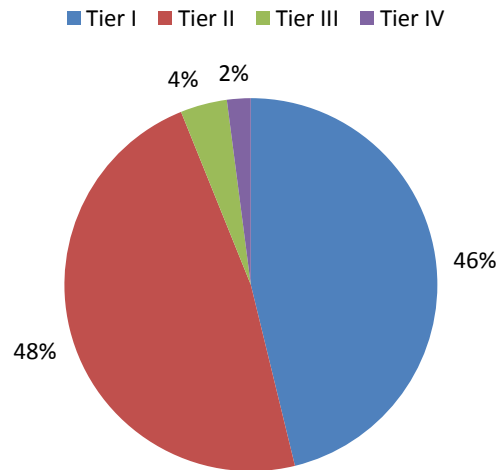


Year to Date Tiered Sales As of August 2017



Year To Date Sales in ccf		
Tier I	270,767	47.09%
Tier II	272,044	47.32%
Tier III	20,774	3.61%
Tier IV	11,355	1.97%
	574,940	100.00%

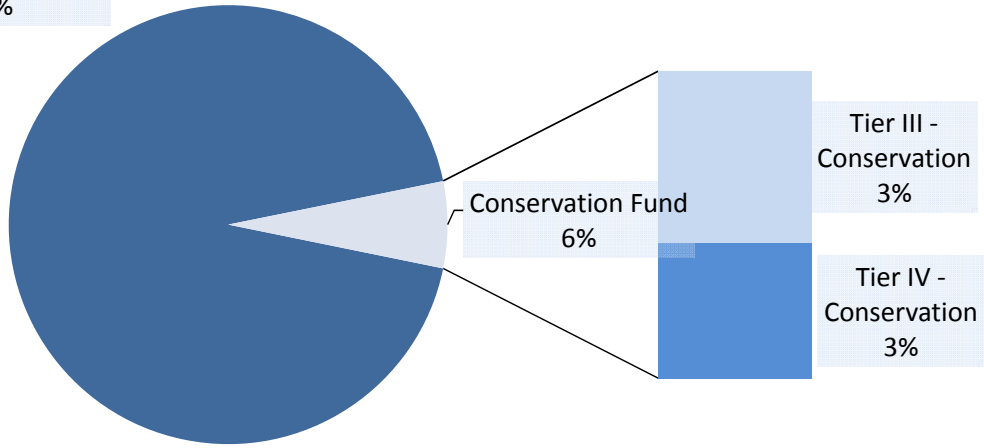
August 2017 Tiered Sales



Current Month Sales in ccf		
Tier I	126,105	46.19%
Tier II	130,197	47.69%
Tier III	11,063	4.05%
Tier IV	5,622	2.06%
	272,987	100.00%

