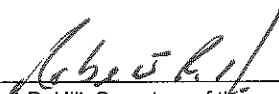


3I hereby certify that the following agenda was posted at least 72 hours prior to the time of the meeting so noticed below at 24251 Los Alisos Boulevard, Lake Forest, California.

  
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**

**July 24, 2018**

**7:30 a.m.**

**CALL TO ORDER – Vice President Vergara**

**PLEDGE OF ALLEGIANCE – Director Monin**

**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.)

**CAMP PRESENTATION**

1. **California Asset Management Program (CAMP)** (Reference Material Included)

A CAMP Representative will update the Board on the District's investment holdings and philosophy based on the economic outlook. CAMP assists the District with short-term and long-term investment alternatives.

## **ENGINEERING COMMITTEE**

### **CONSENT CALENDAR**

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

2. **Approval of Minutes** (Reference Material Included)

Consider approving the minutes of the June 26, 2018 Engineering meeting.

Consider approving the minutes of the June 26, 2018 Finance Committee meeting.

### **APPROVAL OF ITEMS REMOVED FROM TODAY'S ENGINEERING**

### **COMMITTEE CONSENT CALENDAR**

The Board will discuss items removed from today's Engineering Committee Consent Calendar requiring further discussion.

**Recommended Action:** The Board will be requested to approve the items removed from today's consent Calendar.

### **ENGINEERING GENERAL INFORMATION ITEMS**

3. **El Toro Water District Capital Project Status Report**  
(Reference Material Included)

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

4. **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

#### CONSENT CALENDAR

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

5. **Financial Package - Authorization to Approve Bills for Consideration dated July 24, 2018 and Receive and File Financial Statements as of June 30, 2018** (Reference Material Included)

The Board will consider approving the Bills for Consideration dated July 24, 2018 and Receive and File Financial Statements as of June 30, 2018.

6. **Quarterly Insurance Report** (Reference Material Included)

Staff will review and comment on the Quarterly Insurance Report for the period April 1, 2018 through June 30, 2018.

#### **APPROVAL OF ITEMS REMOVED FROM TODAY'S FINANCE COMMITTEE**

##### **CONSENT CALENDAR**

The Board will discuss items removed from today's Finance Committee Consent Calendar requiring further discussion.

**Recommended Action:** The Board will be requested to approve the items removed from today's consent Calendar.

#### FINANCIAL ACTION ITEMS

There are no action items.

#### FINANCIAL INFORMATION ITEMS

7. **Modifications to ETWD's Retirement Plans** (Oral Report)

Staff will provide the Committee/Board with a status report on the implementation of modifications to the District's 401(k) Retirement Savings Plan and Deferred Compensation Plan.

**8. 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 54956.96 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.
2. In accordance with Government Code Section 54957 to review the General Manager's Employment Agreement.

**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., Tuesday, August 21, 2018.**

*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.*



# **El Toro Water District**

## **Portfolio Update**

### **Period Ending June 30, 2018**

**Presented By:**  
**Richard Babbe, Senior Managing Consultant**

**July 24, 2018**

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PFM Asset Management LLC  
[www.pfm.com](http://www.pfm.com)

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## Key Themes

### Economic conditions:

- I. The economy continued to grow at a moderate pace.
- II. The labor market remained strong with the unemployment rate hitting a post-financial crisis low.
- III. Inflation hit the Fed's 2% target for the first time in six years in May.
- IV. Yields have increased sharply during the year driven by strong economic fundamentals and two additional hikes in the federal funds target rate.
- V. Based on current conditions, the market expects two additional hikes in the federal funds target rate during 2018.
- VI. We have seen an increase in market volatility during 2018 due to a potential trade war and geo-political concerns.

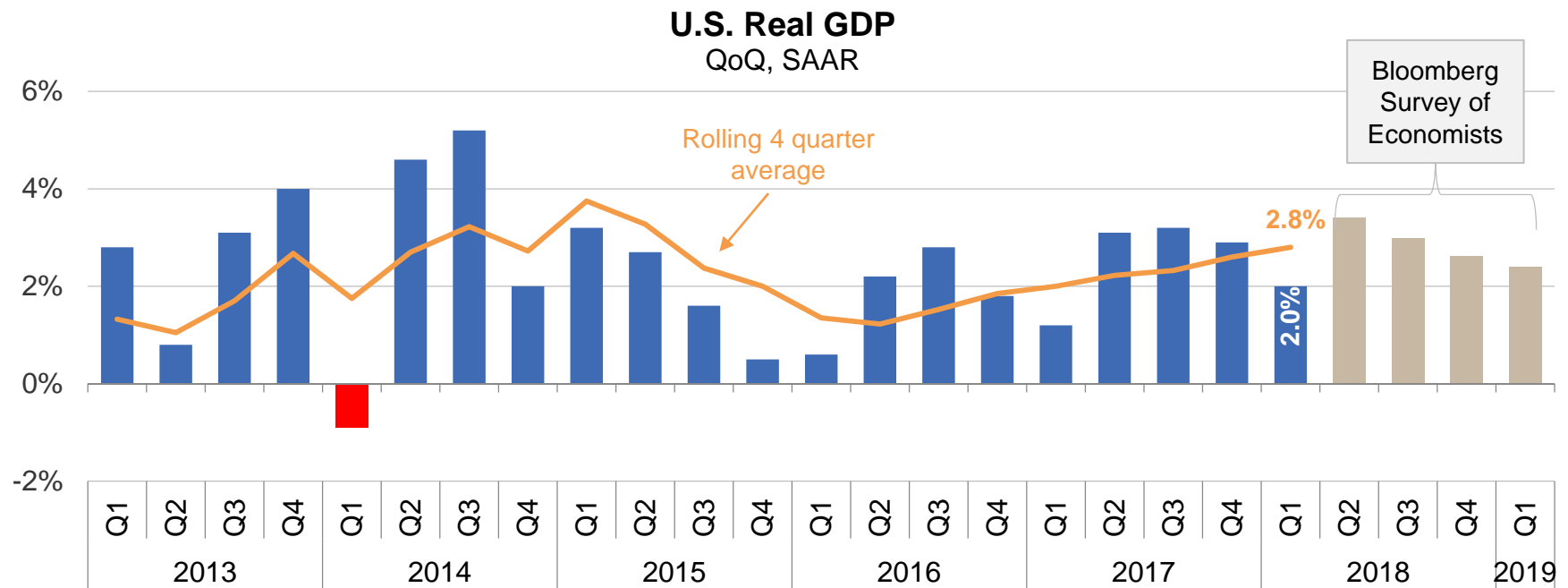
### Strategy Considerations:

- I. The portfolio continues to perform well, consistent with the agreed upon strategy.
- II. Higher rates contribute to higher interest income, but result in market value depreciation while the portfolio adjusts to higher rates.
- III. We continued to actively manage the portfolio to optimize its performance while managing its risk profile.
- IV. Is the portfolio continuing to perform inline with the District's expectations?



## Economic Growth Slowed in Q1 2018

- U.S. Gross domestic product (GDP) grew at an annualized rate of 2.0% in the first quarter of 2018, slower than in the prior three quarters.
- GDP reflected positive contributions from business investment, consumer spending, exports, private inventory investment, and both federal and state and local government spending.

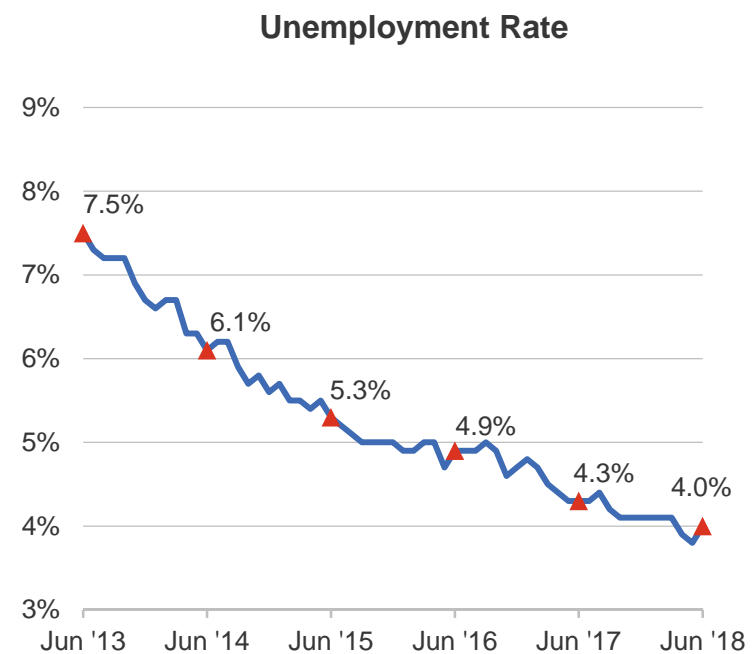
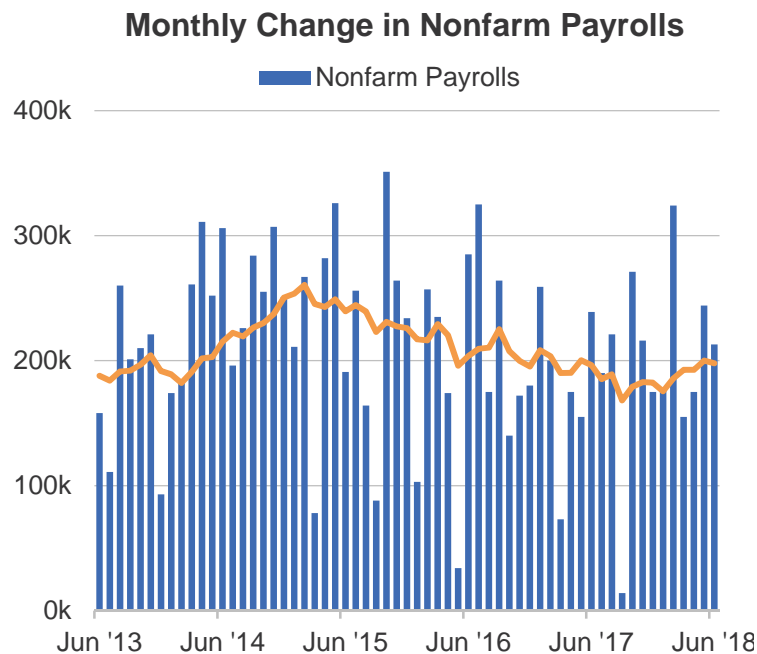


Source: Bloomberg, as of Q1 2018. SAAR is seasonally adjusted annualized rate. Orange denotes rolling four-quarter averages.



## Labor Market Remains Strong in the Second Quarter

- The U.S. labor market added 213k jobs in June, with a total of 632k jobs added in the quarter
  - The headline unemployment rate rose slightly to 4.0% in June after falling to 3.8%, the lowest level since 1970, as more people entered back into the workforce pushing the labor force participation rate higher
  - The broader measure of unemployment – the U-6 measure – stood at 7.8% in June. This is down from 8.5% a year ago.



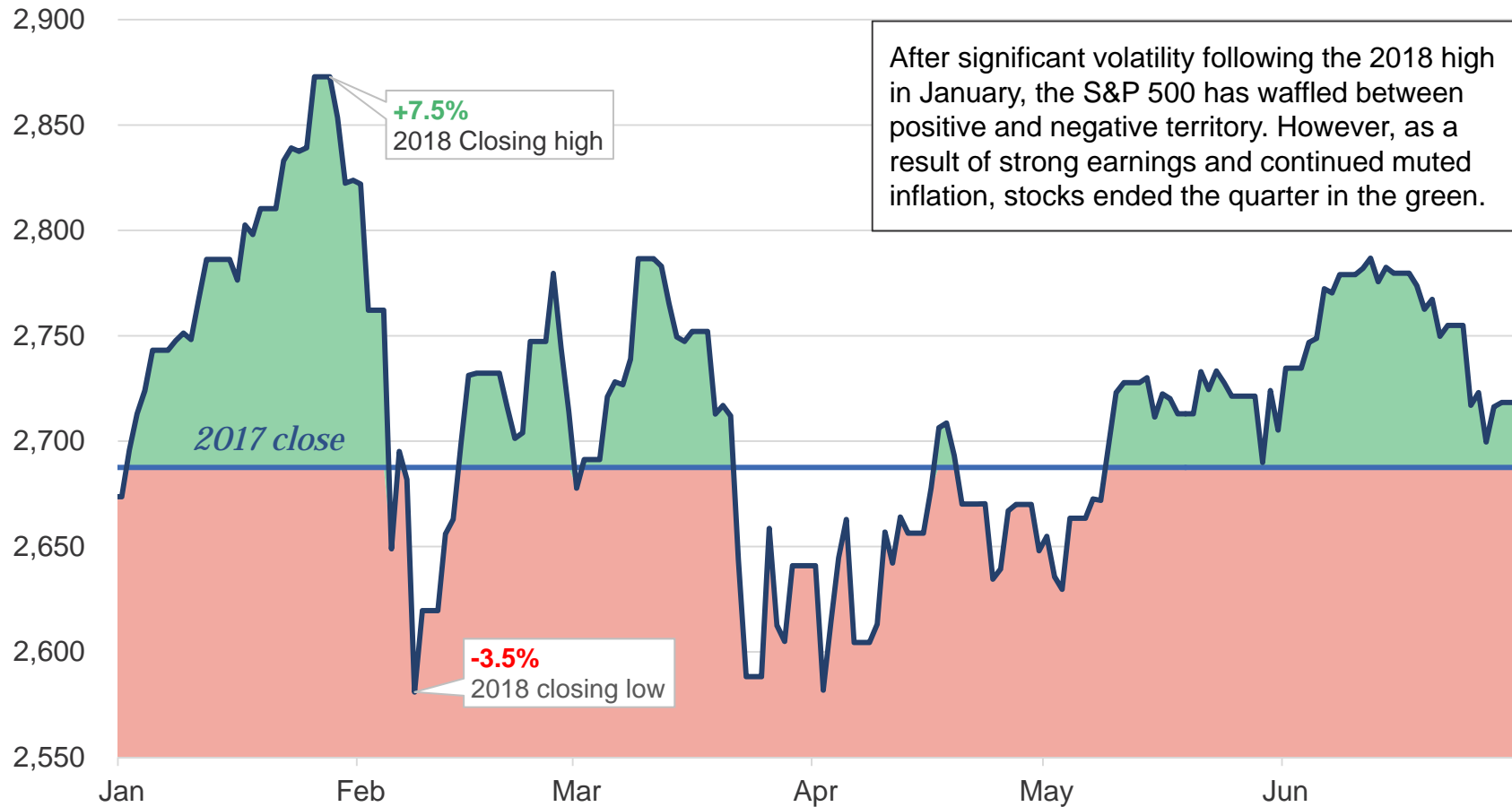
Source: Bloomberg, as of June 2018





## S&P 500 Moves in 2018

### Year-to-Date Change



Source: Bloomberg, as of 5/31/18.

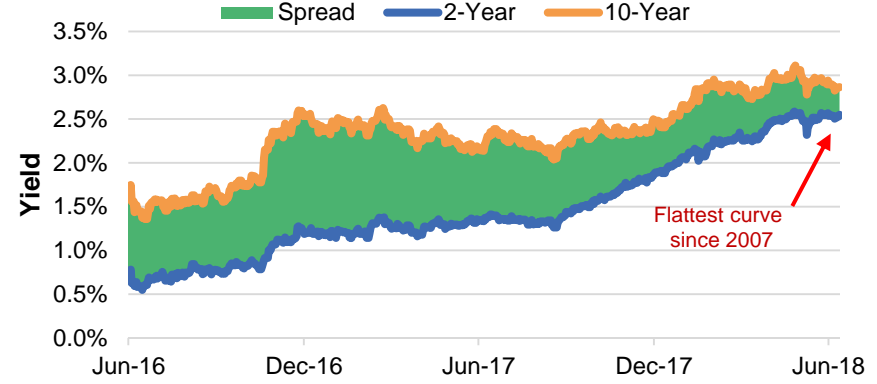


## What We're Watching...

### 1-5 Year Corporate Spreads



### Flattening Yield Curve (10-Yr vs. 2-Yr)



### 2Q GDP Expectations

Source	Forecast
Goldman Sachs	3.7%
Barclays	3.5%
New York Fed	2.8%
Atlanta Fed	4.1%

### Economic Indicators are Strong

Metrics At or Near Multi-Year Bests	
U.S. GDP	Unemployment Rate
Global Growth	Job Openings
Consumer Confidence	Corporate Profits
Home Prices	Inflation

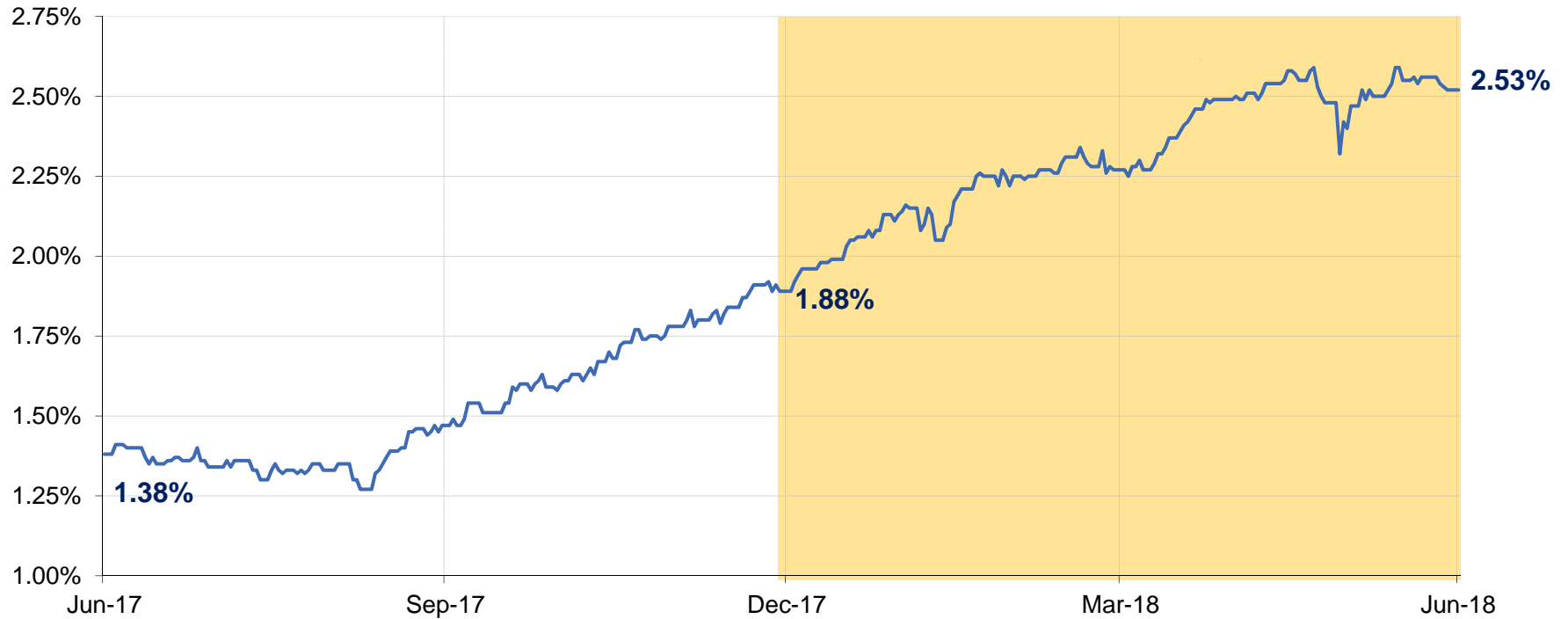
Source: Bloomberg, ICE BofAML Indices, as of 6/30/18.



## Interest Rate Update

- Two-year Treasury yields moved notably higher for the fiscal year ended June 30, 2018. However, the pace of the increase has declined in recent months due to increased market uncertainty.
- Conditions still remain favorable for rates to trend higher during the remainder of 2018.

**2-Year Treasury Yields**  
June 30, 2017 – June 30, 2018

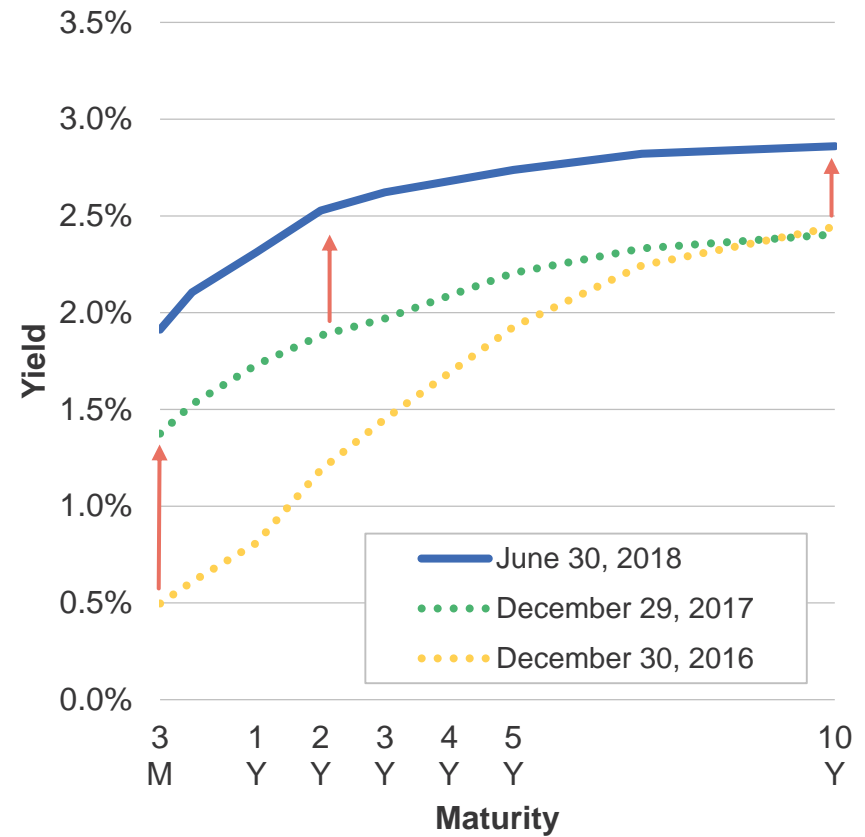


Source: Bloomberg, as of 6/30/18.



## U.S. Treasury Yield Curve

	Current 6/30/18	Year-End 12/29/17	Year-End 12/30/16
3 month	1.91%	1.38%	0.50%
6 month	2.10%	1.53%	0.61%
1 year	2.31%	1.73%	0.81%
2 year	2.53%	1.88%	1.19%
3 year	2.62%	1.97%	1.45%
5 year	2.74%	2.21%	1.93%
10 year	2.86%	2.41%	2.44%

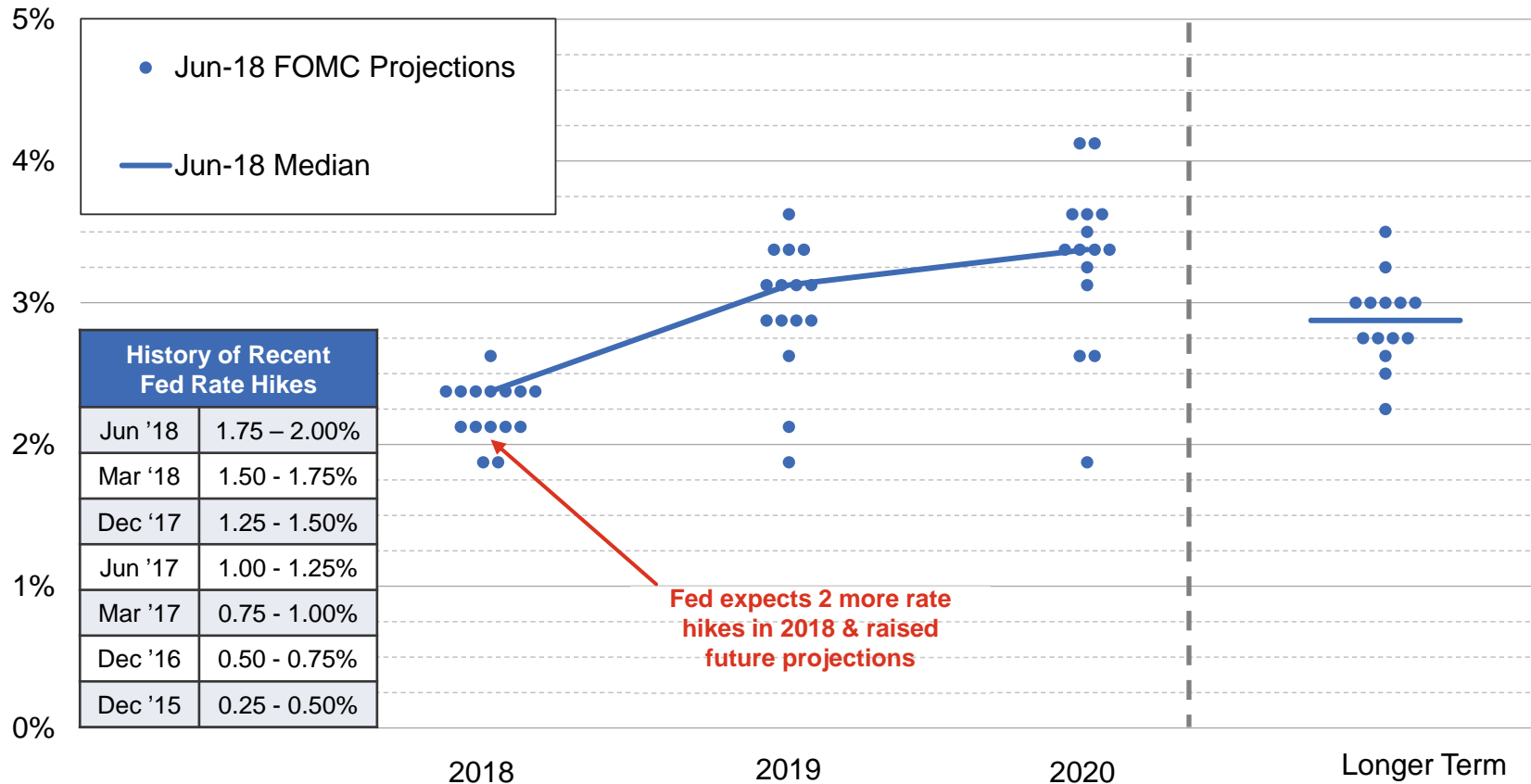


Source: Bloomberg, as of 6/30/2018.



## FOMC “Dot Plot” – June 2018 Update

### Fed Participants’ Assessments of ‘Appropriate’ Monetary Policy



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. Fed funds futures as of 6/14/18.



## Portfolio Composition

- ◆ The portfolio is in compliance with the District's Investment Policy.

**Portfolio Market Values<sup>1</sup>**  
June 30, 2018 versus December 31, 2017

Investment Type	6/30/18	% of Portfolio	12/31/17	% of Portfolio	Permitted by Policy
U.S. Treasury	\$1,523,544	11%	\$921,718	6%	100%
Federal Agency	\$740,529	6%	\$1,928,823	12%	100%
Federal Agency CMO	\$66,112	<1%	\$0	0%	100%
Supranational	\$948,473	7%	\$526,296	3%	30%
Negotiable CD	\$1,766,490	13%	\$1,557,839	9%	30%
Municipal	\$100,275	1%	\$0	0%	10%
Corporate	\$2,481,373	18%	\$2,591,878	16%	30%
Asset-Backed Securities	\$1,269,608	9%	\$1,314,287	8%	20%
Commercial Paper	\$149,000	1%	\$149,814	1%	25%
CAMP Pool	\$13,215	<1%	\$52,759	<1%	50%
LAIF	\$4,483,977	33%	\$7,281,561	45%	30%
<b>Total</b>	<b>\$13,542,597</b>	<b>100%</b>	<b>\$16,324,975</b>	<b>100%</b>	

1. Market value including accrued interest. Totals may not add due to rounding.



## Issuer Distribution

- ◆ The portfolio is well diversified across sectors and issuers.

