

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



DENNIS P. CAFFERTY, 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 FINANCE AND INSURANCE COMMITTEE MEETING AND ENGINEERING COMMITTEE MEETING

January 25, 2021

7:30 a.m.

This Meeting is being conducted in accordance with Governor Newsom's Executive Order N-29-20 (Paragraph 3) and the conditions specified therein which waive certain provisions of the Brown Act.

In an effort to protect public health and prevent the spread of COVID-19 (Coronavirus), and in accordance with the Governor's Executive Order N-29-20, **there will be no public location for attending in person.**

The Order allows all Board Members to participate telephonically in the Meeting from remote locations. As such, Directors Gaskins, Freshley, Havens, Monin, and Vergara will be participating telephonically.

Members of the public who wish to comment on any item within the jurisdiction of the District or on any item on the agenda, may observe and address the Meeting by joining at this link: <https://us02web.zoom.us/j/88365198649>. (Meeting ID: 883 6519 8649). Members of the public who wish only to listen to the telephonic meeting may dial in at the following numbers (669) 900-6833 or (346) 248-7799 with the same Meeting ID noted above. Please be advised the Meeting is being recorded.

**CALL TO ORDER – President Gaskins**

**PLEDGE OF ALLEGIANCE – Director Havens**

## **ORAL COMMUNICATIONS/PUBLIC COMMENTS**

Members of the public may address the Board at this time or they may reserve this opportunity with regard to an item on the agenda until said item is discussed by the Board. Comments on other items will be heard at the times set aside for “COMMENTS REGARDING NON-AGENDA ENGINEERING COMMITTEE ITEMS” or for “COMMENTS REGARDING NON-AGENDA FIC ITEMS.” The public may 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 item(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.)

## **FINANCE AND INSURANCE COMMITTEE MEETING**

**CALL MEETING TO ORDER – Director Vergara**

### **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.

### **2. 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)

- a. Consider approving the minutes of the December 14, 2020 Finance and Insurance Committee meeting (Minutes Included)

**Recommended Action:** The Board will be requested to approve the subject minutes listed above in the Consent Calendar.

- b. Consider approving Amendment No. 2 to the General Manager’s Employment Agreement.

**Recommended Action:** The Board will be requested to approve the subject Employment Agreement.

## **APPROVAL OF ITEMS REMOVED FROM TODAY'S FINANCE AND INSURANCE COMMITTEE CONSENT CALENDAR**

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

**Recommended Action:** The Board will be requested to approve the items removed from today's Finance and Insurance Committee Consent Calendar.

### **FINANCIAL ACTION ITEMS**

3. **Resolution No. 21-1-1 Amending Policy Statement 1985-3 (IV) (ETWD Investment Policy)** (Reference Material Included)

Staff will review and comment on Resolution No. 21-1-1 amending Policy Statement 1985-3 (IV) (ETWD Investment Policy).

**Recommended Action:** Staff recommends approving Resolution No. 21-1-1 amending Policy Statement 1985-3 (IV) (ETWD Investment Policy).

#### **RESOLUTION NO. 21-1-1**

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

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

Staff will review and comment on the Quarterly Insurance Report for the period October 1, 2020 through December 31, 2020.

**Recommended Action:** Staff recommends that the Board Receive and File the Quarterly Insurance Report for the period of October 1, 2020 through December 31, 2020.

5. **Financial Package - Authorization to Approve Bills for Consideration dated January 25, 2021 and Receive and File Financial Statements as of December 31, 2020** (Reference Material Included)

The Board will consider approving the Bills for Consideration dated January 25, 2021 and Receive and File Financial Statements as of December 31, 2020.

**Recommended Action:** Staff recommends that the Board 1) approve, ratify and confirm payment of those bills as set forth in the schedule of bills for consideration dated January 25, 2021, and 2) receive and file the Financial Statements for the period ending December 31, 2020.

## FINANCIAL INFORMATION ITEMS

6. **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.

7. **2021/22 Fiscal Year Budget Preparation and Tentative Schedule Status Report** (Reference Material Included)

Staff will review and comment on the 2021/22 fiscal year Budget Preparation and Tentative Schedule.

## COMMENTS REGARDING NON-AGENDA FIC ITEMS

## CLOSE FINANCE AND INSURANCE COMMITTEE MEETING

## ENGINEERING COMMITTEE

### CALL MEETING TO ORDER – Director Freshley

8. **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)

- a. Consider approving the minutes of the December 14, 2020 Engineering Committee meeting. (Minutes Included)

**Recommended Action:** The Board will be requested to approve the subject minutes.

## **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 Engineering Committee Consent Calendar.



## **ENGINEERING ACTION ITEMS**

9. **Ocean Outfall Pump Station Emergency Generator Replacement Project**  
(Reference Material Included)

Staff will review and comment on the construction bids submitted for the construction of the Ocean Outfall Pump Station Emergency Generator Replacement Project.

**Recommended Action:**

Staff recommends that the Board of Directors authorize the General Manager to enter into a contract with J.R. Filanc Construction Company, Inc. in the amount of \$384,523 for the replacement and installation of the Ocean Outfall Pump Station Emergency Generator. Staff further recommends that the Board authorize the General Manager to fund the project costs from the District's Capital Reserves in accordance with the District's adopted Capital Reserve Policy.

## **ENGINEERING GENERAL INFORMATION ITEMS**

10. **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.

11. **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**

## ATTORNEY REPORT

### CLOSED SESSION

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

1. At this time the Board will go into Closed Session pursuant to Government Code Section 54956.9 (d) (1) to consult with legal counsel and staff on a matter of pending litigation. *El Toro Water District v. Rossmoor Sanitation, Inc et al and Does 1through 50 inclusive- Orange County Superior Court- Case No. 30-2020-01152257-CU-OR—CJC.*
2. At this time the Board will go into Closed Session pursuant to Government Code Section 54956.9 (d) (1) to consult with legal counsel and staff on a matter of pending litigation. [Class Action] *Kessner et al. v. City of Santa Clara, et al. (Santa Clara County Superior Court - Case No. 20 CV 364054).*
3. At this time the Board will go into Closed Session pursuant to Government Code Section 54956.9 (d) (1) to consult with legal counsel and staff on a matter of pending litigation. *The People of the State of California, acting by and through the Department of Transportation. Plaintiff, vs. Laguna Hills Investment Company, L.P., a Delaware Limited Liability Company, et al., inclusive of El Toro Water District and Does 1 through 20, inclusive. Defendants- Orange County Superior Court- Case No. 30-2020-01140132-CU-EI-CXC.*

## REGULAR SESSION

### REPORT ON CLOSED SESSION (Legal Counsel)

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

### ADJOURNMENT

*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 December 31, 2020**

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

**January 25, 2021**

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PFM Asset Management LLC

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601 South Figueroa  
Suite 4500  
Los Angeles, CA 90017

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Tel: (213) 489-4075  
[www.pfm.com](http://www.pfm.com)



# Markets Weigh Massive Policy Support Against Economic Challenges

## ◆ Coronavirus

- **Resurgence** in fourth quarter due to colder weather
- Initial distribution of **vaccines**

## ◆ Economy

- **Recovery** continues
- **Big business** built liquidity cushion
- **Consumers** generally in good shape to drive future spending
- **Impact of pandemic** not felt evenly

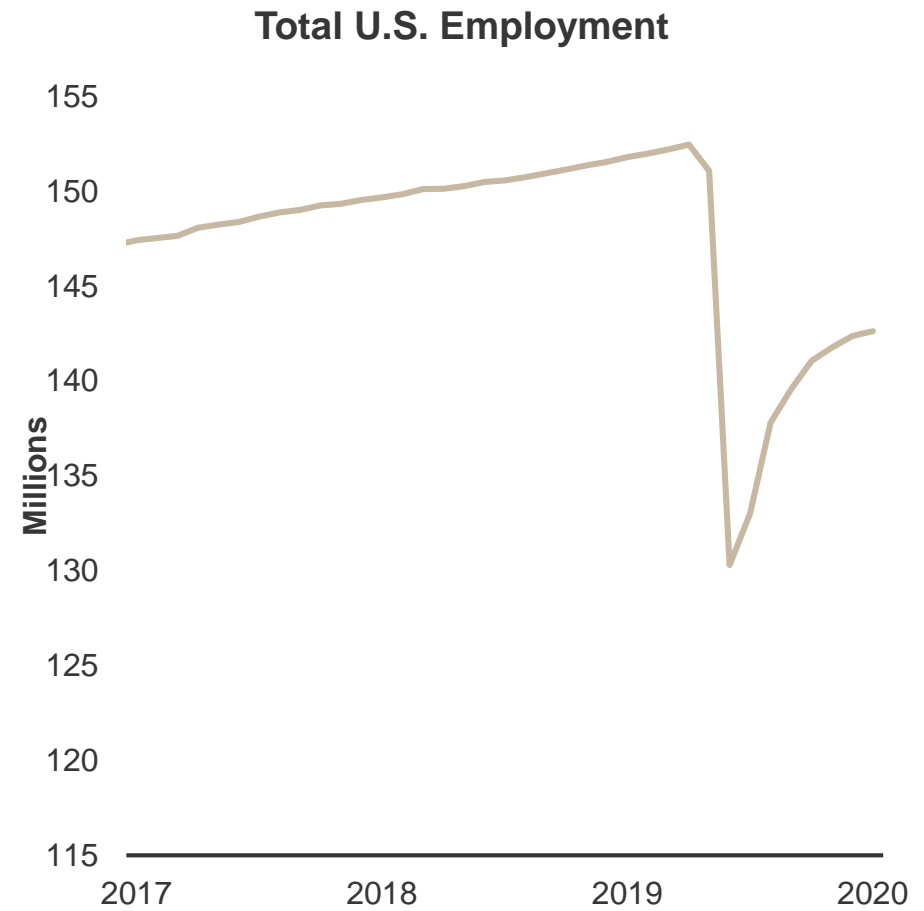
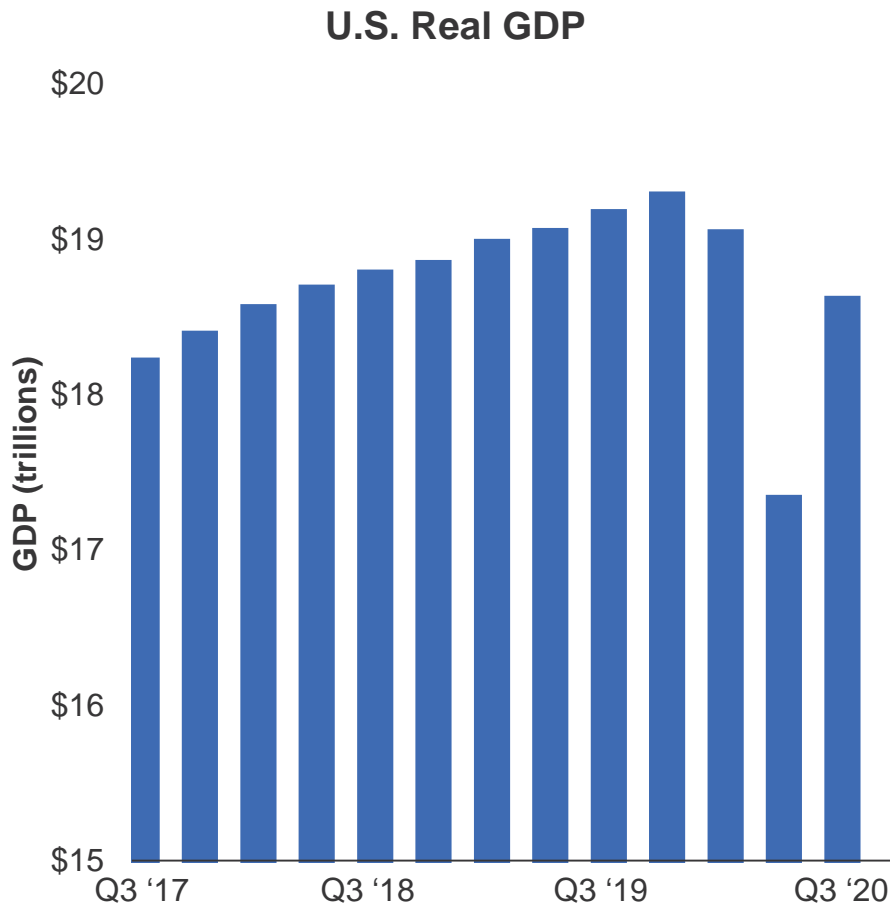
## ◆ Markets

- Markets rally after **presidential election**
- **Fed** committed to strong accommodation
- Additional **fiscal stimulus** on the way





## Economy Still Has a Long Road Ahead to Full Recovery

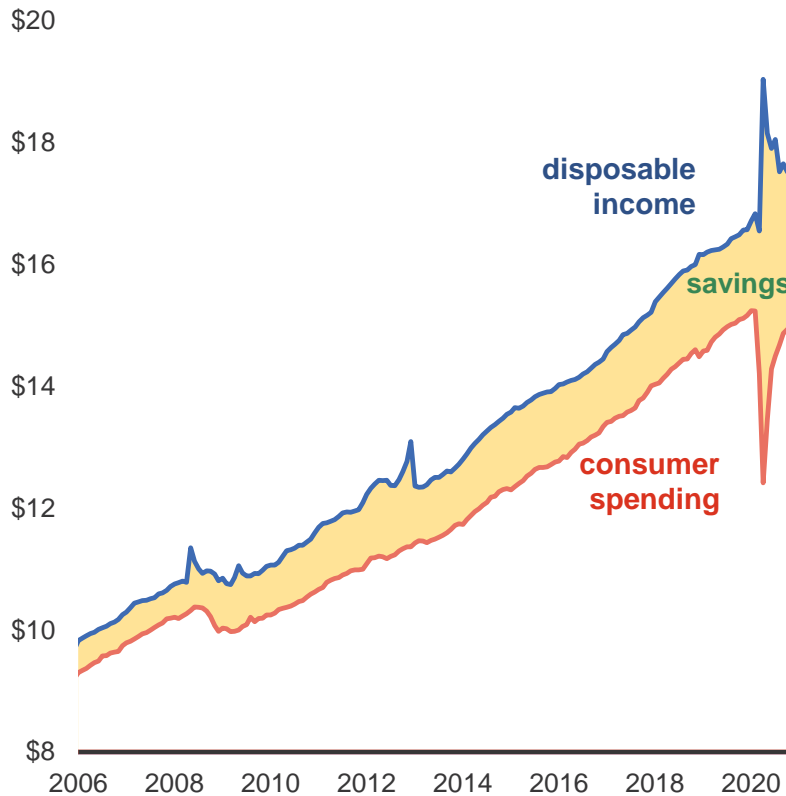


Source: Bloomberg, latest available data as of 12/30/2020. Total U.S. Employment is total non-farm payrolls.

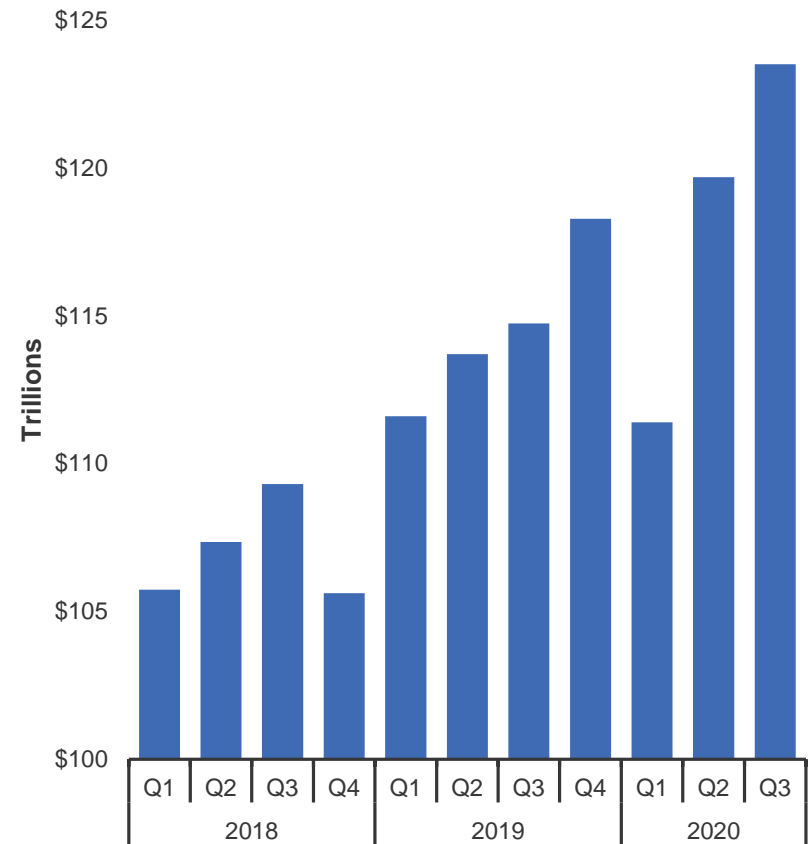


# Accumulated Savings and Wealth Are Likely to Fuel Consumer Spending

**Personal Savings in U.S.**  
(trillions)



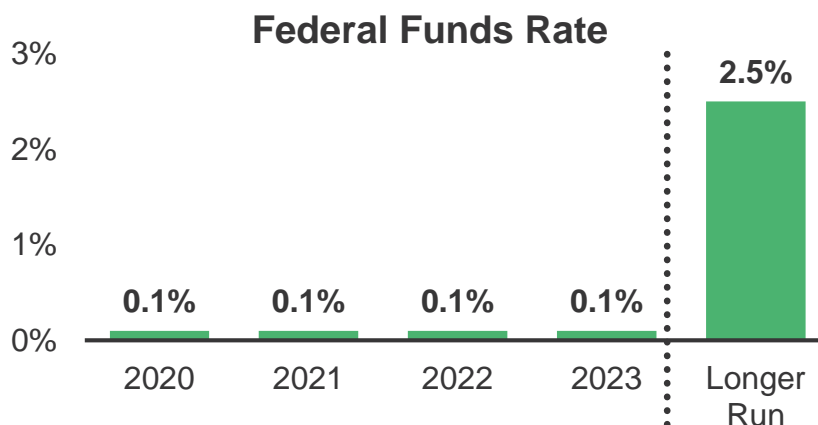
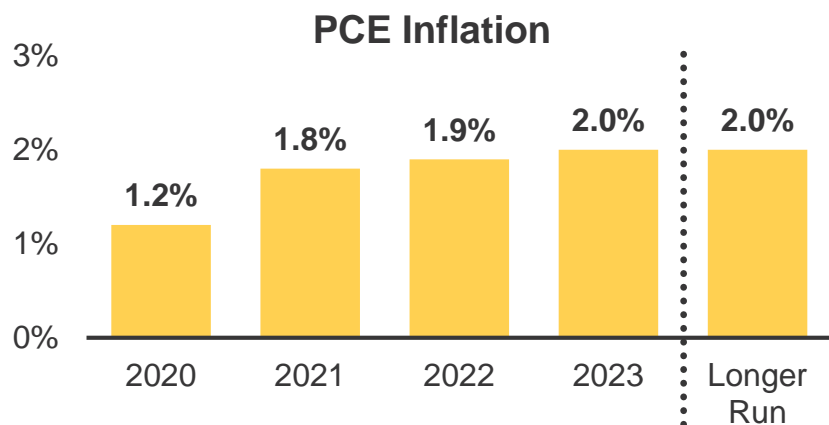
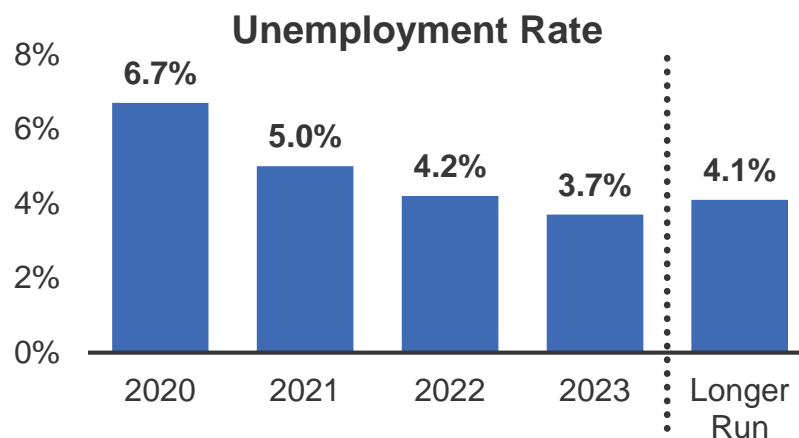
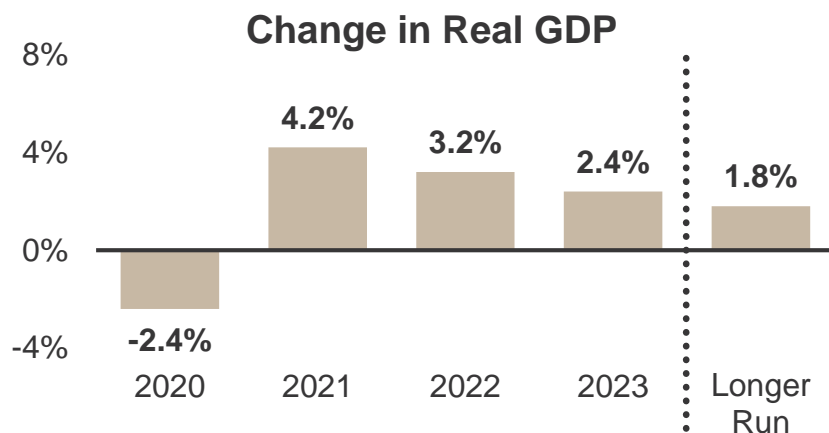
**Household Net Worth**



Source (left): Federal Reserve, as of December 2020. Sources (right): U.S. Bureau of Economic Analysis and FRED.



## Fed Expects Economy to Recover Further in 2021

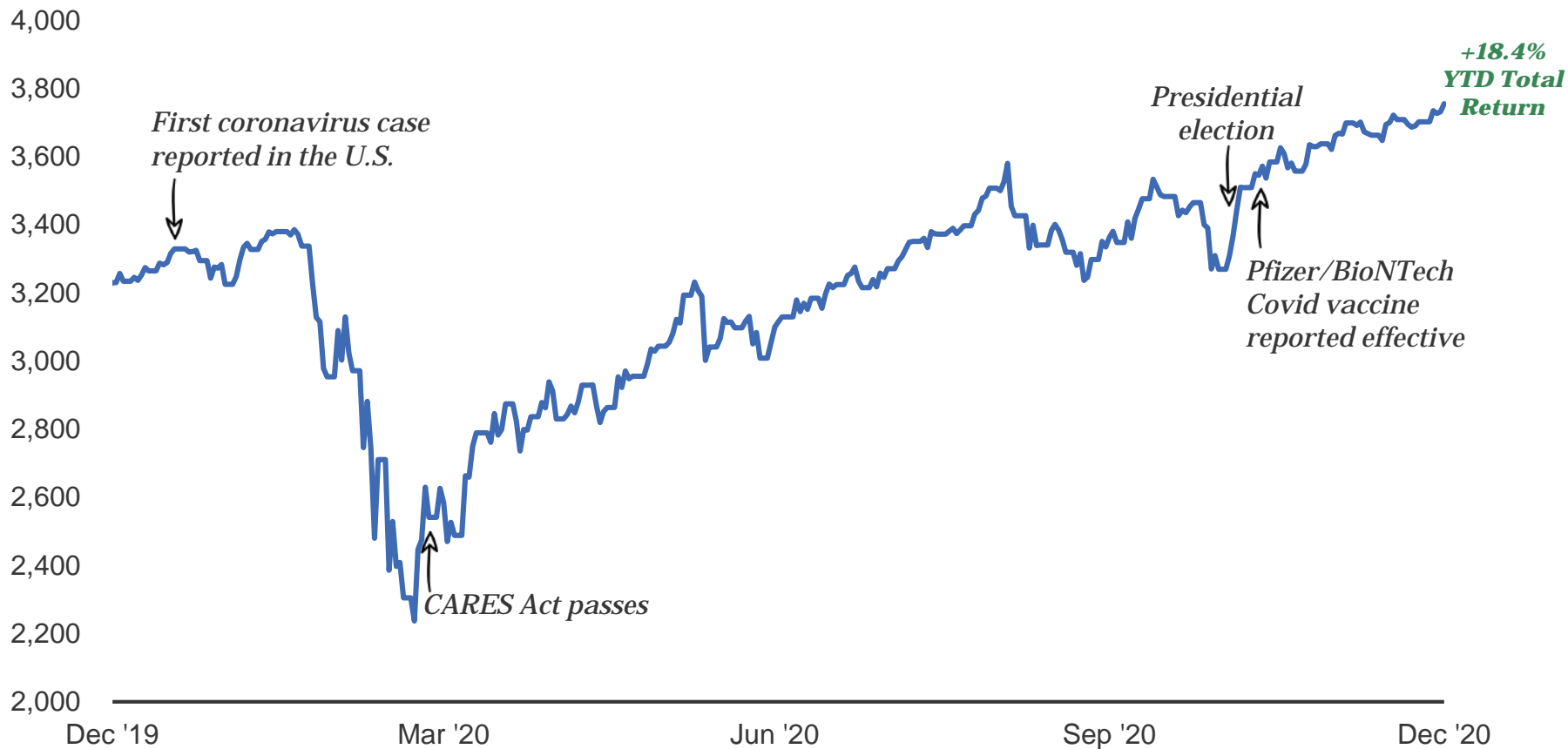


Source: Federal Reserve, economic projections as of December 2020.



## Equities Rise to Record High on Vaccine News and Passing of New Stimulus

S&P 500 Price Chart



Source: Bloomberg, as of 12/31/2020.