Year to Date Water Sales as of August 2017

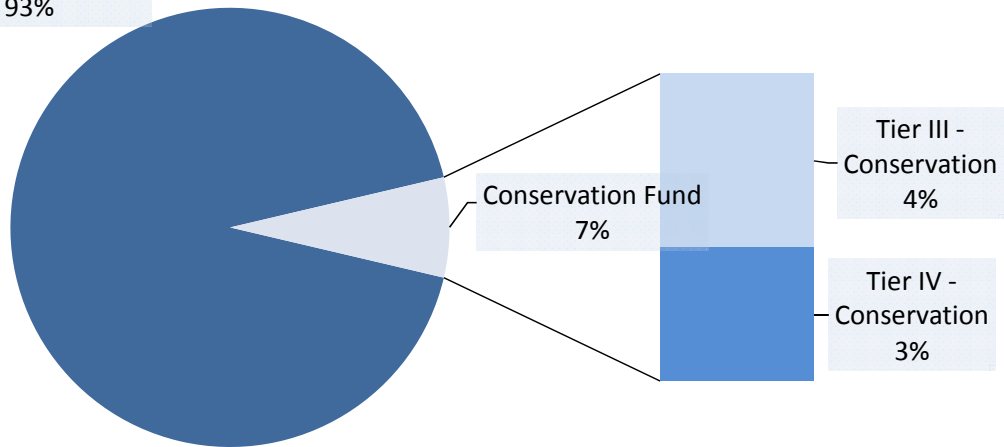
Water Delivery Cost
94%



Category	Billings	Percentage
Water Delivery Cost	\$1,552,774.59	93.61%
Tier III - Conservation	\$59,365.67	3.58%
Tier IV - Conservation	\$46,686.05	2.81%
	\$1,658,826.31	100.00%

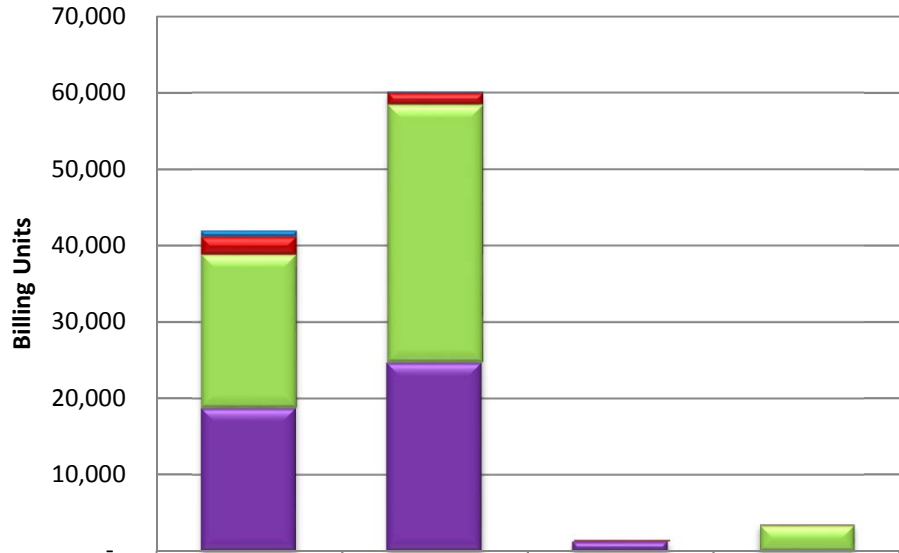
August 2017 Water Sales

Water Delivery Cost
93%



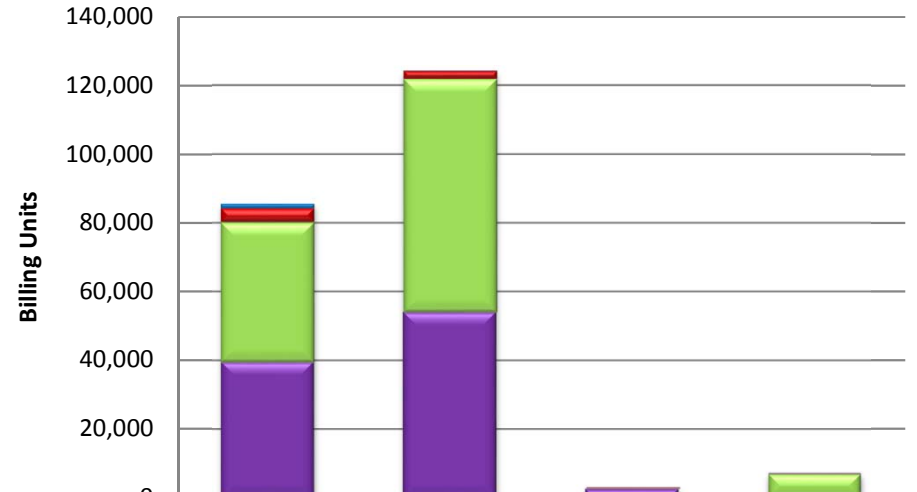
Category	Billings	Percentage
Water Delivery Cost	\$748,560.89	92.66%
Tier III - Conservation	\$33,631.52	4.16%
Tier IV - Conservation	\$25,662.64	3.18%
	\$807,855.05	100.00%