Sector	Issuer	Percentage
Treasury	US Treasury	11.3%
Agency	FNMA	6.0%
Supra	IADB	3.7%
Supra	IBRD	2.1%
Supra	IFC	1.2%
Municipal	CA GO Bonds	0.7%
Corp	US Bank	1.1%
Corp	Honda	1.1%
Corp	Cisco	1.1%
Corp	Apple	1.0%
Corp	Branch Banking & Trust	0.7%
Corp	IBM	0.7%
Corp	American Express	0.7%
Corp	Toyota	0.7%
Corp	Goldman Sachs	0.7%
Corp	Microsoft	0.7%
Corp	Exxon Mobil	0.7%
Corp	Intel	0.7%
Corp	Bank of America	0.7%
Corp	Disney	0.7%
Corp	WalMart	0.7%
Corp	United Parcel Service	0.7%
Corp	State Street	0.6%
Corp	Chevron	0.5%
Corp	Caterpillar	0.5%
Corp	John Deere	0.4%
Corp	Charles Schwab	0.4%

Sector	Issuer	Percentage
Corp	General Dynamics	0.4%
Corp	Citigroup	0.4%
Corp	Paccar	0.4%
Corp	American Express	0.3%
Corp	Hershey	0.3%
Corp	Morgan Stanley	0.3%
Corp	Citigroup	0.3%
Corp	Home Depot	0.3%
Corp	National Rural Utilities	0.3%
Corp	PepsiCo	0.2%
Corp	Honeywell	0.2%
Corp	Visa	0.1%
CD	Canadian Imperial Bank	1.8%
CD	Svenska Banken	1.5%
CD	Bank of Montreal	1.3%
CD	Sumitomo Bank	1.3%
CD	Skandinav Banken	1.3%
CD	Westpac Bank	1.1%
CD	Swed Bank	1.0%
CD	Credit Suisse	0.7%
CD	Royal Bank of Canada	0.7%
CD	Bank of Nova Scotia	0.7%
CD	MUFG Bank	0.7%
CD	Nordea Bank	0.7%
ABS	Citibank	1.5%
ABS	Fordo	1.3%
ABS	Hart	1.1%

Sector	Issuer	Percentage
ABS	Toyota Owners Trust	1.1%
ABS	Ally	1.0%
ABS	Honda Owners Trust	0.9%
ABS	American Express	0.7%
ABS	CHN	0.7%
ABS	John Deere	0.6%
ABS	Nissan Auto Trust	0.4%
CP	Mitsubishi UFJ	1.1%
CAMP	CAMP	0.1%
LAIF	LAIF	33.1%
<b>TOTAL</b>		<b>100.0%</b>

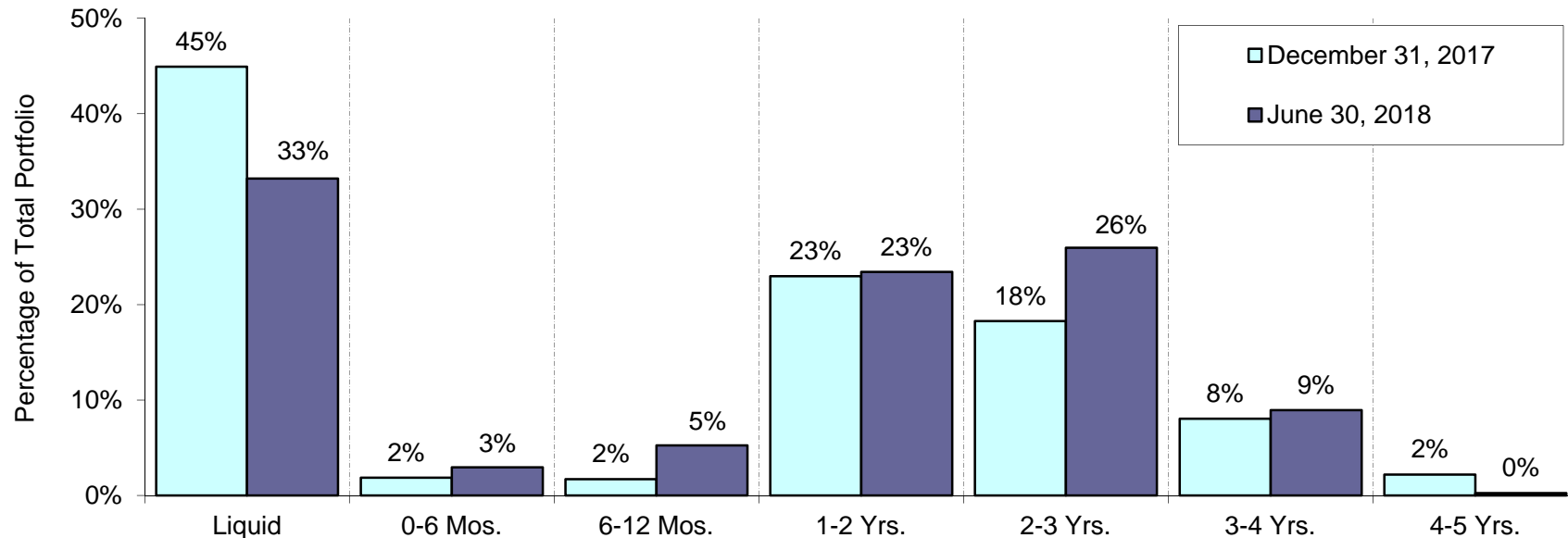
Totals may not add due to rounding.



## Maturity Distribution

- The individual investments are concentrated in the 1-3 year maturity range, consistent with the benchmark. In addition, the District maintains significant assets in LAIF to provide liquidity and provide a cushion against market value fluctuations.

**Portfolio Maturity Distribution**  
June 30, 2018 versus December 31, 2017



	12/31/17	6/30/18
<b>Weighted Average Duration (portfolio)</b>	1.83 years	1.71 years
<b>Weighted Average Duration (overall)</b>	0.98 years	1.14 years

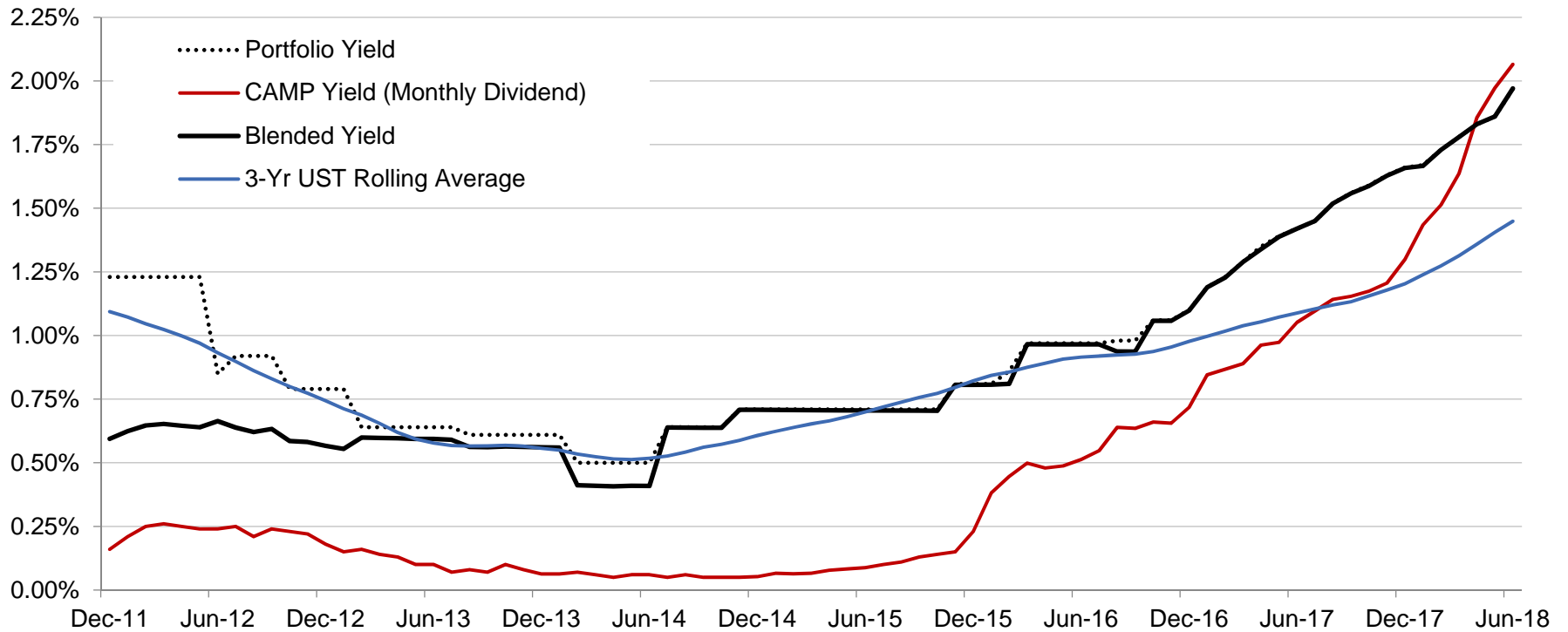




## Yield Comparison

- The portfolio's yield has continued to trend higher as the portfolio adjusts to current interest rate levels.
- The portfolio's yield should trend upward with any further increases in interest rate.

**Portfolio Yield Comparison History**  
December 2011 – June 2018





## Portfolio Total Return Performance

- The portfolio continues to perform well relative to the benchmark.
- Over the past couple of years, total returns have been depressed, as the rise in interest rates drove market values lower (market values move inversely to the direction of interest rates). Market value fluctuations drive quarterly total return volatility but tend to average out over longer periods of time.

Total Returns <sup>1,2,3,4,5</sup>					
	Duration (yrs.)	Total Returns Periods Ending June 30, 2018			
		Second Quarter	Past 6 months	Past 12 months	Since Inception
<b>EI Toro Water District</b>	<b>1.71</b>	<b>0.42%</b>	<b>0.23%</b>	<b>0.45%</b>	<b>0.47%</b>
Merrill Lynch 1-3 Year UST Index	1.80	0.22%	0.09%	0.08%	0.04%
Difference	-0.09	0.20%	0.13%	0.37%	0.42%

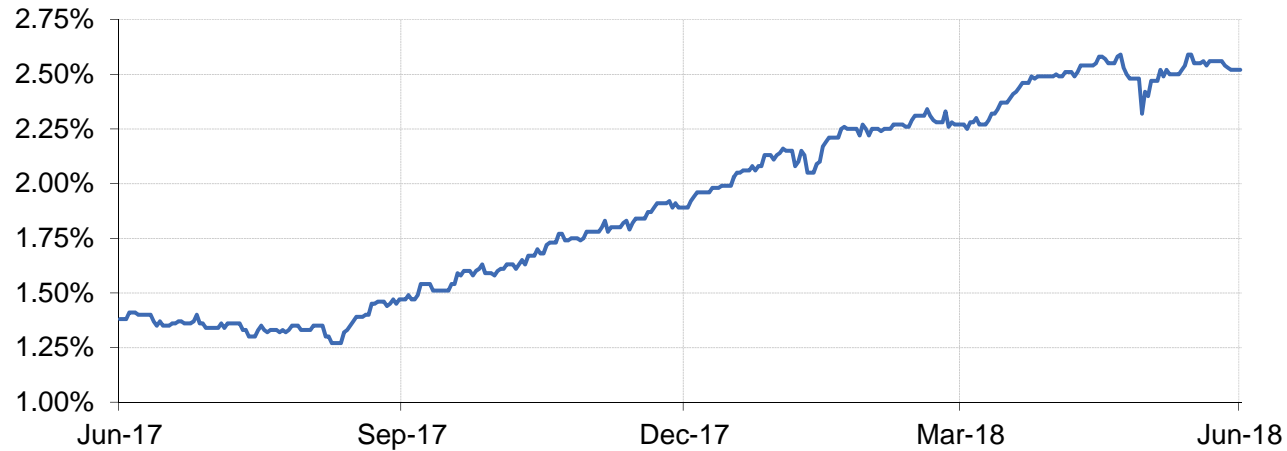
**Notes:**

1. Performance on trade date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
2. Merrill Lynch Indices provided by Bloomberg Financial Markets.
3. Returns for less than a year are unannualized. Returns periods longer than a year are presented on an annualized basis.
4. Excludes money fund balance in performance, duration, and yield computations.
5. Inception date is 9/30/16.



## Portfolio Earnings

**2-Year Treasury Yields**  
June 30, 2017 – June 30, 2018



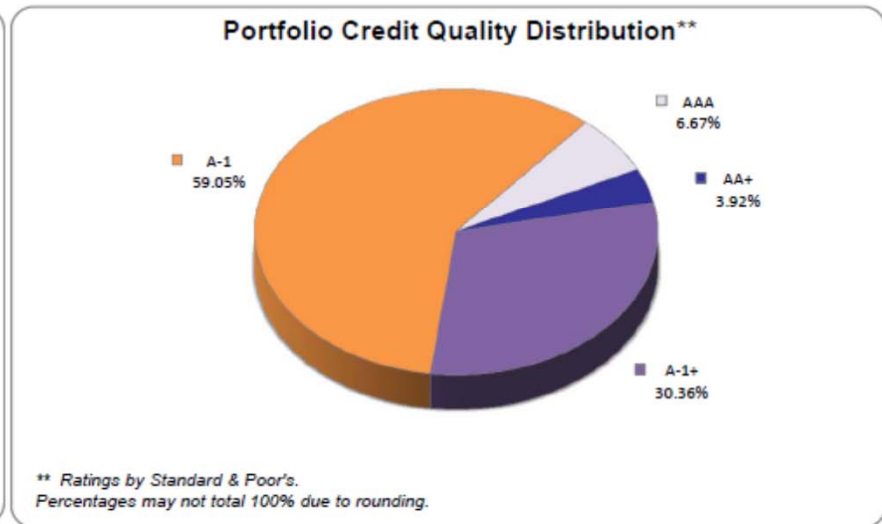
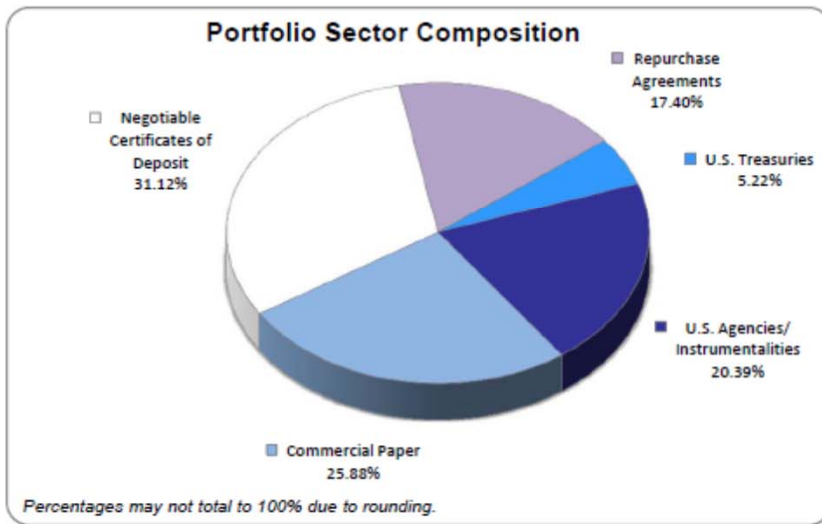
	3Q 17	4Q 17	1Q 18	2Q 18	FY17/18 Totals
<b>Accrual Basis</b>					
Interest Earned	\$34,924	\$37,521	\$37,567	\$40,874	\$150,886
Change in Value	(\$6,309)	(\$6,316)	(\$7,284)	(\$11,685)	(\$31,593)
<b>Portfolio Earnings</b>	<b>\$28,616</b>	<b>\$31,204</b>	<b>\$30,283</b>	<b>\$29,190</b>	<b>\$119,293</b>
<b>Market Value Basis</b>					
<b>Change in 2-Yr UST</b>	<b>+0.09%</b>	<b>+0.42%</b>	<b>+0.38%</b>	<b>+0.25%</b>	<b>+1.14%</b>
Interest Earned	\$34,924	\$37,521	\$37,567	\$40,874	\$150,886
Change in Value	(\$2,816)	(\$49,783)	(\$55,417)	(\$2,611)	(\$110,628)
<b>Portfolio Earnings</b>	<b>\$32,108</b>	<b>(\$12,263)</b>	<b>(\$17,851)</b>	<b>\$38,263</b>	<b>\$40,258</b>
<b>Total Return</b>	<b>+0.36%</b>	<b>-0.14%</b>	<b>-0.20%</b>	<b>0.42%</b>	<b>+0.45%</b>



## CAMP Characteristics as June 30, 2019

Total Fund Net Assets<sup>1</sup> \$3,826,282,939  
 Current 7-Day Yield<sup>2</sup> 2.07%  
 S&P Rating<sup>3</sup> AAAm

Weighted Average Maturity 35 Days  
 Net Asset Value per Share \$1.00





## CAMP Characteristics as of June 30, 2018 – continued

1. *Total fund net assets, portfolio holdings valued at amortized cost, trade date based.*
2. *As of June 30, 2018, the current seven-day yield of the CAMP Cash Reserve Portfolio may, from time to time, be quoted in reports, literature and advertisements published by the Trust. The current seven-day yield, also known as the current annualized yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally \$1.00 per share) over a seven-day base period expressed as a percentage of the value of one share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7. Past performance is not indicative of future results and yields may vary.*
3. *Standard & Poor's fund ratings are based on analysis of credit quality, market price exposure, and management. According to Standard & Poor's rating criteria, the AAAm rating signifies excellent safety of investment principal and a superior capacity to maintain a \$1.00 per share net asset value. However, it should be understood that the rating is not a "market" rating nor a recommendation to buy, hold or sell the securities. For a full description on rating methodology, visit Standard & Poor's website ([http://www.standardandpoors.com/en\\_US/web/guest/home](http://www.standardandpoors.com/en_US/web/guest/home)).*

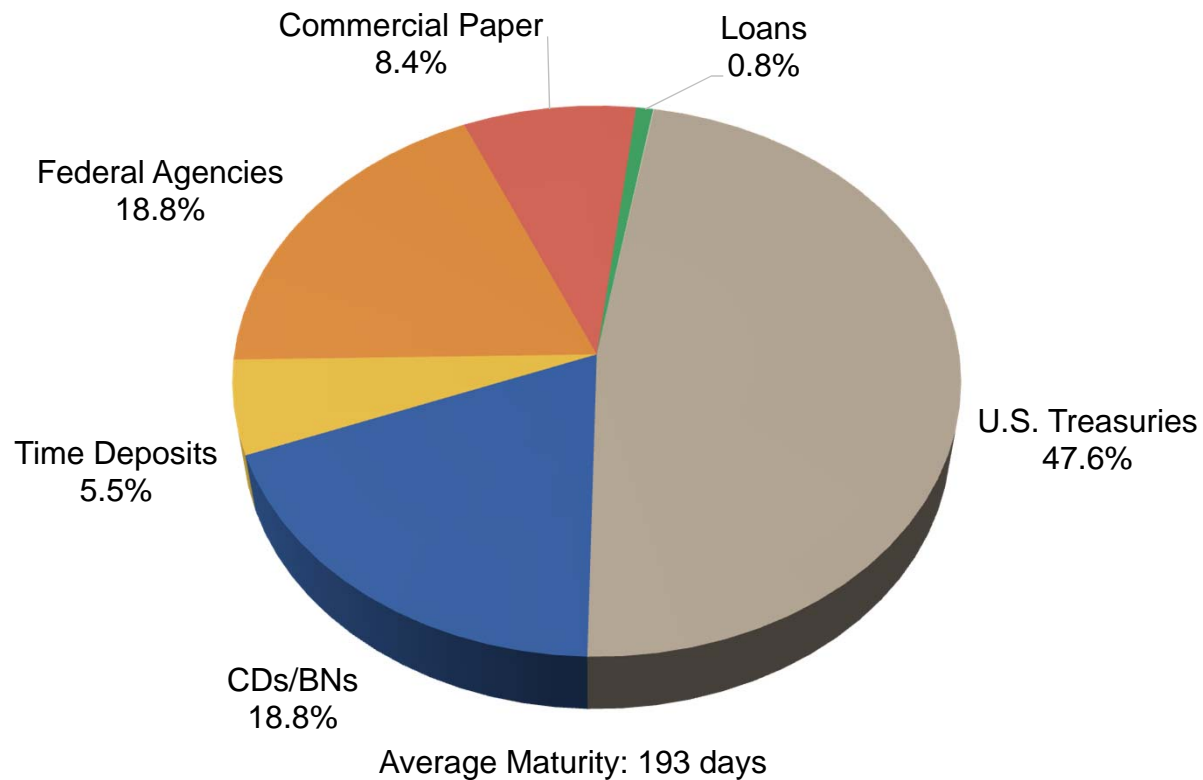
*This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the Trust's investment objectives, risks, charges and expenses before investing in the Trust. This and other information about the Trust is available in the Trust's current Information Statement, which should be read carefully before investing. A copy of the Trust's Information Statement may be obtained by calling 1-800-729-7665 or is available on the Trust's website at [www.camponline.com](http://www.camponline.com). While the Trust seeks to maintain a stable net asset value of \$1.00 per share, it is possible to lose money investing in the Trust. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority (FINRA) ([www.finra.org](http://www.finra.org)) and Securities Investor Protection Corporation (SIPC) ([www.sipc.org](http://www.sipc.org)). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC.*



## LAIF Characteristics as of June 30, 2018

### Pooled Money Investment Account Sector Distribution

\$88.8 Billion as of June 30, 2018



Source: [http://www.treasurer.ca.gov/pmia-laif/performance/PMIA-LAIF\\_perform.pdf](http://www.treasurer.ca.gov/pmia-laif/performance/PMIA-LAIF_perform.pdf)



## Disclosures

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## PFM 1-3 Year Fixed Income Composite

As of March 31, 2018

Year	Composite Return (Gross of Fees)	BofA Merrill Lynch 1-3 Year Treasury Index Return	Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2018 YTD	-0.14%	-0.13%	n/a	160	\$10,911	12.6%	\$86,799
2017	0.82%	0.42%	0.17%	157	\$10,843	13.5%	\$80,608
2016	1.17%	0.89%	0.11%	151	\$9,775	13.5%	\$72,397
2015	0.68%	0.54%	0.13%	143	\$9,377	14.7%	\$63,625
2014	0.72%	0.62%	0.14%	126	\$8,604	15.7%	\$54,889
2013	0.41%	0.36%	0.11%	118	\$7,975	15.4%	\$51,650
2012	1.00%	0.43%	0.23%	113	\$7,204	14.7%	\$49,093
2011	1.57%	1.55%	0.29%	114	\$7,083	16.1%	\$43,933
2010	2.31%	2.35%	0.27%	98	\$6,027	14.1%	\$42,686
2009	2.05%	0.78%	0.42%	80	\$5,115	13.0%	\$39,273
2008	7.07%	6.61%	0.28%	78	\$5,246	14.2%	\$37,052

Periods Ended 03/31/18	Cumulative Annualized Return		Ex-Post Standard Deviation of Returns	
	Composite (Gross of Fees)	BofA Merrill Lynch 1-3 Year Treasury Index	Composite (Gross of Fees)	BofA Merrill Lynch 1-3 Year Treasury Index
1 Year	0.32%	0.03%	0.54%	0.59%
2 Year	0.45%	0.14%	0.62%	0.69%
3 Year	0.67%	0.40%	0.64%	0.71%
4 Year	0.76%	0.55%	0.64%	0.72%
5 Year	0.70%	0.51%	0.61%	0.67%
6 Year	0.72%	0.54%	0.57%	0.62%
7 Year	0.87%	0.66%	0.57%	0.63%
8 Year	0.98%	0.79%	0.59%	0.65%
9 Year	1.14%	0.86%	0.67%	0.77%
10 Year	1.47%	1.13%	0.97%	0.98%

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	Composite (Gross of Fees)	BofA Merrill Lynch 1-3 Year Treasury Index	Composite (Gross of Fees)	BofA Merrill Lynch 1-3 Year Treasury Index
2017	0.89%	0.62%	0.67%	0.75%
2016	0.86%	0.68%	0.68%	0.76%
2015	0.60%	0.51%	0.52%	0.57%
2014	0.71%	0.47%	0.43%	0.44%
2013	0.99%	0.78%	0.46%	0.51%
2012	1.62%	1.44%	0.64%	0.74%
2011	1.98%	1.56%	0.83%	1.04%
2010	3.78%	3.22%	1.70%	1.76%
2009	5.29%	4.86%	1.75%	1.96%
2008	6.13%	5.95%	1.62%	1.72%





## PFM 1-3 Year Fixed Income Composite

As of March 31, 2018

### Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	Composite	BofA Merrill Lynch 1-3 Year Treasury Index
3/31/2018	-0.14%	-0.13%
12/31/2017	-0.16%	-0.25%
9/30/2017	0.32%	0.24%
6/30/2017	0.31%	0.17%
3/31/2017	0.35%	0.26%
12/31/2016	-0.30%	-0.43%
9/30/2016	-0.01%	-0.11%
6/30/2016	0.53%	0.53%
3/31/2016	0.95%	0.90%
12/31/2015	-0.29%	-0.44%
9/30/2015	0.34%	0.31%
6/30/2015	0.11%	0.15%
3/31/2015	0.52%	0.52%
12/31/2014	0.20%	0.17%
9/30/2014	0.03%	0.03%
6/30/2014	0.29%	0.27%
3/31/2014	0.19%	0.14%
12/31/2013	0.10%	0.06%
9/30/2013	0.33%	0.29%
6/30/2013	-0.16%	-0.11%

Quarter Ended	Total Return (Gross of Fees)	
	Composite	BofA Merrill Lynch 1-3 Year Treasury Index
3/31/2013	0.14%	0.12%
12/31/2012	0.12%	0.07%
9/30/2012	0.35%	0.26%
6/30/2012	0.23%	0.19%
3/31/2012	0.30%	-0.08%
12/31/2011	0.25%	0.20%
9/30/2011	0.33%	0.49%
6/30/2011	0.87%	0.83%
3/31/2011	0.11%	0.03%
12/31/2010	-0.11%	-0.15%
9/30/2010	0.62%	0.62%
6/30/2010	1.12%	1.16%
3/31/2010	0.67%	0.70%
12/31/2009	0.14%	0.03%
9/30/2009	0.86%	0.78%
6/30/2009	0.71%	-0.11%
3/31/2009	0.34%	0.09%
12/31/2008	3.76%	2.69%
9/30/2008	0.88%	1.68%
6/30/2008	-0.46%	-0.86%



# PFM 1-3 Year Fixed Income Composite

## As of March 31, 2018

### IMPORTANT DISCLOSURES

PFM Asset Management LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PFM Asset Management LLC has been independently verified for the periods 2006 through 2015. The verification report is available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

### FIRM DEFINITION

PFM is the marketing name for a group of affiliated companies providing a range of services. All services are provided through separate agreements with each company. PFM's asset management services are provided through PFM Asset Management LLC, an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. PFM Asset Management LLC was created in 2001; prior to 2001, PFM's investment advisory business was operated as part of Public Financial Management, Inc. utilizing the same personnel and investment process. Firm performance includes accounts managed by PFM Asset Management LLC, but which may have been previously managed by Public Financial Management, Inc. We manage short-term pools and money market funds, investment-grade fixed-income portfolios, and multi-asset class portfolios under a variety of individual client mandates. For important disclosure information please go to [pfm.com/disclosures](http://pfm.com/disclosures).

### COMPOSITE DESCRIPTION

*PFM 1 – 3 Year Fixed Income Composite* includes all institutional fixed-income portfolios with the majority of their assets in securities with maturities or effective durations between 1 and 3 years, and that are managed against the BofA Merrill Lynch 1-3 Year US Treasury Index or an index with a similar effective duration. Accounts typically invest in US dollar denominated, investment-grade fixed-income securities, including US government securities, including bonds and notes of federal agencies, high quality money market, municipal and corporate debt instruments, generally limited to those rated A or better, and agency mortgage-backed securities. Accounts in this composite do not use leverage, complex derivatives, or short positions. Accounts in the composite will typically maintain an overall effective duration similar to that of the BofA Merrill Lynch 1-3 Year US Treasury Index, but may vary by plus or minus 25%, or more. Individual accounts may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from the composite benchmark used in this presentation.

The composite creation date is September 2003; the composite inception date is January 1, 1998. The minimum portfolio size for inclusion in the composite is \$10 million. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.



# PFM 1-3 Year Fixed Income Composite

## As of March 31, 2018

### BENCHMARK DESCRIPTION

Composite performance is compared to the BofA Merrill Lynch 1-3 Year US Treasury Index. Benchmark returns are provided to represent the investment environment that existed during the time periods shown. The BofA Merrill Lynch 1-3 Year US Treasury Index comprises all US Treasury securities (excluding TIPS and STRIPS) with maturities between 1 and 3 years, and is rebalanced monthly.