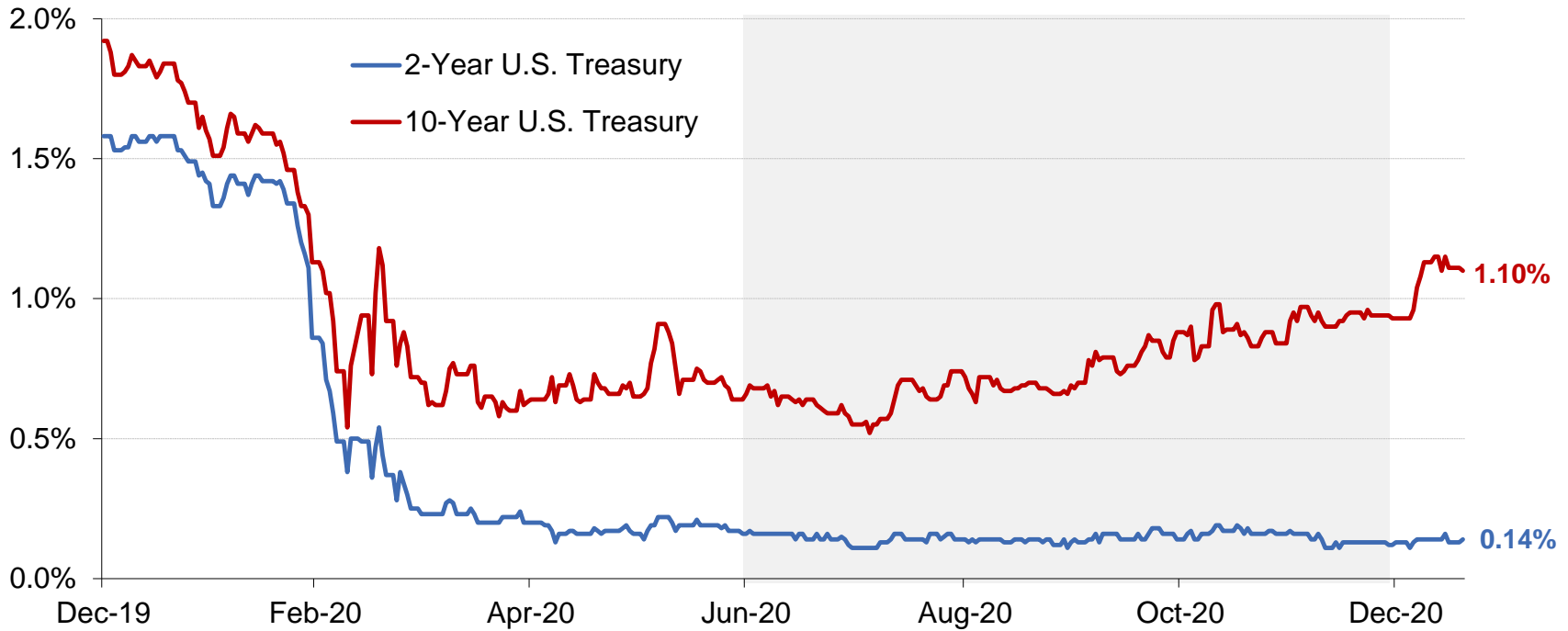




## U.S. Treasury Yields

- Short-term Treasury yields were relatively unchanged while longer-term yields were up modestly.

**Treasury Yield History**  
December 31, 2019 – January 19, 2021

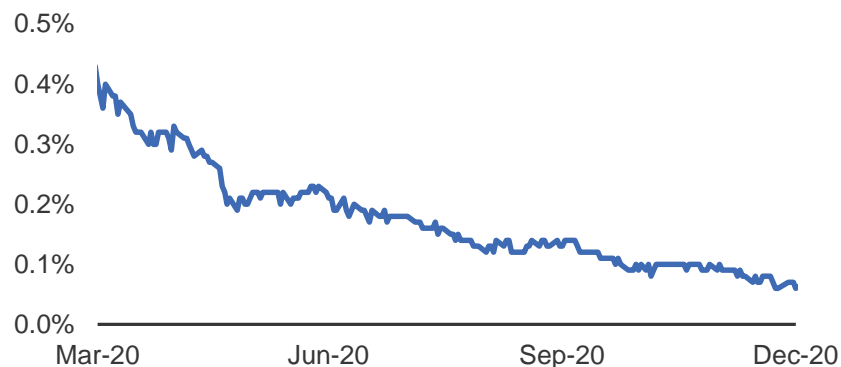


Source: Treasury yields via Bloomberg.

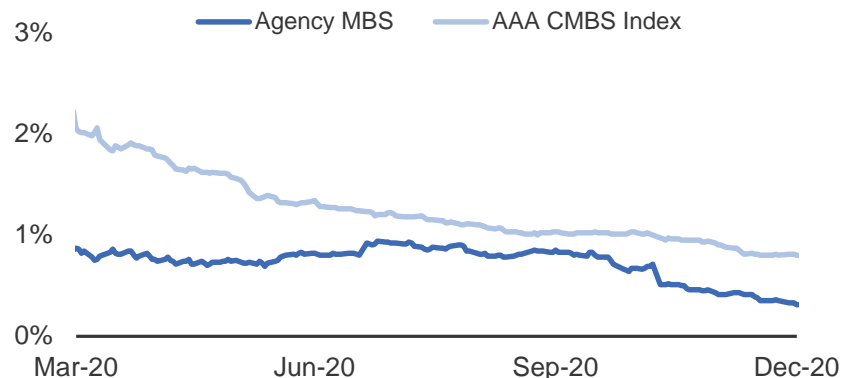


## Sector Spreads Tighten Modestly in Fourth Quarter

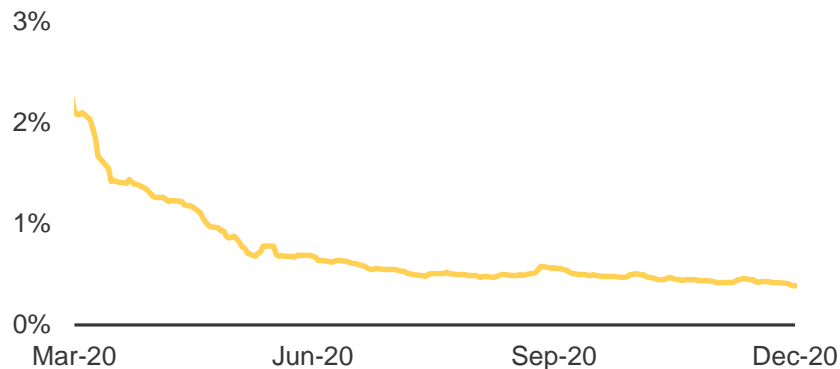
### Federal Agency Yield Spreads



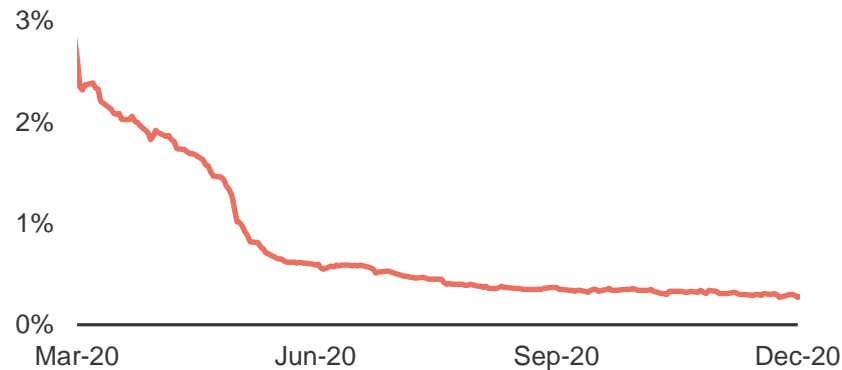
### Mortgage-Backed Securities Yield Spreads



### Corporate Notes A-AAA Yield Spreads



### Asset-Backed Securities Yield Spreads



Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFM as of 12/31/2020. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable-maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.



## Portfolio Composition

- The portfolio is in compliance with the District's Investment Policy.
- Given unattractive yield levels relative to pool investments, we held off buying any new investments during the quarter.

<b>Security Type</b>	<b>June 30, 2020</b>	<b>% of Portfolio</b>	<b>December 31, 2020</b>	<b>% of Portfolio</b>	<b>\$ Change vs. 6/30/20</b>	<b>Permitted by Policy</b>	<b>In Compliance</b>
U.S. Treasury	\$1,568,256	8.5%	\$694,033	3.8%	(\$874,223)	100%	✓
Agency CMOs	\$36,020	0.2%	\$23,696	0.1%	(\$12,324)	100%	✓
Municipal Bonds	\$101,867	0.6%	\$100,629	0.5%	(\$1,238)	10%	✓
Supranational	\$616,536	3.4%	\$431,589	2.3%	(\$184,947)	30%	✓
Asset-Backed	\$216,957	1.2%	\$49,137	0.3%	(\$167,821)	20%	✓
Negotiable CDs	\$389,008	2.1%	\$101,386	0.6%	(\$287,621)	30%	✓
Corporate Notes	\$834,330	4.5%	\$417,704	2.3%	(\$416,626)	30%	✓
<b>Sub-Total</b>	<b>\$3,762,975</b>	<b>20.5%</b>	<b>\$1,818,174</b>	<b>9.9%</b>			
Accrued Interest	\$14,785		\$7,946		(\$6,839)		
<b>Securities Total</b>	<b>\$3,777,760</b>		<b>\$1,826,120</b>				
CAMP Pool	\$5,776,268	31.5%	\$7,738,119	42.0%	\$1,961,852	60%	✓
LAIF	\$8,804,275	48.0%	\$8,855,163	48.1%	\$50,888	\$30 million	✓
<b>Total Investments</b>	<b>\$18,358,302</b>	<b>100.0%</b>	<b>\$18,419,402</b>	<b>100.0%</b>	<b>\$61,100</b>		

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



## Issuer Distribution

- ◆ The portfolio is diversified across sectors and issuers.

Sector	Issuer	Percentage
Treasury	US Treasury	3.8%
Agency	FNMA	0.1%
Supra	IADB	1.5%
Supra	IFC	0.9%
Muni	State of California	0.5%
Corp	Toyota Motor	0.5%
Corp	United Parcel Service	0.5%
Corp	Charles Schwab	0.3%
Corp	American Express	0.2%
Corp	Hershey	0.2%
Corp	National Rural Utilities	0.2%
Corp	Paccar Financial	0.2%
Corp	PepsiCo	0.2%

Sector	Issuer	Percentage
CD	RBOC	0.6%
ABS	Mercedes Auto Receivables	0.1%
ABS	Hyundai Auto Receivables	0.1%
ABS	Ford Auto Receivables	<0.1%
ABS	John Deere Trust	<0.1%
ABS	Ally Auto Receivables	<0.1%
CAMP	CAMP	42.0%
LAIF	LAIF	48.1%

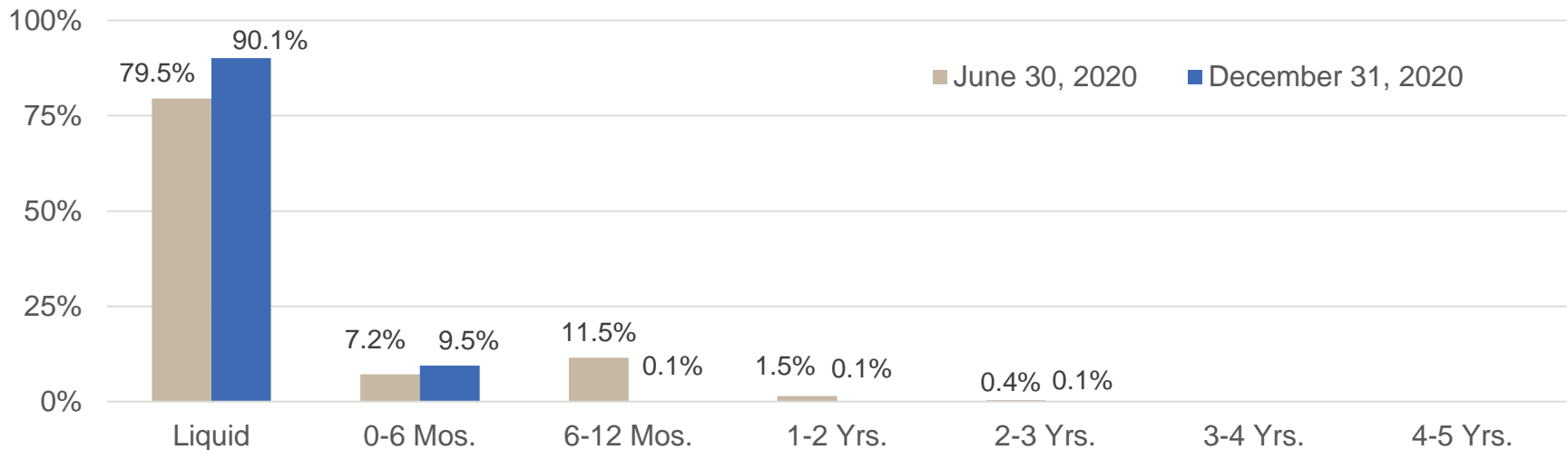
Totals may not add due to rounding.



## Maturity Distribution

- The portfolio's average maturity continues to shorten as we let investment maturities roll into pooled investments as individual investments continued to yield less than pool investments.
- We will look to extend the portfolio's duration during the year by scaling in additional investments.

**Portfolio Maturity Distribution**  
June 30, 2020 versus December 31, 2020



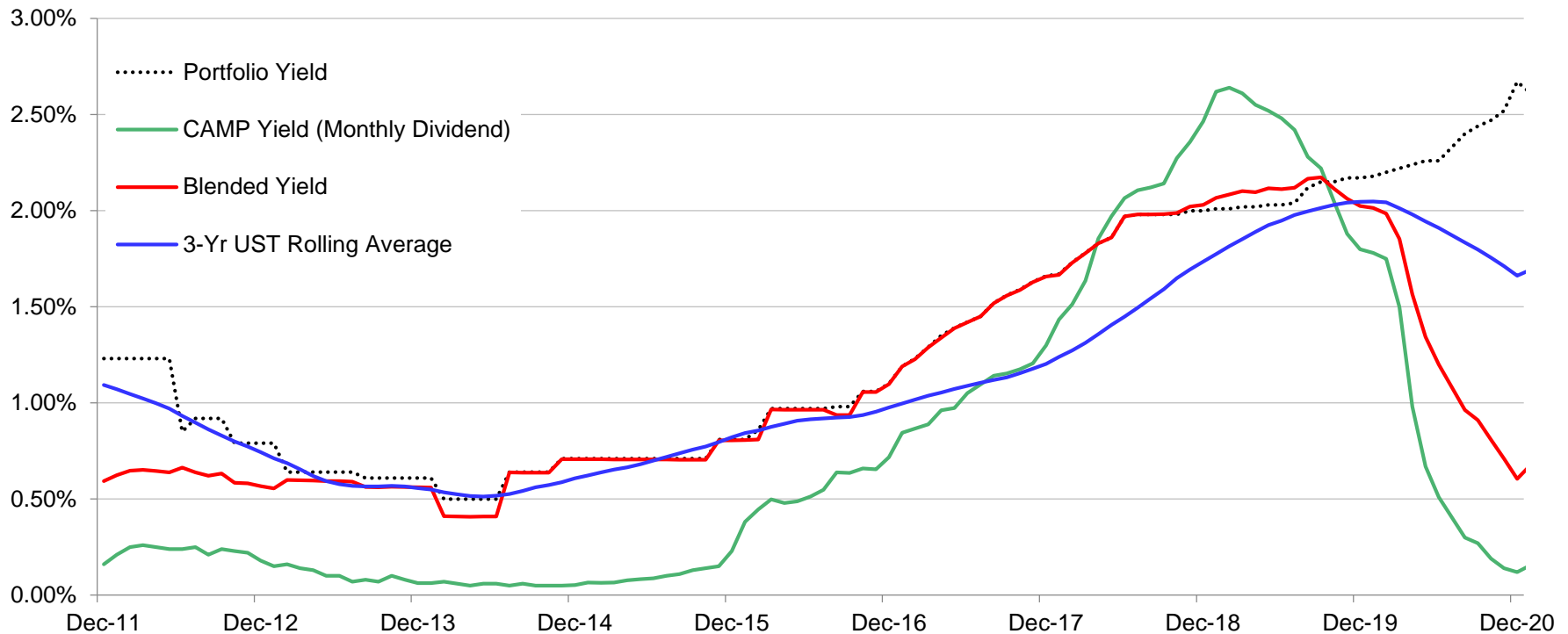
	6/30/20	12/31/20
Weighted Average Duration (portfolio)	0.53 years	0.29 years
Weighted Average Duration (overall)	0.11 years	0.03 years



## Yield Comparison

- While there were no new investments during the period, the portfolio's yield rose, though at a lower balance, as lower yielding investments matured.
- CAMP, along with other short-term rates, fell sharply during 2020 driven by cuts in the federal funds target rate.

**Portfolio Yield Comparison History**  
December 2011 – December 2020



Treasury Yield Source: U.S. Department of the Treasury.



## Portfolio Earnings

- The reduction in interest rates over the past twelve months reduced CAMP dividends. With interest rates relatively unchanged since the end of March, there was a net decrease in the portfolio's market value.

Market Value Earnings	Quarters Ending				12-Month
	3/31/20	6/30/20	9/30/20	12/31/20	TOTALS
Interest Earned	\$44,294	\$30,851	\$22,370	\$15,931	<b>\$113,446</b>
Change in Value	\$14,592	\$6,040	(\$14,121)	(\$11,952)	<b>(\$5,441)</b>
Portfolio Earnings	\$58,886	\$36,891	\$8,249	\$3,979	<b>\$108,005</b>
CAMP Dividends	\$17,510	\$9,416	\$4,863	\$2,645	<b>\$34,434</b>
<b>Total Earnings</b>	<b>\$76,395</b>	<b>\$46,308</b>	<b>\$13,113</b>	<b>\$6,624</b>	<b>\$142,439</b>

Book Value Earnings	Quarters Ending				12-Month
	3/31/20	6/30/20	9/30/20	12/31/20	TOTALS
Interest Earned	\$44,294	\$30,851	\$22,370	\$15,931	<b>\$113,446</b>
Change in Value	\$1,668	\$1,698	\$1,656	\$1,714	<b>\$6,736</b>
Portfolio Earnings	\$45,962	\$32,549	\$24,026	\$17,645	<b>\$120,183</b>
CAMP Dividends	\$17,510	\$9,416	\$4,863	\$2,645	<b>\$34,434</b>
<b>Total Earnings</b>	<b>\$63,472</b>	<b>\$41,965</b>	<b>\$28,889</b>	<b>\$20,291</b>	<b>\$154,617</b>



## Portfolio Total Return Performance

- The portfolio's shorter average duration relative to the benchmark hurt the portfolio's performance compared to the benchmark as interest rates fell sharply over the past twelve months.

Total Return Performance Periods Ending December 31, 2020 <sup>1,2,3,4,5,6</sup>					
Portfolio/Benchmark	Effective Duration	Quarter (Unannualized)	1 Year	3 Year	Since Inception
ETWD Portfolio	0.29	0.04%	1.14%	1.96%	1.52%
ETWD (net of fees) <sup>5</sup>		0.02%	1.04%	1.86%	1.42%
ICE BofAML 1-3Yr. Treasury Index	1.82	0.05%	3.10%	2.74%	2.16%

**Notes:**

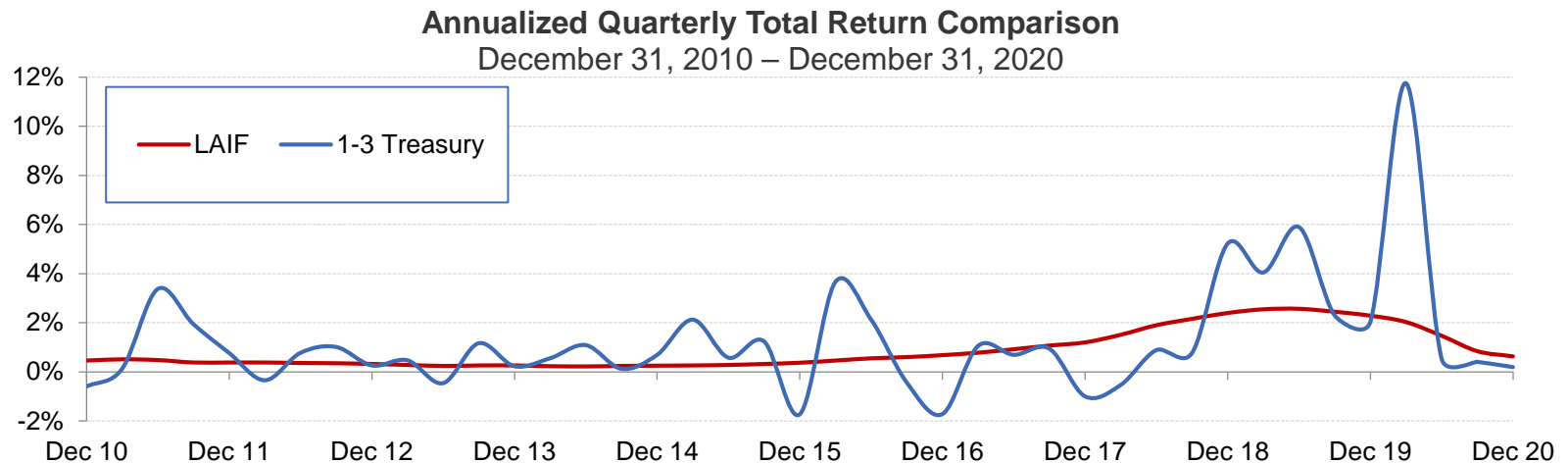
1. Performance on trade date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
2. ICE BoAML Index and U.S. Treasury yields provided by Bloomberg Financial Markets.
3. Returns longer than one year are calculated on an annualized basis
4. Excludes money fund balance in performance, duration, and yield computations.
5. Net of fees assumes an average annualized fee of 0.10%.
6. Inception date is 9/30/16





## Historical Total Return Performance

- Similar to the last period of low interest rates, absolute total returns will likely remain low, but volatile on a periodic basis, in response to any changes in interest rates.
- Extending the portfolio's duration should enhance its long-term return but at the cost of additional market volatility.



Period	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	10 Year
ICE BofAML 1-3 UST	1.55%	0.43%	0.36%	0.62%	0.54%	0.89%	0.42%	1.58%	3.55%	3.10%	1.22%
LAIF	0.44%	0.35%	0.26%	0.24%	0.31%	0.57%	0.99%	1.99%	2.46%	1.24%	0.81%
Change in 2Yr. UST	-0.36%	0.00%	0.13%	0.29%	0.39%	0.14%	0.69%	0.59%	-0.90%	-1.45%	-0.48%

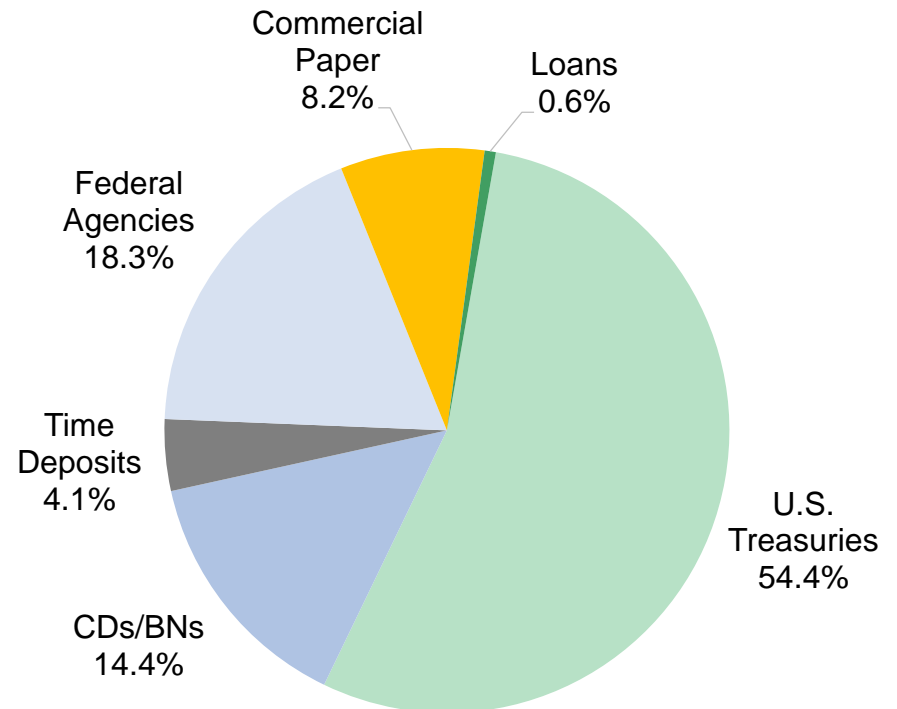
Source: ICE BofAML Indices and Treasury yields via Bloomberg.



## LAIF Characteristics as of December 31, 2020

### Pooled Money Investment Account Sector Distribution

Characteristic	Value
Assets	\$107.4 Billion
Average Maturity	165 days
QTD Yield	0.58%



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).

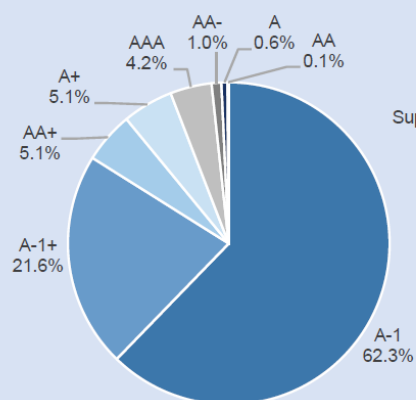


## CAMP Fact Sheet Excerpt as of December 31, 2020

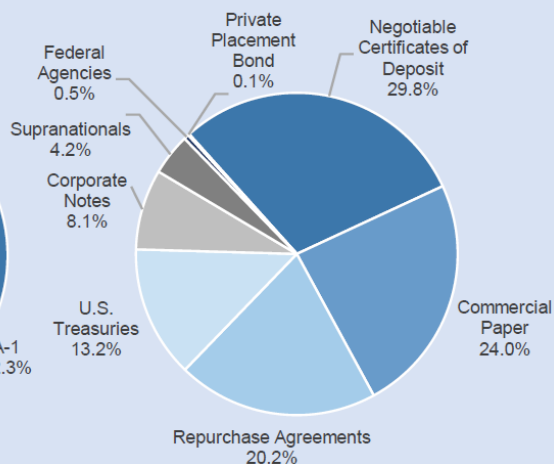
Pool Facts	As of December 31, 2020
7-Day Net Yield <sup>1</sup>	0.12%
Monthly Distribution Yield <sup>2</sup>	0.12%
Weighted Average Maturity <sup>3</sup>	46 Days
Fund Rating <sup>4</sup>	AAAm by S&P

### Fund Diversification as of December 31, 2020

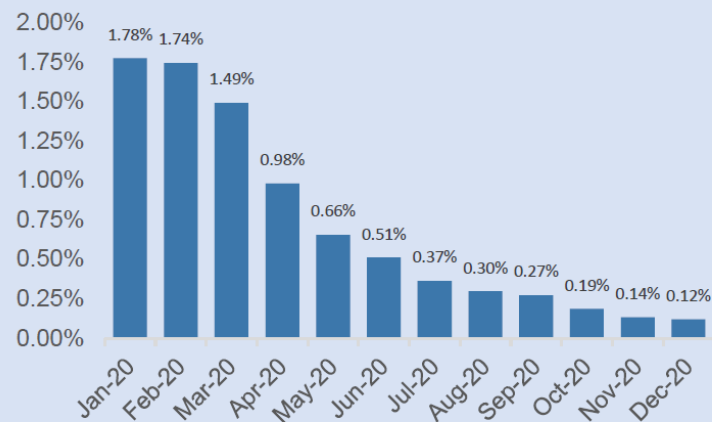
**Credit Quality Distribution**  
(Standard & Poor's Fund Ratings)



**Sector Composition**



### Performance (30-Day Net Yield<sup>5</sup> %)





## CAMP Fact Sheet Excerpt as of December 31, 2020 – continued

<sup>1</sup> 7-day net 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.