Laguna Woods Village August 2017 Water Sales



	Third	United	Mutual 50	GRF
Tier 4	755	153	21	21
Tier 3	2,358	1,553	161	61
Tier 2	20,094	33,733	38	3,403
Tier 1	18,748	24,701	1,284	-

Laguna Woods Village Year-to-Date Water Sales August 2017



	Third	United	Mutual 50	GRF
Tier 4	1,353	233	21	46
Tier 3	4,030	2,347	239	188
Tier 2	40,532	67,692	74	6,912
Tier 1	39,712	54,169	2,704	0

EL TORO WATER DISTRICT

Glossary of Water Terms

Accumulated overdraft: The amount of water necessary to be replaced in the intake area of the groundwater basin to prevent the landward movement of ocean water into the fresh groundwater body.

Acre-foot, AF: A common water industry unit of measurement. An acre-foot is 325,851 gallons, or the amount of water needed to cover one acre with water one foot deep. An acre-foot serves annual needs of two typical California families.

ACWA: Association of California Water Agencies.
A statewide group based in Sacramento that actively lobbies State and Federal Government on water issues.

Advanced treatment: Additional treatment processes used to clean wastewater even further following primary and secondary treatment. Also known as tertiary treatment.

AFY: Acre-foot per year.

Alluvium: A stratified bed of sand, gravel, silt, and clay deposited by flowing water.

AMP: Allen McCulloch pipeline.

Major pipeline transporting treated water to water districts between Yorba Linda, where it starts to El Toro Water District reservoir, where it terminates.

Annexation: The inclusion of land within a government agency's jurisdiction.

Annual overdraft: The quantity by which the production of water from the groundwater supplies during the water year exceeds the natural replenishment of such groundwater supplies during the same water year.

Aqueduct: A man-made canal or pipeline used to transport water.

Aquifer: An underground geologic formation of rock, soil or sediment that is naturally saturated with water; an aquifer stores groundwater.

Arid: Dry; deserts are arid places. Semi-arid places are almost as dry as a desert.

Artesian: An aquifer in which the water is under sufficient pressure to cause it to rise above the bottom of the overlying confining bed, if the opportunity is provided.

Artificial recharge: The addition of surface water to a groundwater reservoir by human activity, such as putting surface water into recharge basins. (See also: groundwater recharge and recharge basin.)

AWWA American Water Works Association
Nationwide group of public and private water purveyors and related industrial suppliers.

Base flow: The portion of river surface flow which remains after deduction of storm flow and/or purchased imported water.

Bay-Delta: The Sacramento-San Joaquin Bay-Delta is a unique natural resource of local, state and national significance. The Delta is home to more than 500,000 people; contains 500,000 acres of agriculture; provides habitat for 700 native plant and animal species; provides water for more than 25 million Californians and 3 million acres of agriculture; is traversed by energy, communications and transportation facilities vital to the economic health of California; and supports a \$400 billion economy.

BIA: Building Industry Association.

Biofouling: The formation of bacterial film (biofilm) on fragile reverse osmosis membrane surfaces.

Biosolids: Solid organic matter recovered from a sewage treatment process and used especially as fertilizer.

BMP: Best Management Practice. An engineered structure or management activity, or combination of these, that eliminates or reduces adverse environmental effects.

Brackish water: A mixture of freshwater and saltwater.

Brown Act: Ralph M. Brown Act enacted by the State legislature governing all meetings of legislative bodies. Also known as the Open Meeting requirements.

Canal: A ditch used to move water from one location to another.

CASA: California Association of Sanitation Agencies The sanitation equivalent of ACWA concerned solely with issues affecting the treatment and disposal of solid waste and wastewater.

CEQA: California Environmental Quality Act.