### PERFORMANCE CALCULATIONS

Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. Returns include the reinvestment of income. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFM's Asset Management standard investment advisory fee schedule is 0.25% per annum on first \$25 million and 0.15% per annum on assets over \$25 million, but actual fees may be higher or lower. Fees have a compounding effect on the net return of a portfolio. As an example, the effect of investment advisory fees on the total value of a client's portfolio assuming (a) a \$1,000,000 initial investment, (b) portfolio return of 4% a year, and (c) 0.25% per annum fee charged monthly, is shown in the following table:

Period	Ending Portfolio Value	
	Without Fees (Gross)	After Fees (Net)
1 Year	\$1,040,742	\$1,038,147
5 Years	\$1,220,997	\$1,205,853
10 Years	\$1,490,833	\$1,454,081

Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

### RISK DISCLOSURE

Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

### ADDITIONAL INFORMATION

A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliant presentations are also available upon request. Requests should be made to Kenneth Schiebel, CFA, at [schiebelk@pfm.com](mailto:schiebelk@pfm.com).



## PFM 1-5 Year Fixed Income Composite

### As of March 31, 2018

Year	Composite Return (Gross of Fees)	BofA Merrill Lynch 1-5 Year Treasury Index Return	BofA Merrill Lynch 1-5 Year AAA-AA US Corporate & Government Index	Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2018 YTD	-0.44%	-0.38%	-0.38%	n/a	128	\$8,993	10.4%	\$86,799
2017	1.09%	0.65%	0.79%	0.20%	124	\$8,600	10.7%	\$80,608
2016	1.32%	1.09%	1.14%	0.11%	104	\$6,400	8.8%	\$72,397
2015	1.13%	0.98%	0.99%	0.13%	87	\$5,464	8.6%	\$63,625
2014	1.39%	1.24%	1.30%	0.20%	71	\$4,560	8.3%	\$54,889
2013	0.02%	-0.19%	-0.08%	0.18%	62	\$4,394	8.5%	\$51,650
2012	1.78%	0.91%	1.32%	0.37%	48	\$3,174	6.5%	\$49,093
2011	3.30%	3.36%	3.11%	0.43%	38	\$2,515	5.7%	\$43,933
2010	3.39%	3.61%	3.62%	0.37%	29	\$1,880	4.4%	\$42,686
2009	3.10%	0.23%	1.72%	0.74%	28	\$2,009	5.1%	\$39,273
2008	7.52%	8.73%	7.50%	0.69%	26	\$1,757	4.7%	\$37,052

Periods Ended 03/31/18	Cumulative Annualized Return			Ex-Post Standard Deviation of Returns		
	Composite (Gross of Fees)	BofA Merrill Lynch 1-5 Year Treasury Index	BofA Merrill Lynch 1-5 Year AAA-AA US Corporate & Government Index	Composite (Gross of Fees)	BofA Merrill Lynch 1-5 Year Treasury Index	BofA Merrill Lynch 1-5 Year AAA-AA US Corporate & Government Index
1 Year	0.16%	-0.10%	-0.01%	0.98%	1.05%	1.03%
2 Year	0.21%	-0.10%	0.00%	1.15%	1.26%	1.23%
3 Year	0.72%	0.47%	0.54%	1.16%	1.28%	1.24%
4 Year	1.03%	0.83%	0.88%	1.18%	1.33%	1.29%
5 Year	0.86%	0.64%	0.72%	1.19%	1.31%	1.28%
6 Year	0.98%	0.75%	0.83%	1.11%	1.23%	1.20%
7 Year	1.34%	1.08%	1.15%	1.15%	1.27%	1.22%
8 Year	1.49%	1.29%	1.34%	1.18%	1.31%	1.26%
9 Year	1.75%	1.27%	1.48%	1.24%	1.44%	1.36%
10 Year	2.06%	1.62%	1.75%	1.55%	1.71%	1.58%



## PFM 1-5 Year Fixed Income Composite

As of March 31, 2018

3-Year Periods Ending	3-Year Cumulative Return			3-Year Ex-Post Standard Deviation		
	Composite (Gross of Fees)	BofA Merrill Lynch 1-5 Year Treasury Index	BofA Merrill Lynch 1-5 Year AAA-AA US Corporate & Government Index	Composite (Gross of Fees)	BofA Merrill Lynch 1-5 Year Treasury Index	BofA Merrill Lynch 1-5 Year AAA-AA US Corporate & Government Index
2017	1.18%	0.90%	0.97%	1.23%	1.39%	1.34%
2016	1.28%	1.10%	1.14%	1.27%	1.45%	1.40%
2015	0.84%	0.67%	0.74%	1.09%	1.21%	1.19%
2014	1.06%	0.65%	0.84%	0.98%	1.03%	1.01%
2013	1.69%	1.35%	1.44%	1.08%	1.17%	1.11%
2012	2.82%	2.62%	2.67%	1.20%	1.40%	1.29%
2011	3.26%	2.39%	2.81%	1.40%	1.86%	1.63%
2010	4.65%	4.13%	4.25%	2.33%	2.69%	2.41%
2009	5.91%	5.63%	5.61%	2.30%	2.83%	2.51%
2008	6.40%	6.87%	6.43%	2.17%	2.44%	2.26%



## PFM 1-5 Year Fixed Income Composite As of March 31, 2018

### Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)		
	Composite	BofA Merrill Lynch 1-5 Year Treasury Index	BofA Merrill Lynch 1-5 Year AAA-AA US Corporate & Government Index
3/31/2018	-0.44%	-0.38%	-0.38%
12/31/2017	-0.28%	-0.38%	-0.36%
9/30/2017	0.38%	0.29%	0.32%
6/30/2017	0.51%	0.38%	0.42%
3/31/2017	0.49%	0.37%	0.42%
12/31/2016	-0.95%	-1.09%	-1.07%
9/30/2016	-0.07%	-0.19%	-0.14%
6/30/2016	0.80%	0.81%	0.82%
3/31/2016	1.56%	1.57%	1.55%
12/31/2015	-0.45%	-0.66%	-0.63%
9/30/2015	0.68%	0.70%	0.69%
6/30/2015	-0.02%	0.02%	0.02%
3/31/2015	0.92%	0.92%	0.91%
12/31/2014	0.46%	0.49%	0.48%
9/30/2014	-0.02%	-0.06%	-0.05%
6/30/2014	0.57%	0.55%	0.57%
3/31/2014	0.38%	0.26%	0.30%
12/31/2013	0.08%	-0.11%	-0.05%
9/30/2013	0.54%	0.46%	0.50%
6/30/2013	-0.81%	-0.69%	-0.71%

Quarter Ended	Total Return (Gross of Fees)		
	Composite	BofA Merrill Lynch 1-5 Year Treasury Index	BofA Merrill Lynch 1-5 Year AAA-AA US Corporate & Government Index
3/31/2013	0.21%	0.15%	0.18%
12/31/2012	0.12%	0.04%	0.09%
9/30/2012	0.67%	0.47%	0.57%
6/30/2012	0.59%	0.59%	0.58%
3/31/2012	0.40%	-0.19%	0.07%
12/31/2011	0.52%	0.42%	0.33%
9/30/2011	1.09%	1.39%	1.18%
6/30/2011	1.46%	1.49%	1.45%
3/31/2011	0.19%	0.02%	0.12%
12/31/2010	-0.62%	-0.67%	-0.61%
9/30/2010	1.19%	1.32%	1.41%
6/30/2010	1.80%	2.04%	1.79%
3/31/2010	0.98%	0.90%	1.00%
12/31/2009	0.28%	-0.08%	0.09%
9/30/2009	1.46%	1.20%	1.45%
6/30/2009	1.11%	-0.87%	0.05%
3/31/2009	0.22%	-0.01%	0.13%
12/31/2008	5.10%	4.27%	4.20%
9/30/2008	0.29%	2.06%	1.11%
6/30/2008	-0.75%	-1.47%	-1.24%



# PFM 1-5 Year Fixed Income Composite

## As of March 31, 2018

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### COMPOSITE DESCRIPTION

*PFM 1 – 5 Year Fixed Income Composite* includes all institutional fixed-income portfolios with the majority of their assets in securities with maturities or effective durations between 1 and 5 years, and that are managed against the BofA Merrill Lynch 1-5 Year US Treasury Index or an index with a similar effective duration. Accounts typically invest in US dollar denominated, investment-grade fixed-income securities, including US government securities, including bonds and notes of federal agencies, high quality money market, municipal and corporate debt instruments, generally limited to those rated A or better, and agency mortgage-backed securities. Accounts in this composite do not use leverage, complex derivatives, or short positions. Accounts in the composite will typically maintain an overall effective duration similar to that of the BofA Merrill Lynch 1-5 Year US Treasury Index, but may vary by plus or minus 25%, or more. Individual accounts may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

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# PFM 1-5 Year Fixed Income Composite

## As of March 31, 2018

### BENCHMARK DESCRIPTION

Composite performance is compared to the BofA Merrill Lynch 1-5 Year US Treasury Index and the BofA Merrill Lynch 1-5 year AAA-AA US Corporate & Government Index. Benchmark returns are provided to represent the investment environment that existed during the time periods shown. The BofA Merrill Lynch 1-5 Year US Treasury Index comprises all US Treasury securities (excluding TIPS and STRIPS) with maturities between 1 and 5 years, and is rebalanced monthly. The BofA Merrill Lynch 1-5 year AAA-AA US Corporate & Government Index comprises US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasury, US agency, certain foreign government and supranational debt, and corporate securities; all that meet common index qualifications, are rated AA3 or better, and have maturities between 1 and 5 years. The index is rebalanced monthly. The BofA Merrill Lynch 1-5 year AAA-AA US Corporate & Government Index was added as a second benchmark beginning 2012Q3 and is presented retroactively. The second benchmark was added to provide an additional comparison for those accounts with investment policies that permit a broader range of investments.

### PERFORMANCE CALCULATIONS

Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. Returns include the reinvestment of income. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFM's Asset Management standard investment advisory fee schedule is 0.25% per annum on first \$25 million and 0.15% per annum on assets over \$25 million, but actual fees may be higher or lower. Fees have a compounding effect on the net return of a portfolio. As an example, the effect of investment advisory fees on the total value of a client's portfolio assuming (a) a \$1,000,000 initial investment, (b) portfolio return of 4% a year, and (c) 0.25% per annum fee charged monthly, is shown in the following table:

Period	Ending Portfolio Value	
	Without Fees (Gross)	After Fees (Net)
1 Year	\$1,040,742	\$1,038,147
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Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

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### ADDITIONAL INFORMATION

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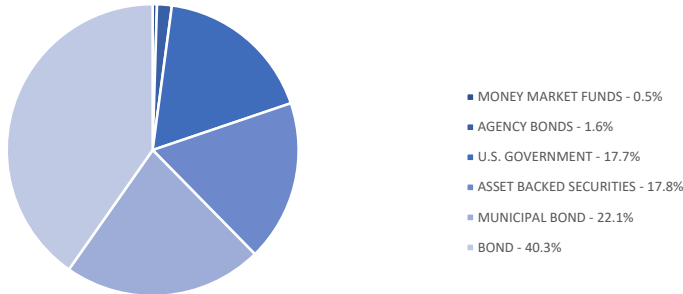




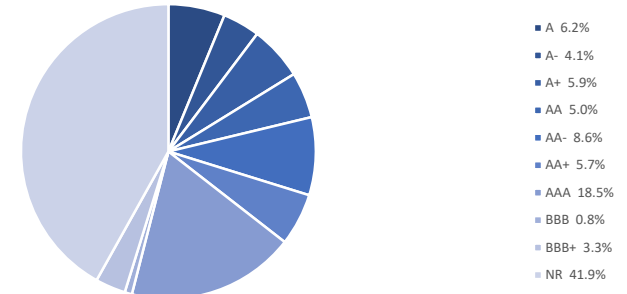
	CalTRUST Medium Term	Merrill Lynch 1-3 Corp & Gov't, A Rated and Above	CalTRUST Medium Term Total Return	CalTRUST Medium Term Yield	Merrill Lynch 1-3 Corp & Gov't, A Rated and Above
Market Value	\$984,976,798.55	N/A	One Month	0.16%	0.22%
NAV per Share	\$9.90	N/A	Three Month	0.48%	0.66%
Yield	2.48%	N/A	Six Month	0.91%	1.26%
Period Return	-0.14%	-0.15%	One Year*	1.67%	1.93%
Effective Duration	1.88 yrs	1.82 yrs	Two Year*	1.40%	1.03%
Average Maturity	2.19 yrs	1.89 yrs	Three Year*	1.25%	1.19%
			Five Year*	1.03%	1.10%
			Ten Year*	1.34%	1.67%
			Since Inception*	2.02%	2.37%

\*Annualized

Portfolio Sector Breakdown



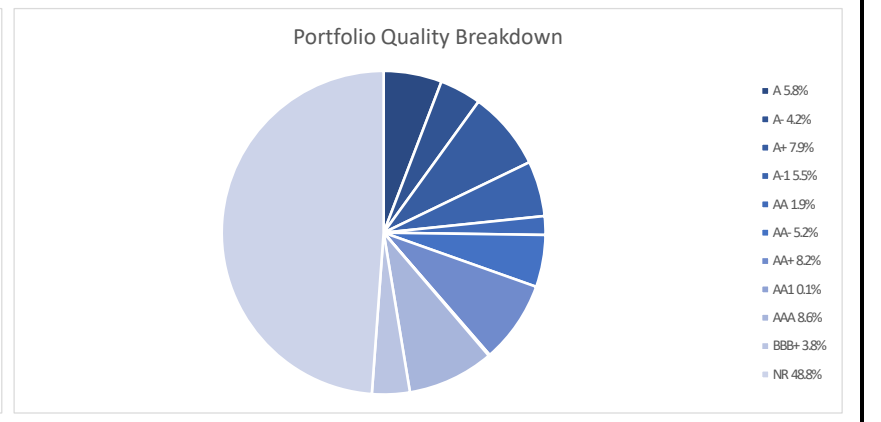
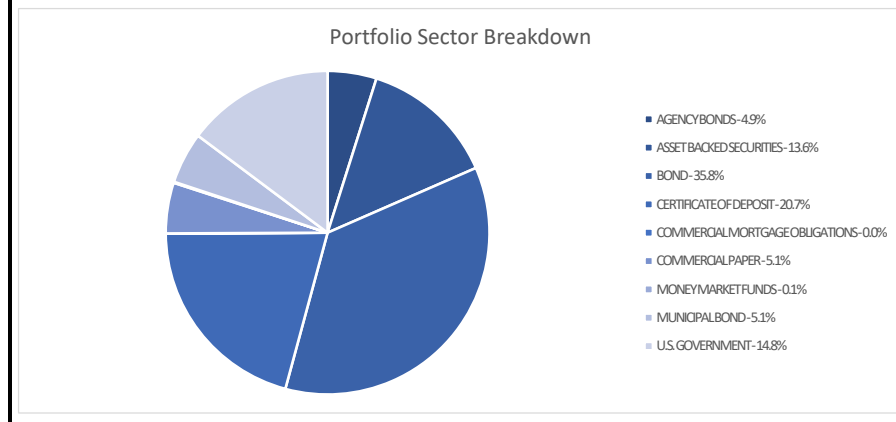
Portfolio Quality Breakdown





	CalTRUST Short Term	LAIF	CalTRUST Short Term Total Return	CalTRUST Short Term Yield	LAIF Yield
Market Value	\$1,531,233,108.44	N/A	One Month	0.17%	0.15%
NAV per Share	\$10.01	N/A	Three Month	0.58%	0.44%
Yield	2.11%	1.90%	Six Month	0.86%	0.79%
Period Total Return	0.17%	0.15%	One Year*	1.41%	1.37%
Effective Duration	0.40 yrs	N/A	Two Year*	1.10%	1.06%
Average Maturity	0.95 yrs	0.50 yrs	Three Year*	0.95%	0.85%
			Five Year*	0.76%	0.61%
			Ten Year*	0.83%	0.71%
			Since Inception*	1.71%	1.61%

\*Annualized



MINUTES OF THE REGULAR MEETING  
OF THE  
ENGINEERING COMMITTEE MEETING

June 26, 2018

Vice President Vergara called the Meeting of the Engineering Committee to order at 7:30 a.m. on June 26, 2018.

Vice President Vergara led in the Pledge of Allegiance to the flag.

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

Committee Member MARK MONIN and ROBERT R. HILL, General Manager/Secretary, were absent.

Also present were DENNIS P. CAFFERTY, Assistant General Manager/District Engineer, JUDY CIMORELL, Human Resources Manager, RICK OLSON, Operations Superintendent, NEELY SHAHBAKHTI, Finance Manager/Controller, BOBBY YOUNG, Project Engineer, GILBERT J. GRANITO, General Counsel, POLLY WELSCH, Recording Secretary, and KATHRYN FRESHLEY, Customer.

Oral Communication/Public Comment

There were no comments.

Items Received too Late to be Agendized

Vice President Vergara asked if there were any items received too late to be agendized. Mr. Cafferty replied no.

Consent Calendar

There were no items on the Consent Calendar.

## Engineering General Information Items

### Capital Project Status Report

#### Phase II Recycled Water Distribution System Expansion Project

Mr. Cafferty stated that construction on the East Side System is substantially complete, and construction is in progress on the West Side System. He further stated that paving on the West Side System is expected to begin in July.

Mr. Cafferty stated that the State has informed staff that the State Revolving Fund Loan agreement, including the 11-year loan term, has been approved. Mr. Cafferty further stated that staff has executed the agreement amendment and is waiting for the fully executed document from the State.

#### Phase III Recycled Water Distribution System Expansion Project

Mr. Cafferty stated that Cal Trans has asked staff whether the District wants Cal Trans to continue with the design effort to accommodate a recycled water pipeline across the Los Alisos bridge. He further stated that Cal Trans has indicated they would not approve construction of a pipeline unless the District has committed to a project that would utilize the pipeline.

Mr. Cafferty stated that design cost will be approximately \$25,000.. Mr. Cafferty indicated Staff will direct Cal Trans to proceed with the design.

### Baker Water Treatment Product Water Conveyance Options

President Goldman stated that MNWD is in the process of evaluating their capital projects schedule of the potential new turnout on the South County Pipeline. Mr. Cafferty replied that they are working to identify the property to build on.

Poseidon

Vice President Vergara stated that Poseidon is reviewing some new ideas on the desalinated water.

Engineering Items Discussed at Various Conferences and Meetings

There were no comments.

Comments Regarding Non-Agenda Engineering Committee Items

There were no comments.

Adjournment

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

Motion: President Goldman made a Motion, seconded by Director Adjarian and unanimously carried that today's meeting be adjourned at 7:49 o'clock a.m. to Tuesday, July 24, 2018 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 Adjarian	aye
Vice President 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

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

June 26, 2018

President Goldman called the Meeting of the Finance/Insurance Committee to order at 7:49 a.m. on June 26, 2018.

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

Committee Member MARK MONIN and ROBERT R. HILL, General Manager/Secretary, were absent.

Also present were DENNIS P. CAFFERTY, Assistant General Manager/District Engineer, JUDY CIMORELL, Human Resources Manager, RICK OLSON, Operations Superintendent, NEELY SHAHBAKHTI, Finance Manager/Controller, BOBBY YOUNG, Project Engineer, GILBERT J. GRANITO, General Counsel, POLLY WELSCH, Recording Secretary, and KATHRYN FRESHLEY, Customer.

Consent Calendar

1. Finance Report
2. Quarterly Audit (January 1, 2018 to March 31, 2018)
3. Olin Chemical Purchase Order

President Goldman asked for a Motion to approve the Consent Calendar.

Motion: Vice President Vergara made a Motion, seconded by Director Adjarian, and unanimously carried across the Board to approve the Consent Calendar.

Roll Call Vote:

Vice President Vergara                      aye

President Goldman            aye  
Director Adjarian            aye

### Finance Action Items

There are no Finance action items.

### Finance Information Items

#### Tiered Water Usage and Revenue Tracking

Ms. Shahbakhti stated that included in the package is the May and year to date water usage by class and by tiers.

### Comments Regarding Non-Agenda FIC Items

#### Close Finance and Insurance Committee Meeting

At approximately 7:50 o'clock a.m. the Finance and Insurance Committee meeting was closed.

### Attorney Report

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

### 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 Vice President Vergara and unanimously carried that today's meeting be adjourned at 7:51 o'clock a.m. to Tuesday, July 24, 2018 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 Adjarian        aye  
Vice President 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

# **CAPITAL PROJECT / EQUIPMENT STATUS REPORT**

**June, 2018**

## **I Oso Lift Station Improvement Project**

**The project design is nearly complete. A contract has been issued to Dudek to prepare a Mitigated Negative Declaration to comply with applicable CEQA requirements. Staff provided Moulton Niguel with a draft plan and Agreement to initiate the discussion regarding an emergency overflow connection from the Oso Lift Station to the MNWD sewer collection system near the station.**

## **II Phase II Recycled Water Distribution System Expansion Project**

### **Construction**

- **West Side System**

**Construction is in progress. Pipeline construction is nearly complete. The contractor is working on appurtenance installations including service lines, air-vacs and blow-offs. Staff anticipates final paving and completion of construction will be occur in August.**

- **East Side System**

**Construction of the East Side System Distribution System is complete.**

### **On-Site Retrofits**

**The East Side retrofit plans are nearly complete. Staff has provided 90% review comments to Tetra Tech on the West Side System retrofit plans. Staff is meeting with State and County Health officials to discuss the details of the retrofit plans specific to the Phase II Project West Side System. Staff is preparing to bid the retrofits work.**

### **State Revolving Fund Agreement**

**The District has received the fully executed Agreement amendment. The amended Agreement incorporates the requested 11 year loan term.**

**Following the receipt of the Agreement amendment Staff prepared and submitted the first disbursement request in an amount totaling nearly \$5,000,000. The extended period required to negotiate the final amendment to the SRF agreement coupled with the accumulating project costs resulted in a significant drawdown of District reserves. Each month the Financial Package provided to the Finance/Insurance Committee provides the Board a comparison of current reserves to a benchmark equivalent to six months of**

operating expenses. As reported in the monthly Finance Package, the reserves level dropped below the operating expense benchmark in March of 2018. The July Finance Package includes a similar report with the following reserve level:

<b>Six Months Operating Expense Requirement</b>	<b>\$ 11,119,197</b>
<b>Cash less Restricted Reserves On Hand</b>	<b>\$ 8,827,483</b>

The SRF disbursement will resolve this short-term anomaly. Staff anticipates receipt of the disbursement funds by the end of July. The July reserve comparison, inclusive of the upcoming disbursement amount would be:

<b>Six Months Operating Expense Requirement</b>	<b>\$ 11,119,197</b>
<b>Cash less Restricted Reserves On Hand</b>	<b>\$ 13,805,031</b>

The following project information items are attached:

- **Cost Tracking & Estimate**
- **Construction Summary**
- **Change Order Log**
- **Construction Photos**

### **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 South Orange County Supply and System Reliability Projects**

#### **A. Baker Water Treatment Product Water Conveyance Options**

Moulton Niguel Water District is evaluating their capital projects schedule regarding a potential new turnout on the South County Pipeline that would include a turnout connection dedicated to the ETWD Baker supply. MNWD has informed staff that they are currently performing property research to identify the best option for the location of the proposed turnout facility. 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).

At a hearing held on October 19 the State Lands Commission approved the Poseidon project as long as Poseidon agrees to eliminate or reduce carbon emissions. Poseidon will 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.

**PHASE II RECYCLED WATER  
DISTRIBUTION SYSTEM EXPANSION PROJECT  
TOTAL PROJECT COST ESTIMATE**

	Estimate		To Date
	June	July	
<b>Construction</b>			
<b>West Side System</b>			
E.J. Meyer Construciton Contract	\$3,708,888	\$3,708,888	2,745,931
Allowance for Utility Conflicts	\$100,000	\$125,000	\$66,592
Contingency	\$50,000	\$25,000	\$20,425
<b>Total</b>	<b>\$3,858,888</b>	<b>\$3,858,888</b>	<b>\$2,832,948</b>
<b>East Side System</b>			
T.E. Roberts Construction Contract	\$1,182,348	\$1,182,348	\$1,182,348
Allowance for Utility Conflicts	\$0	\$0	
Contingency	\$0	\$0	
<b>Total</b>	<b>\$1,182,348</b>	<b>\$1,182,348</b>	<b>\$1,182,348</b>
<b>Construction Material (Meter Boxes)</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$17,259</b>
<b>Total Construction</b>			
Construction Contracts	\$4,891,236	\$4,891,236	
Allowance for Utility Conflicts (Contingency)	\$100,000	\$125,000	
Contingency	\$50,000	\$25,000	
Construction Material (Meter Boxes)	\$20,000	\$20,000	
<b>Total Construction</b>	<b>\$5,061,236</b>	<b>\$5,061,236</b>	<b>\$4,032,554</b>
<b>Engineering Design</b>			
Engineering Design (Tetra Tech)	\$235,827	\$235,827	\$235,827
Retrofit Site Plans	\$66,500	\$66,500	54,199
Easement Exhibits (Tetra Tech)	\$37,662	\$37,662	\$37,662
System Supply Analysis	\$14,960	\$14,960	\$14,960
<b>Subtotal Design</b>	<b>\$354,949</b>	<b>\$354,949</b>	<b>\$342,648</b>
<b>Planning</b>			
CEQA (Dudek)	\$67,805	\$67,805	\$67,805
Funding Research	\$9,701	\$9,701	\$9,701
SRF Application Support	\$13,536	\$13,536	\$13,536
<b>Subtotal Planning</b>	<b>\$91,042</b>	<b>\$91,042</b>	<b>\$91,042</b>
<b>Construction Support</b>			
CEQA Construction Support	\$15,000	\$15,000	\$12,945
Engineering Construction Support - Tetra Tech	\$100,000	\$100,000	\$53,290
Construction Management & Inspection - MWH	\$435,991	\$435,991	\$401,416
Construction Management & Inspection - Geotech	\$105,995	\$105,995	\$88,608
Labor Compliance Consultant - GSLC	\$42,840	\$42,840	\$42,870
Public Relations	\$25,000	\$25,000	\$13,925
Miscellaneous Construction Support	\$50,000	\$50,000	\$20,152
<b>Subtotal Construction Support</b>	<b>\$774,826</b>	<b>\$774,826</b>	<b>\$633,206</b>
<b>Administration</b>			
Legal	\$10,000	\$10,000	
Funding Research			
SRF Application Support			
Public Relations			
Miscellaneous	\$15,000	\$15,000	
Easements Compensation	\$34,600	\$34,600	
Title Insurance	\$16,500	\$16,500	\$16,500
<b>Subtotal Administration</b>	<b>\$76,100</b>	<b>\$76,100</b>	<b>\$16,500</b>
<b>On Site Conversions/Retrofits Construction</b>	<b>\$700,000</b>	<b>\$700,000</b>	<b>\$0</b>
<b>Total Project</b>	<b>\$7,058,152</b>	<b>\$7,058,152</b>	<b>\$5,115,950</b>

# PHASE II RECYCLED WATER DISTRIBUTION SYSTEM EXPANSION PROJECT

## CONSTRUCTION SUMMARY

### EAST SIDE SYSTEM PIPELINE INSTALLATION PROGRESS

DIAMETER	CONTRACT (LF)	INSTALLED (LF)	COMPLETION PERCENTAGE
6"	3,671	3,671	100%
4"	4,002	4,002	100%
<b>TOTAL</b>	<b>7,673</b>	<b>7,673</b>	<b>100%</b>

#### Construction Completion

Progress Billings	\$1,182,348	88%
Allowance Utilization	\$0	0%
Change Orders	(\$149,759.02)	-11.2%

### WEST SIDE SYSTEM PIPELINE INSTALLATION PROGRESS

DIAMETER	CONTRACT (LF)	INSTALLED (LF)	COMPLETION PERCENTAGE
10"	1,349	1,161	86%
6"	949	949	100%
4"	18,343	18,214	99%
<b>TOTAL</b>	<b>20,641</b>	<b>20,324</b>	<b>98%</b>

#### Construction Completion

Progress Billings	\$2,832,948	73%
Allowance Utilization	\$107,648.96	72%
Change Orders	\$20,424.86	0.5%