<sup>2</sup> The monthly distribution yield represents the net change in the value of a hypothetical account with a value of one share (normally \$1.00 per share) resulting from all dividends declared during a month by the Pool expressed as a percentage of the value of one share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month.

<sup>3</sup> Weighted Average Maturity: Calculated by the final maturity for a security held in the portfolio and the interest rate reset date. This is a way to measure a fund's sensitivity to potential interest rate changes.

<sup>4</sup> 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/ratings/en\\_US/web/quest/home](http://www.standardandpoors.com/ratings/en_US/web/quest/home)).

<sup>5</sup> As of the last day of the month. The 30-day 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 thirty-day base period expressed as a percentage of the value of one share at the beginning of the thirty-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 30.



## CAMP Monthly Dividend Yield History: Disclosures

- CAMP's Current Annualized Yield: 0.12%, as of December 31, 2020. Past performance is not indicative of future results and yields may vary. The "current annualized yield" of the Pool may, from time to time, be quoted in reports, literature and advertisements published by the Trust. 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.
- The Trust also may publish a "monthly distribution yield." The monthly distribution yield represents the net change in the value of a hypothetical account with a value of one share (normally \$1.00 per share) resulting from all dividends declared during a month by the Pool expressed as a percentage of the value of one share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month.
- 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.



## Disclosures

*This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.*

MINUTES OF THE REGULAR MEETING  
& OF THE  
FINANCE COMMITTEE MEETING

December 14, 2020

At approximately 7:30 a.m. President Monin called the regular meeting to order via Zoom.

Director Vergara led the Pledge of Allegiance to the flag.

Committee Members JOSE F. VERGARA, MARK MONIN, KATHRYN FRESHLEY, MIKE GASKINS, and KAY HAVENS participated.

Also participating were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, JASON HAYDEN, CFO, GILBERT J. GRANITO, General Counsel, SCOTT HOPKINS, Operations Superintendent, BOBBY YOUNG, Principal Engineer, BRUCE ASHTON, the District's Retirement Savings Plan Attorney, Douglas Hilts, HILTS CONSULTING, and POLLY WELSCH, Recording Secretary.

Oral Communications/Public Comments

There were no comments.

Items Received too Late to be Agendized

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

Finance and Insurance Committee Meeting

Director Vergara called the Finance and Insurance meeting to order.

Consent Calendar

Director Vergara asked for a Motion.

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

Roll Call Vote:

Director Havens	aye
Director Freshley	aye
Director Vergara	aye
Vice President Gaskins	aye
President Monin	aye

Financial Action Items

Resolution No. 20-12-1 – Amending the El Toro Water District Deferred Compensation Plan

Mr. Cafferty stated that as noted in the staff report and discussed last month, staff is proposing to update both the Deferred Compensation Plan and the Retirement Savings Plan. He further stated that the changes are to achieve the same objectives; the first of which is to provide more flexibility in how the employees can direct the District's matching funds associated with their investments.

Mr. Cafferty stated that currently the employees can elect to defer a certain percentage of their compensation to either the 401(k) Plan or the 457 Plan. He further stated that the employees choose how much they want to go into either Plan.

Mr. Cafferty stated that the District matches 75% of the employee's contribution up to a maximum of 10% of their compensation. He further stated that currently all of the District's match goes into the 401(k) Plan.

Mr. Cafferty stated that we are proposing to allow the employees, if they choose, to direct the special match from the District into the 457 Plan and to provide them with flexibility in directing their own investments. He further stated that other changes are cosmetic pronoun changes, and updates to the hardship distribution to make sure the



Plan is compliant with current regulations and laws.

Mr. Cafferty stated that the CARES Act associated with the pandemic has allowed employees who meet certain requirements to take up to \$100,000 without penalties. He further stated that we need to inform Prudential and make a change in our Plan to allow this.

Mr. Cafferty introduced Mr. Bruce Ashton, the District's Retirements Savings Plan Attorney, who has reviewed and commented on these documents and has provided a legal opinion that the changes to the language as currently written comply with legal and regulatory requirements.

Mr. Granito asked Mr. Ashton if he had determined whether this proposed amendment to the District's Retirement Savings Plan would require that Mr. Ashton obtain an updated Determination Letter from the IRS, and if not is it advisable to do so anyway. Mr. Ashton replied that it does not require a Determination Letter from the IRS, although we certainly could apply for one, but it would be added expense and take a very long time to get it. He further added that it could be done, but in his view it is not required.

Director Havens asked about Section 05-2, the language "transfer upon death" and asked if the Plans are transferable upon death so they don't need to be included in a trust. Mr. Ashton replied that this section discusses distribution in the event of death and is one way a distribution could occur and has not been amended or modified. He further stated that the participant would designate a beneficiary for the Plan.

Director Havens asked about Section Bi, the CARES Act loans, the date says September 22<sup>nd</sup> is the closeout date, and shouldn't it be the last day of the calendar year. Mr. Ashton replied that the closeout date was designated by the Internal

Revenue Service. Director Havens asked if someone got sick in November, would they still qualify for this benefit. Mr. Ashton replied they would if they had taken the loan before the September 22<sup>nd</sup> closeout date.

Vice President Gaskins stated that the eligibility for the CARES Act loan must be COVID related and the employee must provide proof to the employer. Mr. Ashton stated that the employees would be taxed on the money, but if they pay the money back, they will be credited towards the taxes paid.

President Monin stated that he found it interesting that the Board managed the Plan instead of it being self-directed by the participants, and he feels that the Board takes on some liability in doing so. Mr. Ashton replied that there are two aspects to the Board's responsibility and exposure to potential liability. He further stated that with respect to assets that the water district is responsible for managing the appointment of HighMark to manage the assets provides a degree of liability protection because the District performed its due diligence when searching for a qualified investment advisor and HighMark has discretion over the selection of the assets. Mr. Ashton stated that there is another element of protection for the assets managed by the participants which is that the Board is not responsible for the decisions made by the participants in how they manage their accounts.

President Monin asked if the participants have a right to ask to self-direct their 401(k) investments. Mr. Ashton replied not unless the Plan is amended as it is not currently permitted in the 401(k) Plan. President Monin asked if this puts any liability on the Board. Mr. Ashton replied that HighMark has the discretion to manage the assets and this shifts the burden of the investment selection off of the Board and onto HighMark.

Director Vergara stated that when we changed the 9% match to 10%, the Board agreed to increase the match from 50% to 75%, and he asked if this movement has worked for the participants. Mr. Cafferty replied yes, although it hasn't been dramatic because there are some employees that are able to contribute more than others.

Director Vergara asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Director Havens and unanimously carried across the Board to adopt Resolution No. 20-12-1 which amends and restates the El Toro Water District Deferred Compensation Plan.

Roll Call Vote:

Director Havens	aye
Director Freshley	aye
Director Vergara	aye
Vice President Gaskins	aye
President Monin	aye

Resolution No. 20-12-2 – Amending the El Toro Water District Retirement Savings Plan

Director Vergara asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Vice President Gaskins and unanimously carried across the Board to adopt Resolution No. 20-12-2 which amends and restates the El Toro Water District Retirement Savings Plan.

Roll Call Vote:

Director Havens	aye
Director Freshley	aye
Director Vergara	aye
Vice President Gaskins	aye
President Monin	aye

At approximately 8:00 a.m. Mr. Ashton left the meeting.

## Financial Information Items

### Financial Package – Authorization to Approve Bills for Consideration dated December 14, 2020 and Receive and File Financial Statements as of November 30, 2020

Mr. Hayden stated that on page 9, Receivables are slightly increasing due to the current environment of financial stress.

Director Havens stated that on page 181 the 401(k) summary looks like a lot of the under 65 years of age group are withdrawing or transferring money between the age groups.

Mr. Hayden stated that on page 11, Income expenses remain positive.

President Monin stated that he appreciates Mr. Hayden keeping the Board informed.

Director Vergara asked for a Motion.

Motion: Vice President Gaskins made a Motion, seconded by President Monin and unanimously carried across the Board to approve, ratify, and confirm payment of those bills as set forth in the schedule of bills for consideration dated December 14 2020, and receive and file the Financial statements for the period ending November 30, 2020.

#### Roll Call Vote:

Director Havens	aye
Director Freshley	aye
Director Vergara	aye
Vice President Gaskins	aye
President Monin	aye

### Tiered Water Usage and Revenue Tracking

Mr. Cafferty stated that we are on track with year to date consumption.

Comments Regarding Non-Agenda FIC Items

There were no comments.

Close Finance and Insurance Committee Meeting.

There being no further business the Finance Committee meeting was adjourned at approximately 8:05 a.m.

Respectfully submitted,

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POLLY WELSCH  
Recording Secretary

APPROVED:

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MIKE GASKINS, President  
of the El Toro Water District and the  
Board of Directors thereof

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DENNIS P. CAFFERTY, Secretary  
of the El Toro Water District and the  
Board of Directors thereof



## STAFF REPORT

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**To: Board of Directors**

**Meeting Date: January 25, 2021**

**From: Judy Cimorell, Human Resources Manager**

**Subject: General Manager Employment Agreement Amendment**

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The terms of the contract between the El Toro Water District and the District's General Manager are defined in the "Employment Agreement Between El Toro Water District and Dennis P. Cafferty". Section 6.1 of the Employment Agreement defines the Annual Base Salary of the General Manager.

At the Board Meeting held on December 14, 2020 the Board of Directors authorized a 6% increase in the General Manager's Annual Base Salary. "Amendment No. 2 to the Employment Agreement Between El Toro Water District and Dennis P. Cafferty" amends the General Manager Employment Agreement consistent with the Board action taken at the December 14 Board meeting.

The 6% increase authorized by the Board brings the General Manager's annual base salary to \$293,624 as noted in the amendment. The District's merit program for all the District employees was implemented with the salary increases effective in the paychecks issued on December 31, 2020. The effective date defined in the subject amendment is December 11, 2020 which is the start of the payroll period that resulted in paychecks on December 31.

## RECOMMENDATION

### **Recommended Action:**

Staff recommends that the Board of Directors approve Amendment No. 2 to the Employment Agreement Between El Toro Water District and Dennis P. Cafferty.

**AMENDMENT NO. 2 TO  
EMPLOYMENT AGREEMENT  
BETWEEN  
EL TORO WATER DISTRICT  
AND  
DENNIS P. CAFFERTY**

THIS AMENDMENT to the existing Employment Agreement entered into effective July 1, 2019 (“Agreement”) as amended January 1, 2020 (“Amendment No. 1”) between the El Toro Water District (“District”) and Dennis P. Cafferty (“Employee”) is entered into by District and Employee effective December 11, 2020.

Except as stated below, the Agreement remains in full force and effect.

Sections 6.1 of the Agreement is amended to read as follows:

6.1 **Annual Base Salary.** Employee shall be paid an annual salary of \$293,624. Said compensation shall be paid in equal bi-weekly payments.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment effective December 11, 2020.

EL TORO WATER DISTRICT:

By \_\_\_\_\_  
Mike Gaskins, President  
Board of Directors

By \_\_\_\_\_  
Judy Cimorell, Assistant Secretary

DENNIS P. CAFFERTY:

\_\_\_\_\_  
Dennis P. Cafferty



## STAFF REPORT

**To: Board of Directors**

**Meeting Date: January 25, 2021**

**From: Jason Hayden, Chief Financial Officer**

**Subject: El Toro Water District Investment Policy**

Attached for the Board's review and consideration for approval are redlined and clean copies of a revised version of the Investment Policy for the El Toro Water District. The majority of the revisions in the policy are made to the formatting of lists by converting to lettered lists and correcting grammatical issues. The bulleted list below highlights the changes to the content of the policy:

- Throughout the document, the position responsible for investments is changed from the "Finance Manager/Controller" to "Chief Financial Officer" to reflect the current organizational structure of the District.
- In Section 1.0, the objectives are revised to emphasize safety and liquidity as the primary objectives of the policy with return on investment being the third objective.
- In Section 4.0 A., a change was made to emphasize that the intent of diversification is to minimize losses on any single security.
- In Section 8.0 H, Bankers' Acceptances was removed as an authorized investment from the policy. These types of investment instruments are no longer utilized very much and are not well understood. Staff therefore recommends they be avoided and removed from the Investment Policy.
- In Section 8.0 M, the second paragraph was changed to limit the purchase of a Time Certificate of Deposit to \$250,000 to ensure the District's funds are insured with FDIC insurance unless a collateral agreement with the institution was in place.
- In Section 10.0, the maximum amount of the portfolio that may be invested with any one issuer was lowered from 5% to 3%. This would lower the maximum exposure to any one issuer from \$900,000 (current portfolio of ~\$18,000,000 \* 5%) to \$540,000 (\$18,000,000 \* 3%).

The General Manager and Chief Financial Officer had discussions with the District's investment advisor about the maximum percent of the portfolio that could be allocated to each type of investment and are comfortable with the current limits.



**Recommended Action:** Staff recommends approving Resolution No. 21-1-1 amending Policy Statement 1985-3 (IV) (ETWD Investment Policy).

RESOLUTION NO. 21-1-1

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

**Attachments**

- Revised El Toro Water District Policy Statement 1985-3 (IV) Investment Policy (Version that is not redlined).
- Redlined El Toro Water District Policy Statement 1985-3 (IV) Investment Policy.

RESOLUTION NO. 21-1-1

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

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

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

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the El Toro Water District does hereby adopt Policy Statement 1985-3 (IV), as amended and set forth in Exhibit "A", which is attached hereto, effective January 25, 2021.

ADOPTED, SIGNED AND APPROVED, this 25th day of January 2021.

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MIKE GASKINS, President  
E Toro Water District and of the  
Board of Directors thereof

(SEAL)

ATTEST:

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DENNIS P. CAFFERTY, Secretary  
El Toro Water District and of the  
Board of Directors there of

Prepared by: Staff	<b>EL TORO WATER DISTRICT POLICY STATEMENT 1985-3 (IV) INVESTMENT POLICY</b>	Pages 1 of 8 Item 2 Section IV
Approved by: Board of Directors		Date: 01-25-21 Revision: 18

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- 8.0 Authorized & Suitable Investments
- 9.0 Safekeeping and Custody
- 10.0 Diversification
- 11.0 Maximum Maturities
- 12.0 Internal Control
- 13.0 Performance Standards
- 14.0 Reporting
- 15.0 Investment Policy Adoption

Superseded by Resolution: 91-02-02	Date: 02/02/91
Superseded by Resolution: 94-02-02	Date: 02/16/94
Superseded by Resolution: 95-02-16	Date: 02/16/95
Superseded by Resolution: 95-12-04	Date: 12/21/95
Superseded by Resolution: 98-02-01	Date: 02/19/98
Superseded by Resolution: 00-02-01	Date: 02/17/00
Superseded by Resolution: 01-15-01	Date: 11/15/01
Superseded by Resolution: 02-09-01	Date: 09-19-02
Superseded by Resolution: 03-04-02	Date: 04/24/03
Superseded by Resolution: 04-04-01	Date: 04/22/04
Superseded by Resolution: 05-02-01	Date: 02/04/05
Superseded by Resolution: 08-9-1	Date: 09/23/08
Superseded by Resolution: 11-9-3	Date: 09/22/11
Superseded by Resolution: 15-9-1	Date: 09/24/15
Superseded by Resolution: 16-9-1	Date: 09/22/16
Superseded by Resolution: 17-9-1	Date: 09/26/17
Superseded by Resolution: 20-1-3	Date: 01/21/20
Superseded by Resolution: 21-1-1	Date: 01/25/21

Prepared by: Staff	<b>EL TORO WATER DISTRICT POLICY STATEMENT 1985-3 (IV) INVESTMENT POLICY</b>	Pages 2 of 8 Item 2 Section IV
Approved by: Board of Directors		Date: 01-25-21 Revision: 18

## 1.0 **Policy**

It is the duty of the El Toro Water District's ("ETWD" or the "District") Chief Financial Officer to invest ETWD funds in a manner that is consistent with safe and prudent management to maximize yield while preserving safety and liquidity. Cash in excess of immediate operating requirements shall be invested in institutions meeting all legal requirements for the deposit of public funds.

The primary objectives of this Investment Policy are to maintain a mix of investments that:

- A. Preserve the safety of the District's funds;
- B. Provide liquidity to meet the daily cash flow needs of the District;
- C. Obtain the highest return on investments available after ensuring the safety and liquidity of the District's funds.

## 2.0 **Scope**

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

- A. General Funds
- B. Capital Project Funds
- C. Other Funds as Approved by the Board

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

## 3.0 **Standard of Care**

The Standard of Care to be used by all participants in the investment process shall be the "Prudent Investor Standard" as set forth in Government Code Section 53600.3 and shall be applied in the context of managing an overall portfolio. Investments shall be made with care, skill, prudence and diligence under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of ETWD that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and like aims.

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

Prepared by: Staff	<b>EL TORO WATER DISTRICT POLICY STATEMENT 1985-3 (IV) INVESTMENT POLICY</b>	Pages 3 of 8 Item 2 Section IV
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#### 4.0 **Objective**

In accordance with Government Code Section 53600.5, the primary objectives, in priority order, for ETWD's Investment activities shall be as follows:

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

#### 5.0 **Delegation of Authority**

Authority to manage ETWD's Investment Program is derived from the approval of Resolution 85-3-1 adopting policy statement 1985-3 (IV) Investment Policy as well as a series of superseding resolutions adopting periodic updates to the Investment Policy. Management responsibility for the program is hereby delegated to the Chief Financial Officer of ETWD until such time the Board may decide to change the delegation of management responsibility. The Chief Financial Officer, through the approval of this Investment Policy, has established procedures for the operation of the Investment Program. No person may engage in an investment transaction except as provided under the terms of this policy and other procedures that may be established by the Chief Financial Officer.

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

Prepared by: Staff	<p style="text-align: center;"><b>EL TORO WATER DISTRICT POLICY STATEMENT 1985-3 (IV) INVESTMENT POLICY</b></p>	Pages 4 of 8 Item 2 Section IV
Approved by: Board of Directors		Date: 01-25-21 Revision: 18

## **6.0 Ethics and Conflicts of Interests**

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

## **7.0 Authorized Financial Institutions**

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

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

## **8.0 Authorized and Suitable Investments**

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

**A. U.S. Treasury Instruments.** United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States is pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio invested in this category.

**B. Federal Agency and Instrumentality Securities.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio invested in this category.

**C. Supra-Nationals.** United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by a Nationally Recognized Statistical Rating Organization ("NRSRO") and shall not exceed 30% of the portfolio.

Prepared by: Staff	<b>EL TORO WATER DISTRICT POLICY STATEMENT 1985-3 (IV) INVESTMENT POLICY</b>	Pages 5 of 8 Item 2 Section IV
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- D. Municipal Debt.** Registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any state.

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

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

- E. Medium-Term Notes.** Medium-term notes are defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Purchases are limited to securities rated in a rating category of "A" or its equivalent or better by an NRSRO. A maximum of 30% of ETWD's portfolio may be invested in this category.

- F. Asset-Backed Securities.** Asset-backed securities include mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, and consumer receivable-backed bonds. Purchases are limited to securities rated in a rating category of "AA" or its equivalent or better by an NRSRO. Additionally, securities must have a maximum remaining maturity of 5 years or less. A maximum of 20% of the portfolio may be invested in this category.

- G. Commercial Paper.** Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions:

- (i) Is organized and operating in the United States as a general corporation
- (ii) Has total assets in excess of five hundred million dollars (\$500,000,000)
- (iii) Has debt other than commercial paper, if any, that is rated in a rating category of "AA" or its equivalent or better by an NRSRO. Eligible commercial paper shall have a maximum maturity of 270 days or less and not represent more than 10% of the outstanding paper of an issuing corporation.

A maximum of 25% of ETWD's portfolio may be invested in this category.

Prepared by: Staff	<b>EL TORO WATER DISTRICT POLICY STATEMENT 1985-3 (IV) INVESTMENT POLICY</b>	Pages 6 of 8 Item 2 Section IV
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- H. Negotiable Certificates of Deposit.** Negotiable certificates of deposit (NCDs) issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases are limited to institutions which have long-term debt rated in a rating category of "A" or its equivalent or better by an NRSRO; and/or have short-term debt rated "A-1" or its equivalent or better by an NRSRO. A maximum of 30% of ETWD's portfolio may be invested in this category.
- I. Placement Service Deposit.** Deposit placed through a deposit placement service shall meet the requirements under Government Code Section 53601.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by Federal Deposit Insurance. A maximum of 30% of ETWD's portfolio may be invested in this category.
- J. State of California's Local Agency Investment Fund (LAIF).** If ETWD has funds invested in LAIF, ETWD shall maintain on file LAIF's current investment policy and its requirements for participation, including limitations on deposits or withdrawals. In addition, ETWD's investments in LAIF should be reviewed periodically. A maximum of \$30 million dollars may be invested in the State pool.
- K. Money Market Funds.** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 and following). The company shall have met either of the following criteria:
- (i) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.
  - (ii) Retained an investment adviser registered or exempt from registration with the SEC with not less than 5 years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).
- A maximum of 10% of ETWD's portfolio may be invested in this category.
- L. California Asset Management Program (CAMP).** If ETWD has funds invested in CAMP, ETWD shall maintain on file CAMP's current investment policy and its requirements for participation, including limitations on deposits and withdrawals. In addition, ETWD's investments in CAMP should be reviewed periodically. A maximum of 60% of ETWD's portfolio may be invested in this category.



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**M. Bank Deposits.** FDIC insured or fully collateralized demand deposit accounts, savings accounts, market rate accounts, time certificates of deposits ("TCDs") or other bank deposits in financial institutions located in California. The amount on deposit in any financial institution shall not exceed the shareholder's equity. To be eligible to receive ETWD deposits, the financial institution must have received a minimum overall satisfactory rating, under the Community Redevelopment Act, for meeting the credit needs of California Communities in its most recent evaluation. Bank deposits are required to be collateralized as specified under Government Code Section 53630 et. seq.

The Chief Financial Officer, at his/her discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. ETWD shall have a signed agreement with any depository accepting ETWD funds per Government Code Section 53649. The maximum maturity of TCDs is one (1) year and the District should limit its investment in a TCD to \$250,000 per institution to protect the investment through FDIC insurance unless a collateral agreement covering the TCD is in place with the Institution. A maximum of 20% of ETWD's portfolio may be invested in TCDs

## 9.0 **Safekeeping and Custody**

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

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

## 10.0 **Diversification**

The purpose of Diversification is to reduce overall portfolio risks while obtaining Market Average Rates of return and avoiding losses. The investment portfolio shall be diversified among security types, issuers and maturities to prevent incurring unreasonable and avoidable risks regarding specific security types, individual financial institutions or maturity segments. In addition to the percentage limitations specified in Section 8.0 Permitted Investments, the maximum amount of the portfolio ETWD may invest with any one issuer in the following categories (Medium-Term Notes, Asset-Backed Securities, Commercial Paper, Bankers' Acceptances, and Negotiable Certificates of Deposit) is 3%. In addition, the maximum amount of the portfolio ETWD may invest in these categories in aggregate is limited to 40%.

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

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#### **11.0 Maximum Maturities**

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

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

#### **12.0 Internal Control**

The Chief Financial Officer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

#### **13.0 Performance Standards**

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

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

#### **14.0 Reporting**

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

##### **Credit Ratings Changes**

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

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**15.0    Investment Policy Adoption**

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

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## 1.0 Policy

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

The primary objectives of this Investment Policy ~~is~~ are to maintain a prudent mix of investments that:

A. preserves the safety of the District's funds;

B. Provides liquidity to meet the daily cash flow needs of the District;

A-C. Obtains the highest return on investments available after ensuring the safety and liquidity of the District's funds. ~~to provide the highest investment return while meeting the daily cash flow demands of ETWD.~~

## 2.0 Scope

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

### ~~2.1~~ Funds:

A. General Funds

B. Capital Project Funds

C. Other Funds as Approved by the Board

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

## 3.0 Standard of Care

The Standard of Care to be used by all participants in the investment process shall be the "Prudent Investor Standard" as set forth in Government Code Section 53600.3 and shall be applied in the context of managing an overall portfolio. Investments shall be made with care, skill, prudence and diligence under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of ETWD that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and like aims.

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Investment Officers acting in accordance with this written procedure and Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion and that appropriate action is taken to control adverse developments. Collectively, the General Manager and the ~~Finance Manager/Controller~~Chief Financial Officer are hereby defined as Investment Officers.

#### 4.0 **Objective**

In accordance with Government Code Section 53600.5, the primary objectives, in priority order, for ETWD's Investment activities shall be as follows:

**4.1A Safety:** Safety of principal is the foremost objective of the investment program. Investments of ETWD funds shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required ~~in orderso~~ that potential losses on individual securities are minimal in comparison to the overall portfolio and do not exceed the income generated from the remainder of the portfolio.

**4.2B Liquidity:** ETWD's investment portfolio will remain sufficiently liquid to enable ETWD to meet all reasonably anticipated operating requirements, ~~which might be reasonably anticipated.~~

**C Return on Investment:** ETWD's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account ETWD's investment risk constraints and the cash flow characteristics of the portfolio.

#### 5.0 **Delegation of Authority**

Authority to manage ETWD's Investment Program is derived from the approval of Resolution 85-3-1 adopting policy statement 1985-3 (IV) Investment Policy as well as a series of superseding resolutions adopting periodic updates to the Investment Policy. Management responsibility for the program is hereby delegated to the ~~Finance Manager/Controller~~Chief Financial Officer of ETWD until such time the Board may decide to change the delegation of management responsibility. ~~—The Finance Manager/Controller~~Chief Financial Officer, through the approval of this Investment Policy, has established procedures for the operation of the Investment Program. No person may engage in an investment transaction except as provided under the terms of this policy and other procedures that may be established by the ~~Finance Manager/Controller~~Chief Financial Officer.