CERCLA: Comprehensive Environmental Response, Compensation and Liability Act. This federal law establishes the Superfund program for hazardous waste sites. It provides the legal basis for the United States EPA to regulate and clean up hazardous waste sites, and if appropriate, to seek financial compensation from entities responsible for the site.

CFS: Cubic feet per second.

Chloramines: A mixture of ammonia and chlorine used to purify water.

Clarify: To make clear or pure by separation and elimination of suspended solid material.

Coagulation: The clumping together of solids so they can more easily be settled out or filtered out of water. A chemical called aluminum sulfate (alum) is generally used to aid coagulation in water treatment and reclamation.

Coastkeepers: A non-profit organization dedicated to the protection and preservation of the marine habitats and watersheds of Orange County through programs of education, restoration, enforcement and advocacy.

Colored water: Groundwater extracted from the basin that is unsuitable for domestic use without treatment due to high color and odor exceeding drinking water standards.

Condensation: The process of water vapor (gas) changing into liquid water. An example of condensation can be seen in the tiny water droplets that form on the outside of a glass of iced tea as warmer air touches the cooler glass.

Confined aquifer: An aquifer that is bound above and below by dense layers of rock and contains water under pressure.

Conjunctive use: Storing imported water in a local aquifer, in conjunction with groundwater, for later retrieval and use.

Contaminate: To make unclean or impure by the addition of harmful substances.

CPCFA: California Pollution Control Financing Authority. State agency providing funds for wastewater reclamation projects.

Crisis:

1. **a:** The turning point for better or worse **b:** a paroxysmal attack of pain, distress, or disordered function **c:** an emotionally significant event or radical change of status in a person's life <a midlife *crisis*>

2. The decisive moment (as in a literary plot)

3. **a:** An unstable or crucial time or state of affairs in which a decisive change is impending; *especially* : one with the distinct possibility of a highly undesirable outcome <a financial *crisis*> **b:** a situation that has reached a critical phase

CTP Coastal Treatment Plant

CWPCA California Water Pollution Control Association. A 7000 member non-profit educational organization dedicated to water pollution control.

Dam: A barrier built across a river or stream to hold water.

Decompose: To separate into simpler compounds, substances or elements.

Deep percolation: The percolation of surface water through the ground beyond the lower limit of the root zone of plants into a groundwater aquifer.

Degraded water: Water within the groundwater basin that, in one characteristic or another, does not meet primary drinking water standards.

Delta: Where the rivers empty; an outlet from land to ocean, also where the rivers deposit sediment they carry forming landforms.

Delta Vision: Delta Vision is intended to identify a strategy for managing the Sacramento-San Joaquin Delta as a sustainable ecosystem that would continue to support environmental and economic functions that are critical to the people of California.

Demineralize: To reduce the concentrations of minerals from water by ion exchange, distillation, electro-dialysis, or reverse osmosis.

De-nitrification: The physical process of removing nitrate from water through reverse osmosis, microfiltration, or other means.

Desalting (or desalination): Removing salts from salt water by evaporation or distillation. Specific treatment processes, such as reverse osmosis or multi-stage flash distillation, to demineralize seawater or brackish (saline) waters for reuse. Also sometimes used in wastewater treatment to remove salts other pollutants.

Desilting: The physical process of removing suspended particles from water.

Dilute: To lessen the amount of a substance in water by adding more water.

Disinfection: Water treatment which destroys potentially harmful bacteria.

Drainage basin: The area of land from which water drains into a river, for example, the Sacramento River Basin, in which all land area drains into the Sacramento River. Also called catchment area, watershed, or river basin.

Drought: A prolonged period of below-average precipitation.

DPHS: California Department of Public Health Services. Regulates public water systems; oversees water recycling projects; permits water treatment devices; certifies drinking water treatment and distribution operators; supports and promotes water system security; provides support for small water systems and for improving technical, managerial, and financial (TMF) capacity; provides funding opportunities for water system improvements.