### TOTAL DISTRIBUTION SYSTEM PIPELINE INSTALLATION PROGRESS

DIAMETER	CONTRACT (LF)	INSTALLED (LF)	COMPLETION PERCENTAGE
10"	1,349	1,161	86%
6"	4,620	4,620	100%
4"	22,345	22,216	99%
<b>TOTAL</b>	<b>28,314</b>	<b>27,997</b>	<b>99%</b>

#### Construction Completion

Progress Billings	\$4,015,295	79%
Allowance Utilization	\$107,648.96	48%
Change Orders	(\$129,334.16)	-2.5%

**PHASE II RECYCLED WATER  
DISTRIBUTION SYSTEM EXPANSION PROJECT**

**CONSTRUCTION CHANGE ORDER SUMMARY**

PROJECT	ORIGINAL CONTRACT VALUE	TOTAL CHANGE ORDERS	CHANGE ORDER PERCENTAGE
EAST SIDE SYSTEM PROJECT	1,337,411	0	0.0%
WEST SIDE SYSTEM PROJECT	3,858,888	20,425	0.5%
<b>TOTAL</b>	<b>5,196,299</b>	<b>20,425</b>	<b>0.4%</b>

**West Side System**

Change Order No. 1	\$6,817.99	Additional pipeline cost due to Hurricane Harvey related supply issues.
Change Order No. 2	\$0.00	Davis Bacon Wages
Change Order No. 3	\$13,606.87	Work delays due to unknown concrete in trench
<b>Total Change Orders</b>	<b>\$20,424.86</b>	
<b>Revised Contract Amount</b>	<b>\$3,879,312.86</b>	

Change Order No. 1	\$0.00	Davis Bacon Wages
Change Order No. 2	\$5,304.43	Meter Boxes
Change Order No. 3	(\$155,063.45)	Final Quantities Reconciliation
<b>Total Change Orders</b>	<b>(\$149,759.02)</b>	
<b>Revised Contract Amount</b>	<b>\$1,187,651.98</b>	

**PHASE II**  
**RECYCLED WATER DISTRIBUTION SYSTEM**  
**EXPANSION PROJECT**

**WEST SIDE SYSTEM**

**CONSTRUCTION PHOTOS**

**JUNE, 2018**









**F.Y. 2018/19 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>2018/19 Capital Projects</i>															
1	Recycled Water Phase II - Retrofits	E	B	A	C	C	C	C	C	C				\$700,000	
2	Replace R-6 Sodium Hypochlorite Tanks (CO)		B	A	C	C	C	C	C					\$210,000	
3	Oso Lift Station Improvement Project (CO)	E/CQ	E/CQ	B/CQ	A	C	C	C	C	C	C	C	C	\$1,000,000	
4	Aliso Creek Lift Station Skid Pump and Piping			E	E	B	A							\$200,000	
5	Reconstruct (West Side) Drainage Swale at the Holding Pond						E	E	B	A	C	C	C	\$68,250	
6	AMR / AMI Implementation	RFP	A	E	E	E								\$200,000	
7	Master Plan Update (CO)		RFP	RFP	A	E	E	E	E	E	E			\$350,000	
8	Old Treatment Plant / Clear Well Demo		ET	ET	ET									\$400,000	
<i>2018/19 Capital Equipment</i>															
1	8-inch Trailer Mounted Emergency Pump		E	E	B	A		R						\$85,000	
2	300-375KW Emergency Generator Trailer		E	E	B	A		R						\$175,000	
<b>Total</b>														<b>\$3,388,250</b>	<b>\$0</b>

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

7/17/2018

EL TORO WATER DISTRICT  
FINANCIAL REPORT  
July 24, 2018

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**EL TORO WATER DISTRICT  
BALANCE SHEET**

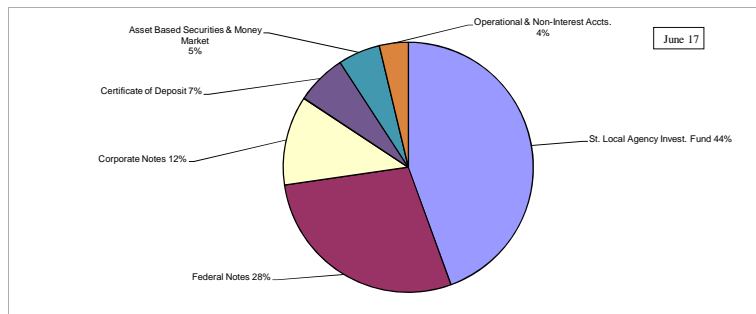
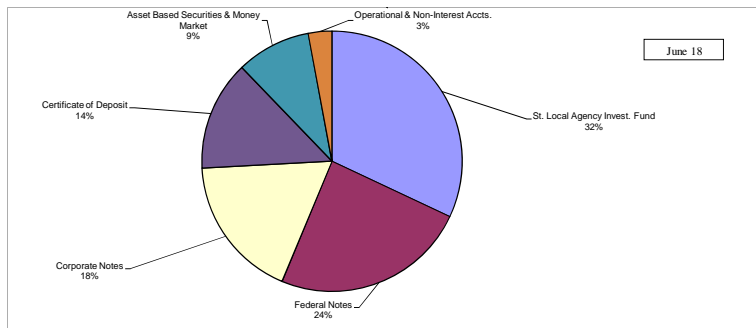
	<b>6/30/18 (Unaudited)</b>	<b>June 30, 2017 (Audited)</b>
<b>ASSETS</b>		
Current Assets		
Cash & Investments	\$2,354,807	\$6,580,471
Receivables:		
Accounts Receivable	3,228,292	3,037,710
Notes Receivable	-	-
Inventories	636,252	562,451
Prepaid Expenses	172,006	201,595
Total Current Assets	6,391,357	10,382,226
Restricted Assets		
Cash & Investments	11,689,909	10,797,628
Total Restricted Assets	11,689,909	10,797,628
Non-Current Assets		
Utility Plant:		
Land & Easements	7,451,585	7,451,585
Long Term Leases	342,382	342,382
Equipment	111,983,751	111,005,328
Collection & Impound Reservoirs	6,243,706	6,243,706
Structure & Improvements	34,734,945	34,640,855
Total Utility Plant	160,756,370	159,683,857
Less Accumulated Depreciation & Amortization	(70,907,050)	(66,782,443)
Net Utility Plant	89,849,320	92,901,415
Construction Work in Progress		
Notes Receivable	6,815,236	1,841,774
Total Non-current Assets	96,664,556	94,743,188
<b>TOTAL ASSETS</b>	<b>\$114,745,822</b>	<b>\$115,923,043</b>

**EL TORO WATER DISTRICT  
BALANCE SHEET**

	<b>6/30/18 (Unaudited)</b>	<b>June 30, 2017 (Audited)</b>
<b>LIABILITIES and EQUITY</b>		
Liabilities		
Current Liabilities Payable		
Accounts Payable	\$2,087,350	\$1,869,851
Current Portion of Long-Term Debt	6,180	1,745,817
Other Current Liabilities	7,516,538	7,547,548
Total Current Liabilities Payable		
From Current Assets	9,610,067	11,163,216
Long Term Debt		
Long Term Debt	35,802,806	35,802,806
Total Long Term Debt	35,802,806	35,802,806
Total Liabilities	45,412,873	46,966,022
Fund Equity		
Retained Earnings - Reserved	22,174,300	22,174,300
Contributed Capital	8,744,767	8,744,767
Retained Earnings - Unreserved	38,051,994	38,615,382
Net Income	361,888	(577,428)
Total Fund Equity	69,332,949	68,957,021
Total Liabilities & Fund Equity	\$114,745,822	\$115,923,043

CASH & INVESTMENTS SUMMARY OF INVESTMENTS BY TYPE

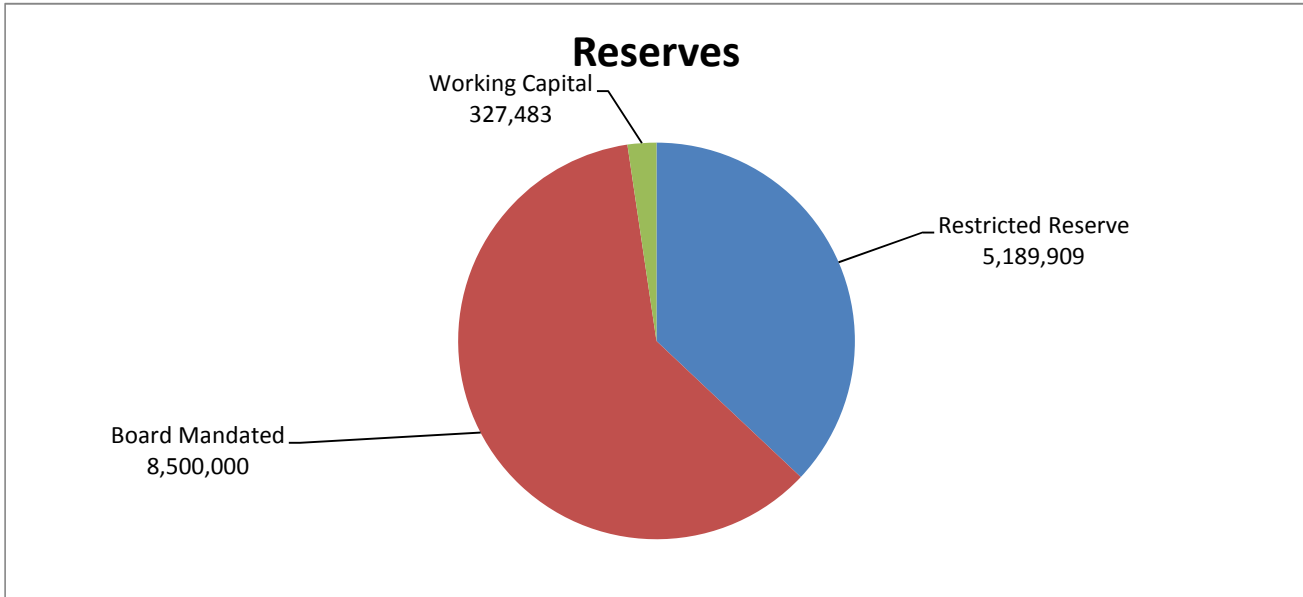
Table with columns: Maturity Dates, Par, Market Value 6/30/18, Financial Institution, YTM 6/30/18, Original Cost 6/30/18. Rows include State Local Agency Investment Fund, various US Treasury N/B, Int'l BK of Recon & Dev Notes, Federal Notes, Corporate Notes, Certificate of Deposit, and Operational & Non-Interest Bearing Accounts.



LIQUIDITY

Liquidity table comparing June 30, 2018 and June 30, 2017. Columns include DEMAND, 30 Days, 31-180 Days, 181-360, 361-1800 Days, and TOTAL. Rows show dollar values and percentages.

**EL TORO WATER DISTRICT  
RESERVE ANALYSIS  
30-Jun-18**



Restricted Reserve	\$	5,189,909
Board Mandated	\$	8,500,000
Capital Cash Flow/ Compliance	\$	327,483
<b>Total</b>	<b>\$</b>	<b>14,017,392</b>

**Restricted Reserve**

SRFL-Recycled	\$	1,602,958
Capital Facilities Reserve	\$	45,853
Tiered Cons Fund	\$	2,114,409
Baker Funding	\$	1,426,689
<b>Total</b>	<b>\$</b>	<b>5,189,909</b>

**Board Mandated Minimum Reserve Levels**

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

Six months operating expense requirement:	\$11,119,197
Cash less restricted reserve on hand:	\$8,827,483



## EL TORO WATER DISTRICT CHANGE IN RESERVES

	<u>June 30, 2018</u>	<u>Year to Date</u>	<u>June 30, 2017</u>
Operating Revenue	2,115,740	25,184,176	23,901,919
Non-operating Revenue	106,290	1,581,002	1,515,062
Total Revenue	<u>2,222,030</u>	<u>26,765,179</u>	<u>25,416,981</u>
Operating Expenses	1,999,053	21,367,838	21,225,829
Depreciation	352,477	4,229,724	4,061,898
Non-operating Expenses	67,144	805,729	706,683
Total Expenses	<u>2,418,674</u>	<u>26,403,291</u>	<u>25,994,409</u>
NET INCOME	(196,644)	361,888	(577,428)
Non-Cash Items:			
Add: Depreciation	352,477	4,229,724	4,061,898
Change in Notes Receivable/Grant Fund	-	-	-
Loan Proceeds	-	-	-
Less: Debt Service	-	(1,739,637)	(407,429)
Capital Improvements	(1,163,706)	(6,021,629)	(3,627,387)
Total Non-Cash Items	<u>(811,229)</u>	<u>(3,531,542)</u>	<u>27,081</u>
CHANGE IN RESERVES	<u>(1,007,874)</u>	<u>(3,169,655)</u>	<u>(550,347)</u>

**EL TORO WATER DISTRICT**  
**Cash Sheet**  
**For the month ending June 30, 2018**

CHECK NUMBER	PAYMENT DATE	VENDOR NAME	PAYMENT AMOUNT
85276	06/14/2018	TEXAS CAPITAL BANK LEASING DIVISION	533,679.04
85213	06/07/2018	MUNICIPAL WATER DISTRICT OF ORANGE CO.	521,873.95
85293	06/21/2018	E.J. MEYER COMPANY, INC.	380,811.25
85312	06/21/2018	T.E. ROBERTS, INC.	276,756.42
85280	06/21/2018	ACWA HEALTH BENEFITS AUTHORITY	117,227.49
85309	06/21/2018	SO. CALIFORNIA EDISON CO.	84,598.47
85212	06/07/2018	MOULTON NIGUEL WATER DISTRICT	67,700.50
85214	06/07/2018	MWH CONSTRUCTORS, INC	57,215.00
<b>TOTAL CHECKS OVER \$50,000</b>			<b>\$ 2,039,862.12</b>
<b>TOTAL CHECKS IN REGISTER</b>			<b>\$ 2,374,653.24</b>

**INTERBANK WIRES / DEBIT TRANSFERS**

06/08/2018	PAYROLL DIRECT DEPOSIT	138,803.54
06/08/2018	FEDERAL DEPOSIT LIABILITY	28,237.87
06/08/2018	SDI & STATE TAX	11,101.71
06/08/2018	WAGE GARNISHMENTS	585.00
06/08/2018	PRUDENTIAL (401K)	50,894.67
06/08/2018	PRUDENTIAL (457)	17,157.48
06/15/2018	PAYROLL BOARD OF DIRECTOR	3,328.30
06/15/2018	SS, MEDICARE, SDI & STATE TAX	1,775.67
06/15/2018	PRUDENTIAL (457)	3,060.70
06/22/2018	PAYROLL DIRECT DEPOSIT	134,840.26
06/22/2018	FEDERAL DEPOSIT LIABILITY	27,344.83
06/22/2018	SDI & STATE TAX	10,552.14
06/22/2018	WAGE GARNISHMENTS	585.00
06/22/2018	PRUDENTIAL (401K)	48,491.24
06/22/2018	PRUDENTIAL (457)	15,633.93
06/30/2018	ADP AND BANK FEES	5,712.37
<b>TOTAL INTERBANK WIRES / DEBIT TRANSFERS</b>		<b>\$ 498,104.71</b>

**TOTAL DISBURSEMENTS** **\$ 2,872,757.95**

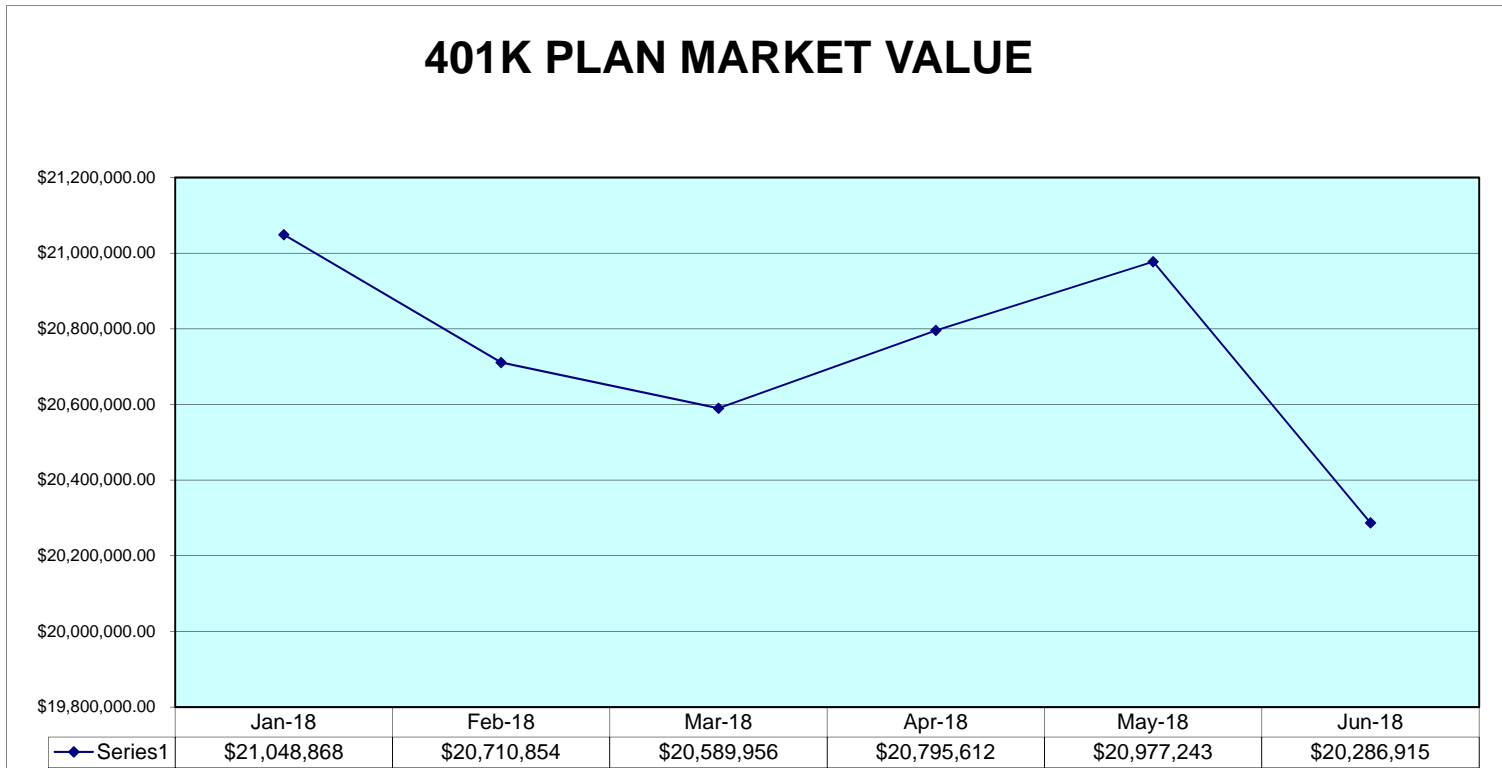
**ETWD EMPLOYEES**

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
85308	06/21/2018	ROMAN KOCIBAN (Expense Reimbursement)	531.31
85229	06/07/2018	STEVEN HANCOCK (Expense Reimbursement)	401.43
85228	06/07/2018	STEVE WINGEN (Expense Reimbursement)	359.64
85350	06/28/2018	RICK BROWN (Expense Reimbursement)	304.19
85223	06/07/2018	SANDRA SUE NORBERG (Expense Reimbursement)	273.79
85318	06/21/2018	WILLIAM WESSON (Expense Reimbursement)	258.00
85297	06/21/2018	JAKE F. KNOKE (Expense Reimbursement)	198.00
85294	06/21/2018	GARTH BOTHA (Expense Reimbursement)	193.43
85342	06/28/2018	JOSHUAABEL A. PEREZ (Expense Reimbursement)	162.50
85328	06/28/2018	BOB HILL (Expense Reimbursement)	155.00
85341	06/28/2018	JAKE F. KNOKE (Expense Reimbursement)	145.00
85289	06/21/2018	CHAU VUONG (Expense Reimbursement)	110.75
85272	06/14/2018	SHERRI A. SEITZ (Expense Reimbursement)	96.19
85352	06/28/2018	ROBERT HAZZARD (Expense Reimbursement)	60.00
85336	06/28/2018	ERIC NGUYEN (Expense Reimbursement)	56.14
<b>TOTAL CHECKS TO EMPLOYEES</b>			<b>\$ 3,305.37</b>

**ETWD DIRECTORS**

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
85260	06/14/2018	MARK MONIN (Expense Reimbursement)	1,457.39
85254	06/14/2018	FREDERICK ADJARIAN (Expense Reimbursement)	1,007.20
85258	06/14/2018	JOSE VERGARA (Expense Reimbursement)	524.74
<b>TOTAL CHECKS TO DIRECTORS</b>			<b>\$ 2,989.33</b>

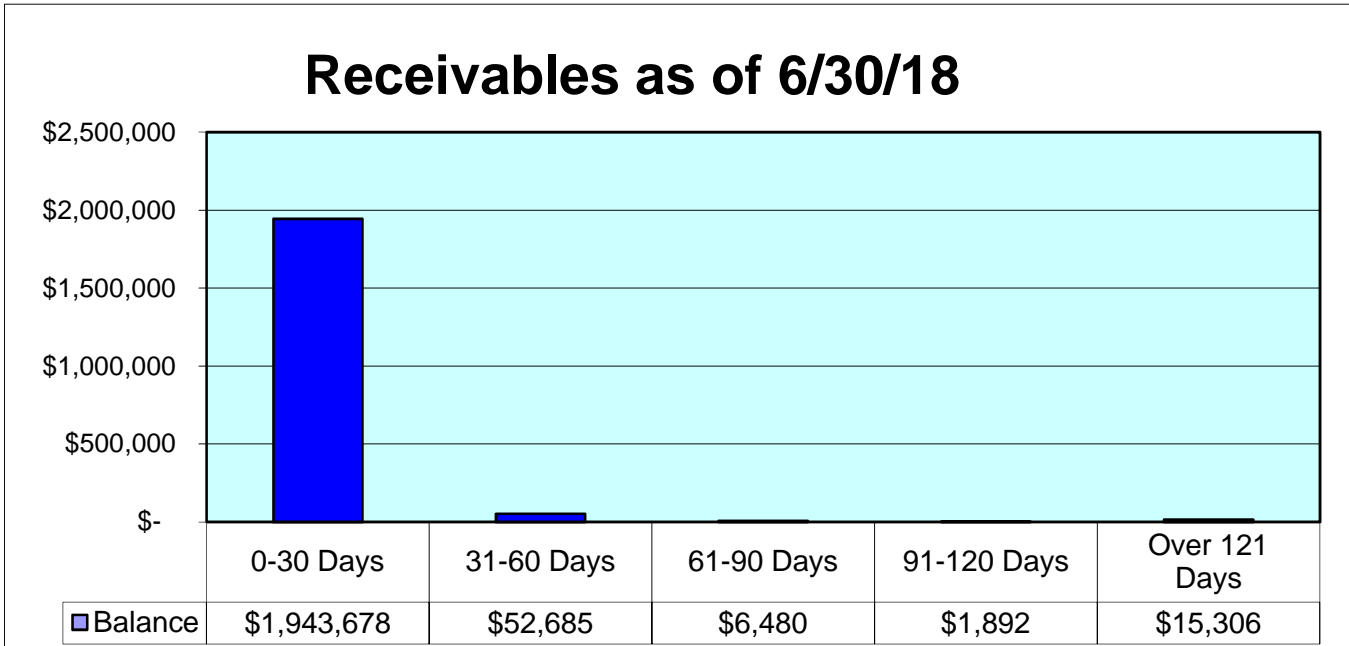
## EL TORO WATER DISTRICT 401K PLAN SUMMARY



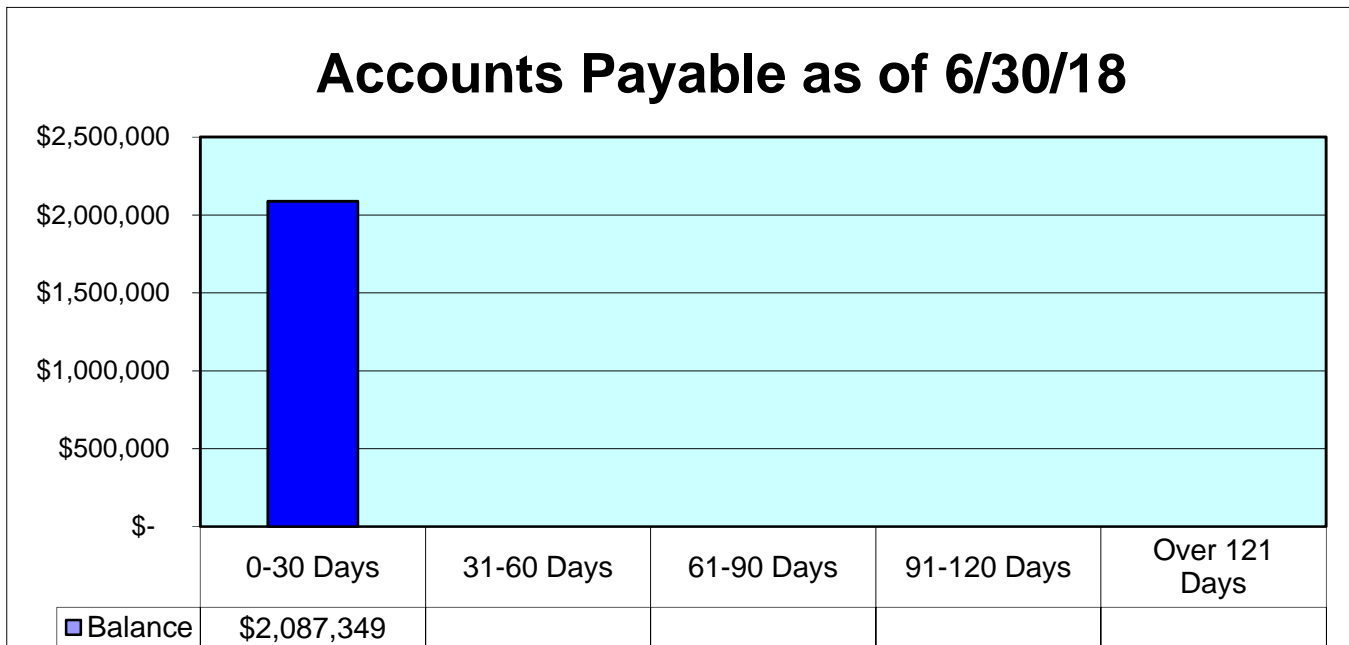
	MARKET VALUE SUMMARY			
	Growth Port. Under 40 yrs. Old	Balanced Port. 40 to 50 yrs. Old	Income & Growth 50 to 60 yrs. Old	Capital Pres. Port Over 60 yrs. Old
Balance at July 1, 2017	\$ 1,249,773.70	\$2,323,855.06	\$11,668,412.71	\$4,022,103.68
Contributions	274,253.20	176,940.82	609,655.78	267,863.60
Withdrawals	(5,522.45)	(7,857.15)	(727,450.51)	(227,082.61)
Transfers	(233,907.18)	(42,684.69)	(538,442.46)	815,034.33
Interest, dividends and appreciation net of fees and charges	76,982.29	140,476.75	376,979.90	67,530.62
Balance at June 30, 2018	\$ 1,361,579.56	\$2,590,730.79	\$11,389,155.42	\$4,945,449.62
Average return YTD June 30, 2018	5.65%	5.42%	3.31%	1.37%

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:                     \$10,646                    