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

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Financial Officer shall provide monitoring and oversight of the investments made by the Investment Manager.

## 6.0 **Ethics and Conflicts of Interests**

Investment Officers, Board Members and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Board Members and employees involved in the investment process shall disclose to the General Manager any material financial interests in financial institutions that conduct business with the District, and they shall further disclose any personal financial/investment positions that could be related to the performance of ETWD's portfolio. Affected Employees and Investment Officers shall sub-ordinate their personal investment transactions to those of ETWD, particularly with regard to the time of purchases and sales. The General Manager,

~~Finance Manager/Controller~~Chief Financial Officer, affected employees, and the Investment Advisor, if one is used, will be required to prepare an Annual Conflict of Interest Statement (FPPC Form 700).

## 7.0 **Authorized Financial Institutions**

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

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

## 8.0 **Authorized and Suitable Investments**

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

**A. U.S. Treasury Instruments.** United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States is pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio invested in this category.

**B. Federal Agency and Instrumentality Securities.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal

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agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio invested in this category.

**C. Supra-nationals.** United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by a Nationally Recognized Statistical Rating Organization ("NRSRO") and shall not exceed 30% of the portfolio.

**D. Municipal Debt.** Registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any state.

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

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

**E. Medium-Term Notes.** Medium-term notes are defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Purchases are limited to securities rated in a rating category of "A" or its equivalent or better by an NRSRO. A maximum of 30% of ETWD's portfolio may be invested in this category.

**F. Asset-Backed Securities.** Asset-backed securities include mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, and consumer receivable-backed bonds. Purchases are limited to securities rated in a rating category of "AA" or its equivalent or better by an NRSRO. Additionally, securities must have a maximum remaining maturity of 5 years or less. A maximum of 20% of the portfolio may be invested in this category.

**G. Commercial Paper.** Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions:

- (i) Is organized and operating in the United States as a general corporation



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(ii) Has total assets in excess of five hundred million dollars (\$500,000,000)

(iii) Has debt other than commercial paper, if any, that is rated in a rating category of "AA" or its equivalent or better by an NRSRO. Eligible commercial paper shall have a maximum maturity of 270 days or less and not represent more than 10% of the outstanding paper of an issuing corporation.

A maximum of 25% of ETWD's portfolio may be invested in this category.

~~H. Bankers' Acceptances.~~ Bankers' acceptances, otherwise known as bills of exchange or time drafts, that are drawn on and accepted by a commercial bank. Purchases are limited to bankers' acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System. Purchases of bankers' acceptances may not exceed 180 days maturity. Eligible bankers' acceptances are restricted to issuing financial institutions with short-term paper rated in the highest category by a NRSRO. A maximum of 15% of ETWD's portfolio may be invested in this category.

~~I.H.~~ **Negotiable Certificates of Deposit.** Negotiable certificates of deposit (NCDs) issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases are limited to institutions which have long-term debt rated in a rating category of "A" or its equivalent or better by an NRSRO; and/or have short-term debt rated "A-1" or its equivalent or better by an NRSRO. A maximum of 30% of ETWD's portfolio may be invested in this category.

~~J.~~ **Placement Service Deposit.** Deposit placed through a deposit placement service shall meet the requirements under Government Code Section 53601.8. The full amount of the ~~K.I.~~ principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by Federal Deposit Insurance. A maximum of 30% of ETWD's portfolio may be invested in this category.

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

~~M.K.~~ **Money Market Funds.** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 and following). The company shall have met either of the following criteria:

(~~A.i.~~) - Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(~~B.ii.~~) - Retained an investment adviser registered or exempt from registration with the SEC with not less than 5 years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

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A maximum of 10% of ETWD's portfolio may be invested in this category.

**N.L. California Asset Management Program (CAMP).** If ETWD has funds invested in CAMP, ETWD shall maintain on file CAMP's current investment policy and its requirements for participation, including limitations on deposits and withdrawals. In addition, ETWD's investments in CAMP should be reviewed periodically. A maximum of 60% of ETWD's portfolio may be invested in this category.

**O-M. Bank Deposits.** FDIC insured or fully collateralized demand deposit accounts, savings accounts, market rate accounts, time certificates of deposits ("TCDs") or other bank deposits in financial institutions located in California. The amount on deposit in any financial institution shall not exceed the shareholder's equity. To be eligible to receive ETWD deposits, the financial institution must have received a minimum overall satisfactory rating, under the Community Redevelopment Act, for meeting the credit needs of California Communities in its most recent evaluation. Bank deposits are required to be collateralized as specified under Government Code Section 53630 et. seq.

The ~~Finance Manager/Controller~~Chief Financial Officer, at his/her discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. ETWD shall have a signed agreement with any depository accepting ETWD funds per Government Code Section 53649. The maximum maturity of TCDs is one (1) year and the District should limit its investment in a TCD to \$250,000 per institution to protect the investment through FDIC insurance unless a collateral agreement covering the TCD is in place with the Institution. A maximum of 20% of ETWD's portfolio may be invested in TCDs

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

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avoidable risks regarding specific security types, individual financial institutions or maturity segments. In addition to the percentage limitations specified in Section 8.0 Permitted Investments, the maximum amount of the portfolio ETWD may invest with any one issuer in the following categories (Medium-Term Notes, Asset-Backed Securities, Commercial Paper, Bankers' Acceptances, and Negotiable Certificates of Deposit) is ~~53~~%. In addition, the maximum amount of the portfolio ETWD may invest in these categories in aggregate is limited to 40%.

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#### **14.0 Reporting**

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

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# **EL TORO WATER DISTRICT INSURANCE UPDATE**

**January 2021**

## **Liability Program**

The Liability for Auto & General Liability Coverage has been renewed for another year by JPIA effective October 1, 2020. Premium for this year is \$192,860.00. Last year's premium was \$156,333.47. The premium is based on payroll and claims experience from previous year.

## **Property Insurance**

There is nothing new to report this quarter.

## **Excess Public Employee Fidelity Program**

There is nothing new to report this quarter.

## **Underground Storage Tank Pollution Liability**

There is nothing new to report this quarter.

## **Dam Failure Liability**

Dam Failure Liability was renewed on October 2020 for \$10,000,000.00 on ETWD Reservoir & \$5,000,000.00 for Rossmoor Dam by JPIA. The premium for this year \$34,078.00. Last year's premium was \$23,949.00.

## **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, 2020 and runs through June 30, 2021.

## **Workers' Compensation Claims**

There were no workers' 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 second quarter is \$1481.60.

### **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 second 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 second quarter is \$78.39.

### **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 second quarter is \$52.12.

### **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 second quarter is \$13.24.

**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 second quarter is \$42.29.

**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 second quarter is \$1.70.

**An insurance report of Budget vs. Actual Costs for fiscal year 2020/2021 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 - Q1 2020/2021  
1/1/2021**

	<b>Annual Budget</b>	<b>Actual Paid to Date</b>	<b>Difference</b>
<b>Insurance Coverage</b>			
Liability	\$175,000	\$192,860	\$17,860
Property	\$70,000	\$73,254	\$3,254
Fiduciary Liability	\$6,300	\$10,337	\$4,037
Dam Ins. (includes Excess) less SMWD- 50% & MNWD 5% - R-6	\$21,405 (\$7,950) (\$795)	\$34,565 (\$17,283) (\$1,728)	\$13,160 -\$9,333 (\$933)
Underground Storage Tank	\$1,500	\$1,453	(\$47)
Excess Crime	\$2,000	\$1,995	(\$5)
<b>Total Insurance</b>	<b>\$267,460</b>		<b>\$27,993</b>

	<b>Annual Budget</b>	<b>Q1 &amp; Q2 Budget</b>	<b>Accumulative Q1 &amp; Q2 Actual</b>	<b>Difference</b>
<b>Benefits - Directors</b>				
Long Term Care	\$27,878	\$13,939	\$8,351	(\$5,588)
Dental	\$3,266	\$1,633	\$1,232	(\$401)
Vision	\$158	\$79	\$516	\$437
Life	\$139	\$70	\$69	(\$1)
<b>Total Benefits Directors</b>	<b>\$31,441</b>	<b>\$15,721</b>	<b>\$10,168</b>	<b>(\$5,553)</b>
<b>Retiree Benefits</b>				
Medical	\$327,383	\$163,692	\$149,898	(\$13,794)
Employee paid	(\$32,738)	(\$16,369)	(\$14,990)	\$1,379
<b>Total retiree benefits</b>	<b>\$294,645</b>	<b>\$147,323</b>	<b>\$134,908</b>	<b>(\$12,415)</b>
<b>Employee Benefits</b>				
Emp.Assistance Program	\$1,242	\$621	\$573	(\$48)
Medical	\$1,207,490	\$603,745	\$529,650	(\$74,095)
Emp. Co-pay	(\$88,006)	(\$44,003)	(\$41,287)	\$2,716
Life/AD&D	\$36,971	\$18,486	\$15,679	(\$2,807)
Dental	\$60,128	\$30,064	\$28,354	(\$1,710)
Vision	\$12,550	\$6,275	\$6,041	(\$234)
LTD/STD	\$39,455	\$19,728	\$19,327	(\$401)
LTC	\$15,770	\$7,885	\$5,234	(\$2,651)
LTC-Emp. Paid	(\$3,270)	(\$1,635)	(\$818)	\$817
Workers comp.	\$141,750	\$70,875	\$62,621	(\$8,254)
<b>Total Employee Benefits</b>	<b>\$1,424,080</b>	<b>\$712,040</b>	<b>\$625,374</b>	<b>(\$86,666)</b>



## SUMMARY OF COVERAGE

Page 5

Type of Coverage	<u>GENERAL LIABILITY</u>	Coverage Term: 10/20-21
Coverage Includes	1. Commercial General Liability 2. Contractual Liability 3. Products/Completed Operations 4. Personal Injury	\$192,860.00
Coverage Limits	Insurance Carrier	Policy Number
	Pooled Self-insured	MOLC - 100110

Type of Coverage	<u>AUTO LIABILITY</u>	Coverage Term: 10/20-21
Coverage Includes	1. Owned Automobiles/Trucks 2. Non-owned Automobiles/Trucks 3. Hired Automobiles/Trucks	Premium - Included
Coverage Limits	Insurance Carrier	Policy Number
	Pooled Self-insured	MOLC - 100110

Type of Coverage	<u>PUBLIC OFFICIALS LIABILITY</u>	Coverage Term: 10/20-21
Coverage Includes	1. Errors & Omissions	Premium - Included
Coverage Limits	Insurance Carrier	Policy Number
	Pooled Self-insured	MOLC - 100110

Type of Coverage	<u>PROPERTY</u>	Coverage Term: 7/20 - 21
Coverage Includes	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	Premium - \$73,254
Automobile Physical Damage Comprehensive - 83 Vehicles Collision - 83 Vehicles		
Coverage Limits	Insurance Carrier	Policy Number
	Pooled Self-insured	MOLC - 100110

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Type of Coverage	<b><u>EXCESS CRIME PROGRAM</u></b>	Coverage Term: 7/20-21
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Coverage Includes	1. Public Employee Dishonesty 2. Forgery or Alteration 3. Computer Fraud 4. Faithful Performance of Duty 5. Treasurer/Tax Collector/Board Members (included)	Premium - \$1,995
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Coverage Limits	Insurance Carrier	Policy Number
	Pooled Self-insured	MOLC - 100110

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Type of Coverage	<b><u>UNDERGROUND STORAGE TANK POLLUTION LIABILITY</u></b>	Coverage Term: 7/20-21
------------------	--	------------------------

Coverage Includes	1. Claims-Made 2. Environmental Incident	Premium - \$1,453
-------------------	---	-------------------

Covers 1 Tank Located at:  
23542 Moulton Parkway  
Laguna Woods, CA 92637

Coverage Limits	Insurance Carrier	Policy Number
	Pooled Self-insured	MOLC - 100110

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Type of Coverage	<b><u>DAM FAILURE LIABILITY</u></b>	Coverage Term: 10/20-09/21
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Coverage (Includes Excess Ins. for El Toro Reservoir)	\$10,000,000.00	Premium - \$34,078.
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Covers: El Toro Reservoir Rossmoor Dam	\$5,000,000.00	
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Coverage Limits	Insurance Carrier	Policy Number
		MOLC - 100110

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Type of Coverage	<b><u>FIDUCIARY LIABILITY</u></b>	Coverage Term: 9/20-21
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Coverage Includes	1. Executive Protection Policy	Premium - \$10,337
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Parent Organization:  
ETWD Retirement Savings Plan &  
Trust Agreement

Coverage Limits	Insurance Carrier	Policy Number
	Hudson Insurance Company	SFD31211603

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Type of Coverage	<b><u>WORKERS' COMPENSATION</u></b>	Coverage Term: 7/20 - 6/21
Coverage Includes	1. Coverage A - Workers' Compensation 2. Coverage B - Employer's Liability	Premium - Paid Quarterly Varies per Payroll
Coverage Limits	Insurance Carrier	Policy Number
Coverage A		
\$0 - \$2 Million	Pooled Self-insured	MOLC - 100110
\$2 Million to Statutory		
Coverage Limits	Insurance Carrier	Policy Number
Coverage B		
\$0 - \$2 Million	Pooled Self-insured	MOLC - 100110
\$2 Million excess of \$2 Million SIR		

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Type of Coverage	<b><u>LIFE &amp; ACCIDENT</u></b>	2nd Quarter Premium \$7,520
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	

---

Type of Coverage	<b><u>LONG / SHORT TERM DISABILITY</u></b>	2nd Quarter Premium \$9,226
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>	2nd Quarter Premium \$2,344
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>	2nd 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>	2nd Quarter Premium \$14,476
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>	2nd Quarter Premium \$311,665
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>	2nd Quarter Premium \$3,253
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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EL TORO WATER DISTRICT  
FINANCIAL REPORT  
January 25, 2021

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**EL TORO WATER DISTRICT  
BALANCE SHEET**

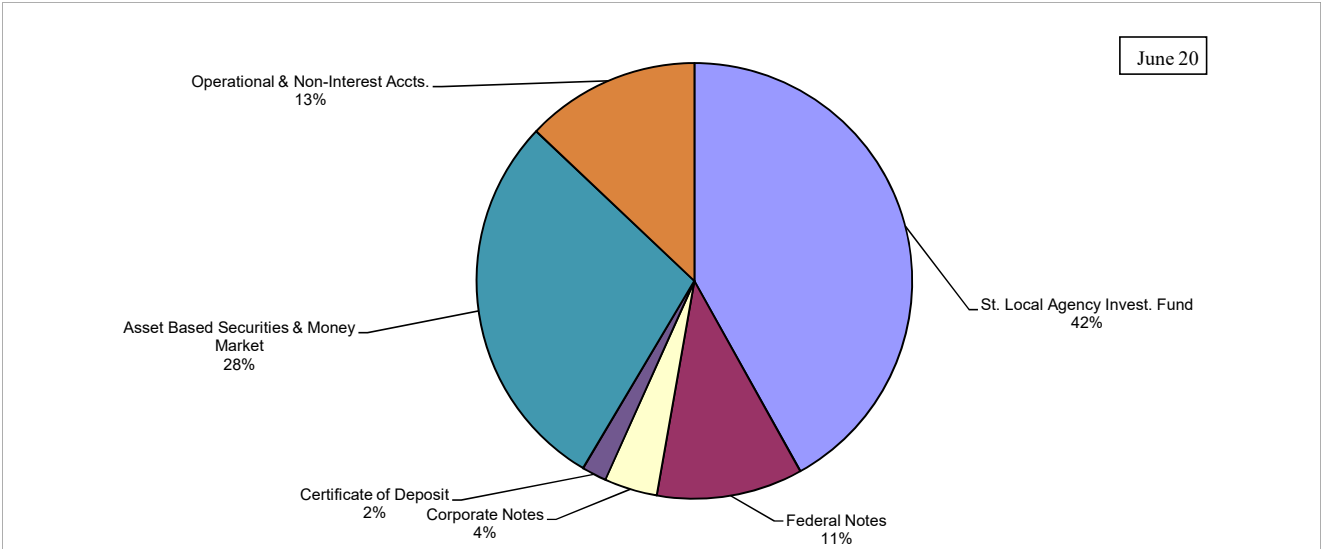
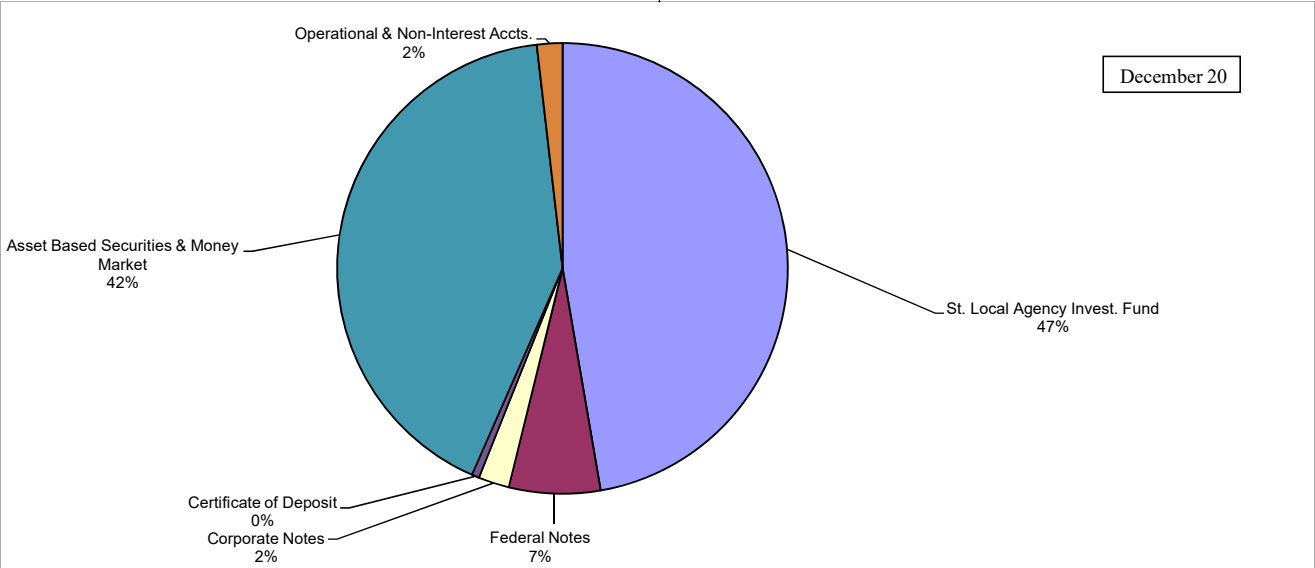
	<b>12/31/20 (Unaudited)</b>	<b>June 30, 2020 (Audited)</b>
<b>ASSETS</b>		
Current Assets		
Cash	\$341,556	\$2,718,968
Investments:		
Investments Cash	7,649,403	7,863,284
Investments FMV Adjustment	66,648	99,832
Receivables:		
Accounts Receivable	4,114,287	2,706,924
Inventories	699,095	698,779
Prepaid Expenses	382,135	173,851
Total Current Assets	<u>\$13,253,123</u>	<u>14,261,637</u>
Restricted Assets		
Cash & Investments	<u>10,731,841</u>	<u>10,423,655</u>
Total Restricted Assets	<u>10,731,841</u>	<u>10,423,655</u>
Non-Current Assets		
Utility Plant:		
Land & Easements	7,451,585	7,451,585
Long Term Leases	342,382	342,382
Equipment	122,029,675	121,567,548
Collection & Impound Reservoirs	6,243,706	6,243,706
Structure & Improvements	34,907,153	34,871,067
Total Utility Plant	<u>170,974,502</u>	<u>170,476,289</u>
Less Accumulated Depreciation & Amortization	<u>(81,985,188)</u>	<u>(79,832,055)</u>
Net Utility Plant	88,989,314	90,644,235
Construction Work in Progress	1,335,893	793,303
Deferred Outflow OPEB	<u>3,634,674</u>	<u>3,634,674</u>
Total Non-current Assets	<u>93,959,881</u>	<u>95,072,212</u>
<b>TOTAL ASSETS</b>	<u><u>\$117,944,845</u></u>	<u><u>\$119,757,504</u></u>

**EL TORO WATER DISTRICT  
BALANCE SHEET**

	<b>12/31/20</b> <b>(Unaudited)</b>	<b>June 30, 2020</b> <b>(Audited)</b>
<b>LIABILITIES and EQUITY</b>		
<b>Liabilities</b>		
Current Liabilities Payable		
Accounts Payable	\$1,179,949	\$2,106,030
Current Portion of Long-Term Debt	613,528	2,203,943
Other Current Liabilities	2,307,726	2,116,800
<b>Total Current Liabilities Payable</b>		
From Current Assets	4,101,203	6,426,773
 Long Term Debt		
Long Term Debt	50,591,444	50,591,444
<b>Total Long Term Debt</b>	<u>50,591,444</u>	<u>50,591,444</u>
 <b>Total Liabilities</b>	 54,692,647	 57,018,217
 <b>Fund Equity</b>		
Retained Earnings - Reserved	17,034,893	17,034,893
Contributed Capital	8,744,767	8,744,767
Retained Earnings - Unreserved	36,959,626	38,773,389
Net Income	512,912	(1,813,763)
<b>Total Fund Equity</b>	<u>63,252,198</u>	<u>62,739,286</u>
 <b>Total Liabilities &amp; Fund Equity</b>	 <u><u>\$117,944,845</u></u>	 <u><u>\$119,757,504</u></u>

CASH & INVESTMENTS (General Fund)  
SUMMARY OF INVESTMENTS BY TYPE

	Maturity Dates	Par	Market Value 12/31/20	Financial Institution	YTM 12/31/20	Original Cost 12/31/20
State Local Agency Investment Fund	NA	NA	\$8,855,163	LAIF	0.54%	\$8,855,163
US Treasury N/B - Coupon Rate 1.375%	1/31/2021	50,000	50,047	US Bank/CAMP	2.05%	49,006
US Treasury N/B - Coupon Rate 1.125%	2/28/2021	150,000	150,234	US Bank/CAMP	2.41%	144,428
US Treasury N/B - Coupon Rate 2.000%	5/31/2021	490,000	493,752	US Bank/CAMP	2.62%	481,272
Intl Finance Note - Coupon Rate 2.250%	1/25/2021	70,000	70,039	US Bank/CAMP	2.35%	69,794
Intl Finance Corporation Note - Coupon Rate 2.635%	3/9/2021	90,000	90,387	US Bank/CAMP	2.66%	89,933
Inter-American Dev Bank Note - Coupon Rate 1.875%	3/15/2021	200,000	200,674	US Bank/CAMP	2.56%	196,046
Inter-American Dev Bank Note - Coupon Rate 2.625%	4/19/2021	70,000	70,490	US Bank/CAMP	2.70%	69,846
CA ST TXBL GO Bonds- Coupon Rate 2.800%	4/1/2021	100,000	100,629	US Bank/CAMP	2.80%	100,004
FNA 2018-M5 A2- Coupon Rate 3.560%	9/1/2021	23,644	23,696	US Bank/CAMP	2.93%	24,114
Federal Notes		1,243,644	1,249,947			1,224,442
Paccar Financial Corp Notes - Coupon Rate 2.800%	3/1/2021	30,000	30,112	US Bank/CAMP	2.82%	29,985
National Rural Util Coop - Coupon Rate 2.900%	3/15/2021	35,000	35,175	US Bank/CAMP	2.94%	34,961
United Parcel Service Corporate Bond - Coupon Rate 2.050%	4/1/2021	90,000	90,369	US Bank/CAMP	2.10%	89,858
Toyota Motor Credit Corp Notes - Coupon Rate 2.950%	4/13/2021	90,000	90,645	US Bank/CAMP	2.96%	89,964
Pepsico Inc. Corp. Note - Coupon Rate 2.000%	4/15/2021	30,000	30,107	US Bank/CAMP	2.01%	29,994
Hershey Company Corp. Note - Coupon Rate 3.100%	5/15/2021	40,000	40,420	US Bank/CAMP	3.12%	39,972
American Express Co. - Coupon Rate 3.375%	5/17/2021	45,000	45,394	US Bank/CAMP	3.38%	44,992
Charles Schwab Corp. Corp. Notes - Coupon Rate 3.250%	5/21/2021	55,000	55,482	US Bank/CAMP	3.25%	54,998
Corporate Notes		415,000	417,704			414,725
Royal Bank of Canada NY CD- Coupon Rate 3.240%	6/7/2021	100,000	101,386	US Bank/CAMP	3.24%	100,000
Certificate of Deposit		100,000	101,386			100,000
Allya 2017-5 A3 - Coupon Rate 1.990%	3/15/2022	1,357	1,358	US Bank/CAMP	1.99%	1,357
Fordo 2017-C A3 - Coupon Rate 2.010%	3/15/2022	6,672	6,676	US Bank/CAMP	2.01%	6,671
JDOT 2018-A A3 - Coupon Rate 2.660%	4/15/2022	2,475	2,480	US Bank/CAMP	2.66%	2,474
Hart 2018-A A3 - Coupon Rate 2.790%	7/15/2022	12,439	12,526	US Bank/CAMP	2.79%	12,437
MBart 2018-1 A3 - Coupon Rate 3.030%	1/15/2023	25,856	26,097	US Bank/CAMP	3.03%	25,855
CAMP Money Market Fund	NA	NA	7,738,119	US Bank/CAMP	0.12%	7,738,119
Asset Based Securities & Money Market		48,798	7,787,256			7,786,913
Total Camp Investments		1,807,442	9,556,294			9,526,081
Operational & Non-Interest Bearing Accounts						
ETWD General Cash Account	NA	NA	337,961	Union Bank of Cal.	0.00%	337,961
ETWD Capital Facilities Reserve Account	NA	NA	2,895	Union Bank of Cal.	0.00%	2,895
ETWD Payroll Account	NA	NA	0	Union Bank of Cal.	0.00%	0
ETWD Petty Cash Account	NA	NA	700	Union Bank of Cal.	0.00%	700
Operational & Non-Interest Accts.			341,556			341,556
			\$18,753,012	Total Investments & Cash		\$18,722,799



LIQUIDITY

	December 31, 2020			June 30, 2020	
	\$	%		\$	%
DEMAND	\$ 16,934,838	90.45%		\$ 17,297,570	82.35%
30 Days	\$ 69,794	0.37%		\$ -	0.00%
31-180 Days	\$ 1,645,259	8.79%		\$ 1,310,976	6.24%
181 - 360	\$ 24,114	0.13%		\$ 2,053,566	9.78%
361-1800 Days	\$ 48,794	0.26%		\$ 341,855	1.63%
TOTAL	\$ 18,722,799	100.00%		\$ 21,003,967	100.00%

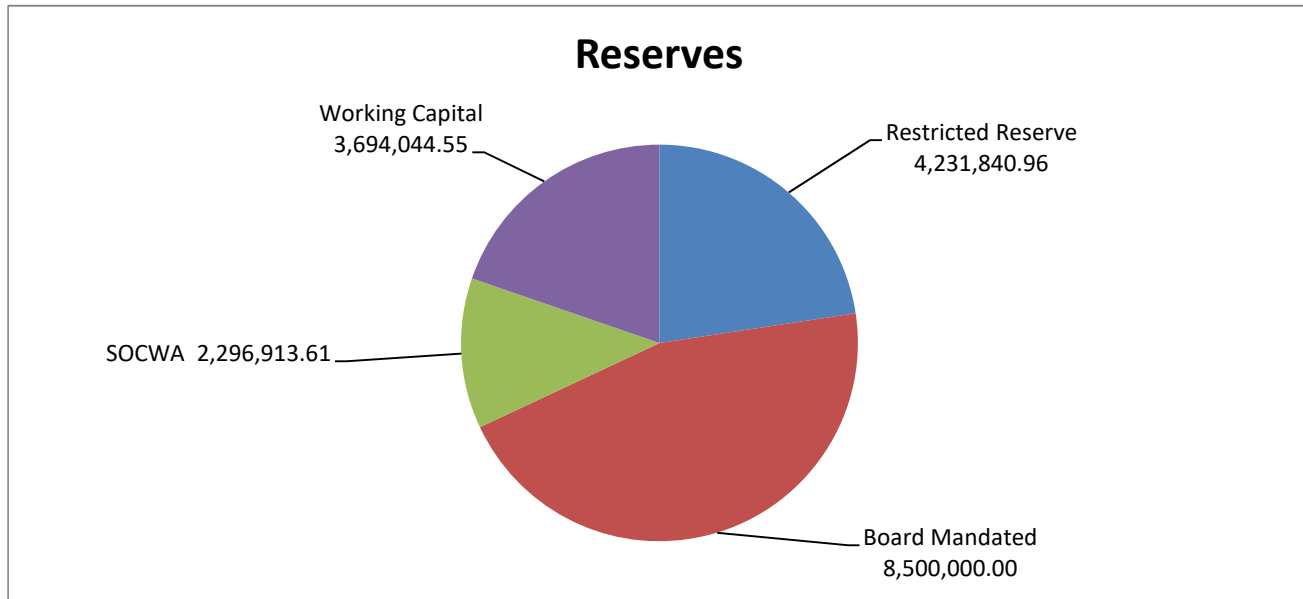
\* The portfolio is in compliance with the investment policy.  
\*\* PFM Investment Advisory Services (10bp on first \$25 mm, 8bp over) \$ 480.91 for January 2020



# EL TORO WATER DISTRICT

## RESERVE ANALYSIS

31-Dec-20



Restricted Reserve	\$	4,231,841
Board Mandated	\$	8,500,000
SOCWA	\$	2,296,914
Capital Cash Flow / Compliance	\$	3,694,045
<b>Total</b>	<b>\$</b>	<b>18,722,799</b>

### Restricted Reserve

SRFL-Recycled Phase I	\$	1,602,958
SRFL-Recycled Phase II	\$	409,046
Capital Facilities Reserve	\$	2,895
Tiered Cons Fund	\$	1,240,243
Baker Funding	\$	976,699
<b>Total</b>	<b>\$</b>	<b>4,231,841</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:	\$12,800,791
Cash less restricted reserve on hand:	\$14,490,958

ETWD has the ability to meet its expenditure requirements for the next six months.