DVL: Diamond Valley Lake. Metropolitan's major reservoir near Hemet, in southwestern Riverside County.

DWR: California Department of Water Resources. Guides development/management of California's water resources; owns/operates State Water Project and other water facilities.

Endangered Species: A species of animal or plant threatened with extinction.

Endangered Species Act of 1973 (ESA): The most wide-ranging of the dozens of United States environmental laws passed in the 1970s. As stated in section 2 of the act, it was designed to protect critically imperiled species from extinction as a "consequence of economic growth and development untended by adequate concern and conservation.

Ecosystem: Where living and non-living things interact (coexist) in order to survive.

Effluent: Wastewater or other liquid, partially or completely treated or in its natural state, flowing from a treatment plant.

Evaporation: The process that changes water (liquid) into water vapor (gas).

Estuary: Where fresh water meets salt water.

Evapotranspiration: The quantity of water transpired (given off), retained in plant tissues, and evaporated from plant tissues and surrounding soil surface. Quantitatively, it is expressed in terms of depth of water per unit area during a specified period of time.

FCH Federal Clearing House – Environmental Review/Processing

FEMA Federal Emergency Management Agency

Filtration: The process of allowing water to pass through layers of a porous material such as sand, gravel or charcoal to trap solid particles. Filtration occurs in nature when rain water soaks into the ground and it passes through hundreds of feet of sand and gravel. This same natural process of filtration is duplicated in water and wastewater treatment plants, generally using sand and coal as the filter media.

Flocculation: A chemical process involving addition of a coagulant to assist in the removal of turbidity in water.

Forebay: A reservoir or pond situated at the intake of a pumping plant or power plant to stabilize water level; also, a portion of a groundwater basin where large quantities of surface water can recharge the basin through infiltration.

Gray water reuse: Reuse, generally without treatment, of domestic type wastewater for toilet flushing, garden irrigation and other non-potable uses. Excludes water from toilets, kitchen sinks, dishwashers, or water used for washing diapers.

Green Acres Project (GAP): A 7.5 million gallons per day (MGD) water reclamation project that serves tertiary treated recycled water to irrigation and industrial users in Costa Mesa, Fountain Valley, Huntington Beach, Newport Beach, and Santa Ana.

God Squad: A seven-member committee that is officially called the "Endangered Species Committee". Members consist of Secretary of the Interior, the Secretary of Agriculture, the Secretary of the Army, the Chairman of the Council of Economic Advisers, the Administrator of the National Oceanic and Atmospheric Administration and one individual from the affected state. The squad was established in 1978 by an amendment to the 1973 Endangered Species Act (ESA). It has only been called into action three times to deal with proposed federal agency actions that have been determined to cause "jeopardy" to any listed species. Such actions may receive an exemption from the ESA if five members of the committee determine that the action is of regional or national significance, that the benefits of the action clearly outweigh the benefits of conserving the species and that there are no reasonable and prudent alternatives to the action.

Groundwater: Water that has percolated into natural, underground aquifers; water in the ground, not water puddled on the ground.

Groundwater basin: A groundwater reservoir defined by the overlying land surface and the underlying aquifers that contain water stored in the reservoir. Boundaries of success-ively deeper aquifers may differ and make it difficult to define the limits of the basin.

Groundwater mining: The withdrawal of water from an aquifer in excess of recharge over a period of time. If continued, the underground supply would eventually be exhausted or the water table could drop below economically feasible pumping lifts.

Groundwater overdraft: The condition of a groundwater basin in which the amount of water withdrawn by pumping exceeds the amount of water that recharges the basin over a period of years during which water supply conditions approximate average.

Groundwater recharge: The action of increasing groundwater storage by natural conditions or by human activity. See also: Artificial recharge.

Ground Water Replenishment System (GWRS): A joint project of the Orange County Water District and the Orange County Sanitation District that will provide up to 100,000 acre-feet of reclaimed water annually. The high-quality water will be used to expand an existing underground seawater intrusion barrier and to replenish the groundwater basin underlying north and central Orange County.