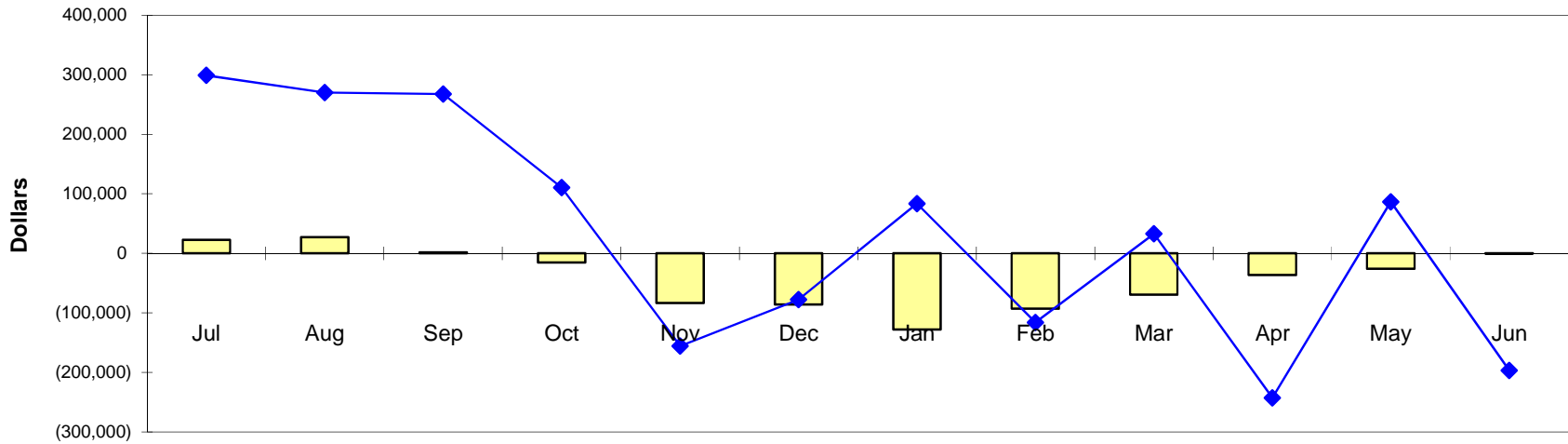


Year to Date Discounts Taken:                     \$1,385

**Page 10**  
**El Toro Water District**  
**Income Statement**  
**June 2018**

	<u>Jun 18</u>	<u>Budget</u>	<u>% of Budget</u>	<u>Jul '17 - Jun 18</u>	<u>YTD Budget</u>	<u>% of Budget</u>	<u>Annual Budget</u>
<b>Income</b>							
4600 · Water Service Charge	254,115.31	256,107.50	99.22%	3,040,449.04	3,073,290.00	98.93%	3,073,290.00
4700 · Sanitary Service	645,279.96	630,416.67	102.36%	7,547,171.14	7,565,000.00	99.76%	7,565,000.00
4722 · Recycled Water Tertiary Sales	147,838.40	142,716.56	103.59%	1,614,242.25	1,450,000.00	111.33%	1,450,000.00
4724 · Service Charge - Recycled Water	16,785.14	17,333.33	96.84%	205,013.74	208,000.00	98.56%	208,000.00
4750 · Capital Facilities Charge	250,349.85	251,250.00	99.64%	3,004,287.78	3,015,000.00	99.65%	3,015,000.00
4800 · Commodity Charge	796,934.14	876,816.15	90.89%	9,459,453.09	8,908,451.00	106.19%	8,908,451.00
4950 · Other Operating Income	4,436.81	4,583.33	96.8%	185,150.84	55,000.00	336.64%	55,000.00
4960 · Other Income	19,787.20	35,625.00	55.54%	548,319.47	427,500.00	128.26%	427,500.00
4967 · SMWD	0.00	8,333.33	0.0%	111,601.91	100,000.00	111.6%	100,000.00
4970 · MNWD	0.00	1,750.00	0.0%	22,843.29	21,000.00	108.78%	21,000.00
4980 · Interest Income	8,830.21	8,333.33	105.96%	177,477.34	100,000.00	177.48%	100,000.00
4985 · Changes FMV CAMP	-32.15			-64,565.50			
4986 · Changes FMV LAIF	0.00			-6,036.67			
4990 · Property Taxes	77,705.18	69,583.33	111.67%	919,770.85	835,000.00	110.15%	835,000.00
<b>Total Income</b>	<b>2,222,030.05</b>	<b>2,302,848.53</b>	<b>96.49%</b>	<b>26,765,178.57</b>	<b>25,758,241.00</b>	<b>103.91%</b>	<b>25,758,241.00</b>
<b>Gross Profit</b>	<b>2,222,030.05</b>	<b>2,302,848.53</b>	<b>96.49%</b>	<b>26,765,178.57</b>	<b>25,758,241.00</b>	<b>103.91%</b>	<b>25,758,241.00</b>
<b>Expense</b>							
5100 · Personnel Cost	622,880.78	658,579.42	94.58%	7,764,837.06	7,902,953.00	98.25%	7,902,953.00
5405 · Water Purchases	745,613.99	756,806.23	98.52%	7,824,570.59	7,691,757.00	101.73%	7,691,757.00
5410 · Electrical Power	98,849.26	80,341.66	123.04%	1,039,079.59	964,100.00	107.78%	964,100.00
5415 · Repair Parts & Materials	32,496.62	34,372.44	94.54%	395,827.78	412,470.00	95.97%	412,470.00
5420 · Equipment Maintenance & Repair	3,078.35	11,045.81	27.87%	97,031.38	132,550.00	73.2%	132,550.00
5425 · Pump Maintenance & Repair	17,418.59	12,741.66	136.71%	128,207.37	152,900.00	83.85%	152,900.00
5430 · Motor Maintenance & Repair	1,881.00	3,141.69	59.87%	26,915.18	37,700.00	71.39%	37,700.00
5440 · Electrical/Contl Maint & Repair	23,610.01	5,500.01	429.27%	59,061.21	66,000.00	89.49%	66,000.00
5445 · Meter Maintenance & Repair	0.00	183.33	0.0%	3,097.58	2,200.00	140.8%	2,200.00
5455 · Chemicals	27,580.04	17,275.00	159.65%	197,512.05	207,300.00	95.28%	207,300.00
5460 · Structure Maint & Repair	4,955.62	2,721.67	182.08%	43,257.51	32,660.00	132.45%	32,660.00
5465 · Asphalt Maintenance & Repair	17,898.00	6,125.00	292.21%	109,805.18	73,500.00	149.4%	73,500.00
5470 · Consultants	184.90	11,433.34	1.62%	92,017.15	137,200.00	67.07%	137,200.00
5475 · Contractors	123,281.52	109,535.75	112.55%	1,213,916.08	1,314,429.00	92.35%	1,314,429.00
5480 · Engineers	48,160.09	7,141.67	674.35%	126,468.37	85,700.00	147.57%	85,700.00
5482 · Dump Fees	2,490.08	1,333.34	186.76%	19,057.33	16,000.00	119.11%	16,000.00
5485 · Laboratory	3,055.75	1,558.34	196.09%	32,239.14	18,700.00	172.4%	18,700.00
5490 · License & Permits	7,542.84	10,639.96	70.89%	135,422.25	127,680.00	106.06%	127,680.00
5495 · Gas & Oil	8,024.12	7,500.00	106.99%	89,179.83	90,000.00	99.00%	90,000.00
5500 · Equipment Rental	661.82	1,366.67	48.43%	19,158.02	16,400.00	116.82%	16,400.00
5505 · Landscaping	27,387.26	6,888.33	397.59%	94,910.26	82,660.00	114.82%	82,660.00
5510 · Small Tools & Equipment	5,874.04	4,708.34	124.76%	57,108.02	56,500.00	101.08%	56,500.00
5515 · Security	1,212.54	1,587.94	76.36%	23,252.88	19,055.00	122.03%	19,055.00
5520 · Operating Supplies	4,650.16	3,958.34	117.48%	57,912.47	47,500.00	121.92%	47,500.00
5525 · Safety Equipment	4,040.47	1,958.33	206.32%	39,605.43	23,500.00	168.53%	23,500.00
5530 · Temporary Help	0.00	4,583.34	0.0%	17,210.44	55,000.00	31.29%	55,000.00
5535 · Other Employee Cost	7,711.16	6,583.34	117.13%	125,588.46	79,000.00	158.97%	79,000.00
5540 · Depreciation	352,477.00	333,333.33	105.74%	4,229,724.00	4,000,000.00	105.74%	4,000,000.00
5545 · Insurance	41,098.27	35,191.67	116.78%	461,006.45	422,300.00	109.17%	422,300.00
5555 · Advertising & Publicity	1,446.00	208.33	694.09%	6,123.00	2,500.00	244.92%	2,500.00
5560 · Amortization	570.49	570.83	99.94%	6,845.88	6,850.00	99.94%	6,850.00
5570 · Annual Event	0.00	445.83	0.0%	5,045.92	5,350.00	94.32%	5,350.00
5575 · Audit	0.00	2,500.00	0.0%	15,000.00	30,000.00	50.0%	30,000.00
5580 · Bad Debts	0.00	1,666.67	0.0%	10,645.55	20,000.00	53.23%	20,000.00
5585 · Bank Charges	5,712.37	4,500.00	126.94%	58,396.01	54,000.00	108.14%	54,000.00
5590 · Data Processing Supply & Access	798.01	1,666.67	47.88%	24,727.20	20,000.00	123.64%	20,000.00
5595 · Data Processing Equipment	294.00	3,333.33	8.82%	32,653.36	40,000.00	81.63%	40,000.00
5600 · Data Processing Consultants	11,850.00	4,166.67	284.4%	64,378.19	50,000.00	128.76%	50,000.00
5605 · Directors Fees	10,307.00	7,750.00	132.99%	93,437.00	93,000.00	100.47%	93,000.00
5610 · Dues & Memberships	8,425.90	6,250.00	134.81%	92,018.70	75,000.00	122.69%	75,000.00
5615 · Education & Training	4,293.78	2,625.00	163.57%	35,432.08	31,500.00	112.48%	31,500.00
5620 · Election Expense	0.00	0.00	0.0%	0.00	0.00	0.0%	0.00
5625 · Employee Service Awards	256.27	333.33	76.88%	2,077.52	4,000.00	51.94%	4,000.00
5630 · Software Maintenance & Licenses	17,423.60	6,616.67	263.33%	145,247.66	79,400.00	182.93%	79,400.00
5640 · Interest Expense	67,144.07	67,144.08	100.0%	805,728.84	805,729.00	100.0%	805,729.00
5645 · Janitorial	2,913.59	2,875.00	101.34%	33,699.95	34,500.00	97.68%	34,500.00
5650 · Legal	9,788.71	12,500.00	78.31%	84,393.89	150,000.00	56.26%	150,000.00
5655 · Meets, Conventions & Travel	3,599.60	2,916.67	123.42%	44,006.56	35,000.00	125.73%	35,000.00
5657 · Meets, Con & Travel - Directors	1,197.52	2,166.67	55.27%	24,678.27	26,000.00	94.92%	26,000.00
5660 · Office Supplies	1,882.88	1,916.67	98.24%	16,616.48	23,000.00	72.25%	23,000.00
5670 · Postage	8,858.31	1,708.33	518.54%	18,718.26	20,500.00	91.31%	20,500.00
5675 · Printing & Reproduction	4,993.25	1,750.00	285.33%	15,302.54	21,000.00	72.87%	21,000.00
5680 · Property Tax	30.16	458.33	6.58%	4,656.72	5,500.00	84.67%	5,500.00
5685 · Public Education & Outreach	11,118.04	20,016.67	55.54%	117,879.93	240,200.00	49.08%	240,200.00
5690 · Publications & Subscriptions	0.00	250.00	0.0%	2,566.60	3,000.00	85.55%	3,000.00
5695 · Communications	8,540.64	6,916.67	123.48%	97,503.99	83,000.00	117.48%	83,000.00
5700 · Utilities	3,115.82	1,541.67	202.11%	22,531.58	18,500.00	121.79%	18,500.00
<b>Total Expense</b>	<b>2,418,674.29</b>	<b>2,302,930.04</b>	<b>105.03%</b>	<b>26,403,290.74</b>	<b>26,245,243.00</b>	<b>100.6%</b>	<b>26,245,243.00</b>
<b>Net Income</b>							
	<b>-196,644.24</b>	<b>-81.51</b>	<b>241,251.68%</b>	<b>361,887.83</b>	<b>-487,002.00</b>	<b>-74.31%</b>	<b>-487,002.00</b>

**ANALYSIS OF REVENUE & EXPENSE**  
**Fiscal Year 2017/2018**

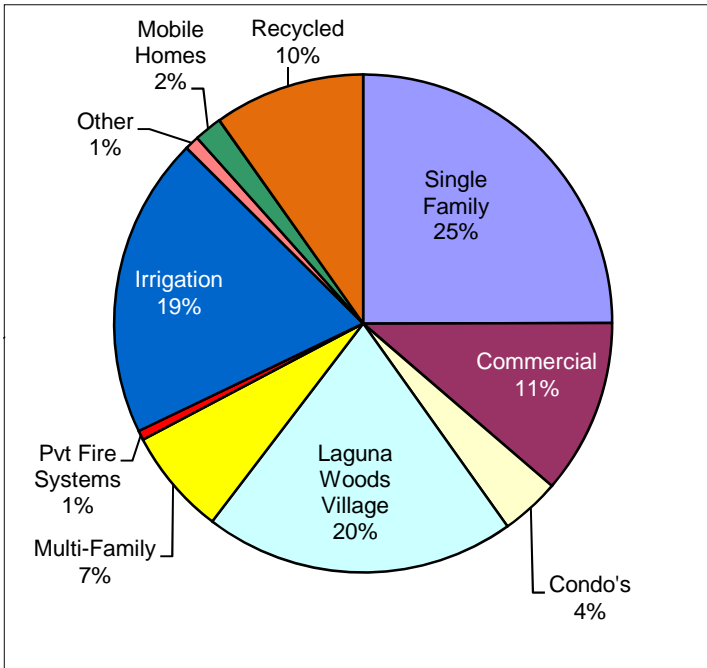
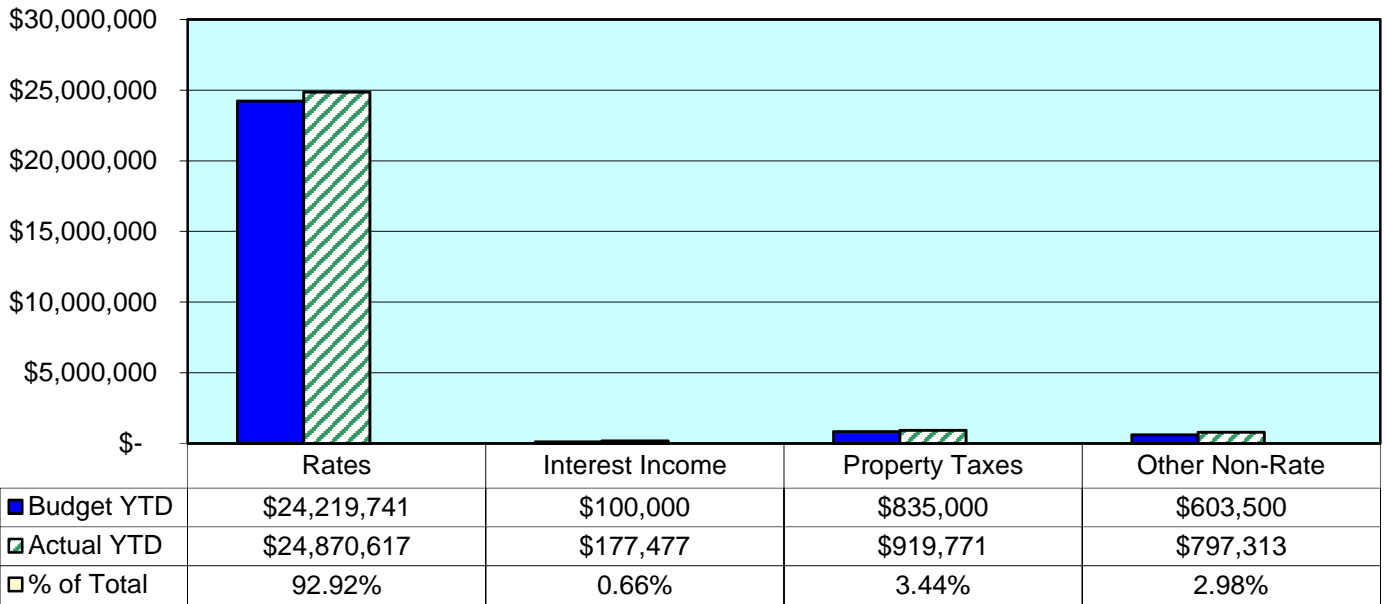


**ANALYSIS OF REVENUES & EXPENSES**  
**BUDGET COMPARED TO ACTUAL**  
**FISCAL YEAR 2017/2018**

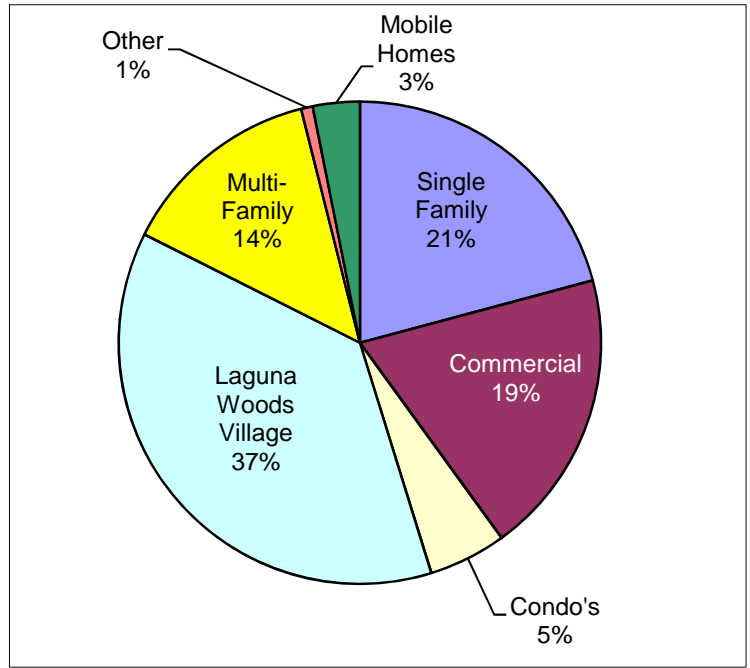
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Budget</b>												
Revenue	2,389,705	2,407,351	2,310,146	2,243,693	1,980,495	1,971,676	1,809,555	1,944,436	2,034,438	2,161,576	2,202,322	2,302,849
Expense	2,367,284	2,380,357	2,308,337	2,259,101	2,064,093	2,057,559	1,937,440	2,037,376	2,104,060	2,198,259	2,228,448	2,302,930
Profit/Loss	22,421	26,993	1,809	(15,408)	(83,598)	(85,883)	(127,885)	(92,940)	(69,622)	(36,683)	(26,126)	(82)
<b>Actual</b>												
Revenue	2,478,548	2,600,793	2,330,428	2,299,085	2,180,233	1,976,250	2,004,541	1,903,366	2,250,288	2,125,101	2,394,515	2,222,030
Expense	2,179,463	2,330,381	2,062,685	2,188,430	2,335,723	2,053,872	1,921,105	2,019,444	2,217,506	2,367,935	2,308,073	2,418,674
Profit/Loss	299,085	270,412	267,743	110,655	(155,490)	(77,621)	83,437	(116,078)	32,782	(242,834)	86,442	(196,644)

# EL TORO WATER DISTRICT REVENUES FROM WATER & WASTE WATER SALES AS OF 6/30/18

## Where the Money Comes From



**WATER REVENUE YTD 2017/2018**



**WASTE WATER REVENUE YTD 2017/2018**

**EL TORO WATER DISTRICT  
REVENUE COMPARISON  
For the Month Ended June 30, 2018**

	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	\$ 250,350	\$ 251,250	\$ (900)	0%	\$ 3,004,288	\$ 3,015,000	\$ (10,712)	0%	\$ 3,015,000	\$ 10,712
Water sales - Commodity	796,934	876,816	(79,882)	-9%	9,459,453	8,908,451	551,002	6%	8,908,451	(551,002)
Water sales - Fixed Meter	254,115	256,108	(1,992)	-1%	3,040,449	3,073,290	(32,841)	-1%	3,073,290	32,841
Waste water sales	645,280	630,417	14,863	2%	7,547,171	7,565,000	(17,829)	0%	7,565,000	17,829
Recycled water tertiary sales	147,838	142,717	5,122	4%	1,614,242	1,450,000	164,242	11%	1,450,000	(164,242)
Service charge - Recycled water	16,785	17,333	(548)	-3%	205,014	208,000	(2,986)	-1%	208,000	2,986
<b>TOTAL FROM RATES</b>	<b>2,111,303</b>	<b>2,174,640</b>	<b>(63,337)</b>	<b>-3%</b>	<b>24,870,617</b>	<b>24,219,741</b>	<b>650,876</b>	<b>3%</b>	<b>24,219,741</b>	<b>(650,876)</b>
<u>Non-rate Revenue</u>										
Admin fee	1,762	1,600	162	10%	65,186	19,200	45,986	240%	19,200	(45,986)
48 Hour notice fee	2,265	2,451	(186)	-8%	28,815	29,416	(601)	-2%	29,416.44	601
Restoration fee	300	370	(70)	-19%	2,670	4,440	(1,770)	-40%	4,440	1,770
Unpaid check fee	110	150	(40)	-27%	1,295	1,800	(505)	-28%	1,800	505
Cut lock fee	-	12	(12)	-100%	100	144	(44)	-31%	144	44
<b>TOTAL NON-RATE</b>	<b>4,437</b>	<b>4,583</b>	<b>(147)</b>	<b>-3%</b>	<b>98,066</b>	<b>55,000</b>	<b>43,066</b>	<b>78%</b>	<b>55,000</b>	<b>(43,066)</b>
<u>Other Revenue</u>										
Interest	8,830	8,333	497	6%	177,477	100,000	77,477	77%	100,000	(77,477)
Change FMV Investment	(32)	-	(32)	0%	(70,602)	-	(70,602)	0%	-	70,602
Property taxes	77,705	69,583	8,122	12%	919,771	835,000	84,771	10%	835,000	(84,771)
Other	19,787	35,625	(15,839)	-44%	548,319	427,500	120,819	28%	427,500	(120,819)
<b>TOTAL OTHER REVENUE</b>	<b>106,290</b>	<b>113,542</b>	<b>(7,251)</b>	<b>-6%</b>	<b>1,574,965</b>	<b>1,362,500</b>	<b>212,465</b>	<b>16%</b>	<b>1,362,500</b>	<b>(212,465)</b>
<u>Contract Service</u>										
Santa Margarita W. D.	-	8,333	(8,333)	-100%	198,687	100,000	98,687	99%	100,000	(98,687)
Moulton Niguel W. D.	-	1,750	(1,750)	-100%	22,843	21,000	1,843	9%	21,000	(1,843)
<b>TOTAL CONTRACT SERVICES</b>	<b>-</b>	<b>10,083</b>	<b>(10,083)</b>	<b>-100%</b>	<b>221,530</b>	<b>121,000</b>	<b>100,530</b>	<b>83%</b>	<b>121,000</b>	<b>(100,530)</b>
<b>TOTAL REVENUE</b>	<b>\$ 2,222,030</b>	<b>\$ 2,302,849</b>	<b>\$ (80,819)</b>	<b>-4%</b>	<b>\$ 26,765,179</b>	<b>\$ 25,758,241</b>	<b>\$ 1,006,937</b>	<b>4%</b>	<b>\$ 25,758,241</b>	<b>\$ (1,006,937)</b>

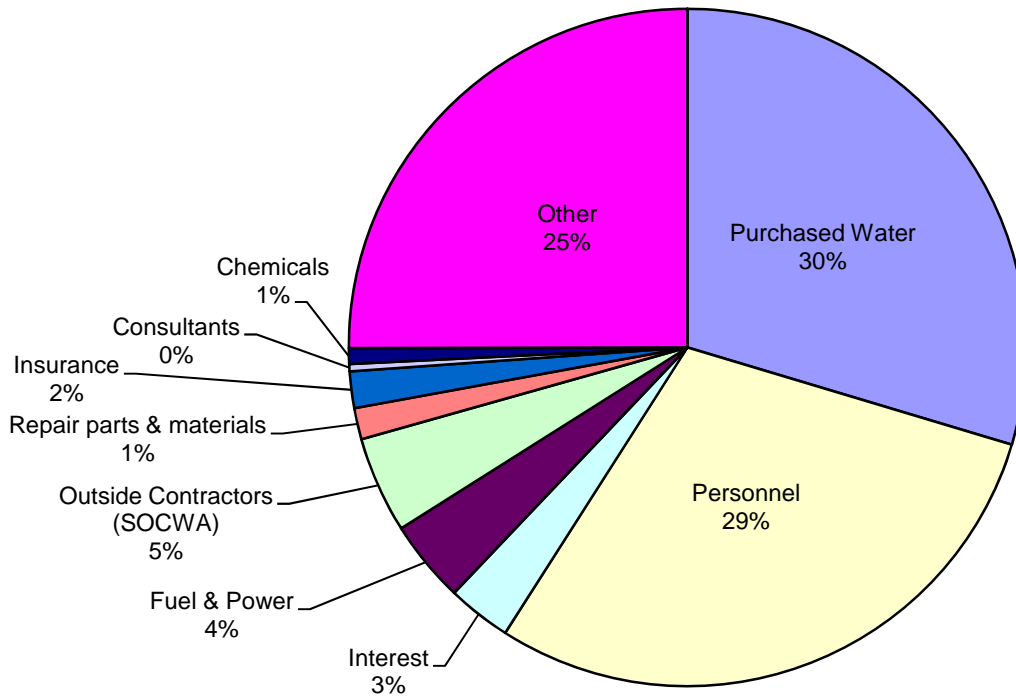


**EL TORO WATER DISTRICT  
NON-RATE REVENUE ANALYSIS  
FOR THE MONTH ENDING June 30, 2018**

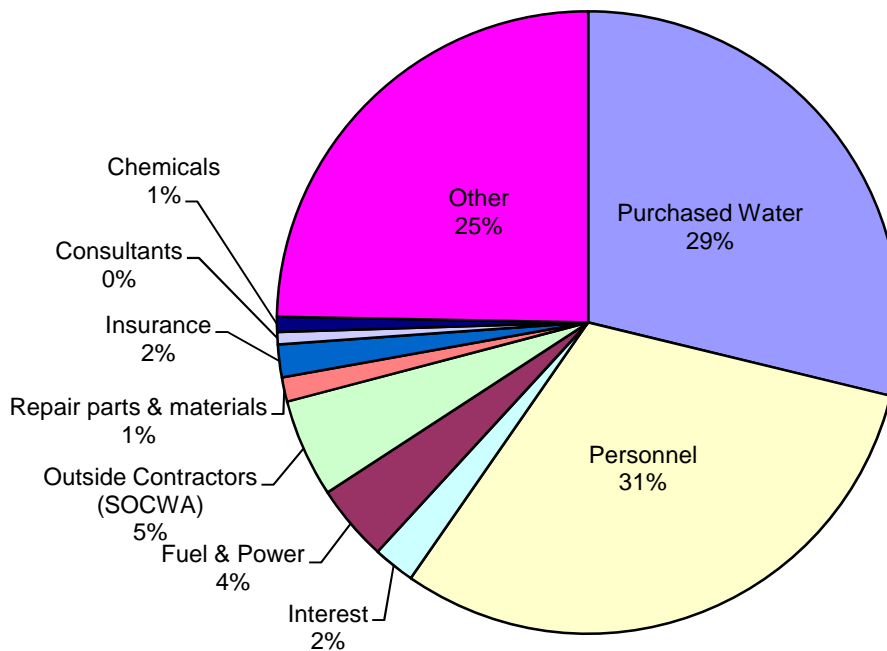
	Jun-18 Actual	Jun-18 Budget	Jul 17- Jun 18 YTD Actual	Jul 17- Jun 18 YTD Budget
Site Leases	12,787	15,833	188,183	189,996
MWD Recycled Water LRP Rebate	7,000	19,792	269,000	237,504
JPIA Refund	-	-	31,483	-
MWDOC Budget Based Tier & 2015 Urban Water Refund	-	-	25,660	-
Recycled Metal	-	-	2,195	-
Diesel Fuel Tax Refund	-	-	56	-
Sale of District Vehicle	-	-	19,521	-
Misc Work for Customers	-	-	12,221	-
	<u>\$ 19,787</u>	<u>\$ 35,625</u>	<u>\$ 548,320</u>	<u>\$ 427,500</u>
<b>Other Operating Income</b>				
Sales to Santa Margarita	-	-	87,085	-
Sales to Moulton Niguel	-	-	-	-
	<u>-</u>	<u>-</u>	<u>87,085</u>	<u>-</u>
<b>Total</b>	<u>19,787</u>	<u>-</u>	<u>635,405</u>	<u>-</u>