# EL TORO WATER DISTRICT

## CHANGE IN RESERVES

	<u>December 31, 2020</u>	<u>Year to Date</u>	<u>Year Ended June 30, 2020</u>
Operating Revenue	1,978,138	13,591,754	24,886,981
Non-operating Revenue	154,814	890,248	2,057,794
Total Revenue	<u>2,132,951</u>	<u>14,482,002</u>	<u>26,944,775</u>
Operating Expenses	2,028,580	11,437,633	23,497,422
Depreciation & Amortization	358,855	2,153,133	4,483,605
Non-operating Expenses	63,054	378,324	777,511
Total Expenses	<u>2,450,489</u>	<u>13,969,090</u>	<u>28,758,539</u>
NET INCOME	(317,538)	512,912	(1,813,763)
Add Depreciation & Amortization	358,855	2,153,133	4,483,605
Net Cash Provided by Operating Activities	(2,751,387)	(4,249,721)	2,477,046
Net Cash Provided by Investing Activities	487,651	(1,040,802)	(1,447,543)
Net Cash Provided by Financing Activities	-	-	(855,860)
Net Increase/(Decrease) Cash for the Period	<u>(2,222,418)</u>	<u>(2,624,478)</u>	<u>2,843,484</u>
Cash at End of Period from Balance Sheet		8,057,606	
Restricted Cash		10,731,841	
Unrealized (Gains)/Losses Fair Market Value		<u>(66,648)</u>	
Cash at End of Period		18,722,799	
Net (Increase)/Decrease Cash for the Period		2,222,418	
Net (Increase)/Decrease in Restricted Cash for the Period		(126,893)	
Net Increase/(Decrease) in Unrealized Gains/(Losses) Fair Market Value		(5,144)	
Void Checks in Prior Period			
Cash at Beginning of Period		<u>20,813,181</u>	

**EL TORO WATER DISTRICT**  
**Cash Sheet**  
**For the month ending December 31, 2020**

CHECK NUMBER	PAYMENT DATE	VENDOR NAME	PAYMENT AMOUNT
89921	12/31/2020	STATE WATER RESOURCES CONTROL BOARD	1,602,958.00
89813	12/03/2020	MUNICIPAL WATER DISTRICT OF ORANGE CO.	642,365.89
89888	12/24/2020	IRVINE RANCH WATER DISTRICT	206,505.77
89844	12/17/2020	ACWA HEALTH BENEFITS AUTHORITY	125,986.03
89835	12/10/2020	SO. CALIFORNIA EDISON CO.	91,975.87
89896	12/24/2020	SO. CALIFORNIA EDISON CO.	91,696.16
89916	12/31/2020	MOULTON NIGUEL WATER DISTRICT	70,802.69

**TOTAL CHECKS OVER \$50,000** **\$ 2,832,290.41**

**TOTAL CHECKS IN REGISTER** **\$ 3,237,088.63**

**DEBIT TRANSFERS**

12/04/2020	PAYROLL DIRECT DEPOSIT	144,519.27
12/04/2020	FEDERAL DEPOSIT LIABILITY	31,737.31
12/04/2020	SDI & STATE TAX	11,873.24
12/04/2020	WAGE GARNISHMENTS	585.00
12/04/2020	PRUDENTIAL (401K)	52,537.84
12/04/2020	PRUDENTIAL (457)	14,600.86
12/15/2020	PAYROLL BOARD OF DIRECTOR	6,282.61
12/15/2020	SS, MEDICARE, SDI & STATE TAX	1,810.64
12/15/2020	PRUDENTIAL (457)	2,793.35
12/18/2020	PAYROLL DIRECT DEPOSIT	139,091.54
12/18/2020	FEDERAL DEPOSIT LIABILITY	31,124.54
12/18/2020	SDI & STATE TAX	11,624.15
12/18/2020	WAGE GARNISHMENTS	585.00
12/18/2020	PRUDENTIAL (401K)	50,695.63
12/18/2020	PRUDENTIAL (457)	13,710.93
12/31/2020	PAYROLL DIRECT DEPOSIT	167,715.95
12/31/2020	FEDERAL DEPOSIT LIABILITY	39,477.41
12/31/2020	SDI & STATE TAX	14,980.50
12/31/2020	PRUDENTIAL (401K)	58,620.27
12/31/2020	PRUDENTIAL (457)	16,723.22
12/31/2020	ADP AND BANK FEES	4,852.65

**TOTAL INTERBANK WIRES / DEBIT TRANSFERS** **\$ 815,941.91**

**TOTAL DISBURSEMENTS** **\$ 4,053,030.54**

**ETWD EMPLOYEES**

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
89797	12/03/2020	ROBERT YOUNG (HVAC permit)	280.00
89862	12/17/2020	RICK BROWN (Certification renewal fees)	175.00
89827	12/10/2020	JEFF WEBSTER (Certification renewal fees)	140.00
89787	12/03/2020	JAKE F. KNOKE (Fingerprint service)	86.50
89856	12/17/2020	JEFF WEBSTER (Certification renewal fees)	85.00
89882	12/24/2020	ERIC NGUYEN (Mileage to lab)	76.48

**TOTAL CHECKS TO EMPLOYEES** **\$ 842.98**

**ETWD DIRECTORS**

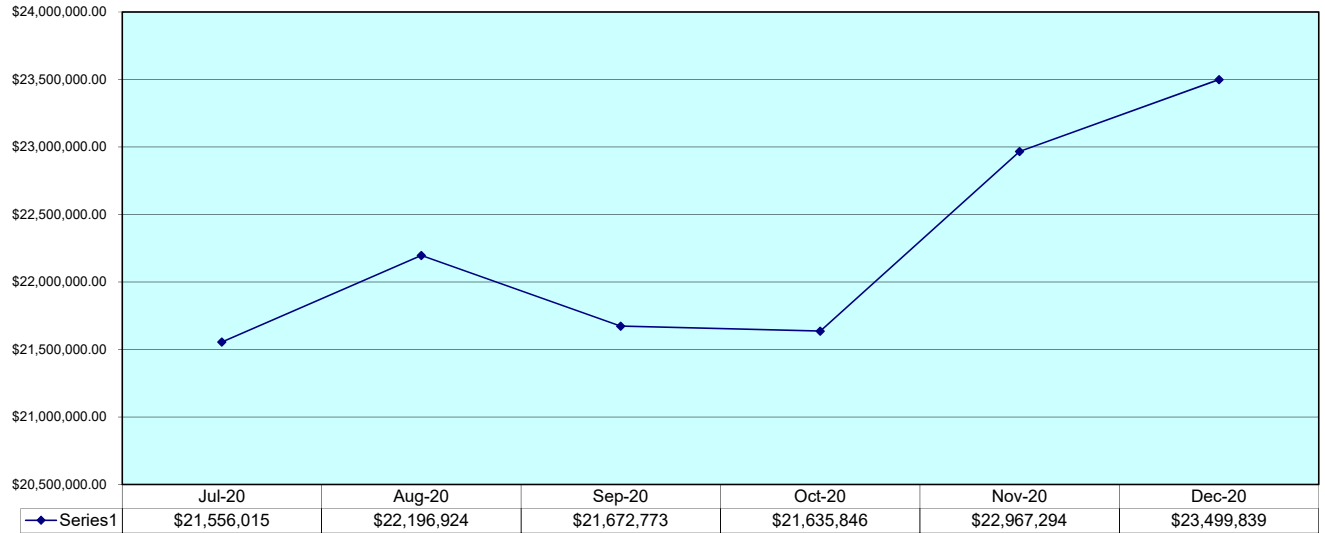
CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
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No Activity

**TOTAL CHECKS TO DIRECTORS** **\$ -**

## EL TORO WATER DISTRICT 401K PLAN SUMMARY

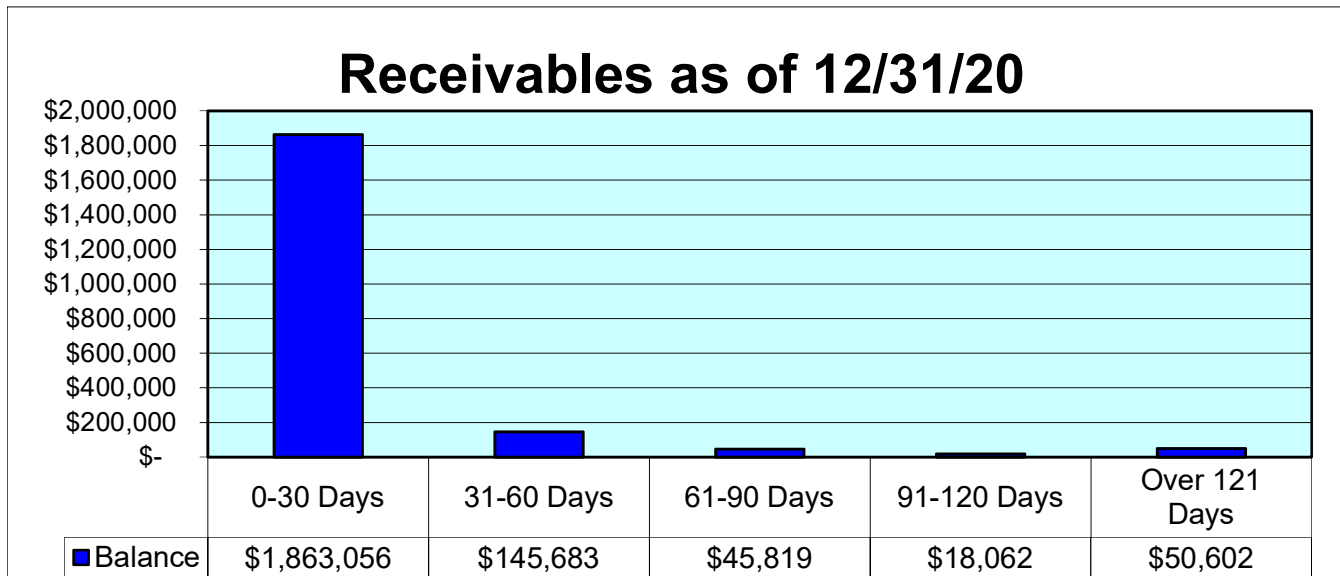
### 401K PLAN MARKET VALUE



MARKET VALUE SUMMARY							
	Growth Under 40 yrs. Old	Capital Appreciation 40 to 44 yrs. Old	Balanced 45 to 49 yrs. Old	Balanced Income 50 to 54 yrs. Old	Income & Growth 55 to 59 yrs. Old	Income 60 to 64 yrs. Old	Capital Pres. Port Over 65 yrs. Old
Balance at July 1, 2020	\$ 1,792,144.51	\$515,185.81	\$1,342,947.76	\$5,031,746.61	\$7,076,815.63	\$4,137,005.60	\$987,489.23
Contributions	179,948.25	33,365.30	48,601.90	108,229.53	133,282.72	195,331.75	57,020.77
Withdrawals	0.00	0.00	0.00	0.00	(304,244.03)	(562,107.97)	(332,051.29)
Transfers	(233,311.03)	121,616.52	(791,692.87)	(307,035.64)	(242,151.66)	763,611.10	688,963.58
Interest, dividends and appreciation net of fees and charges	375,510.65	134,623.66	130,812.24	806,071.51	993,017.08	518,203.58	100,888.29
Balance at December 31, 2020	\$ 2,114,292.38	\$804,791.29	\$730,669.03	\$5,639,012.01	\$7,656,719.74	\$5,052,044.06	\$1,502,310.58
Average return YTD December 31, 2020	20.95%	26.13%	9.74%	16.02%	14.03%	12.53%	10.22%

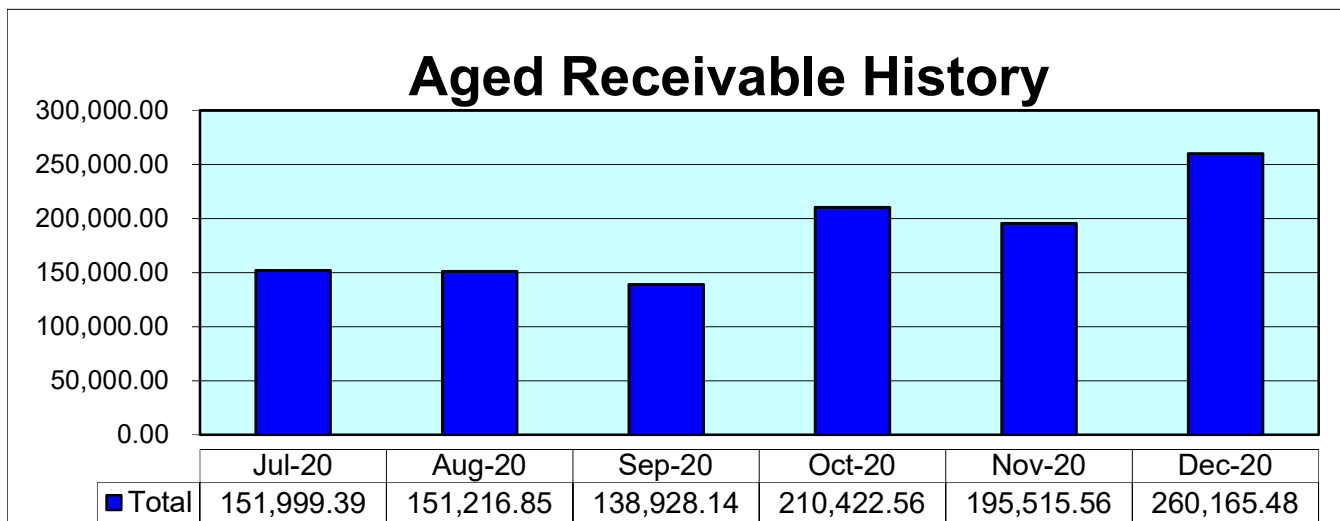
Average return is calculated by dividing the interest, dividends and appreciation, net of fees by beginning fiscal year fund balance.

## RECEIVABLES AGEING



	0-30 Days	31-60 Days	61-90 Days	91-120 Days	Over 121 Days
Dec-19	1,667,280	132,549	3,093	1,229	6,578

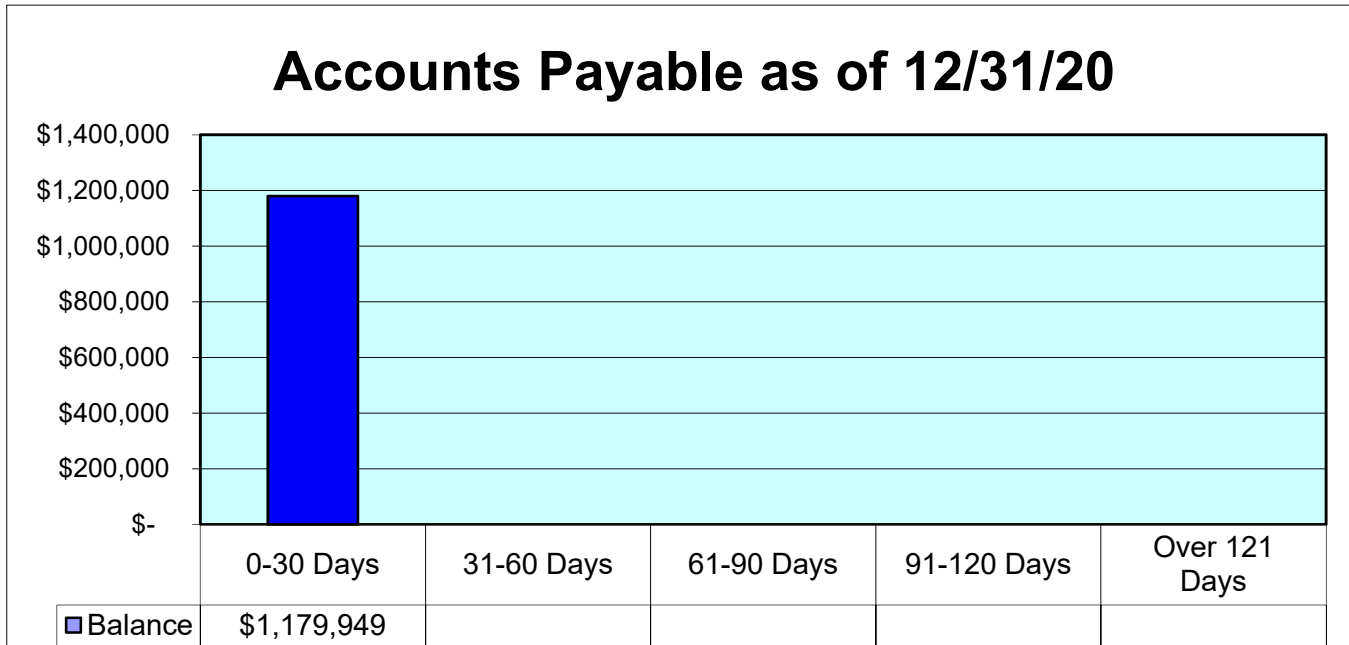
Bad Debts Year to Date: 4,687.33



Total receivables greater than 30 Days

	31-60 Days	61-90 Days	91-120 Days	Over 121 Days	Total
Jul-20	89,673.98	20,626.01	11,946.76	29,752.64	151,999.39
Aug-20	88,494.50	19,594.80	11,174.89	31,952.66	151,216.85
Sep-20	78,337.29	22,581.64	10,542.33	27,466.88	138,928.14
Oct-20	126,229.71	27,177.91	13,996.61	43,018.33	210,422.56
Nov-20	92,212.30	44,999.88	13,988.16	44,315.22	195,515.56
Dec-20	145,683.41	45,818.71	18,061.74	50,601.62	260,165.48