Groundwater table: The upper surface of the zone of saturation (all pores of subsoil filled with water), except where the surface is formed by an impermeable body.

GPM: Gallons per minute.

Ground Water Replenishment System (GWRS): Orange County Water District's state-of-the-art, highly advanced, waste-water treatment facility.

Hydrologic balance: An accounting of all water inflow to, water outflow from, and changes in water storage within a hydrologic unit over a specified period.

Hydrologic cycle: The process of water constantly circulating from the ocean, to the atmosphere, to the earth in a form of precipitation, and finally returning to the ocean.

Imported water: Water that has originated from one hydrologic region and is transferred to another hydrologic region.

Inflatable rubber dams: Designed to replace temporary sand levees that wash out during heavy storm flow, the dams hold back high-volume river flows and divert the water into the off-river system for percolation.

Influent: Water or wastewater entering a treatment plant, or a particular stage of the treatment process.

Irrigation: Applying water to crops, lawns or other plants using pumps, pipes, hoses, sprinklers, etc.

JPIA Joint Powers Insurance Authority. A group of water agencies providing self-insurance to members of the ACWA.

LAIF Local Agency Investment Fund. Statewide pool of surplus public agency money managed by State Treasurer.

Leach: To remove components from the soil by the action of water trickling through.

MAF: Million acre feet.

MCL: Maximum contaminant level set by EPA for a regulated substance in drinking water. According to health agencies, the maximum amount of a substance that can be present in water that's safe to drink and which looks, tastes and smells good.

MET: Metropolitan Water District of Southern California.

MGD: Million gallons per day.

Microfiltration: A physical separation process where tiny, hollow filaments members separate particles from water.

Microorganism: An animal or plant of microscopic size.

MWD: Metropolitan Water District of Southern California.

MWDOC: Municipal Water District of Orange County. Intermediate wholesaler between MWD and 27 member agencies including ETWD.

Non-point source pollution: Pollution that is so general or covers such a wide area that no single, localized source of the pollution can be identified.

NPDES National Pollution Discharge Elimination System

OCBC: Orange County Business Council.

OCEMA Orange County Environmental Management Agency

OCWD: Orange County Water District.

Opportunity:

1. A favorable juncture of circumstances.
2. A good chance for advancement or progress .

Organism: Any individual form of life, such as a plant, animal or bacterium.

PCM Professional Community Management, Inc. Property Management company providing services to Laguna Woods Village and other homeowner associations.

Perched groundwater: Groundwater supported by a zone of material of low permeability located above an underlying main body of groundwater with which it is not hydrostatically connected.

Percolation: The downward movement of water through the soil or alluvium to the groundwater table.

Permeability: The capability of soil or other geologic formations to transmit water.

Point source: A specific site from which waste or polluted water is discharged into a water body, the source of which is identified. See also: non-point source.

Potable water: Suitable and safe for drinking.

PPB: Parts per billion.

Precipitation: Water from the atmosphere that falls to the ground as a liquid (rain) or a solid (snow, sleet, hail).

Primary treated water: First major treatment in a wastewater treatment facility, usually sedimentation but not biological oxidation.

Primary treatment: Removing solids and floating matter from wastewater using screening, skimming and sedimentation (settling by gravity).

Prior appropriation doctrine: Allocates water rights to the first party who diverts water from its natural source and applies the water to beneficial use. If at some point the first appropriator fails to use the water beneficially, another person may appropriate the water and gain rights to the water. The central principle is beneficial use, not land ownership.

Pumping Plant: A facility that lifts water up and over hills.

Recharge: The physical process where water naturally percolates or sinks into a groundwater basin.

Recharge basin: A surface facility, often a large pond, used to increase the infiltration of surface water into a groundwater basin.