# WHERE THE MONEY GOES

## YTD EXPENSES AT 6/30/18



## EXPENSES YEAR ENDING 6/30/17



**EL TORO WATER DISTRICT**  
**Expense Comparison**  
**For the Month Ended June 30, 2018**

	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
<b><u>Operating Expenses</u></b>										
Personnel cost	\$622,881	\$658,579	\$35,699	5%	\$7,764,837	\$7,902,953	\$138,116	2%	\$7,902,953	138,116
Purchased water	745,614	756,806	11,192	1%	7,824,571	7,691,757	(132,814)	-2%	7,691,757	(132,814)
Electrical power	98,849	80,342	(18,508)	-23%	1,039,080	964,100	(74,980)	-8%	964,100	(74,980)
Repair parts & materials	32,497	34,372	1,876	5%	395,828	412,470	16,642	4%	412,470	16,642
Equipment repairs & maintenance	3,078	11,046	7,967	72%	97,031	132,550	35,519	27%	132,550	35,519
Pump repairs & maintenance	17,419	12,742	(4,677)	-37%	128,207	152,900	24,693	16%	152,900	24,693
Motor repairs & maintenance	1,881	3,142	1,261	40%	26,915	37,700	10,785	29%	37,700	10,785
Electrical repairs & maintenance	23,610	5,500	(18,110)	-329%	59,061	66,000	6,939	11%	66,000	6,939
Meter repairs & maintenance	-	183	183	100%	3,098	2,200	(898)	-41%	2,200	(898)
Chemicals	27,580	17,275	(10,305)	-60%	197,512	207,300	9,788	5%	207,300	9,788
Structure repairs & maintenance	4,956	2,722	(2,234)	-82%	43,258	32,660	(10,598)	-32%	32,660	(10,598)
Asphalt repairs & maintenance	17,898	6,125	(11,773)	-192%	109,805	73,500	(36,305)	-49%	73,500	(36,305)
Consultants - outside	185	11,433	11,248	98%	92,017	137,200	45,183	33%	137,200	45,183
Contractors - outside	123,282	109,536	(13,746)	-13%	1,213,916	1,314,429	100,513	8%	1,314,429	100,513
Engineers - outside	48,160	7,142	(41,018)	-574%	126,468	85,700	(40,768)	-48%	85,700	(40,768)
Dump fees	2,490	1,333	(1,157)	-87%	19,057	16,000	(3,057)	-19%	16,000	(3,057)
Laboratories	3,056	1,558	(1,497)	-96%	32,239	18,700	(13,539)	-72%	18,700	(13,539)
License & permits	7,543	10,640	3,097	29%	135,422	127,680	(7,742)	-6%	127,680	(7,742)
Automotive fuel & oil	8,024	7,500	(524)	-7%	89,180	90,000	820	1%	90,000	820
Equipment rental	662	1,367	705	52%	19,158	16,400	(2,758)	-17%	16,400	(2,758)
Landscaping	27,387	6,888	(20,499)	-298%	94,910	82,660	(12,250)	-15%	82,660	(12,250)
Small tools & equipment	5,874	4,708	(1,166)	-25%	57,108	56,500	(608)	-1%	56,500	(608)
Security	1,213	1,588	375	24%	23,253	19,055	(4,198)	-22%	19,055	(4,198)
Operating supplies	4,650	3,958	(692)	-17%	57,912	47,500	(10,412)	-22%	47,500	(10,412)
Safety equipment	4,040	1,958	(2,082)	-106%	39,605	23,500	(16,105)	-69%	23,500	(16,105)
Temporary help	-	4,583	4,583	100%	17,210	55,000	37,790	69%	55,000	37,790
Other employee cost	7,711	6,583	(1,128)	-17%	125,588	79,000	(46,588)	-59%	79,000	(46,588)
Employee service awards	256	333	77	23%	2,078	4,000	1,922	48%	4,000	1,922
Education & training	4,294	2,625	(1,669)	-64%	35,432	31,500	(3,932)	-12%	31,500	(3,932)
<b>Total Operating Expenses</b>	<b>1,845,089</b>	<b>1,772,569</b>	<b>(72,520)</b>	<b>-4%</b>	<b>19,869,758</b>	<b>19,880,914</b>	<b>11,156</b>	<b>0%</b>	<b>19,880,914</b>	<b>11,156</b>

**EL TORO WATER DISTRICT**  
**Expense Comparison**  
**For the Month Ended June 30, 2018**

	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
<b><u>Indirect Cost</u></b>										
Depreciation	352,477	333,333	(19,144)	-6%	4,229,724	4,000,000	(229,724)	-6%	4,000,000	(229,724)
Amortization	570	571	0	0%	6,846	6,850	4	0%	6,850	4
Insurance	41,098	35,192	(5,907)	-17%	461,006	422,300	(38,706)	-9%	422,300	(38,706)
Data processing supplies & assc.	798	1,667	869	52%	24,727	20,000	(4,727)	-24%	20,000	(4,727)
Data processing equipment	294	3,333	3,039	91%	32,653	40,000	7,347	18%	40,000	7,347
Data processing consultants	11,850	4,167	(7,683)	-184%	64,378	50,000	(14,378)	-29%	50,000	(14,378)
Software maintenance & licenses	17,424	6,617	(10,807)	-163%	145,248	79,400	(65,848)	-83%	79,400	(65,848)
Janitorial	2,914	2,875	(39)	-1%	33,700	34,500	800	2%	34,500	800
Printing & reproduction	4,993	1,750	(3,243)	-185%	15,303	21,000	5,697	27%	21,000	5,697
Publications & subscriptions	0	250	250	100%	2,567	3,000	433	14%	3,000	433
Communications - voice	4,510	1,250	(3,260)	-261%	37,484	15,000	(22,484)	-150%	15,000	(22,484)
Communications - data	1,724	3,917	2,193	56%	32,050	47,000	14,950	32%	47,000	14,950
Communications - mobile	2,307	1,750	(557)	-32%	27,970	21,000	(6,970)	-33%	21,000	(6,970)
Utilities	3,116	1,542	(1,574)	-102%	22,532	18,500	(4,032)	-22%	18,500	(4,032)
<b>Total Indirect Cost</b>	<b>444,075</b>	<b>398,213</b>	<b>(45,862)</b>	<b>-12%</b>	<b>5,136,187</b>	<b>4,778,550</b>	<b>(357,637)</b>	<b>-7%</b>	<b>4,778,550</b>	<b>(357,637)</b>
<b><u>Overhead Cost</u></b>										
Annual events	-	446	446	100%	5,046	5,350	304	6%	5,350	304
Audit	-	2,500	2,500	100%	15,000	30,000	15,000	50%	30,000	15,000
Bad debts	-	1,667	1,667	100%	10,646	20,000	9,354	47%	20,000	9,354
Bank charges	5,712	4,500	(1,212)	-27%	58,396	54,000	(4,396)	-8%	54,000	(4,396)
Directors fees	10,307	7,750	(2,557)	-33%	93,437	93,000	(437)	0%	93,000	(437)
Dues & memberships	8,426	6,250	(2,176)	-35%	92,019	75,000	(17,019)	-23%	75,000	(17,019)
Election Expense	-	-	0	0%	0	0	0	0%	0	0
Interest	67,144	67,144	0	0%	805,729	805,729	0	0%	805,729	0
Legal	9,789	12,500	2,711	22%	84,394	150,000	65,606	44%	150,000	65,606
Meetings, conventions & travel	3,600	2,917	(683)	-23%	44,007	35,000	(9,007)	-26%	35,000	(9,007)
Meets, con & travel - Directors	1,198	2,167	969	45%	24,678	26,000	1,322	5%	26,000	1,322
Office supplies	1,883	1,917	34	2%	16,616	23,000	6,384	28%	23,000	6,384
Postage	8,858	1,708	(7,150)	-419%	18,718	20,500	1,782	9%	20,500	1,782
Property taxes	30	458	428	93%	4,657	5,500	843	15%	5,500	843
Advertising & Publicity	1,446	208	(1,238)	-594%	6,123	2,500	(3,623)	-145%	2,500	(3,623)
Public education & outreach	11,118	20,017	8,899	44%	117,880	240,200	122,320	51%	240,200	122,320
<b>Total Overhead Cost</b>	<b>129,511</b>	<b>132,148</b>	<b>2,638</b>	<b>2%</b>	<b>1,397,345</b>	<b>1,585,779</b>	<b>188,434</b>	<b>12%</b>	<b>1,585,779</b>	<b>188,434</b>
<b>TOTAL EXPENSES</b>	<b>\$2,418,674</b>	<b>\$2,302,930</b>	<b>(\$115,744)</b>	<b>-5%</b>	<b>\$26,403,291</b>	<b>\$26,245,243</b>	<b>(\$158,048)</b>	<b>-1%</b>	<b>\$26,245,243</b>	<b>(\$158,048)</b>



**EL TORO WATER DISTRICT  
INSURANCE UPDATE  
July 2018**

**Liability Program**

There is nothing new to report this quarter.

**Property Insurance**

Coverage on the District's property program renewed as of April 1, 2018. Premium this year is \$61,600.00 as compared to \$64,668.00 last year. Budget for 17/18 was \$73,000.00 which is \$11,400.00 under budget.

JPIA Executive Committee approved a decrease of 10% from prior year to the rates used to calculate deposit premiums for participants in the Property Program. There were no changes to the Memorandum of Property Coverage (MOPC) this year. The coverage and limits remain the same as last year.

**Excess Crime Program**

This coverage was renewed on April 1, 2018. Our premium last was \$1,734.00. Budget was for \$1,750.00. Actual premium was \$1,900.00, which is \$150.00 over budget. The Public Employee bond covers an additional \$1.5 million over and above the \$100,000 deductible.

**Underground Storage Tank Pollution Liability**

There is nothing new to report this quarter.

**Dam Failure Liability**

There is nothing new to report this quarter.

**Fiduciary Liability Policy**

There is nothing new to report this quarter.

**Liability & Property Claims**

There is nothing new to report this quarter.

**Workers' Compensation Policy**

The Workers' Compensation Policy was renewed as of July 1, 2017 and runs through June 30, 2018. The District's experience modification rate is down from 1.37 to 1.17 for FY 17/18.

**Workers' Compensation Claims**

There were no worker's compensation claims this quarter.

### **Medical Insurance**

The District offers three medical plans as follows:

Kaiser Health - \$10 office co-pay with no annual deductibles.

Anthem Blue Cross – HMO; Offers a \$10 copay with no annual deductibles.

Anthem Blue Cross – PPO; this plan offers benefits within the physician network and outside of the network. In network there is a co-pay of \$15.00 with an annual deductible of \$200 per person and \$600 per family. Out of the network, benefits are offered at 20% cost to the employee for all covered services with the same annual deductibles.

Average cost per month per employee for the fourth quarter is \$1378.77.

### **Vision Insurance**

VSP provides vision coverage to our employees, Directors and dependents. It provides an annual eye exam and discounted rates for frames, lenses and contacts.

The cost per month per employee for the fourth quarter is \$17.21.

### **Dental Insurance**

The District provides dental coverage with Delta Dental. Our dental insurance pays up to \$1,500 for the upcoming year for covered services. All preventative services are offered every six months with the copay waived.

Average cost per month per employee for the fourth quarter is \$82.08.

### **Long and Short Term Disability Insurance**

The District offers Long and Short Term Disability Program through Lincoln National Life Insurance Company.

The Long Term Disability program provides a maximum monthly benefit of \$10,000.

The Short Term Disability program provides a maximum weekly benefit of \$ 1,500.

Both Short and Long Term Disability Programs are paid by the District and provides disability payments up to 66 2/3 of an employee's weekly or monthly salary if the claim is approved.

Average cost per month per employee for the fourth quarter is \$45.28.

### **Long Term Care Insurance**

Long Term care is a program that provides a monthly benefit of \$2,500 to be applied to home health care or an assisted living facility.

Average cost per month per employee for the fourth quarter is \$7.68.

**Life Insurance Coverage**

The District offers Life Insurance coverage through Lincoln National Life Insurance Company at twice the employee's annual salary up to a maximum of \$300,000.

Lincoln National Life Insurance Company also provides life insurance coverage for the Directors.

Premium rates are based on age and salary of insured employees. The premium is adjusted on the employee's birthday every fifth year.

Average cost per month per employee for the fourth quarter is \$37.13.

**Employee Assistance Program (EAP) Coverage**

UNUM is our carrier for our Employee Assistance Program. This program offers assistance in many areas such as: childcare, eldercare, legal consultations, and health information, personal relationship issues, financial planning assistance, stress management and career development. This benefit also comes with a \$5,000 portable term life insurance benefit.

The cost per month per employee for the fourth quarter is \$1.70.

**An insurance report of Budget vs. Actual Costs for fiscal year 2017/2018 is attached for the Board's review as well as a summary of currently held District insurance policies.**

Submitted by:  
Nancy Laursen  
Judy Cimorell



**Budget vs. Actual - Q4 2017/18**  
**7/1/2018**

	<b>Annual Budget</b>	<b>Actual Paid to Date</b>	<b>Difference</b>	
<b>Insurance Coverage</b>				
Liability	\$135,000	\$137,304	\$2,304	
Property	\$73,000	\$61,600	(\$11,400)	
Fiduciary Liability	\$6,300	\$6,143	(\$157)	
Dam Ins. (includes Excess)	\$15,900	\$15,855	(\$45)	
less SMWD- 50% & MNWD 5% - R-6	(\$7,950)	(\$7,928)	\$23	
	(\$795)	(\$793)	\$2	
Underground Storage Tank	\$1,200	\$1,193	(\$7)	
Public Employee Fidelity	\$1,750	\$1,900	\$150	
<b>Total Insurance</b>	<b>\$224,405</b>	<b>\$215,274</b>	<b>(\$9,131)</b>	
			<b>Accumulative</b>	
	<b>Annual</b>	<b>Q1, Q2, Q3, Q4</b>	<b>Q1, Q2, Q3, Q4</b>	<b>Difference</b>
	<b>Budget</b>	<b>Budget</b>	<b>Actual</b>	
<b>Benefits - Directors</b>				
Long Term Care	\$18,471	\$18,471	\$17,932	(\$539)
Dental	\$4,728	\$4,728	\$4,403	(\$325)
Vision	\$1,045	\$1,045	\$1,033	(\$12)
Life	\$185	\$185	\$146	(\$39)
<b>Total Benefits Directors</b>	<b>\$24,429</b>	<b>\$24,429</b>	<b>\$23,514</b>	<b>(\$915)</b>
<b>Retiree Benefits</b>				
Medical	\$218,101	\$218,101	\$219,208	\$1,107
Employee paid	(\$21,810)	(\$21,810)	(\$22,285)	(\$475)
Anthem Supplement	\$13,101	\$13,101	\$12,844	(\$257)
<b>Total retiree benefits</b>	<b>\$209,392</b>	<b>\$209,392</b>	<b>\$209,767</b>	<b>\$375</b>
<b>Employee Benefits</b>				
Emp.Assistance Program	\$1,276	\$1,276	\$1,190	(\$86)
Medical	\$1,117,355	\$1,117,355	\$1,033,826	(\$83,529)
Emp. Co-pay	(\$85,950)	(\$85,950)	(\$85,463)	\$487
Life/AD&D	\$29,421	\$29,421	\$27,606	(\$1,815)
Dental	\$63,750	\$63,750	\$90,960	\$27,210
Vision	\$12,984	\$12,984	\$12,357	(\$627)
LTD/STD	\$36,107	\$36,107	\$33,480	(\$2,627)
LTC	\$9,066	\$9,066	\$7,652	(\$1,415)
LTC-Emp. Paid	(\$2,598)	(\$2,598)	(\$1,969)	\$629
Workers comp.	\$175,723	\$175,723	\$149,030	(\$26,693)
<b>Total Employee Benefits</b>	<b>\$1,357,134</b>	<b>\$1,357,134</b>	<b>\$1,268,669</b>	<b>(\$88,465)</b>

**SUMMARY OF COVERAGE**

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<b>Type of Coverage</b>	<b><u>GENERAL LIABILITY</u></b>	<b>Coverage Term: 10/17-18</b>
<b>Coverage Includes</b>	1. Commercial General Liability 2. Contractual Liability 3. Products/Completed Operations 4. Personal Injury	<b>Premium - \$137,304.20</b>
<b>Coverage Limits</b>	<b>Insurance Carrier</b>  Pooled Self-insured	<b>Policy Number</b>  MOLC - 100110

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<b>Type of Coverage</b>	<b><u>AUTO LIABILITY</u></b>	<b>Coverage Term: 10/17-18</b>
<b>Coverage Includes</b>	1. Owned Automobiles/Trucks 2. Non-owned Automobiles/Trucks 3. Hired Automobiles/Trucks	<b>Premium - Included</b>
<b>Coverage Limits</b>	<b>Insurance Carrier</b>  Pooled Self-insured	<b>Policy Number</b>  MOLC - 100110

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<b>Type of Coverage</b>	<b><u>PUBLIC OFFICIALS LIABILITY</u></b>	<b>Coverage Term: 10/17-18</b>
<b>Coverage Includes</b>	1. Errors & Omissions	<b>Premium - Included</b>
<b>Coverage Limits</b>	<b>Insurance Carrier</b>  Pooled Self-insured	<b>Policy Number</b>  MOLC - 100110

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<b>Type of Coverage</b>	<b><u>PROPERTY</u></b>	<b>Coverage Term: 4/18 - 19</b>
<b>Coverage Includes</b>	1. Basic Property Values- Building, Fixed Equipment, Personal Property 2. Mobile Equipment Value 3. Licensed Vehicle - Comprehensive & Collision - Private Passenger, Light Truck, Sport Utility, Other Vehicles	<b>\$61,600</b>
<b>Automobile Physical Damage</b> <b>Comprehensive - 83 Vehicles</b> <b>Collision - 83 Vehicles</b>		
<b>Coverage Limits</b>	<b>Insurance Carrier</b>  Pooled Self-insured	<b>Policy Number</b>  MOLC - 100110

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<b>Type of Coverage</b>	<b><u>EXCESS CRIME PROGRAM</u></b>	<b>Coverage Term: 4/18- 19</b>
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<b>Coverage Includes</b>	<ol style="list-style-type: none"> <li>1. Public Employee Dishonesty</li> <li>2. Forgery or Alteration</li> <li>3. Computer Fraud</li> <li>4. Faithful Performance of Duty</li> <li>5. Treasurer/Tax Collector/Board Members (included)</li> </ol>	<b>Premium - \$1,900</b>
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<b>Coverage Limits</b>	<b>Insurance Carrier</b>	<b>Policy Number</b>
	Pooled Self-insured	MOLC - 100110

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<b>Type of Coverage</b>	<b><u>UNDERGROUND STORAGE TANK POLLUTION LIABILITY</u></b>	<b>Coverage Term: 7/17-18</b>
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<b>Coverage Includes</b>	<ol style="list-style-type: none"> <li>1. Claims-Made</li> <li>2. Environmental Incident</li> </ol>	<b>Premium - \$1,193.</b>
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**Covers 1 Tank Located at:  
23542 Moulton Parkway  
Laguna Woods, CA 92637**

<b>Coverage Limits</b>	<b>Insurance Carrier</b>	<b>Policy Number</b>
	Pooled Self-insured	MOLC - 100110

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<b>Type of Coverage</b>	<b><u>DAM FAILURE LIABILITY</u></b>	<b>Coverage Term: 10/17-18</b>
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<b>Coverage (Includes Excess Ins. for El Toro Reservoir)</b>	<ol style="list-style-type: none"> <li>1. Bodily Injury</li> <li>2. Property Damage</li> </ol>	<b>Premium - \$15,855.</b>
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**Covers:  
El Toro Reservoir  
Rossmoor Dam**

<b>Coverage Limits</b>	<b>Insurance Carrier</b>	<b>Policy Number</b>
<b>\$20 Million – ETWD &amp; Rossmoor</b>	Pooled Self-insured	MOLC - 100110

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<b>Type of Coverage</b>	<b><u>FIDUCIARY LIABILITY</u></b>	<b>Coverage Term: 9/17-18</b>
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<b>Coverage Includes</b>	<ol style="list-style-type: none"> <li>1. Executive Protection Policy</li> </ol>	<b>\$6,143.00</b>
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**Parent Organization:  
ETWD Retirement Savings Plan &  
Trust Agreement**

<b>Coverage Limits</b>	<b>Insurance Carrier</b>	<b>Policy Number</b>
	Travelers Casualty & Surety Co. of America	105992703

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Type of Coverage	<b><u>WORKERS' COMPENSATION</u></b>	Coverage Term: 7/17 - 6/18
Coverage Includes	1. Coverage A - Workers' Compensation 2. Coverage B - Employer's Liability	Premium - Paid Quarterly Varies per Payroll
Coverage Limits Coverage A \$0 - \$2 Million \$2 Million to Statutory	Insurance Carrier Pooled Self-insured	Policy Number MOLC - 100110
Coverage Limits Coverage B \$0 - \$2 Million \$2 Million excess of \$2 Million SIR	Insurance Carrier Pooled Self-insured	Policy Number MOLC - 100110

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Type of Coverage	<b><u>LIFE &amp; ACCIDENT</u></b>	4th Quarter Premium \$6,832
Coverage Includes	Coverage - 2 X Annual Income (Max. of \$300,000)	
Insurance Carrier	Lincoln National Life Insurance Co.	Policy # 10218807
Eligibility Period	2 Months After Hire	
Plan Wait or Deductible	60 Days	

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Type of Coverage	<b><u>LONG / SHORT TERM DISABILITY</u></b>	4th Quarter Premium \$8,287
Coverage Includes	66 2/3 Insured Earnings Max. of \$10,000	
Insurance Carrier	Lincoln National Life Insurance Co.	Policy # 10218808
Eligibility Period	1 Year After Hire	
Plan Wait or Deductible	30 Days STD 90 Days or 9 Weeks LTD	

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Type of Coverage	<b><u>LONG TERM CARE</u></b>	4th Quarter Premium \$1,406
Coverage Includes	\$2,500/Month \$150,000 Total Benefit	
Insurance Carrier	UNUM	Policy # 220384
Eligibility Period	1 Year After Hire	
Plan Wait or Deductible	365 Days	

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Type of Coverage	<u>PERSONAL ACCIDENT INSURANCE</u>	4th Quarter Premium Employee Paid
Coverage Includes	\$50,000 or \$100,000	
Insurance Carrier	INA	Policy # OKH-1253-56
Eligibility Period	Optional	
Plan Wait or Deductible	None	

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Type of Coverage	<u>DENTAL</u>	4th Quarter Premium \$16,121
Coverage Includes	\$25.00 or \$50.00/Family	
Insurance Carrier	Delta Dental Plan of California	Policy #399-1012
Eligibility Period	2 Months After Hire	
Plan Wait or Deductible	60 Days	

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Type of Coverage	<u>MEDICAL</u>	4th Quarter Premium \$306,073
Coverage Includes	HMO or PPO by Employee Choice	
Insurance Carrier	Anthem Blue Cross / Kaiser Insurance thru ACWA	Policy #229CA
Eligibility Period	1 Month After Hire	
Plan Wait or Deductible	30 Days	

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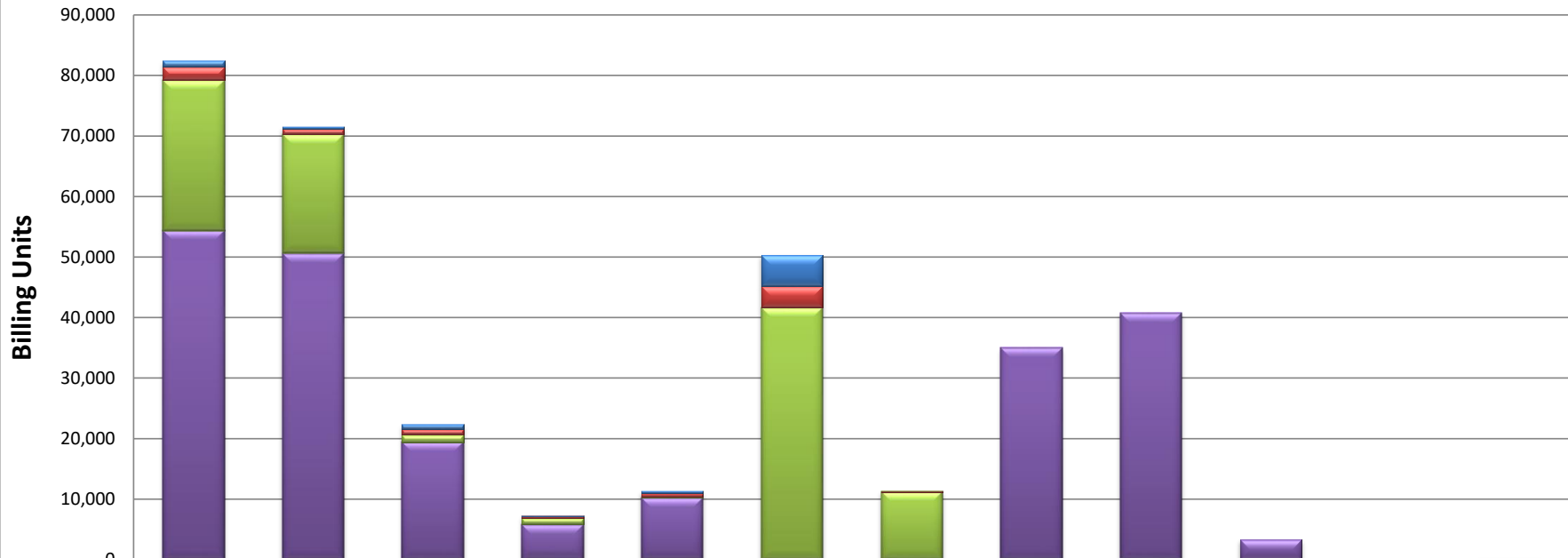
\* Premium includes employees and retirees

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Type of Coverage	<u>VISION</u>	4th Quarter Premium \$3,339
Coverage Includes	Annual Exam/Frame Every 2 Years	
Insurance Carrier	Vision Service Plan thru ACWA	Policy #399-1012
Eligibility Period	2 Months After Hire	
Plan Wait or Deductible	60 Days	

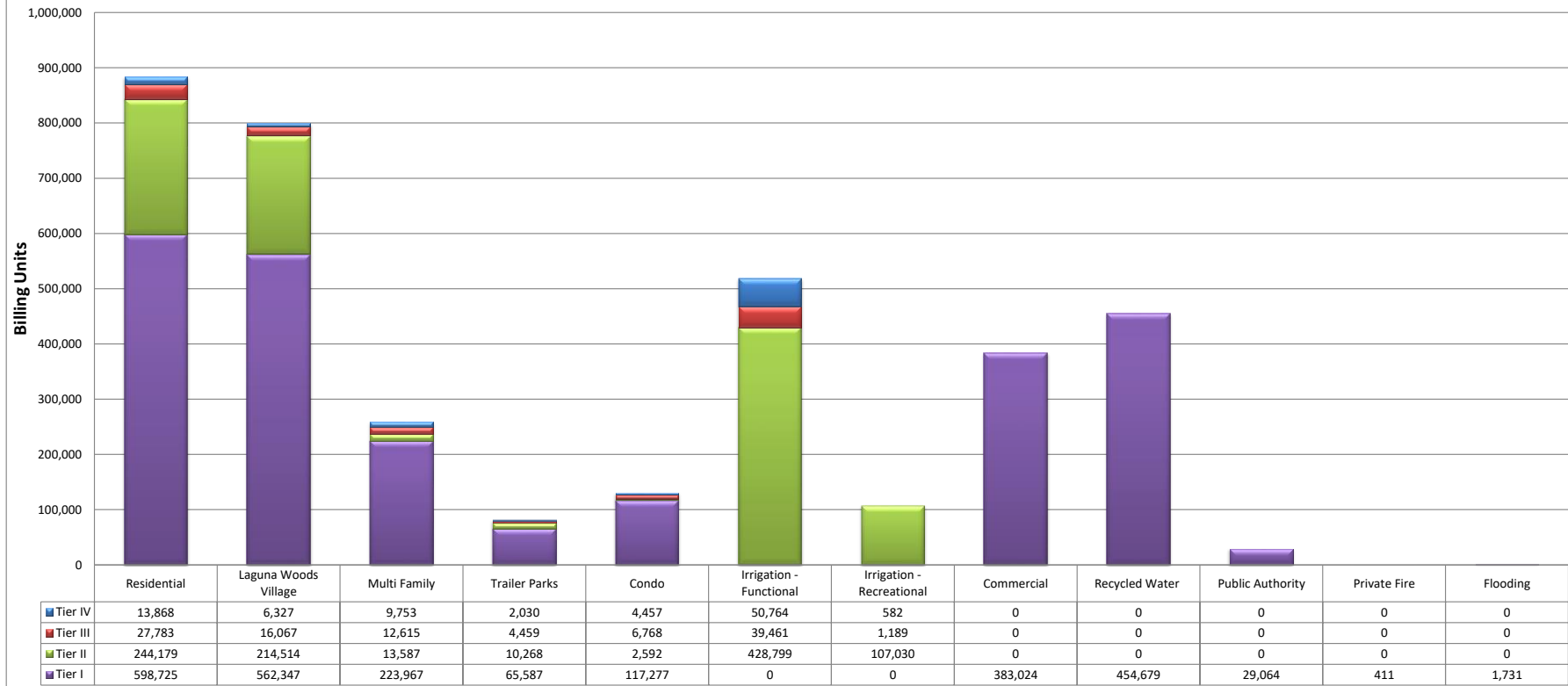
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### June 2018 Water Sales