## PAYABLES AGEING

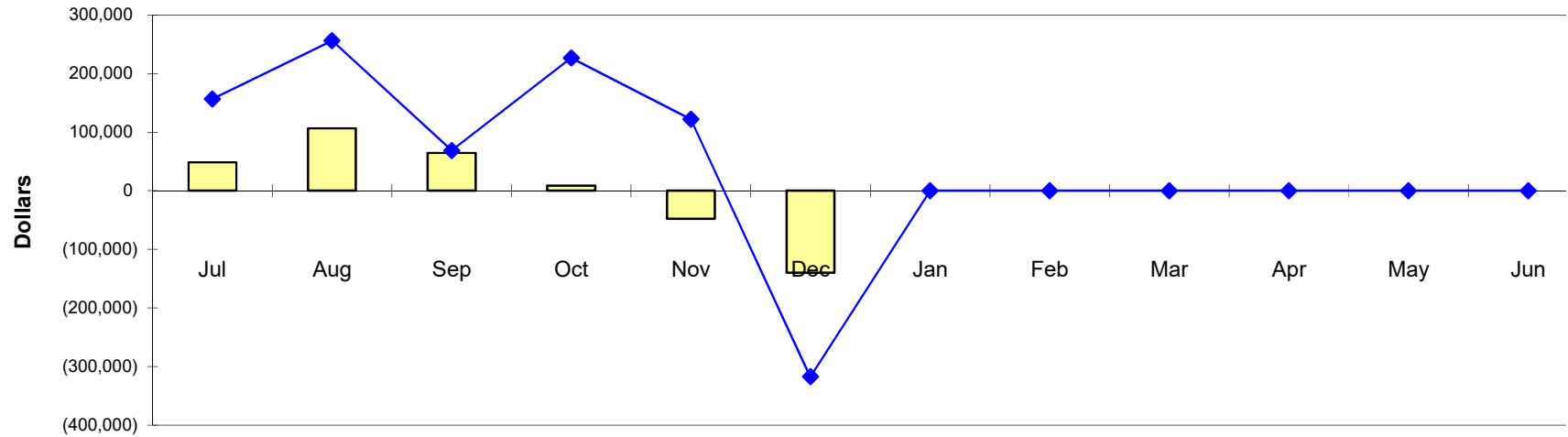


Year to Date Discounts Taken:                     \$356

Page 11  
El Toro Water District  
Income Statement  
December 2020

	Dec 20	Budget	% of Budget	Jul - Dec 19	Jul - Dec 20	YTD Budget	% of Budget	Annual Budget
Income								
4600 · Water Service Charge	322,172.18	318,682.25	101.1%	1,812,224.06	1,862,422.05	1,912,093.50	97.4%	3,824,187.00
4700 · Sanitary Service	613,735.61	647,916.67	94.72%	3,896,669.80	3,833,491.70	3,887,499.98	98.61%	7,775,000.00
4722 · Recycled Water Tertiary Sales	54,125.16	86,176.39	62.81%	882,018.33	1,016,289.34	1,134,587.02	89.57%	1,663,847.00
4724 · Service Charge - Recycled Water	26,766.29	28,017.25	95.54%	123,676.25	144,735.63	168,103.50	86.1%	336,207.00
4750 · Capital Facilities Charge	250,253.26	251,250.00	99.6%	1,503,166.28	1,502,675.76	1,507,500.00	99.68%	3,015,000.00
4800 · Commodity Charge	709,201.75	619,668.63	114.45%	5,035,879.59	5,212,564.63	5,106,774.09	102.07%	8,904,396.00
4950 · Other Operating Income	1,883.32	4,583.33	41.09%	28,857.78	8,574.79	27,500.02	31.18%	55,000.00
4960 · Other Income	53,125.11	45,104.17	117.78%	284,547.89	302,255.97	270,624.98	111.69%	541,250.00
4967 · SMWD	0.00	9,333.33	0.0%	90,807.84	0.00	56,000.02	0.0%	112,000.00
4970 · MNWD	0.00	1,958.34	0.0%	20,377.49	11,000.00	11,749.96	93.62%	23,500.00
4980 · Interest Income	10,572.81	29,166.67	36.25%	200,024.08	77,457.77	174,999.98	44.26%	350,000.00
4985 · Changes FMV CAMP	-3,782.78			11,849.51	-24,814.93			
4986 · Changes FMV LAIF	0.00			1,953.79	-6,818.73			
4990 · Property Taxes	94,898.41	87,791.67	108.1%	473,048.67	542,167.86	526,749.98	102.93%	1,053,500.00
Total Income	2,132,951.12	2,129,648.70	100.16%	14,365,101.36	14,482,001.84	14,784,183.03	97.96%	27,653,887.00
Gross Profit	2,132,951.12	2,129,648.70	100.16%	14,365,101.36	14,482,001.84	14,784,183.03	97.96%	27,653,887.00
Expense								
5100 · Personnel Cost	761,366.32	715,783.08	106.37%	3,929,218.71	4,051,335.71	4,294,698.52	94.33%	8,589,397.00
5405 · Water Purchases	712,145.34	557,342.71	127.78%	4,062,667.93	4,349,058.75	4,470,137.70	97.29%	7,878,746.00
5410 · Electrical Power	84,493.69	93,616.65	90.26%	573,231.59	658,686.84	561,700.10	117.27%	1,123,400.00
5415 · Repair Parts & Materials	28,607.15	33,823.74	84.58%	179,567.72	139,965.34	202,942.56	68.97%	405,885.00
5420 · Equipment Maintenance & Repair	9,799.06	10,285.82	95.27%	57,530.46	56,628.91	61,715.08	91.76%	123,430.00
5425 · Pump Maintenance & Repair	7,866.25	8,291.67	94.87%	51,333.21	38,757.81	49,749.98	77.91%	99,500.00
5430 · Motor Maintenance & Repair	0.00	2,791.66	0.0%	8,730.77	1,184.95	16,750.04	7.07%	33,500.00
5440 · Electrical/Contl Maint & Repair	6,614.79	6,633.34	99.72%	13,208.03	40,312.87	39,799.96	101.29%	79,600.00
5445 · Meter Maintenance & Repair	0.00	487.50	0.0%	460.00	1,672.52	2,925.00	57.18%	5,850.00
5455 · Chemicals	31,670.87	18,225.01	173.78%	120,936.78	115,110.90	109,349.94	105.27%	218,700.00
5460 · Structure Maint & Repair	10,606.90	2,694.25	393.69%	20,925.56	28,013.95	16,165.50	173.3%	32,331.00
5465 · Asphalt Maintenance & Repair	5,810.00	6,916.67	84.0%	36,473.00	11,970.00	41,499.98	28.84%	83,000.00
5470 · Consultants	1,276.85	4,695.83	27.19%	33,168.01	11,643.95	28,175.02	41.33%	56,350.00
5475 · Contractors	102,433.23	97,997.16	104.53%	554,067.80	603,616.48	587,983.04	102.66%	1,175,966.00
5480 · Engineers	551.00	11,583.33	4.76%	49,235.40	95,136.02	69,500.02	136.89%	139,000.00
5482 · Dump Fees	657.04	1,500.00	43.8%	4,581.40	8,154.86	9,000.00	90.61%	18,000.00
5485 · Laboratory	5,381.53	2,408.33	223.46%	19,167.28	13,864.18	14,450.02	95.95%	28,900.00
5490 · License & Permits	38,031.76	15,025.50	253.12%	92,536.49	72,439.65	90,153.00	80.35%	180,306.00
5495 · Gas & Oil	7,058.80	8,750.00	80.67%	55,918.15	45,994.78	52,500.00	87.61%	105,000.00
5500 · Equipment Rental	943.94	1,675.00	56.36%	7,853.32	9,100.63	10,050.00	90.55%	20,100.00
5505 · Landscaping	39,584.24	13,669.85	289.57%	44,083.54	68,192.58	82,018.90	83.14%	164,038.00
5510 · Small Tools & Equipment	1,001.80	5,583.35	17.94%	41,054.60	25,148.25	33,499.90	75.07%	67,000.00
5515 · Security	3,217.68	1,587.94	202.63%	9,576.28	9,615.20	9,527.36	100.92%	19,055.00
5520 · Operating Supplies	9,498.85	4,688.33	202.61%	23,816.64	43,592.41	28,130.02	154.97%	56,260.00
5525 · Safety Equipment	2,813.82	2,999.99	93.79%	6,770.61	11,299.04	18,000.06	62.77%	36,000.00
5530 · Temporary Help	0.00	2,291.67	0.0%	0.00	0.00	13,749.98	0.0%	27,500.00
5535 · Other Employee Cost	2,719.52	9,250.00	29.4%	62,402.89	99,750.66	55,500.00	179.73%	111,000.00
5540 · Depreciation	358,285.00	408,333.33	87.74%	2,182,050.00	2,149,710.00	2,450,000.02	87.74%	4,900,000.00
5545 · Insurance	28,254.73	25,981.08	108.75%	266,355.51	159,465.04	155,886.52	102.3%	311,773.00
5548 · Retiree Medical Insurance	26,472.42	24,553.75	107.81%	0.00	138,170.81	147,322.50	93.79%	294,645.00
5555 · Advertising & Publicity	0.00	166.67	0.0%	560.00	6,200.00	999.98	620.01%	2,000.00
5560 · Amortization	570.49	570.83	99.94%	3,422.94	3,422.94	3,425.02	99.94%	6,850.00
5570 · Annual Event	3,866.19	500.00	773.24%	5,089.13	3,866.19	3,000.00	128.87%	6,000.00
5575 · Audit	0.00	2,141.67	0.0%	22,500.00	20,700.00	12,849.98	161.09%	25,700.00
5580 · Bad Debts	-32.73	1,666.67	-1.96%	4,906.76	4,687.33	9,999.98	46.87%	20,000.00
5585 · Bank Charges	5,118.16	5,250.00	97.49%	29,158.15	30,462.89	31,500.00	96.71%	63,000.00
5590 · Data Processing Supply & Access	2,081.30	2,083.34	99.9%	15,671.64	11,853.71	12,499.96	94.83%	25,000.00
5595 · Data Processing Equipment	12,768.42	2,500.00	510.74%	21,117.68	22,474.44	15,000.00	149.83%	30,000.00
5600 · Data Processing Consultants	0.00	3,333.33	0.0%	21,971.51	1,800.00	20,000.02	9.0%	40,000.00
5605 · Directors Fees	10,731.00	10,000.00	107.31%	57,716.00	62,415.00	60,000.00	104.03%	120,000.00
5610 · Dues & Memberships	6,075.59	7,278.33	83.48%	42,142.50	39,150.33	43,670.02	89.65%	87,340.00
5615 · Education & Training	1,500.00	2,833.33	52.94%	18,101.09	4,943.60	17,000.02	29.08%	34,000.00
5620 · Election Expense	0.00	2,916.67	0.0%	0.00	0.00	17,499.98	0.0%	35,000.00
5625 · Employee Service Awards	0.00	341.67	0.0%	2,178.93	2,850.00	2,049.98	139.03%	4,100.00
5630 · Software Maintenance & Licenses	13,765.71	13,416.67	102.6%	50,307.72	67,883.70	80,499.98	84.33%	161,000.00
5640 · Interest Expense	63,054.00	63,054.08	100.0%	393,729.72	378,324.00	378,324.52	100.0%	756,649.00
5645 · Janitorial	6,624.75	3,133.33	211.43%	18,380.50	39,803.50	18,800.02	211.72%	37,600.00
5650 · Legal	15,764.99	8,941.66	176.31%	59,422.43	70,282.33	53,650.04	131.0%	107,300.00
5655 · Meets, Conventions & Travel	76.48	3,250.00	2.35%	22,631.14	4,786.76	19,500.00	24.55%	39,000.00
5657 · Meets, Con & Travel - Directors	100.00	3,541.65	2.82%	15,291.92	3,173.00	21,250.10	14.93%	42,500.00
5660 · Office Supplies	1,946.73	1,650.00	117.98%	11,442.08	10,329.77	9,900.00	104.34%	19,800.00
5670 · Postage	124.00	1,708.33	7.26%	2,154.57	3,861.20	10,250.02	37.67%	20,500.00
5675 · Printing & Reproduction	444.23	1,550.00	28.66%	5,789.38	5,096.13	9,300.00	54.8%	18,600.00
5680 · Property Tax	3,362.30	716.67	469.16%	3,762.64	3,845.85	4,299.98	89.44%	8,600.00
5685 · Public Education & Outreach	2,763.31	15,391.67	17.95%	38,544.70	45,134.70	92,349.98	48.87%	184,700.00
5690 · Publications & Subscriptions	0.00	250.00	0.0%	153.50	0.00	1,500.00	0.0%	3,000.00
5695 · Communications	10,501.47	9,583.33	109.58%	53,213.56	55,708.69	57,500.02	96.89%	115,000.00
5700 · Utilities	2,120.26	2,275.84	93.16%	9,735.63	8,440.94	13,654.96	61.82%	27,310.00
Total Expense	2,450,489.23	2,269,512.28	107.97%	13,436,017.50	13,969,090.09	14,743,155.28	94.75%	28,424,781.00
	Dec 20	Budget	% of Budget	Jul - Dec 19	Jul - Dec 20	YTD Budget	% of Budget	Annual Budget
Net Income	-317,538.11	-139,863.58	227.03%	929,083.86	512,911.75	41,027.75	1,250.16%	-770,894.00

**ANALYSIS OF REVENUE & EXPENSE**  
**Fiscal Year 2020/2021**



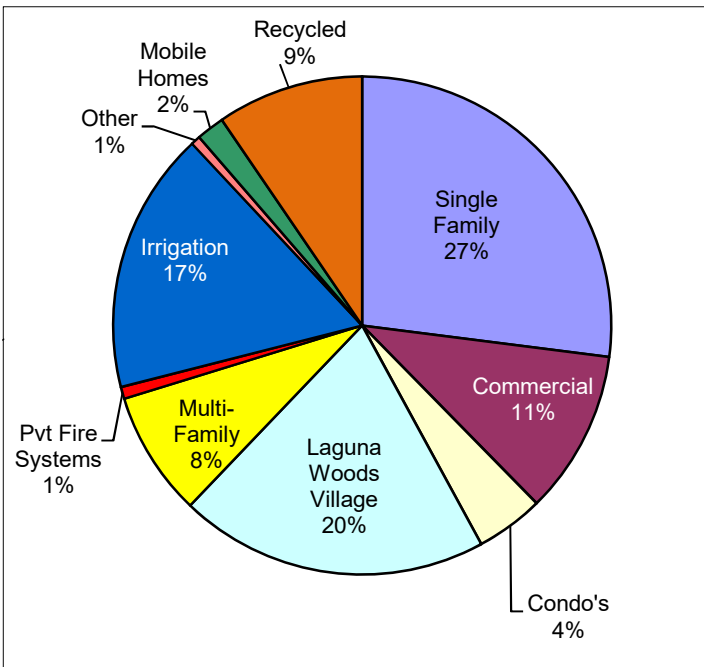
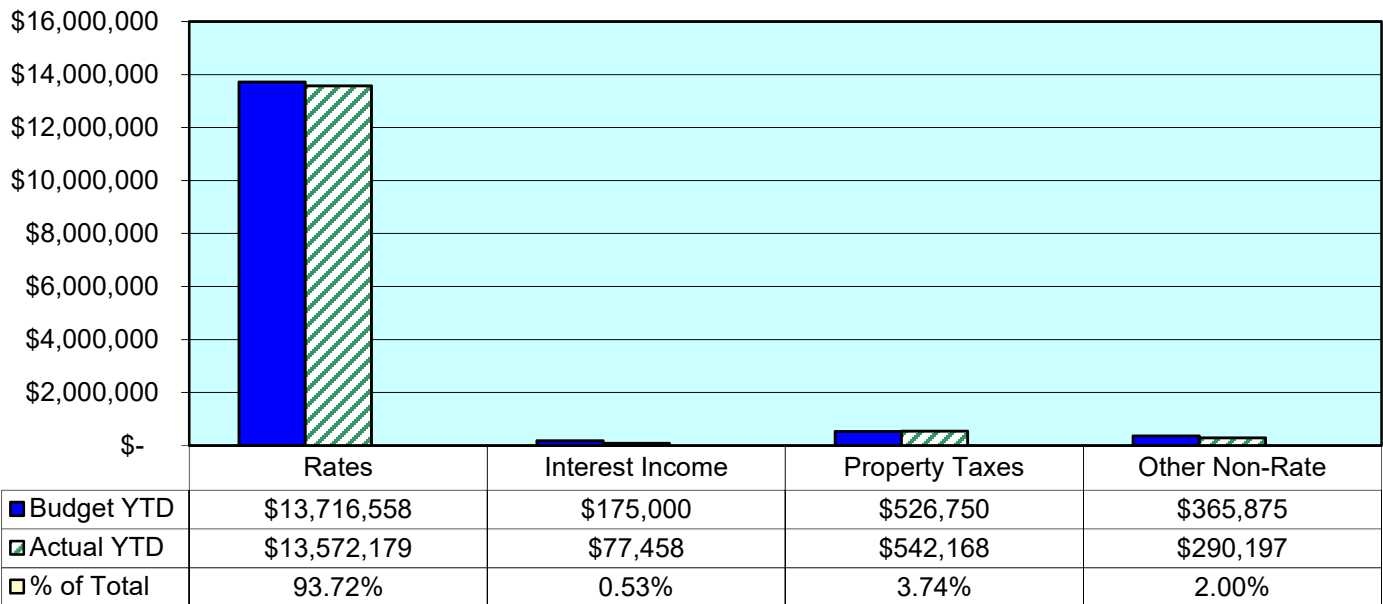
**ANALYSIS OF REVENUES & EXPENSES**  
**BUDGET COMPARED TO ACTUAL**  
**FISCAL YEAR 2020/2021**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
<b>Budget</b>											
Revenue	2,578,232	2,738,760	2,504,281	2,537,996	2,295,265	2,129,649					
Expense	2,529,347	2,632,043	2,439,655	2,529,502	2,343,096	2,269,512					
Net Income/Loss	48,886	106,717	64,626	8,494	(47,831)	(139,864)	0	0	0	0	0
<b>Actual</b>											
Revenue	2,594,130	2,609,535	2,482,538	2,545,216	2,117,632	2,132,951					
Expense	2,437,346	2,353,227	2,414,001	2,318,539	1,995,487	2,450,489					
Net Income/Loss	156,784	256,308	68,536	226,677	122,145	(317,538)	0	0	0	0	0

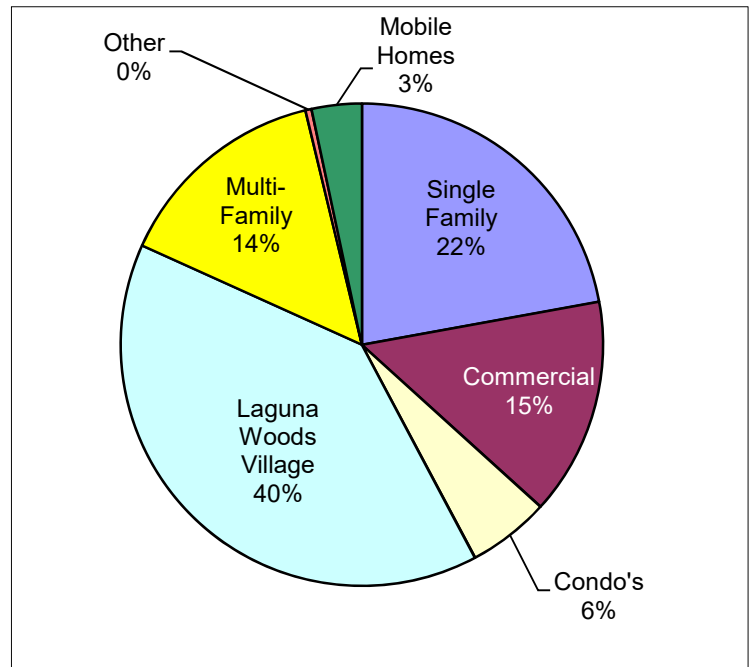


## EL TORO WATER DISTRICT REVENUES FROM WATER & WASTE WATER SALES AS OF 12/31/20

### Where the Money Comes From



**WATER REVENUE YTD 2020/2021**



**WASTE WATER REVENUE YTD 2020/2021**

**EL TORO WATER DISTRICT  
REVENUE COMPARISON  
For the Month Ended December 31, 2020**

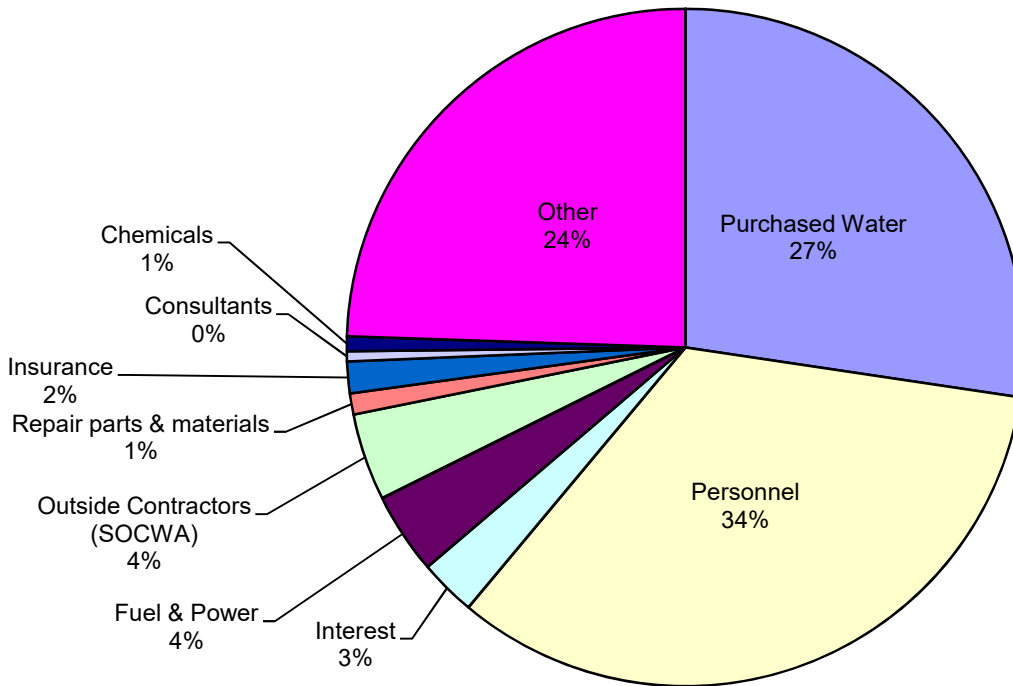
	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	BUDGET	REMAINING BUDGET
<u>From Rates</u>										
Capital Facilities Charge	\$ 250,253	\$ 251,250	\$ (997)	0%	\$ 1,502,676	\$ 1,507,500	\$ (4,824)	0%	\$ 3,015,000	\$ 1,512,324
Water sales - Commodity	709,202	619,669	89,533	14%	5,212,565	5,106,774	105,791	2%	8,904,396	3,691,831
Water sales - Fixed Meter	322,172	318,682	3,490	1%	1,862,422	1,912,094	(49,671)	-3%	3,824,187	1,961,765
Waste water sales	613,736	647,917	(34,181)	-5%	3,833,492	3,887,500	(54,008)	-1%	7,775,000	3,941,508
Recycled water tertiary sales	54,125	86,176	(32,051)	-37%	1,016,289	1,134,587	(118,298)	-10%	1,663,847	647,558
Service charge - Recycled water	26,766	28,017	(1,251)	-4%	144,736	168,104	(23,368)	-14%	336,207	191,471
TOTAL FROM RATES	1,976,254	1,951,711	24,543	1%	13,572,179	13,716,558	(144,379)	-1%	25,518,637	11,946,458
<u>Non-rate Revenue</u>										
Admin fee	1,798	1,600	198	12%	8,110	9,600	(1,490)	-16%	19,200	11,090
48 Hour notice fee	-	2,451	(2,451)	-100%	20	14,708	(14,688)	-100%	29,416.44	29,396
Restoration fee	-	370	(370)	-100%	-	2,220	(2,220)	-100%	4,440	4,440
Unpaid check fee	85	150	(65)	-43%	445	900	(455)	-51%	1,800	1,355
Cut lock fee	-	12	(12)	-100%	-	72	(72)	-100%	144	144
TOTAL NON-RATE	1,883	4,583	(2,700)	-59%	8,575	27,500	(18,925)	-69%	55,000	46,426
<u>Other Revenue</u>										
Interest	10,573	29,167	(18,594)	-64%	77,458	175,000	(97,542)	-56%	350,000	272,542
Change FMV Investment	(3,783)	-	(3,783)	0%	(31,634)	-	(31,634)	0%	-	31,634
Property taxes	94,898	87,792	7,107	8%	542,168	526,750	15,418	3%	1,053,500	511,332
Other	53,125	45,104	8,020	18%	302,256	270,625	31,631	12%	541,250	238,994
TOTAL OTHER REVENUE	154,814	162,063	(7,249)	-4%	890,248	972,375	(82,127)	-8%	1,944,750	1,054,502
<u>Contract Service</u>										
Santa Margarita W. D.	-	9,333	(9,333)	-100%	-	56,000	(56,000)	-100%	112,000	112,000
Moulton Niguel W. D.	-	1,958	(1,958)	-100%	11,000	11,750	(750)	-6%	23,500	12,500
TOTAL CONTRACT SERVICES	-	11,292	(11,292)	-100%	11,000	67,750	(56,750)	-84%	135,500	124,500
 TOTAL REVENUE	 \$ 2,132,951	 \$ 2,129,649	 \$ 3,302	 0%	 \$ 14,482,002	 \$ 14,784,183	 \$ (302,181)	 -2%	 \$ 27,653,887	 \$ 13,171,886

**EL TORO WATER DISTRICT  
NON-RATE REVENUE ANALYSIS  
FOR THE MONTH ENDING December 31, 2020**

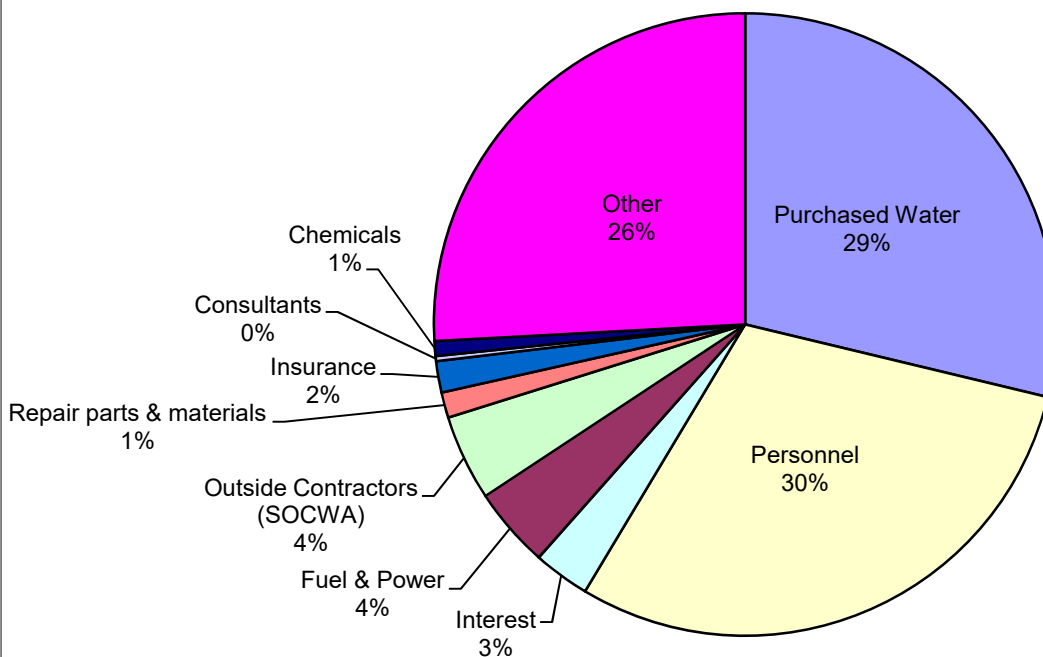
	<b>Dec-20 Actual</b>	<b>Dec-20 Budget</b>	<b>Jul 20- Dec 20 YTD Actual</b>	<b>Jul 20- Dec 20 YTD Budget</b>
Site Leases	19,917	19,583	106,045	117,498
MWD Recycled Water LRP Rebate	30,700	23,854	191,400	143,124
JPIA Refund		-	-	-
SOCWA Refund		-	-	-
Recycled Metal		-	928	-
Diesel Fuel Tax Refund	-	-	740	-
Sale of District Trucks		-	-	-
Misc Work for Customers	2,508	1,667	3,144	10,002
	<u>\$ 53,125</u>	<u>\$ 45,104</u>	<u>\$ 302,256</u>	<u>\$ 270,624</u>
<b>Other Operating Income</b>				
Sales to Santa Margarita	-		-	
Sales to Moulton Niguel	-		-	
	<u>-</u>		<u>-</u>	
<b>Total</b>	<u>53,125</u>		<u>302,256</u>	

## WHERE THE MONEY GOES

### YTD EXPENSES AT 12/31/20



### EXPENSES YEAR ENDING 6/30/20



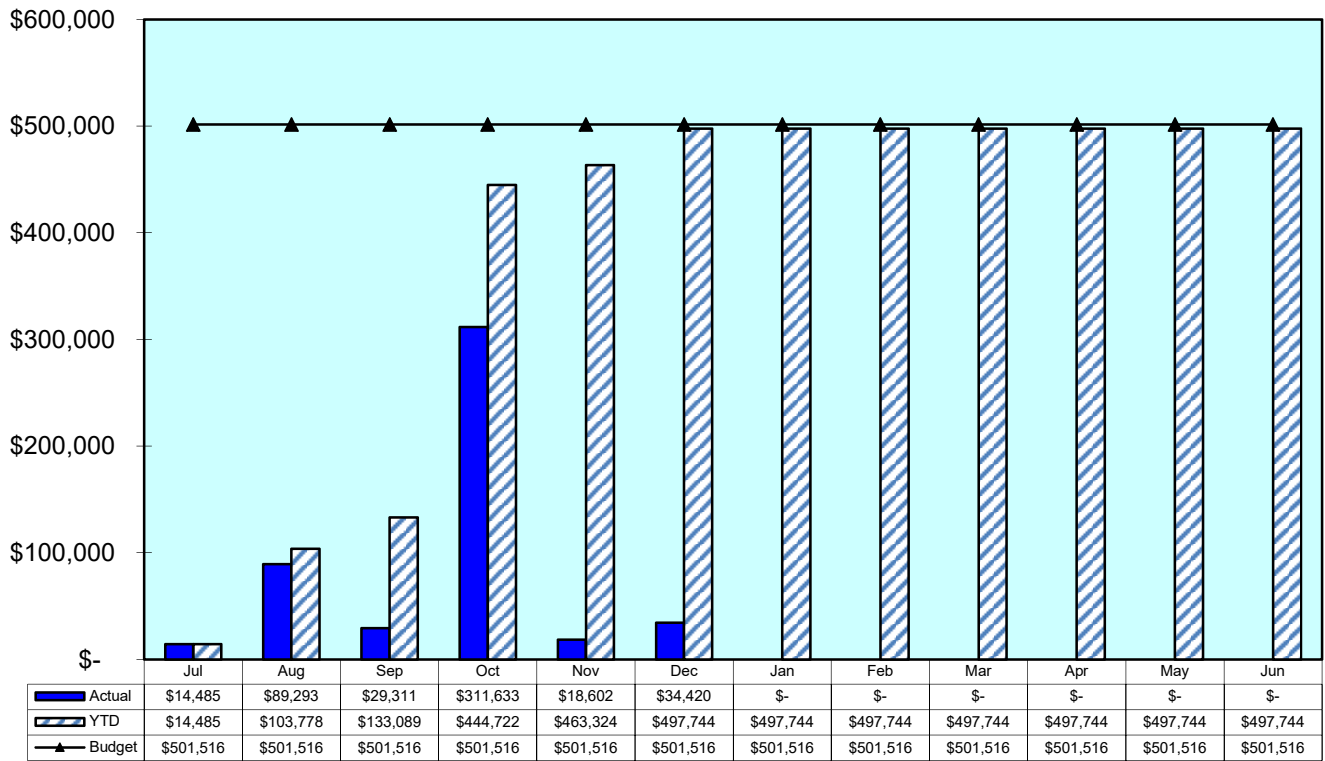
**EL TORO WATER DISTRICT**  
**Expense Comparison**  
**For the Month Ended December 31, 2020**