Reclaimed wastewater: Wastewater that becomes suitable for a specific beneficial use as a result of treatment. See also: wastewater reclamation.

Reclamation project: A project where water is obtained from a sanitary district or system and which undergoes additional treatment for a variety of uses, including landscape irrigation, industrial uses, and groundwater recharge.

Recycling: A type of reuse, usually involving running a supply of water through a closed system again and again. Legislation in 1991 legally equates the term "recycled water" to reclaimed water.

Reservoir: A place where water is stored until it is needed. A reservoir can be an open lake or an enclosed storage tank.

Reverse osmosis: (RO) A method of removing salts or other ions from water by forcing water through a semi-permeable membrane.

RFP Request for Proposal

Riparian: Of or on the banks of a stream, river, or other body of water.

RO: Reverse osmosis. See the listing under "reverse osmosis."

R-O-W Right-of-way

Runoff: Liquid water that travels over the surface of the Earth, moving downward due to gravity. Runoff is one way in which water that falls as precipitation returns to the ocean.

RWQCB Regional Water Quality Control Board. State agency regulating discharge and use of recycled water.

Safe Drinking Water Act (SDWA): The Safe Drinking Water Act (SDWA) was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply. The law was amended in 1986 and 1996 and requires many actions to protect drinking water and its sources: rivers, lakes, reservoirs, springs, and ground water wells. (SDWA does not regulate private wells which serve fewer than 25 individuals.) SDWA authorizes the United States Environmental Protection Agency (US EPA) to set national health-based standards for drinking water to protect against both naturally-occurring and man-made contaminants that may be found in drinking water. US EPA, states, and water systems work together to make sure that these standards are met.

Safe yield: The maximum quantity of water that can be withdrawn from a groundwater basin over a long period of time without developing a condition of overdraft, sometimes referred to as sustained yield.

SAFRA Santa Ana River Flood Protection Agency

Salinity: Generally, the concentration of mineral salts dissolved in water. Salinity may be measured by weight (total dissolved solids - TDS), electrical conductivity, or osmotic pressure. Where seawater is known to be the major source of salt, salinity is often used to refer to the concentration of chlorides in the water.

SAWPA: Santa Ana Watershed Project Authority.

SCADA Supervisory Control and Data Acquisition

SCAP Southern California Alliance of Publicly. Newly formed group of public agencies seeking reasonable regulation of sewer industry.

SCH State Clearing House – Environmental Review/Processing

Seasonal storage: A three-part program offered by Metropolitan Water District of Southern California:

STSS (Short Term Seasonal Storage) financially encourages agencies with local groundwater production capabilities to produce a higher percentage of their demand in the summer from their local groundwater supplies, thus shifting a portion of their demand on the MWD system from the summer to winter;

LTSS (Long Term Seasonal Storage) financially encourages retail agencies to take and store additional amounts of MWD water above their normal annual demands for later use; Replenishment Water provides less expensive interruptible water that is generally available and used to increase the operating yield of groundwater basins.

Seawater intrusion: The movement of salt water into a body of fresh water. It can occur in either surface water or groundwater basins.

Seawater barrier: A physical facility or method of operation designed to prevent the intrusion of salt water into a body of freshwater.

Secondary treatment: The biological portion of wastewater treatment which uses the activated sludge process to further clean wastewater after primary treatment. Generally, a level of treatment that produces 85 percent removal efficiencies for biological oxygen demand and suspended solids. Usually carried out through the use of trickling filters or by the activated sludge process.

Sedimentation: The settling of solids in a body of water using gravity.

Settle: To clarify water by causing impurities/solid material to sink to a container's bottom.

Sewer: The system of pipes that carries wastewater from homes and businesses to a treatment plant or reclamation plant. Sewers are separate from storm drains, which is a system of drains and pipes that carry rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain water is not treated before it is discharged.

SigAlert: Any unplanned event that causes the closing of one lane of traffic for 30 minutes or more, as opposed to a planned event, like road construction, which is planned.