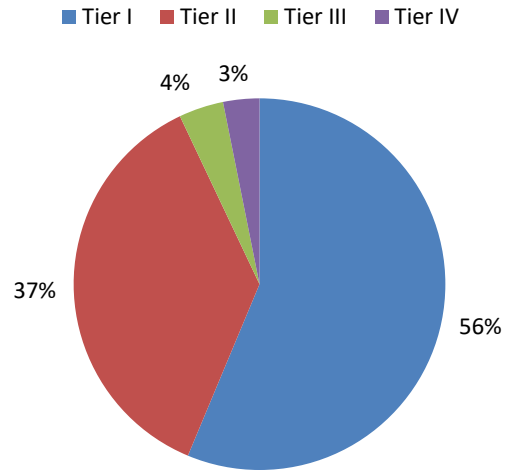


	Residential	Laguna Woods Village	Multi Family	Trailer Parks	Condo	Irrigation - Functional	Irrigation - Recreational	Commercial	Recycled Water	Public Authority	Private Fire	Flooding
■ Tier IV	1,071	339	784	116	360	5,164	75	0	0	0	0	0
■ Tier III	2,205	896	909	345	496	3,550	132	0	0	0	0	0
■ Tier II	24,844	19,692	1,257	1,051	239	41,670	11,232	0	0	0	0	0
■ Tier I	54,381	50,641	19,417	5,853	10,245	0	0	35,009	40,770	3,274	58	201

### Year-to-Date Water Sales as of June 2018

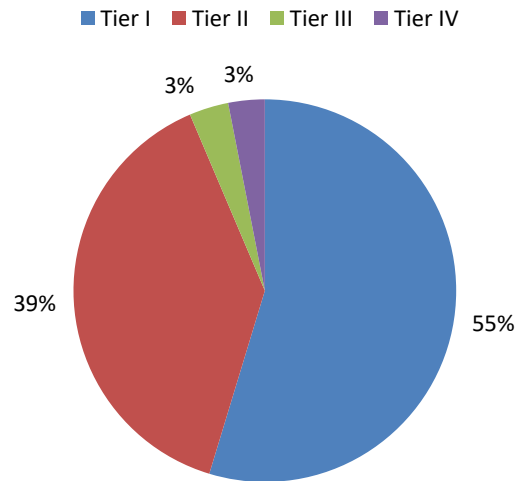


## Year to Date Tiered Sales As of June 2018



Year To Date Sales in ccf		
Tier I	1,567,903	56.30%
Tier II	1,020,969	36.66%
Tier III	108,342	3.89%
Tier IV	87,781	3.15%
	2,784,995	100.00%

## June 2018 Tiered Sales

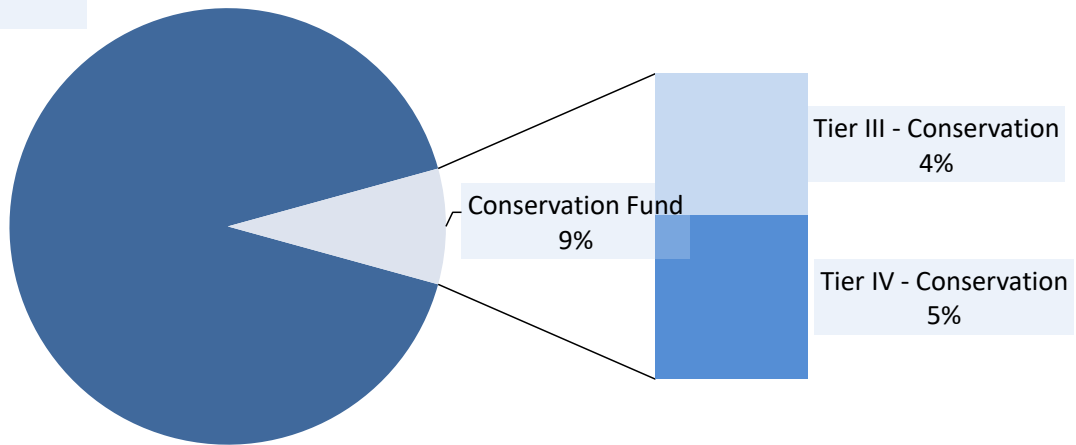


Current Month Sales in ccf		
Tier I	140,537	54.69%
Tier II	99,985	38.91%
Tier III	8,533	3.32%
Tier IV	7,909	3.08%
	256,964	100.00%



### Year to Date Water Sales as of June 2018

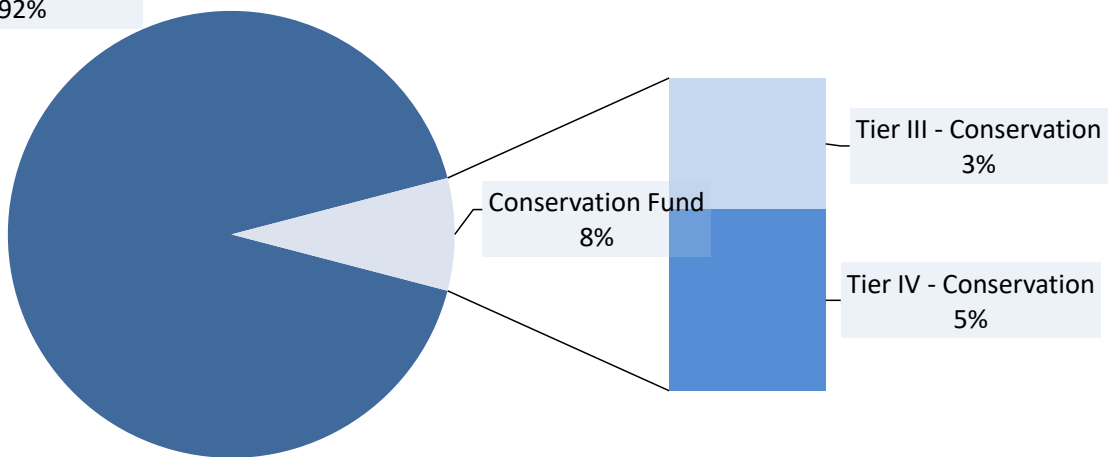
Water Delivery Cost  
91%



Category	Billings	Percentage
Water Delivery Cost	\$7,515,520.28	91.45%
Tier III - Conservation	\$325,572.39	3.96%
Tier IV - Conservation	\$377,107.19	4.59%
	<b>\$8,218,199.86</b>	<b>100.00%</b>

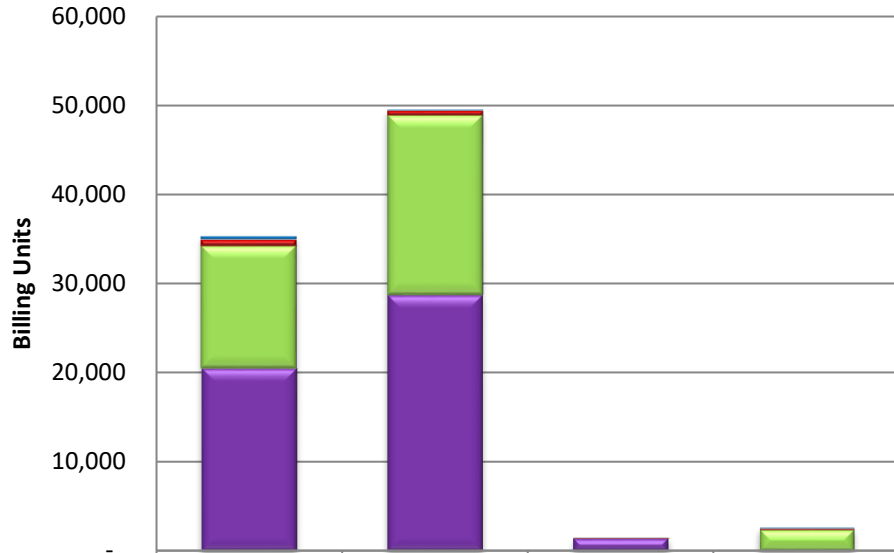
### June 2018 Water Sales

Water Delivery Cost  
92%



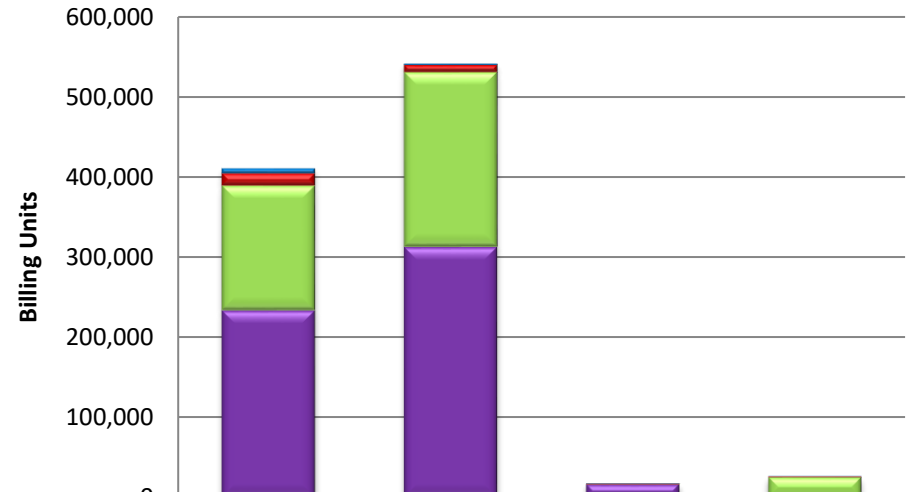
Category	Billings	Percentage
Water Delivery Cost	\$696,754.16	91.88%
Tier III - Conservation	\$25,940.32	3.42%
Tier IV - Conservation	\$35,620.27	4.70%
	<b>\$758,314.75</b>	<b>100.00%</b>

### Laguna Woods Village June 2018 Water Sales



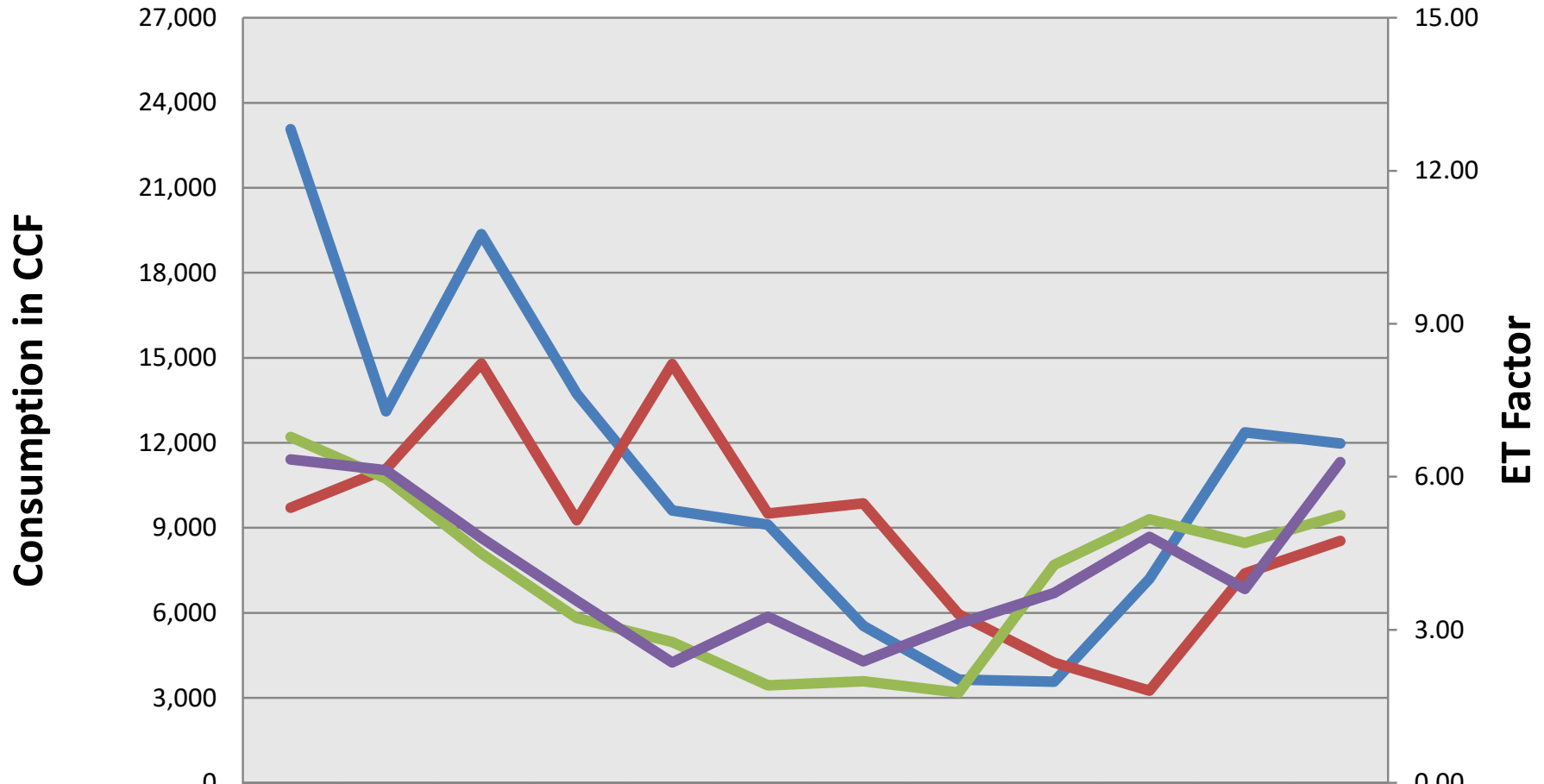
	Third	United	Mutual 50	GRF
■ Tier 4	291	87	-	80
■ Tier 3	727	523	27	138
■ Tier 2	13,790	20,157	19	2,445
■ Tier 1	20,471	28,699	1,471	-

### Laguna Woods Village Year-to-Date Water Sales June 2018



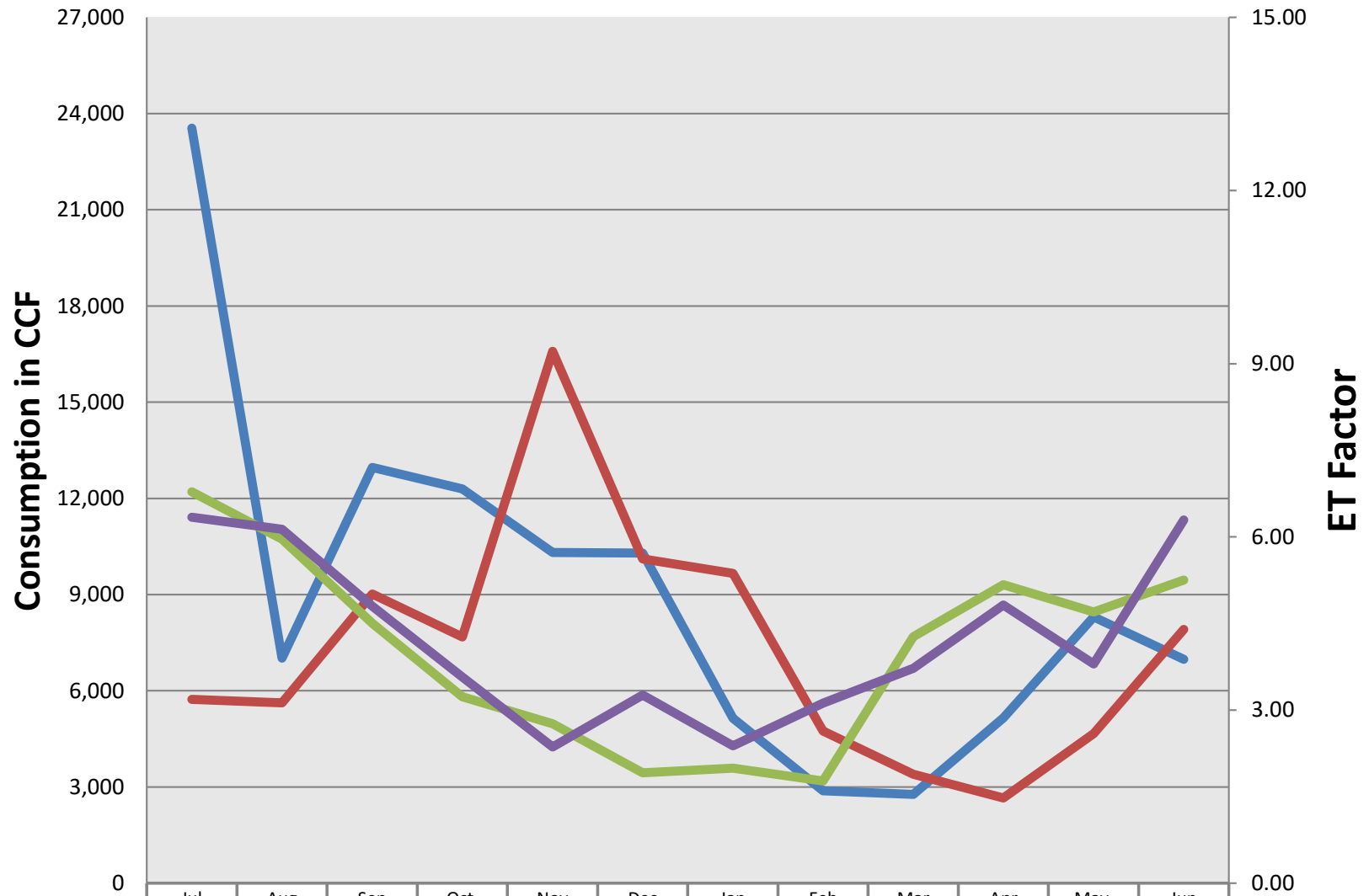
	Third	United	Mutual 50	GRF
■ Tier 4	6,444	1,708	119	226
■ Tier 3	15,876	9,137	746	677
■ Tier 2	155,564	218,182	262	25,442
■ Tier 1	233,448	312,457	16,442	0

# Tier III Consumption



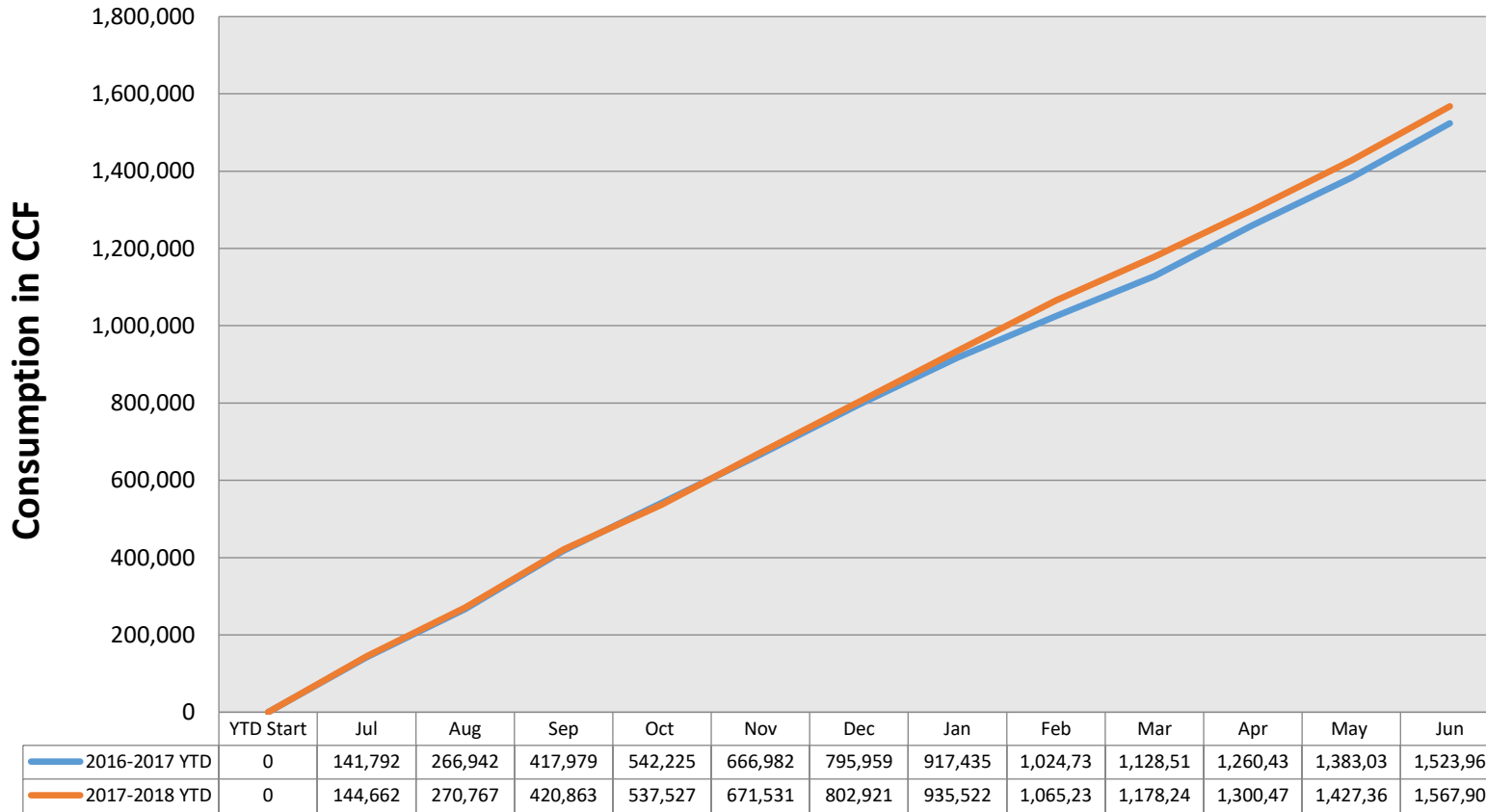
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2016-2017	23,067	13,103	19,362	13,724	9,614	9,106	5,536	3,639	3,568	7,198	12,369	11,979
2017-2018	9,711	11,063	14,797	9,263	14,781	9,502	9,859	5,949	4,236	3,252	7,396	8,533
16/17 ET	6.78	5.96	4.50	3.23	2.76	1.91	1.99	1.77	4.27	5.17	4.70	5.25
17/18 ET	6.34	6.13	4.80	3.57	2.36	3.26	2.38	3.12	3.72	4.82	3.80	6.29

## Tier IV Consumption

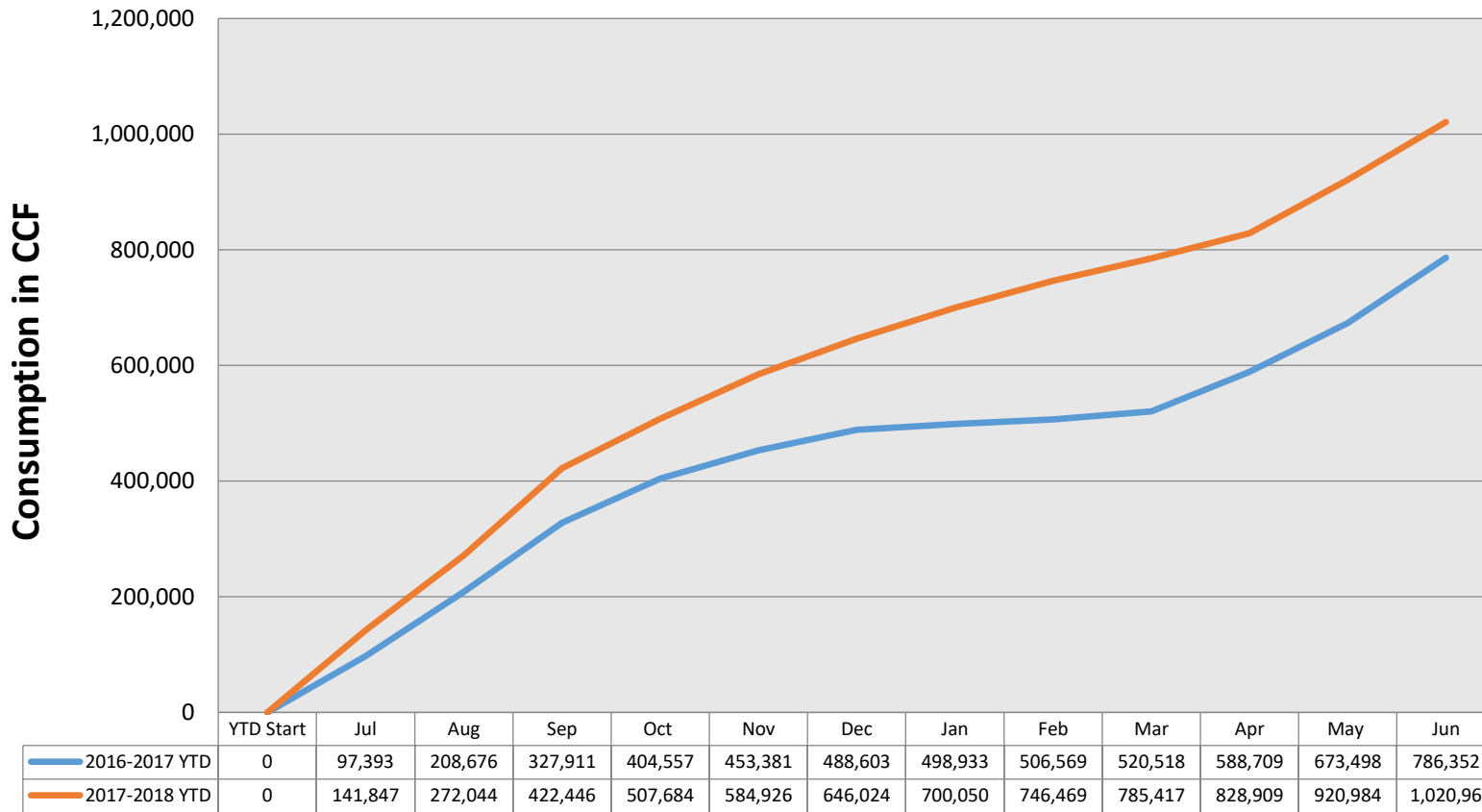


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2016-2017	23,546	7,013	12,969	12,291	10,308	10,294	5,145	2,883	2,769	5,155	8,304	6,981
2017-2018	5,733	5,622	9,022	7,679	16,586	10,117	9,658	4,741	3,394	2,656	4,664	7,909
16/17 ET	6.78	5.96	4.50	3.23	2.76	1.91	1.99	1.77	4.27	5.17	4.70	5.25
17/18 ET	6.34	6.13	4.80	3.57	2.36	3.26	2.38	3.12	3.72	4.82	3.80	6.29