	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	\$761,366	\$715,783	(\$45,583)	-6%	\$4,051,336	\$4,294,699	\$243,363	6%	\$8,589,397	4,538,061
Purchased water	712,145	557,343	(154,803)	-28%	4,349,059	4,470,138	121,079	3%	7,878,746	3,529,687
Electrical power	84,494	93,617	9,123	10%	658,687	561,700	(96,987)	-17%	1,123,400	464,713
Repair parts & materials	28,607	33,824	5,217	15%	139,965	202,943	62,977	31%	405,885	265,920
Equipment repairs & maintenance	9,799	10,286	487	5%	56,629	61,715	5,086	8%	123,430	66,801
Pump repairs & maintenance	7,866	8,292	425	5%	38,758	49,750	10,992	22%	99,500	60,742
Motor repairs & maintenance	0	2,792	2,792	100%	1,185	16,750	15,565	93%	33,500	32,315
Electrical repairs & maintenance	6,615	6,633	19	0%	40,313	39,800	(513)	-1%	79,600	39,287
Meter repairs & maintenance	0	488	488	100%	1,673	2,925	1,252	43%	5,850	4,177
Chemicals	31,671	18,225	(13,446)	-74%	115,111	109,350	(5,761)	-5%	218,700	103,589
Structure repairs & maintenance	10,607	2,694	(7,913)	-294%	28,014	16,166	(11,848)	-73%	32,331	4,317
Asphalt repairs & maintenance	5,810	6,917	1,107	16%	11,970	41,500	29,530	71%	83,000	71,030
Consultants - outside	1,277	4,696	3,419	73%	11,644	28,175	16,531	59%	56,350	44,706
Contractors - outside	102,433	97,997	(4,436)	-5%	603,616	587,983	(15,633)	-3%	1,175,966	572,350
Engineers - outside	551	11,583	11,032	95%	95,136	69,500	(25,636)	-37%	139,000	43,864
Dump fees	657	1,500	843	56%	8,155	9,000	845	9%	18,000	9,845
Laboratories	5,382	2,408	(2,973)	-123%	13,864	14,450	586	4%	28,900	15,036
License & permits	38,032	15,026	(23,006)	-153%	72,440	90,153	17,713	20%	180,306	107,866
Automotive fuel & oil	7,059	8,750	1,691	19%	45,995	52,500	6,505	12%	105,000	59,005
Equipment rental	944	1,675	731	44%	9,101	10,050	949	9%	20,100	10,999
Landscaping	39,584	13,670	(25,914)	-190%	68,193	82,019	13,826	17%	164,038	95,845
Small tools & equipment	1,002	5,583	4,582	82%	25,148	33,500	8,352	25%	67,000	41,852
Security	3,218	1,588	(1,630)	-103%	9,615	9,527	(88)	-1%	19,055	9,440
Operating supplies	9,499	4,688	(4,811)	-103%	43,592	28,130	(15,462)	-55%	56,260	12,668
Safety equipment	2,814	3,000	186	6%	11,299	18,000	6,701	37%	36,000	24,701
Temporary help	0	2,292	2,292	100%	0	13,750	13,750	100%	27,500	27,500
Other employee cost	2,720	9,250	6,530	71%	99,751	55,500	(44,251)	-80%	111,000	11,249
Employee service awards	0	342	342	100%	2,850	2,050	(800)	-39%	4,100	1,250
Education & training	1,500	2,833	1,333	47%	4,944	17,000	12,056	71%	34,000	29,056
<b>Total Operating Expenses</b>	<b>1,875,650</b>	<b>1,643,773</b>	<b>(231,877)</b>	<b>-14%</b>	<b>10,618,041</b>	<b>10,988,722</b>	<b>370,681</b>	<b>3%</b>	<b>20,915,914</b>	<b>10,297,873</b>

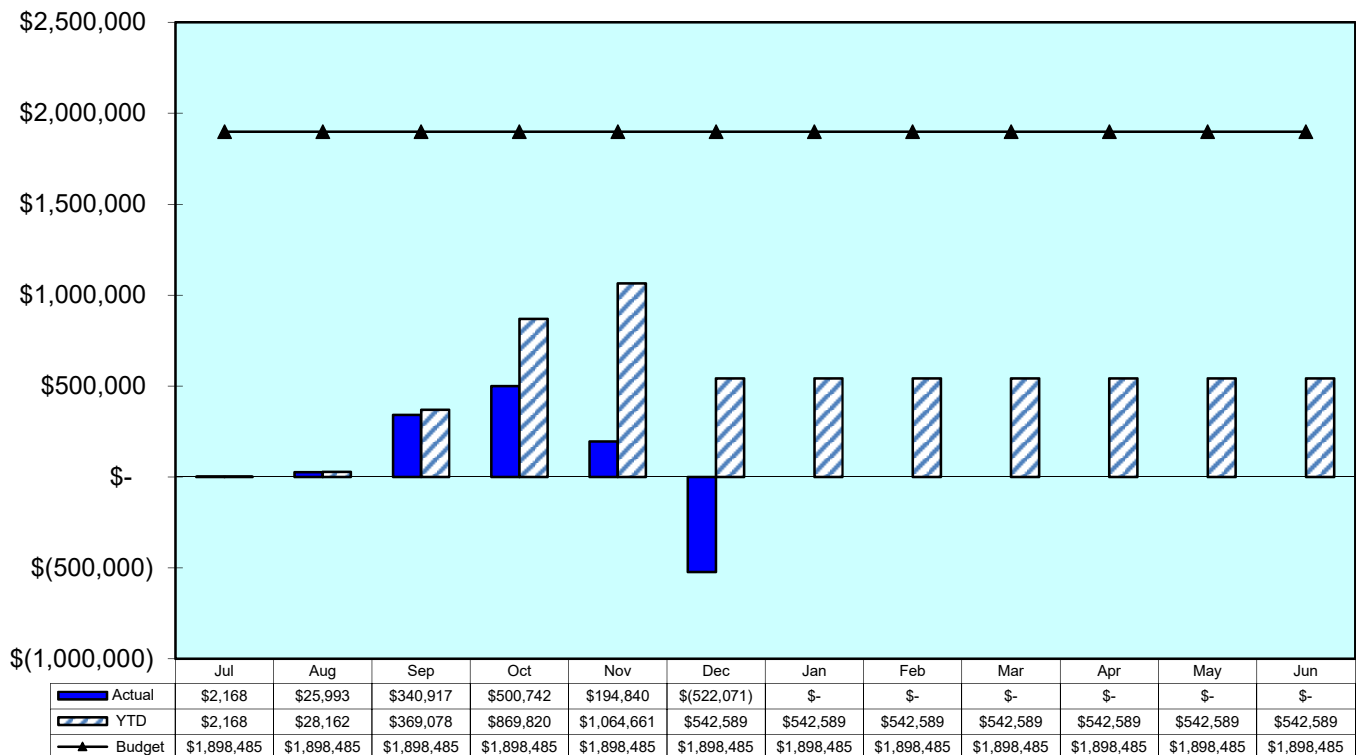
**EL TORO WATER DISTRICT**  
**Expense Comparison**  
**For the Month Ended December 31, 2020**

	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	358,285	408,333	50,048	12%	2,149,710	2,450,000	300,290	12%	4,900,000	2,750,290
Amortization	570	571	0	0%	3,423	3,425	2	0%	6,850	3,427
Insurance	28,255	25,981	(2,274)	-9%	159,465	155,887	(3,579)	-2%	311,773	152,308
Retiree Medical Insurance	26,472	24,554	(1,919)	-8%	138,171	147,323	9,152	6%	294,645	156,474
Data processing supplies & assc.	2,081	2,083	2	0%	11,854	12,500	646	5%	25,000	13,146
Data processing equipment	12,768	2,500	(10,268)	-411%	22,474	15,000	(7,474)	-50%	30,000	7,526
Data processing consultants	-	3,333	3,333	100%	1,800	20,000	18,200	91%	40,000	38,200
Software maintenance & licenses	13,766	13,417	(349)	-3%	67,884	80,500	12,616	16%	161,000	93,116
Janitorial	6,625	3,133	(3,491)	-111%	39,804	18,800	(21,003)	-112%	37,600	(2,204)
Printing & reproduction	444	1,550	1,106	71%	5,096	9,300	4,204	45%	18,600	13,504
Publications & subscriptions	0	250	250	100%	0	1,500	1,500	100%	3,000	3,000
Communications - voice	4,091	1,833	(2,257)	-123%	9,284	11,000	1,716	16%	22,000	12,716
Communications - data	5,451	4,750	(701)	-15%	28,935	28,500	(435)	-2%	57,000	28,065
Communications - mobile	960	3,000	2,040	68%	17,489	18,000	511	3%	36,000	18,511
Utilities	2,120	2,276	156	7%	8,441	13,655	5,214	38%	27,310	18,869
<b>Total Indirect Cost</b>	<b>461,889</b>	<b>497,565</b>	<b>35,676</b>	<b>7%</b>	<b>2,663,830</b>	<b>2,985,389</b>	<b>321,559</b>	<b>11%</b>	<b>5,970,778</b>	<b>3,306,948</b>
<b><u>Overhead Cost</u></b>										
Annual events	3,866	500	(3,366)	-673%	3,866	3,000	(866)	-29%	6,000	2,134
Audit	0	2,142	2,142	100%	20,700	12,850	(7,850)	-61%	25,700	5,000
Bad debts	(33)	1,667	1,699	102%	4,687	10,000	5,313	53%	20,000	15,313
Bank charges	5,118	5,250	132	3%	30,463	31,500	1,037	3%	63,000	32,537
Directors fees	10,731	10,000	(731)	-7%	62,415	60,000	(2,415)	-4%	120,000	57,585
Dues & memberships	6,076	7,278	1,203	17%	39,150	43,670	4,520	10%	87,340	48,190
Election Expense	0	2,917	2,917	100%	0	17,500	17,500	100%	35,000	35,000
Interest	63,054	63,054	0	0%	378,324	378,325	1	0%	756,649	378,325
Legal	15,765	8,942	(6,823)	-76%	70,282	53,650	(16,632)	-31%	107,300	37,018
Meetings, conventions & travel	76	3,250	3,174	98%	4,787	19,500	14,713	75%	39,000	34,213
Meets, con & travel - Directors	100	3,542	3,442	97%	3,173	21,250	18,077	85%	42,500	39,327
Office supplies	1,947	1,650	(297)	-18%	10,330	9,900	(430)	-4%	19,800	9,470
Postage	124	1,708	1,584	93%	3,861	10,250	6,389	62%	20,500	16,639
Property taxes	3,362	717	(2,646)	-369%	3,846	4,300	454	11%	8,600	4,754
Advertising & Publicity	0	167	167	100%	6,200	1,000	(5,200)	-520%	2,000	(4,200)
Public education & outreach	2,763	15,392	12,628	82%	45,135	92,350	47,215	51%	184,700	139,565
<b>Total Overhead Cost</b>	<b>112,950</b>	<b>128,174</b>	<b>15,224</b>	<b>12%</b>	<b>687,219</b>	<b>769,045</b>	<b>81,825</b>	<b>11%</b>	<b>1,538,089</b>	<b>850,870</b>
<b>TOTAL EXPENSES</b>	<b>\$2,450,489</b>	<b>\$2,269,512</b>	<b>(\$180,977)</b>	<b>-8%</b>	<b>\$13,969,090</b>	<b>\$14,743,155</b>	<b>\$774,065</b>	<b>5%</b>	<b>\$28,424,781</b>	<b>\$14,455,691</b>

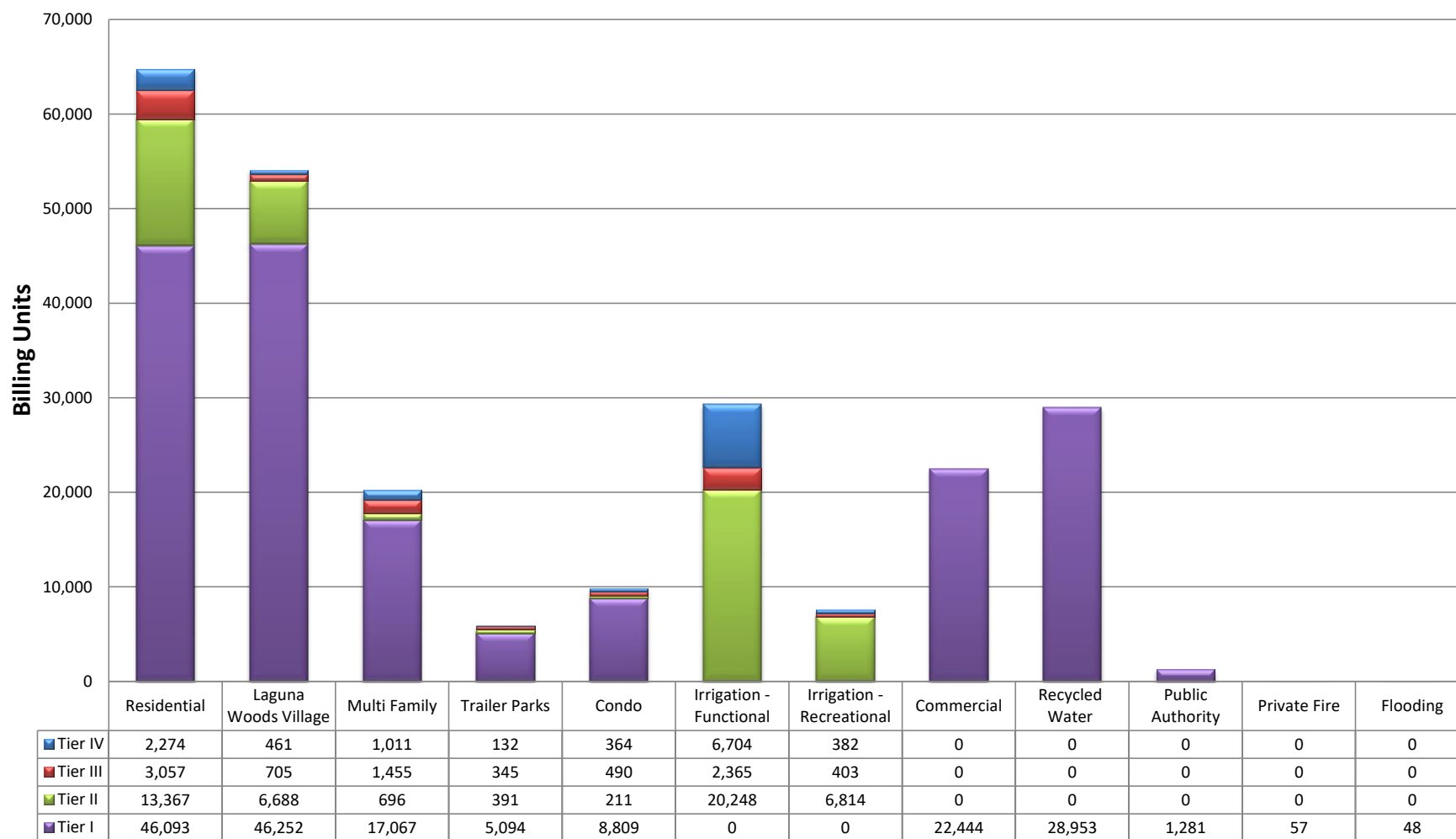
## CAPITAL COST ANALYSIS - EQUIPMENT 12/20



## CAPITAL COST ANALYSIS - PROJECTS 12/20

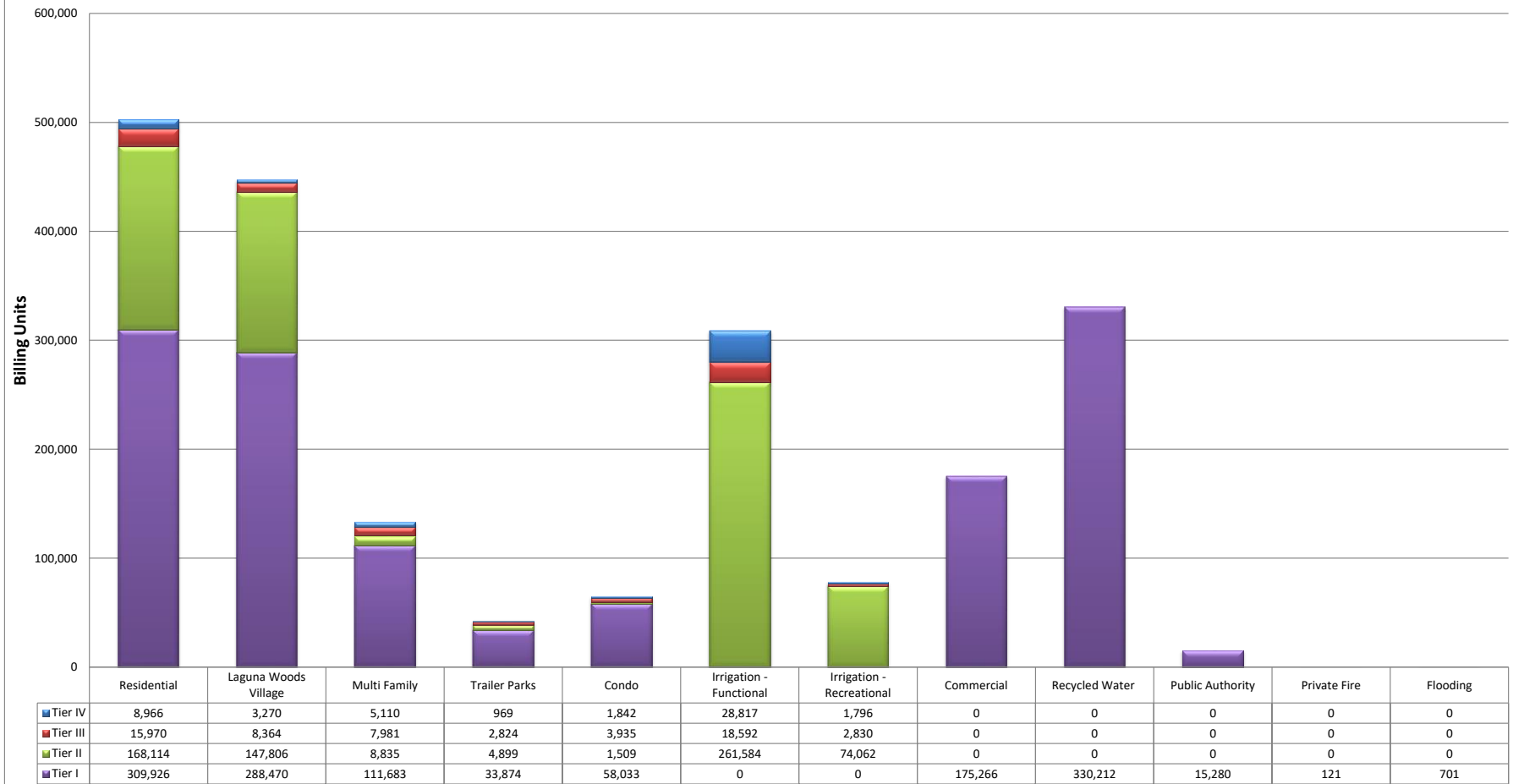


## December 2020 Water Sales

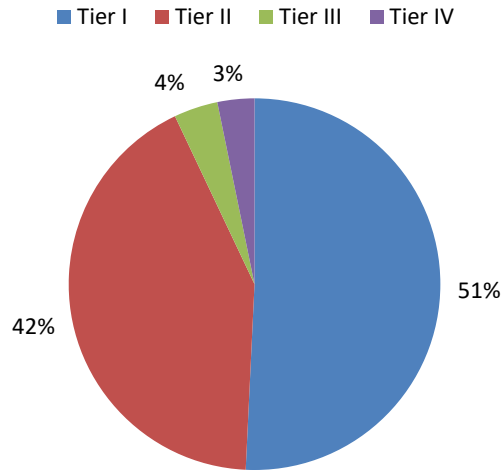




### Year-to-Date Water Sales as of December 2020

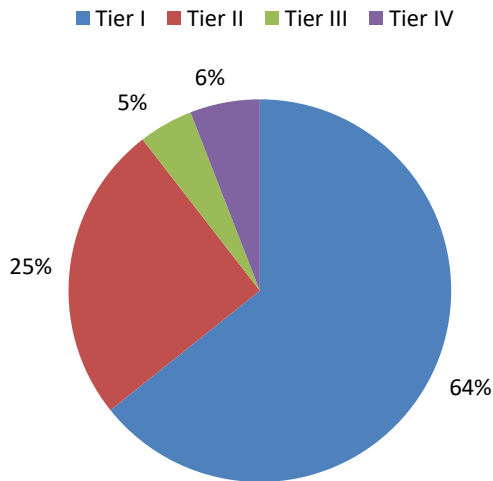


## Year to Date Tiered Sales As of December 2020



Year To Date Sales in ccf		
Tier I	801,986	50.76%
Tier II	666,809	42.20%
Tier III	60,496	3.83%
Tier IV	50,770	3.21%
	1,580,061	100.00%

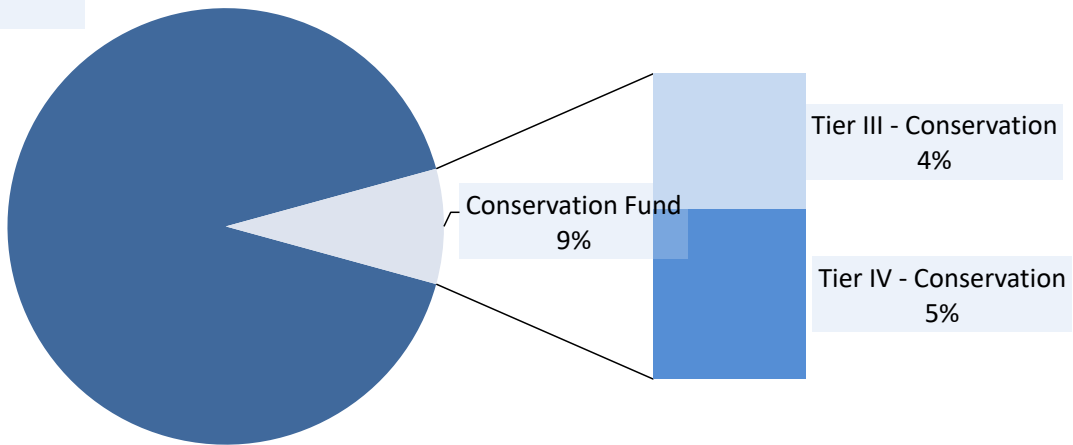
## December 2020 Tiered Sales



Current Month Sales in ccf		
Tier I	123,315	64.27%
Tier II	48,415	25.23%
Tier III	8,820	4.60%
Tier IV	11,328	5.90%
	191,878	100.00%

## Year to Date Water Sales as of December 2020

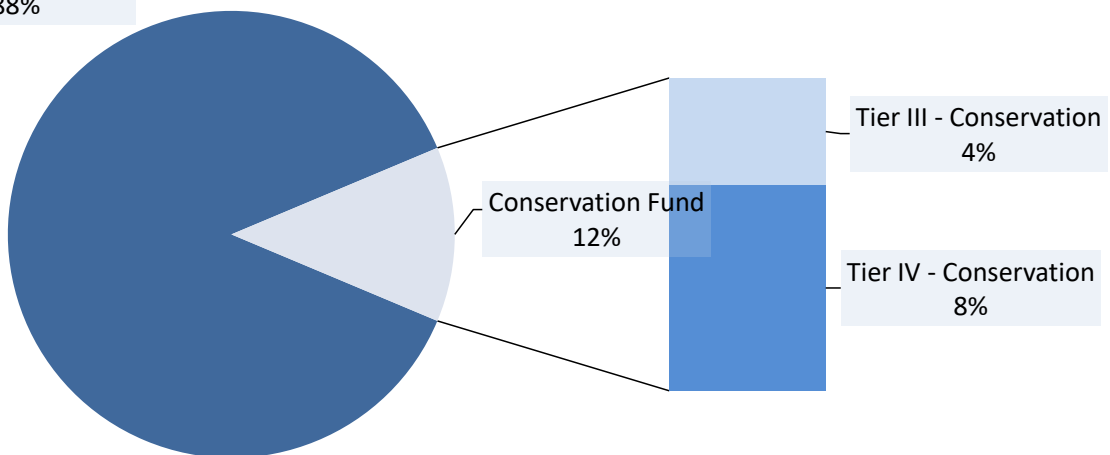
Water Delivery Cost  
91%



Category	Billings	Percentage
Water Delivery Cost	\$4,435,199.66	91.48%
Tier III - Conservation	\$183,907.84	3.79%
Tier IV - Conservation	\$228,990.18	4.72%
	<b>\$4,848,097.68</b>	<b>100.00%</b>