SJBA San Juan Basin Authority

Sludge: The solids that remain after wastewater treatment. This material is separated from the cleaned water, treated and composted into fertilizer. Also called biosolids.

SOCWA South Orange County Wastewater Authority. Regional Joint Powers Authority formed for collection and treatment of sewerage (previously known as AWMA/SERRA/SOCRA). SOCWA member agencies:

CSC – City of San Clemente

CSJC – City of San Juan Capistrano

CLB – City of Laguna Beach

ETWD – El Toro Water District

EBSD – Emerald Bay Service District

IRWD – Irvine Ranch Water District

MNWD – Moulton Niguel Water District

SCWD – South Coast Water District

SMWD – Santa Margarita Water District

TCWD – Trabuco Canyon Water District

SRF State Revolving Fund

Storm Drain: The system of pipes that carries rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain

water is not treated before it is discharged. Storm drains are separate from sewers, which is a separate system of pipes to carry wastewater from homes and businesses to a treatment plant or reclamation plant for cleaning.

Storm flow: Surface flow originating from precipitation and run-off which has not percolated to an underground basin.

SWP: State Water Project. An aqueduct system that delivers water from northern California to central and southern California.

SWRCB State Water Resources Control Board

TDS: Total dissolved solids. A quantitative measure of the residual minerals dissolved in water that remain after evaporation of a solution. Usually expressed in milligrams per liter.

Tertiary treatment: The treatment of wastewater beyond the secondary or biological stage. Normally implies the removal of nutrients, such as phosphorous and nitrogen, and a high percentage of suspended solids.

THM: Trihalomethanes. Any of several synthetic organic compounds formed when chlorine or bromine combine with organic materials in water.

TMA: Too many acronyms.

TMDL: Total maximum daily load; A quantitative assessment of water quality problems, contributing sources, and load reductions or control actions needed to restore and protect bodies of water.

Transpiration: The process in which plant tissues give off water vapor to the atmosphere as an essential physiological process.

Turbidity: Thick or opaque with matter in suspension; muddy water.

Ultraviolet light disinfection: A disinfection method for water that has received either secondary or tertiary treatment used as an alternative to chlorination.

VE Value Engineering

VOC: Volatile organic compound; a chemical compound that evaporates readily at room temperature and contains carbon.

Wastewater: Water that has been previously used by a municipality, industry or agriculture and has suffered a loss of quality as a result.

Water Cycle: The continuous process of surface water (puddles, lakes, oceans) evaporating from the sun's heat to become water vapor (gas) in the atmosphere. Water condenses into clouds and then falls back to earth as rain or snow (precipitation). Some precipitation soaks into the ground (percolation) to replenish groundwater supplies in underground aquifers.

Water rights: A legally protected right to take possession of water occurring in a natural waterway and to divert that water for beneficial use.

Water-use Efficiency: The water requirements of a particular device, fixture, appliance, process, piece of equipment, or activity.

Water year (USGS): The period between October 1st of one calendar year to September 30th of the following calendar year.

Watermaster: A court appointed person(s) that has specific responsibilities to carry out court decisions pertaining to a river system or watershed.

Water Reclamation: The treatment of wastewater to make it suitable for a beneficial reuse, such as landscape irrigation. Also called water recycling.

Watershed: The total land area that from which water drains or flows to a river, stream, lake or other body of water.

Water table: The top level of water stored underground.

WEF Water Environment Federation. Formerly – Water Pollution Control Federation (WPCF). International trade group advising members of sewage treatment techniques and their effect on the environment.

Weir box: A device to measure/control surface water flows in streams or between ponds.

Wellhead treatment: Water quality treatment of water being produced at the well site.

Wetland: Any area in which the water table stands near, at, or above the land surface for a portion of the year. Wetlands are characterized by plants adapted to wet soil conditions.

Xeriscape: Landscaping that requires minimal water.