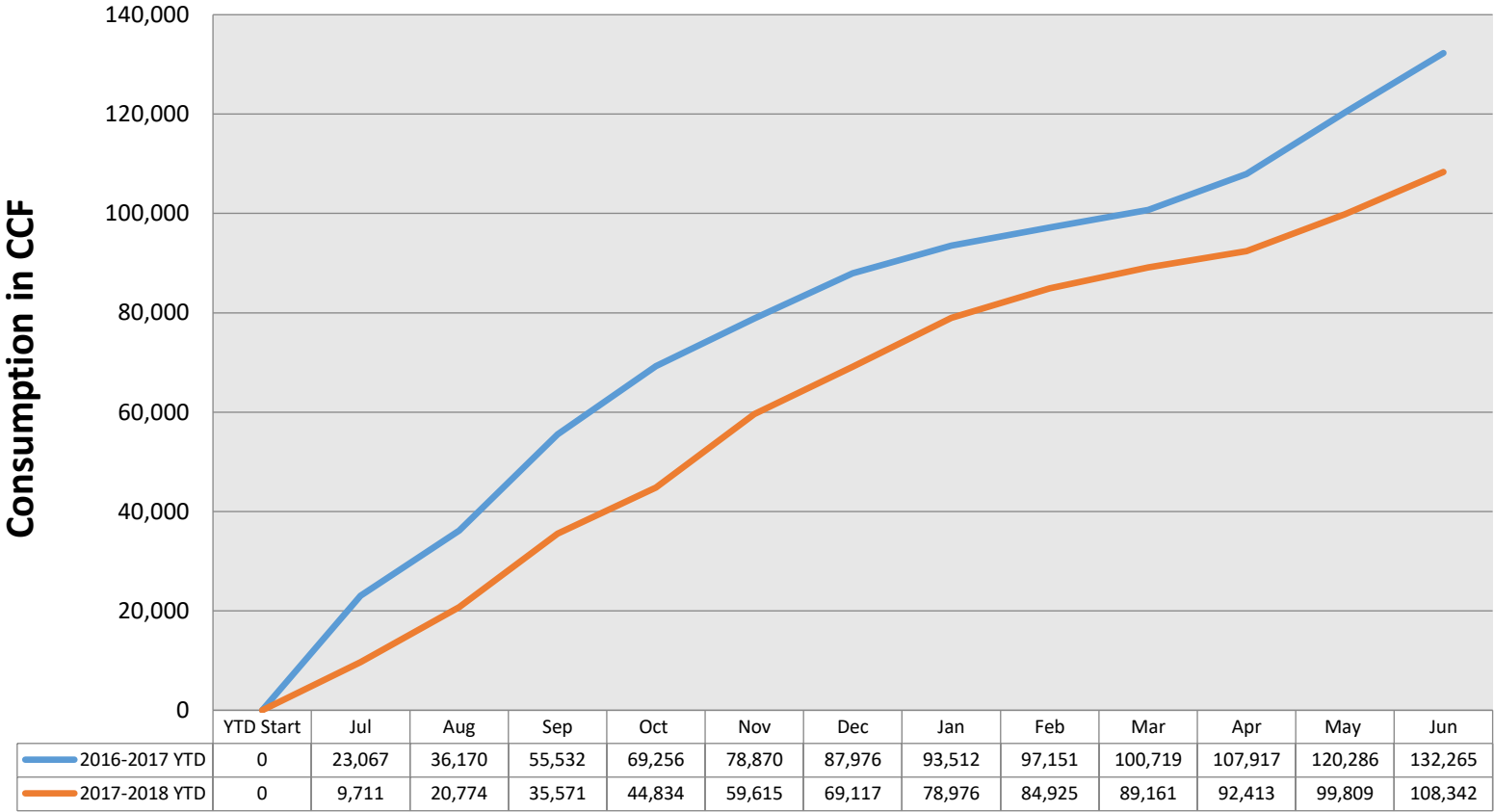
## Tier I YTD Consumption



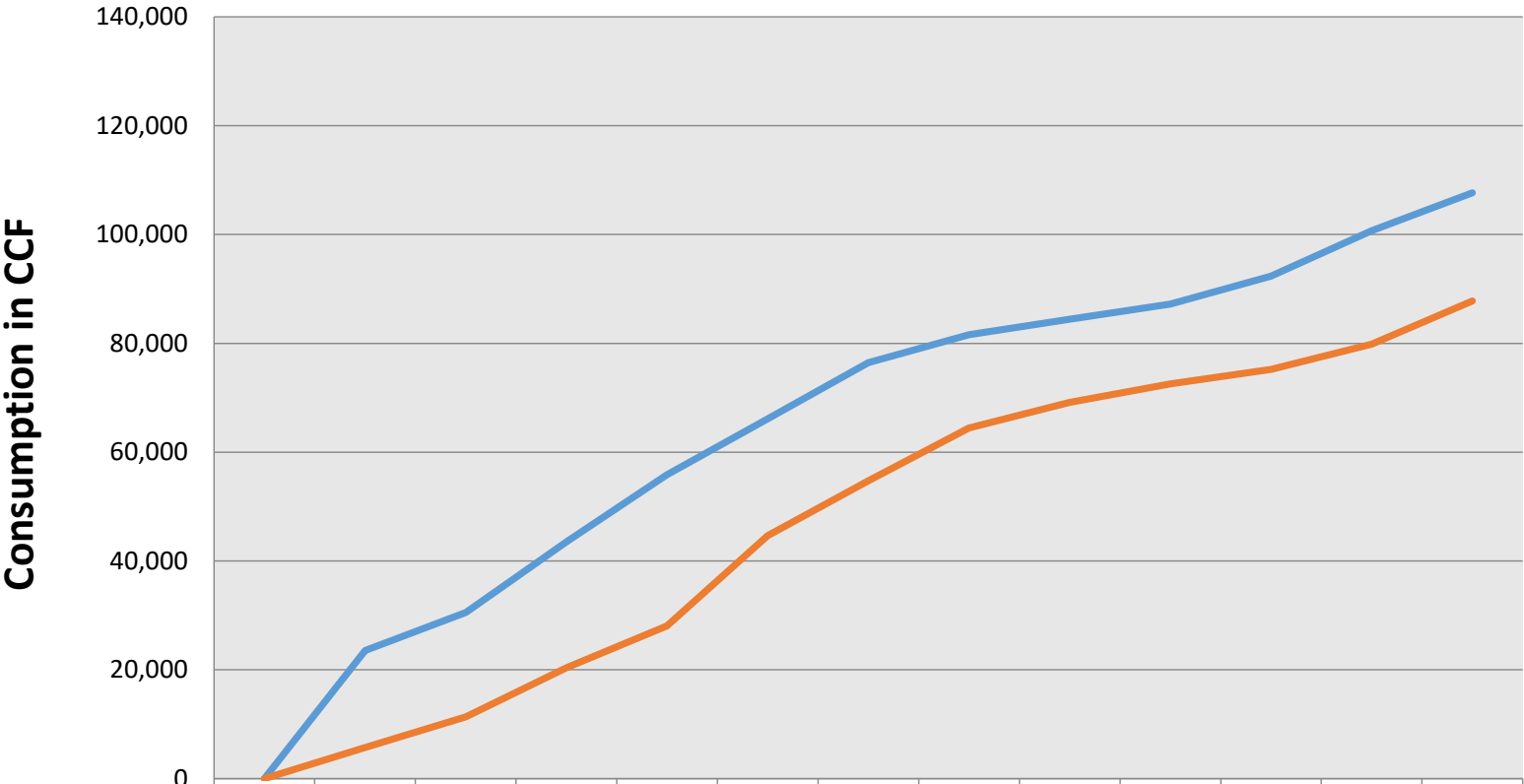
## Tier II YTD Consumption



### Tier III YTD Consumption



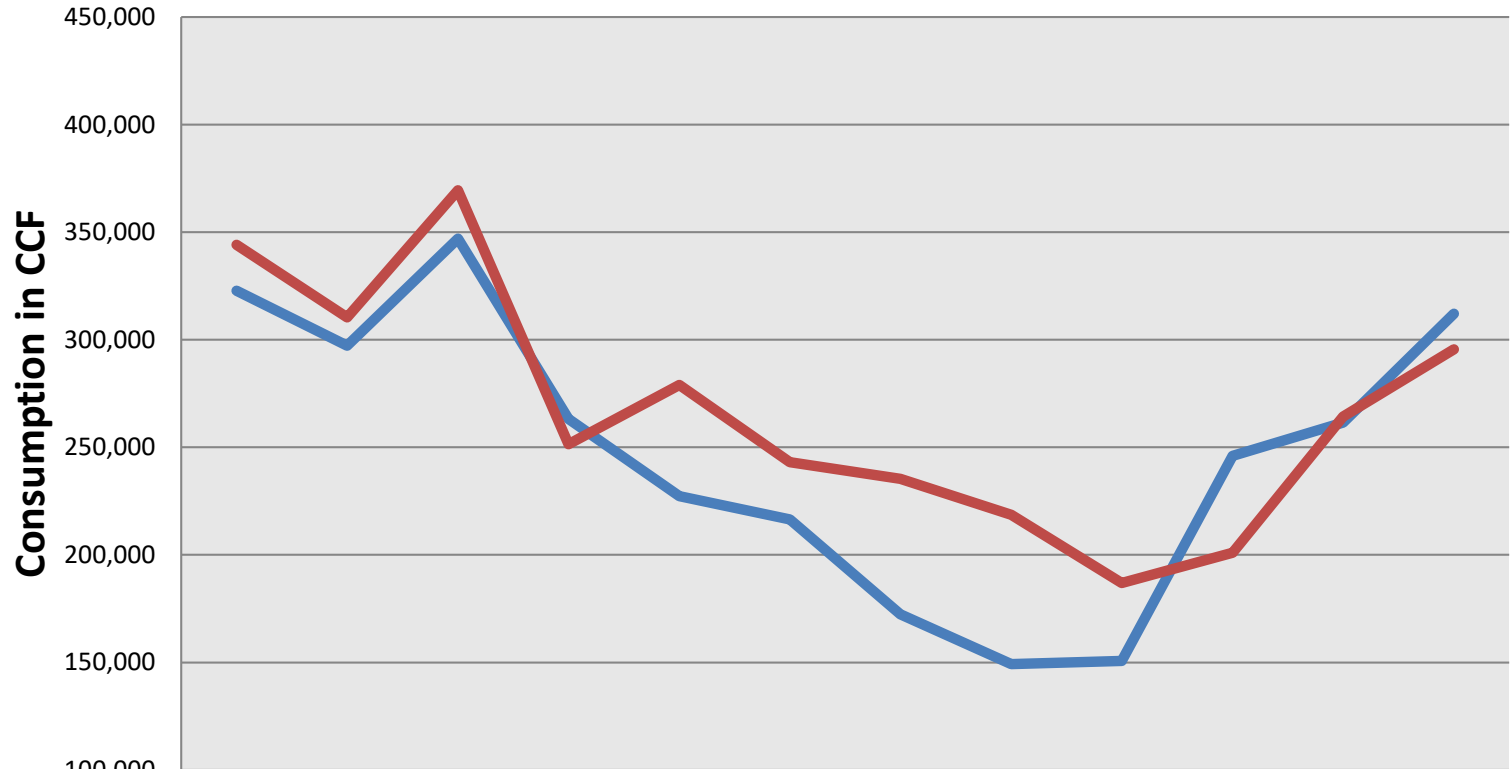
### Tier IV YTD Consumption



	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2016-2017 YTD	0	23,546	30,559	43,528	55,819	66,127	76,421	81,566	84,449	87,218	92,373	100,677	107,658
2017-2018 YTD	0	5,733	11,355	20,377	28,056	44,642	54,759	64,417	69,158	72,552	75,208	79,872	87,781



# ETWD Total Consumption



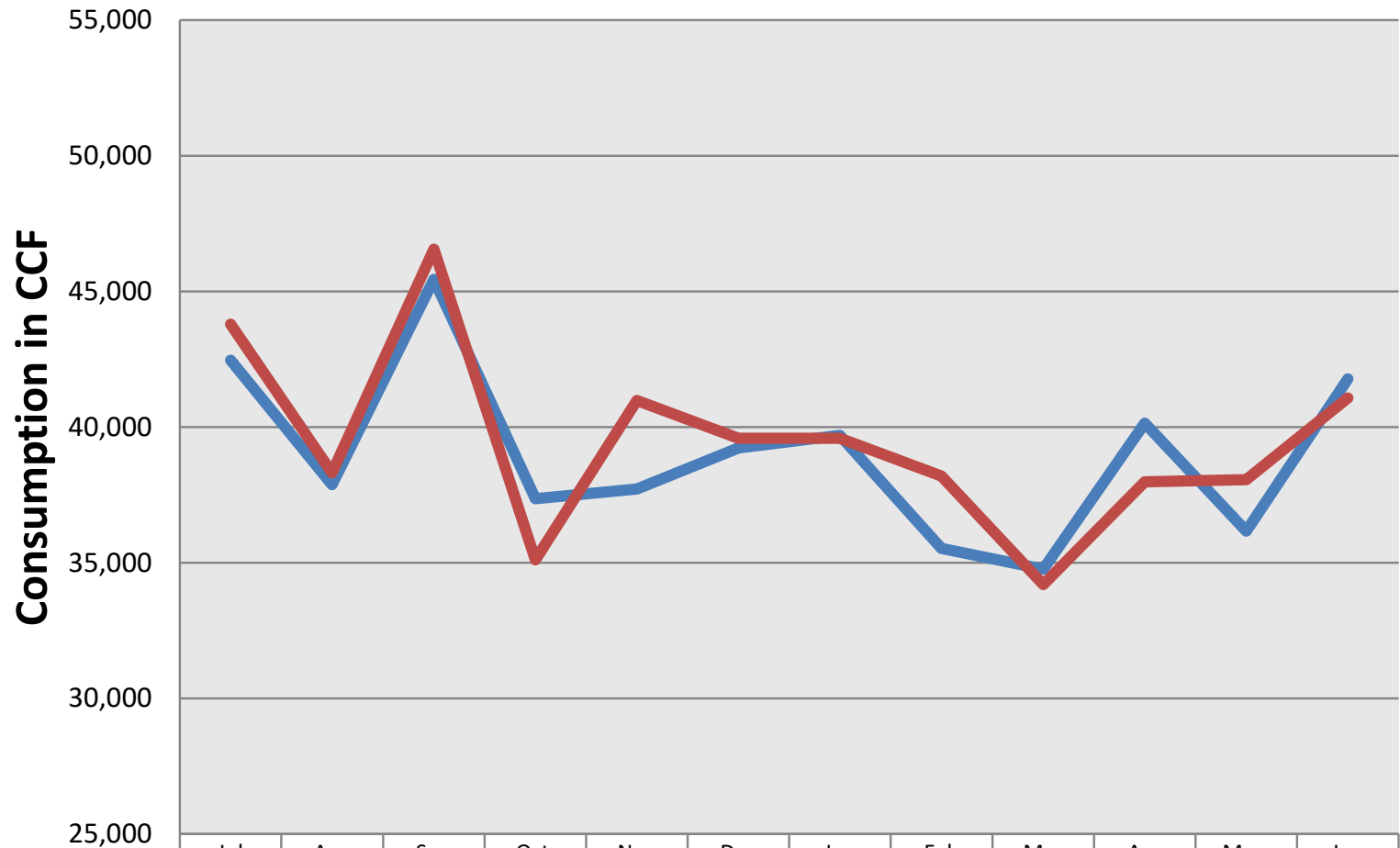
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2016-2017	322,764	297,273	346,995	263,120	227,277	216,478	172,428	149,232	150,697	246,036	261,524	312,014
2017-2018	344,078	310,451	369,472	251,478	278,939	243,123	235,364	218,623	186,920	201,067	264,239	295,506
%	107%	104%	106%	96%	123%	112%	136%	146%	124%	82%	101%	95%

# Single Family Residents Consumption



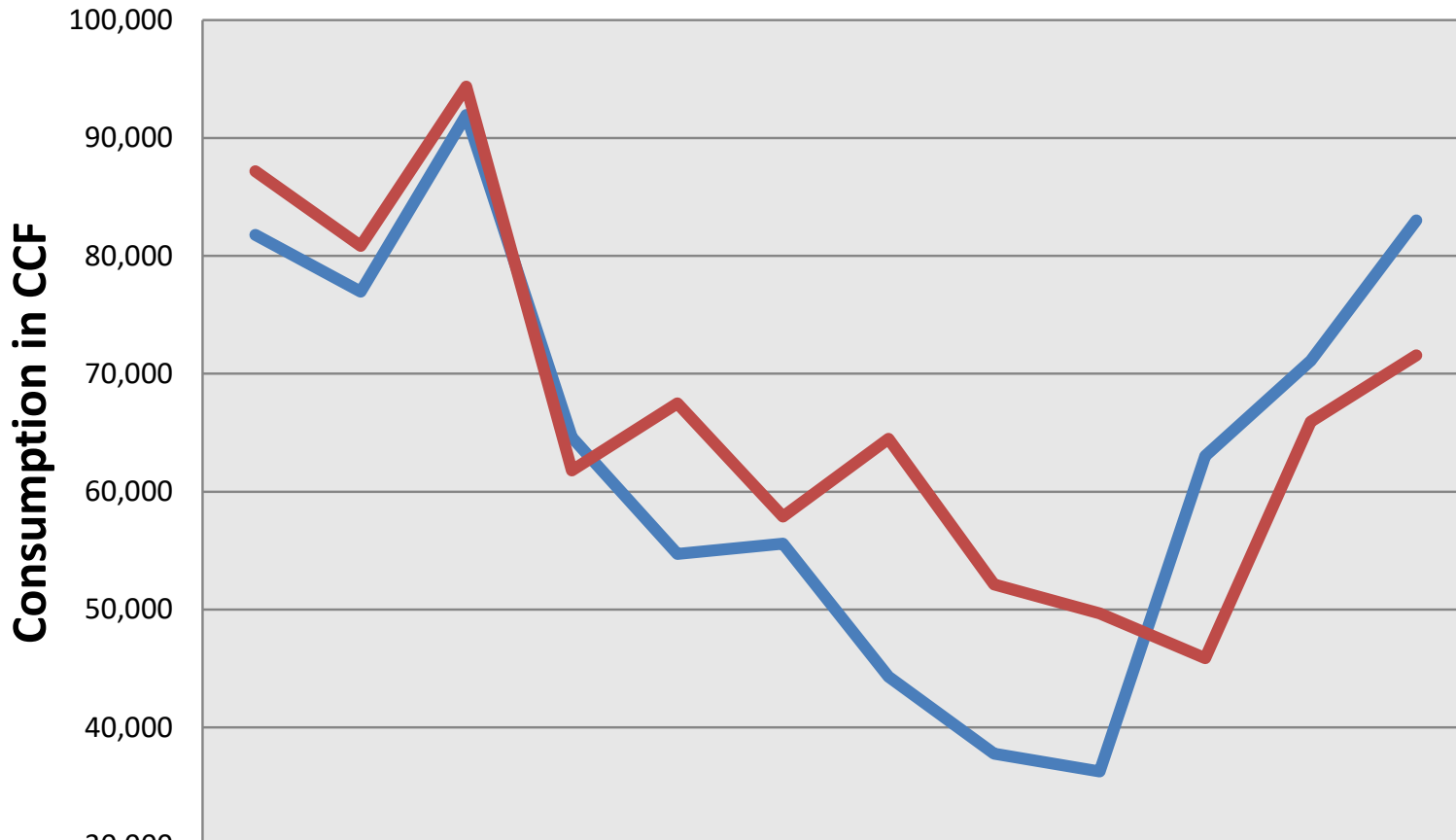
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2016-2017	92,684	77,685	90,100	70,617	64,741	59,287	50,923	44,723	45,516	68,339	68,377	84,309
2017-2018	93,758	80,204	95,783	69,580	75,963	71,368	64,788	66,175	50,520	62,246	71,660	82,501
%	101%	103%	106%	99%	117%	120%	127%	148%	111%	91%	105%	98%

## Multi Family Residents Consumption



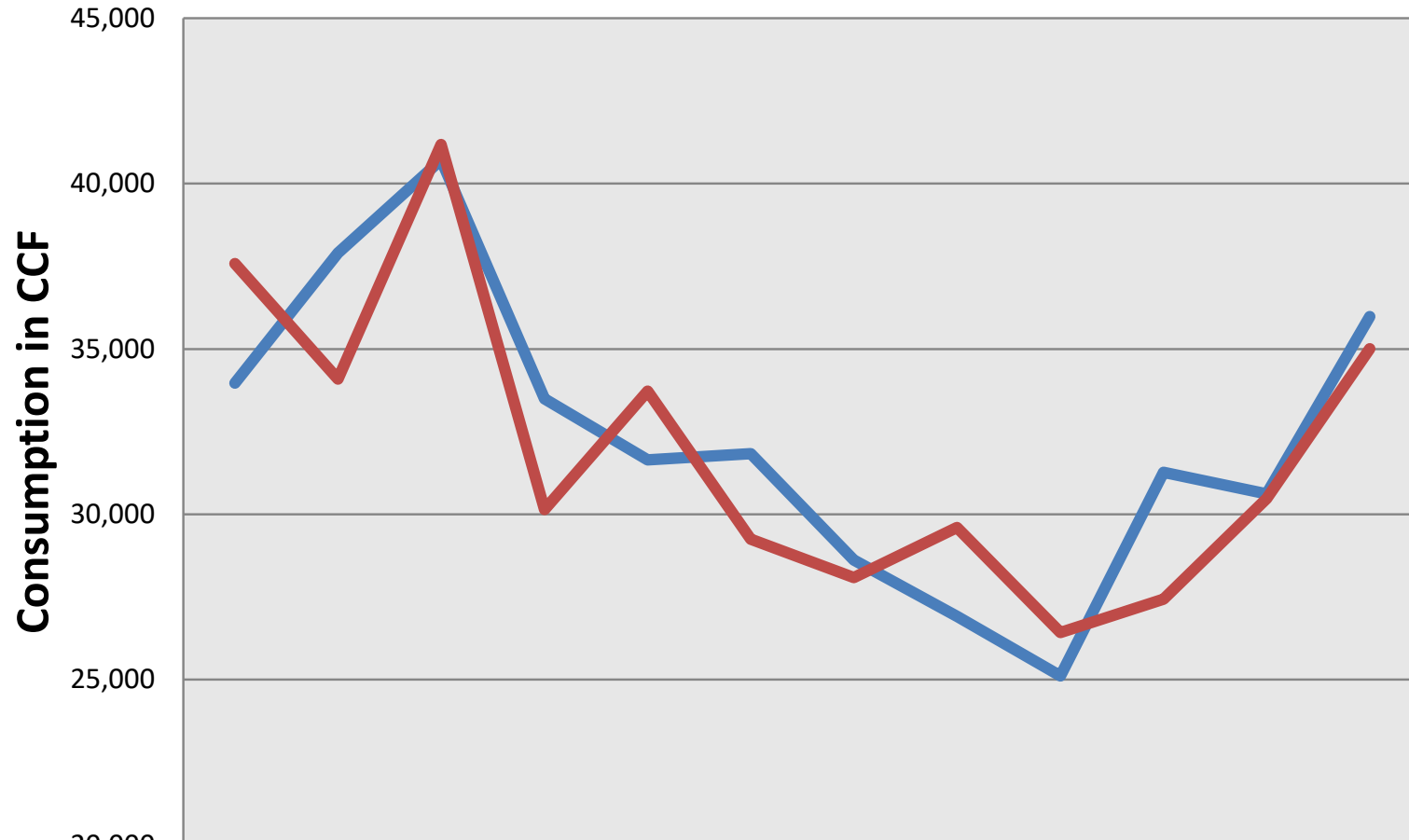
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2016-2017	42,465	37,872	45,442	37,354	37,718	39,233	39,696	35,523	34,761	40,142	36,164	41,773
2017-2018	43,787	38,310	46,555	35,098	40,975	39,581	39,586	38,194	34,194	37,977	38,055	41,072
%	103%	101%	102%	94%	109%	101%	100%	108%	98%	95%	105%	98%

## Laguna Woods Village Consumption (Excluding Dedicated Irrigation)



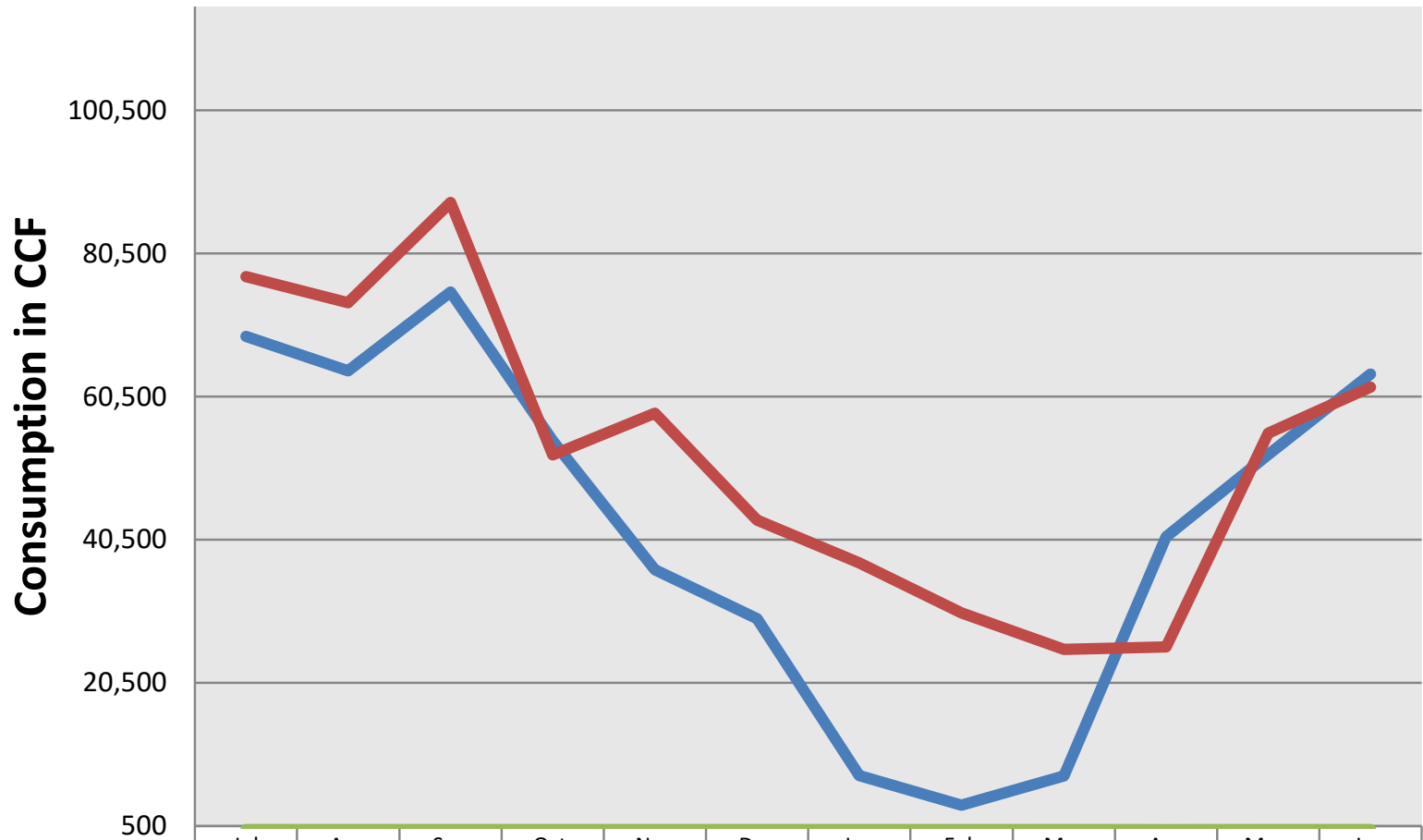
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2016-2017	81,773	76,968	91,952	64,623	54,727	55,588	44,298	37,794	36,274	63,045	71,112	83,001
2017-2018	87,171	80,837	94,360	61,794	67,488	57,902	64,481	52,144	49,690	45,880	65,940	71,568
%	107%	105%	103%	96%	123%	104%	146%	138%	137%	73%	93%	86%

# Commercial Consumption



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2016-2017	33,963	37,902	40,718	33,489	31,644	31,831	28,616	26,911	25,113	31,267	30,623	35,977
2017-2018	37,582	34,086	41,181	30,146	33,724	29,251	28,092	29,598	26,426	27,438	30,476	35,009
%	111%	90%	101%	90%	107%	92%	98%	110%	105%	88%	100%	97%

## Dedicated Irrigation Consumption (including LWV)



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2016-2017	68,885	64,088	75,109	54,313	36,317	29,491	7,572	3,417	7,527	40,936	52,413	63,663
2017-2018	77,239	73,638	87,622	52,373	58,189	43,258	37,291	30,308	25,185	25,525	55,374	61,823
%	112%	115%	117%	96%	160%	147%	492%	887%	335%	62%	106%	97%

# 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.

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**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 30<sup>th</sup> 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.