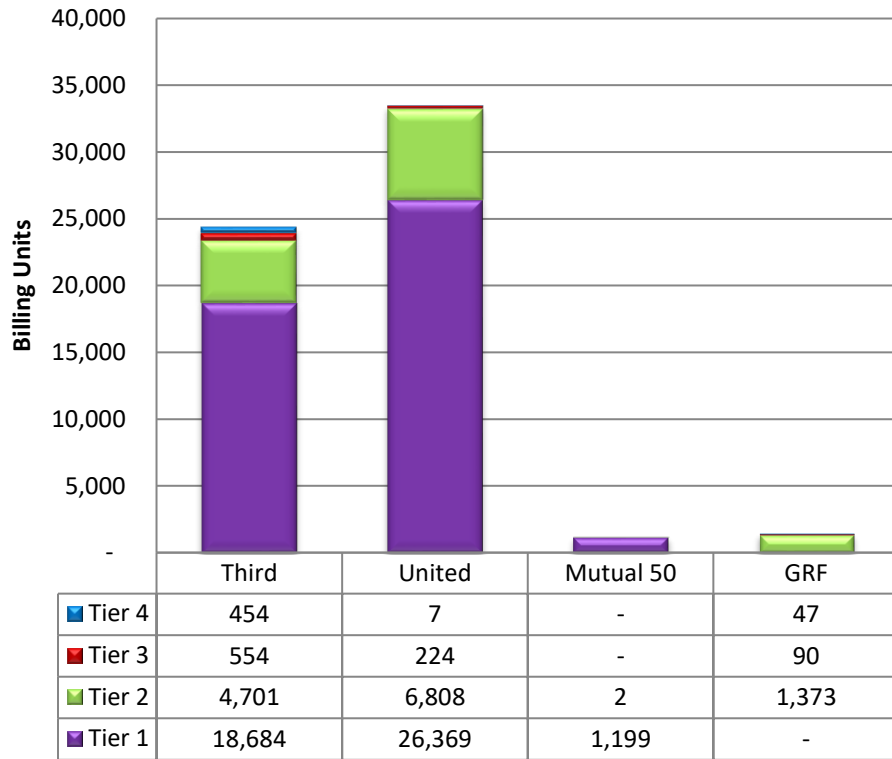
## December 2020 Water Sales

Water Delivery Cost  
88%

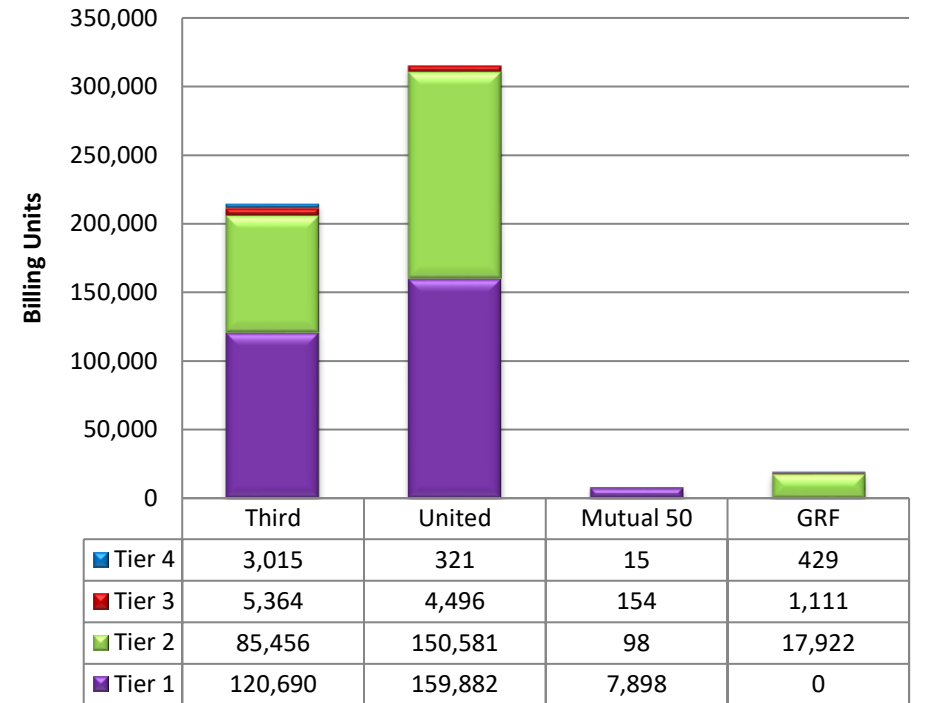


Category	Billings	Percentage
Water Delivery Cost	\$540,214.39	87.35%
Tier III - Conservation	\$26,812.80	4.34%
Tier IV - Conservation	\$51,455.06	8.32%
	<b>\$618,482.25</b>	<b>100.00%</b>

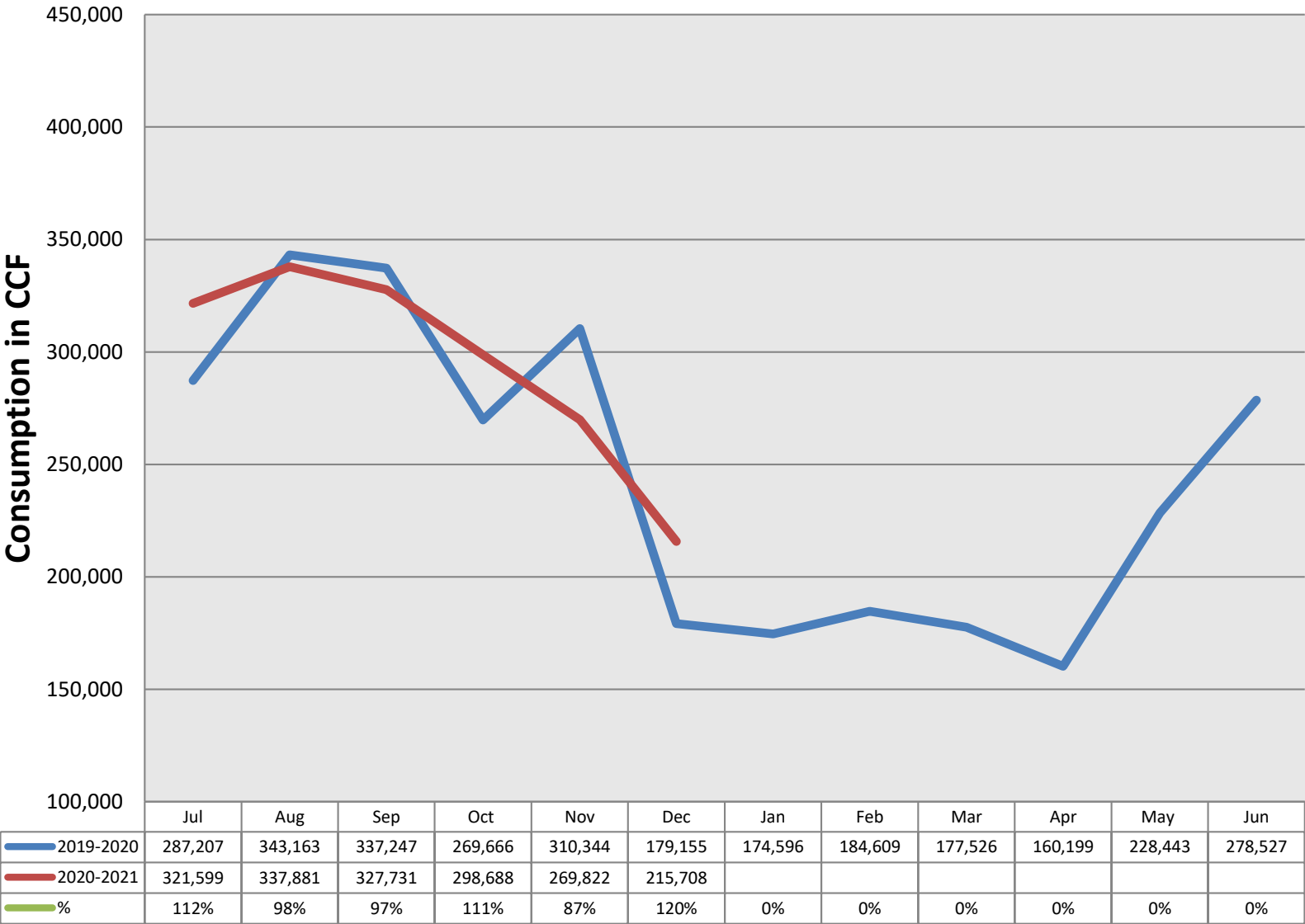
## Laguna Woods Village December 2020 Water Sales



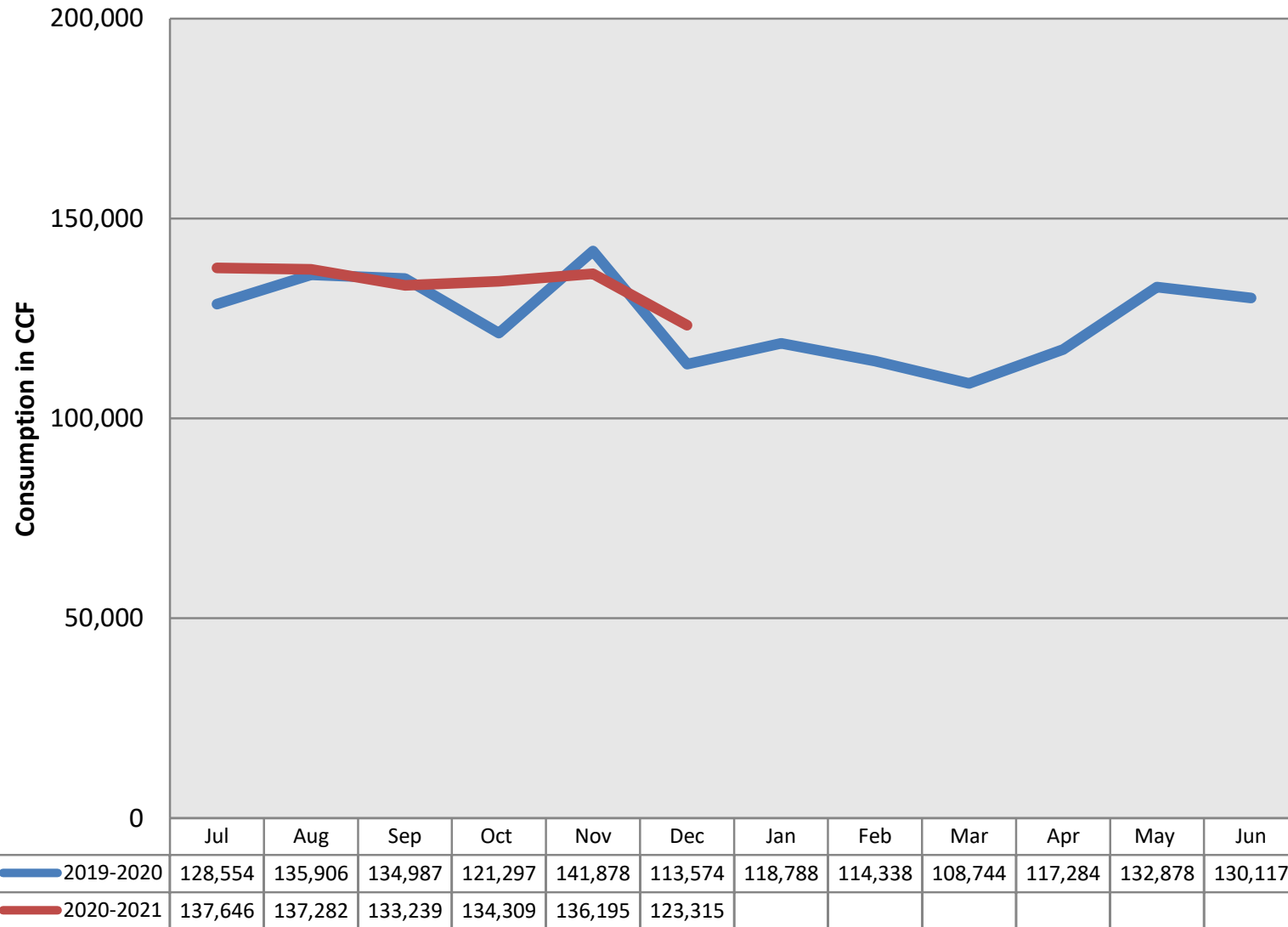
## Laguna Woods Village Year-to-Date Water Sales December 2020



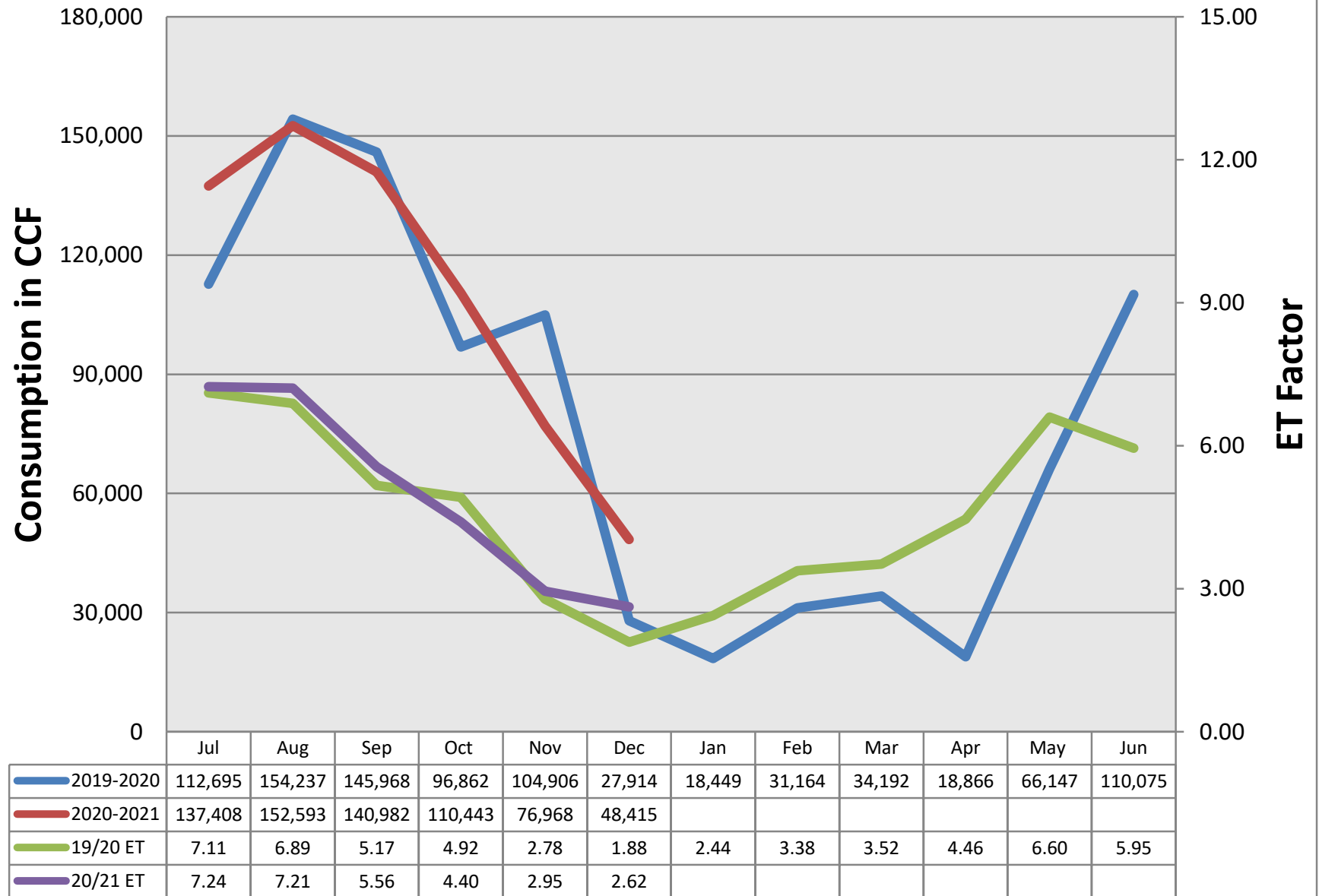
# ETWD Total Consumption



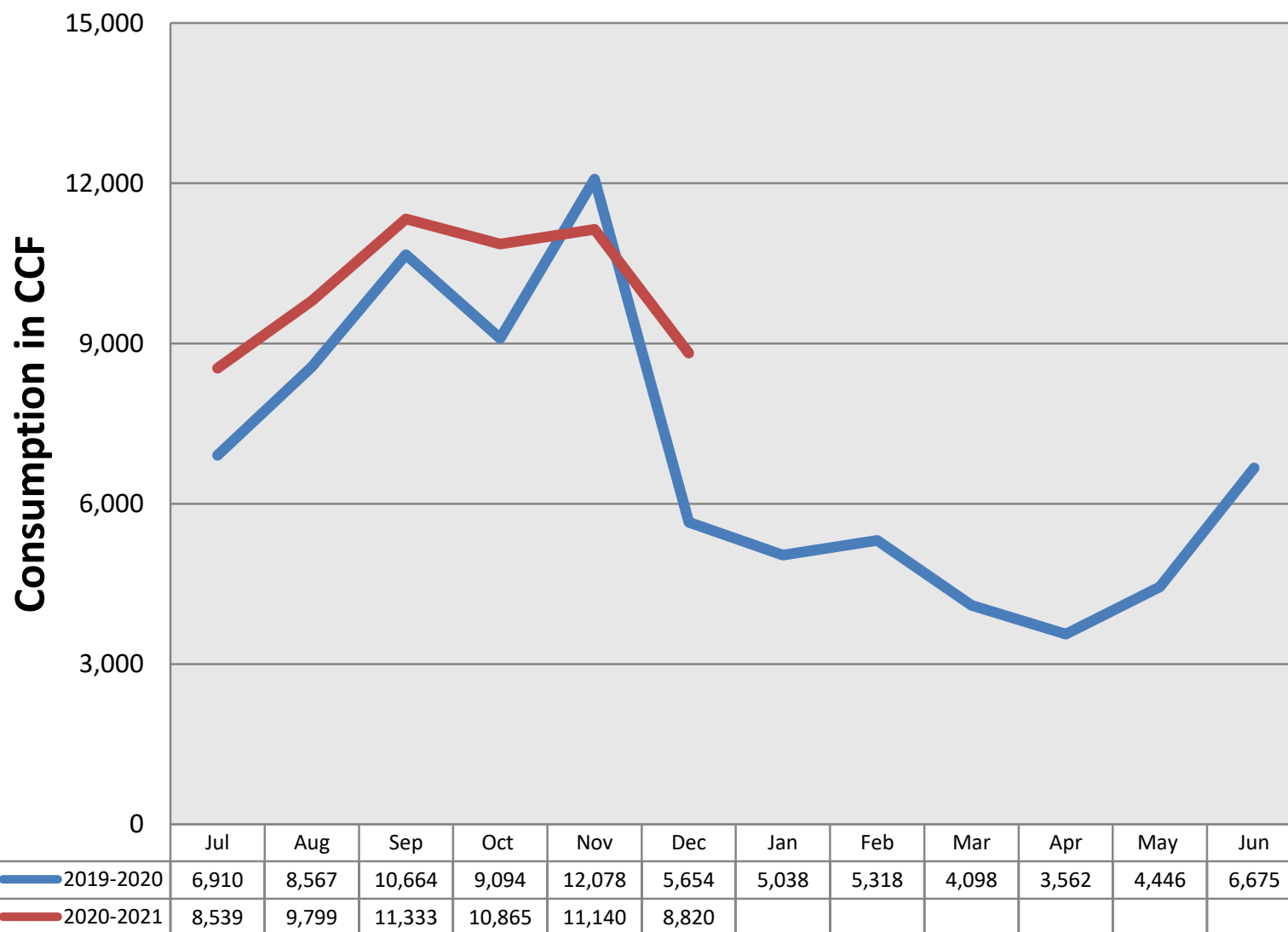
## Tier I Consumption



## Tier II Consumption

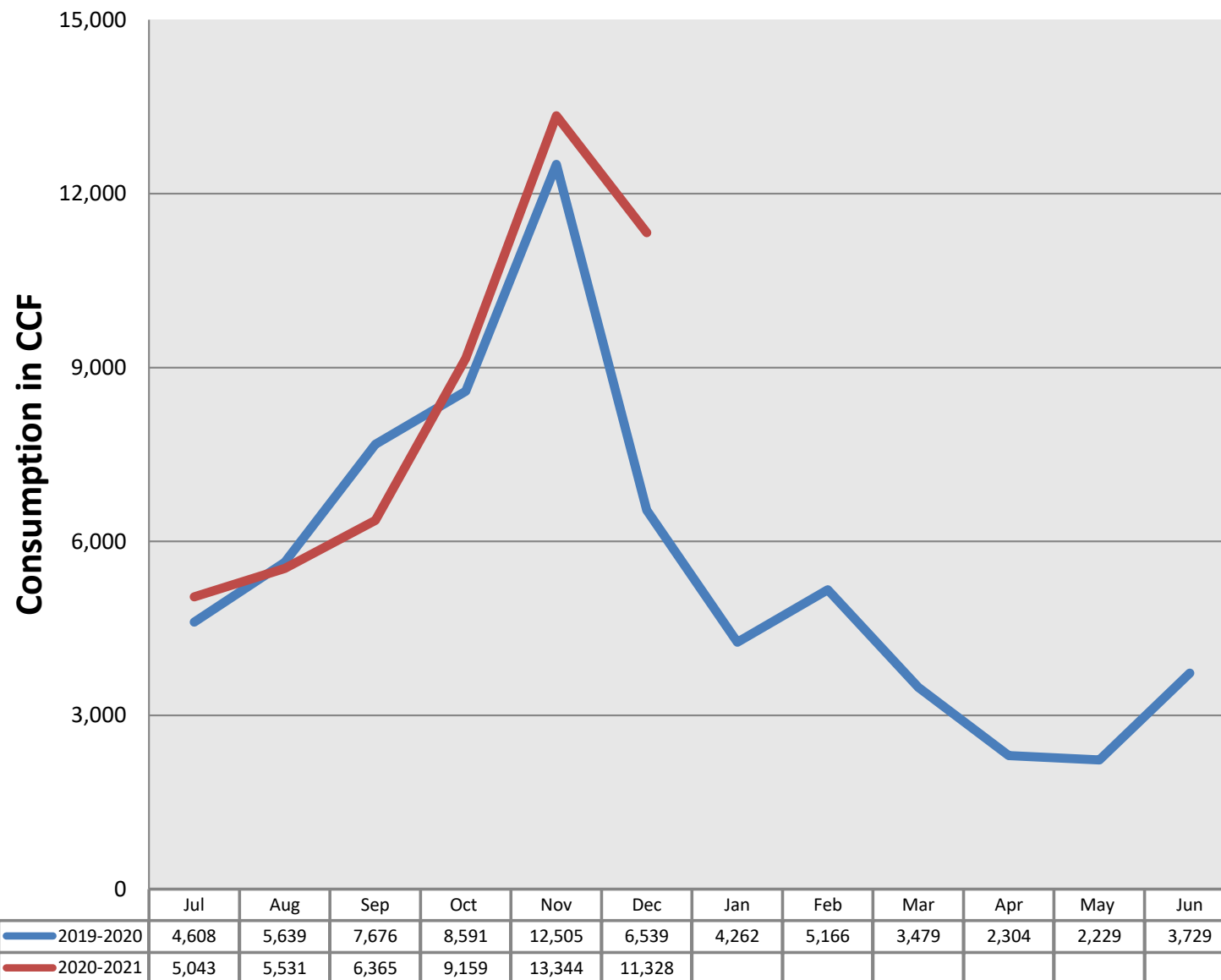


## Tier III Consumption

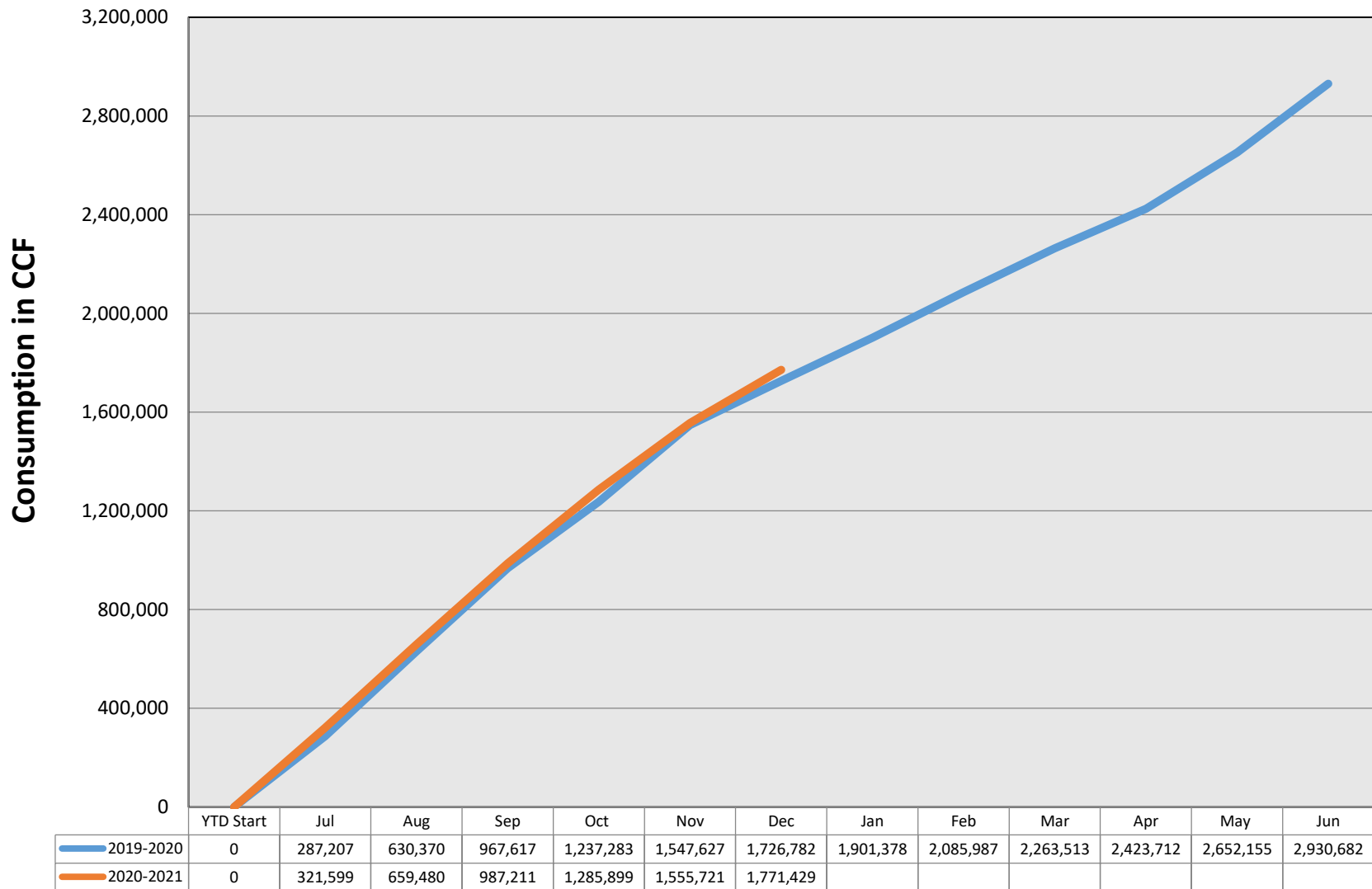




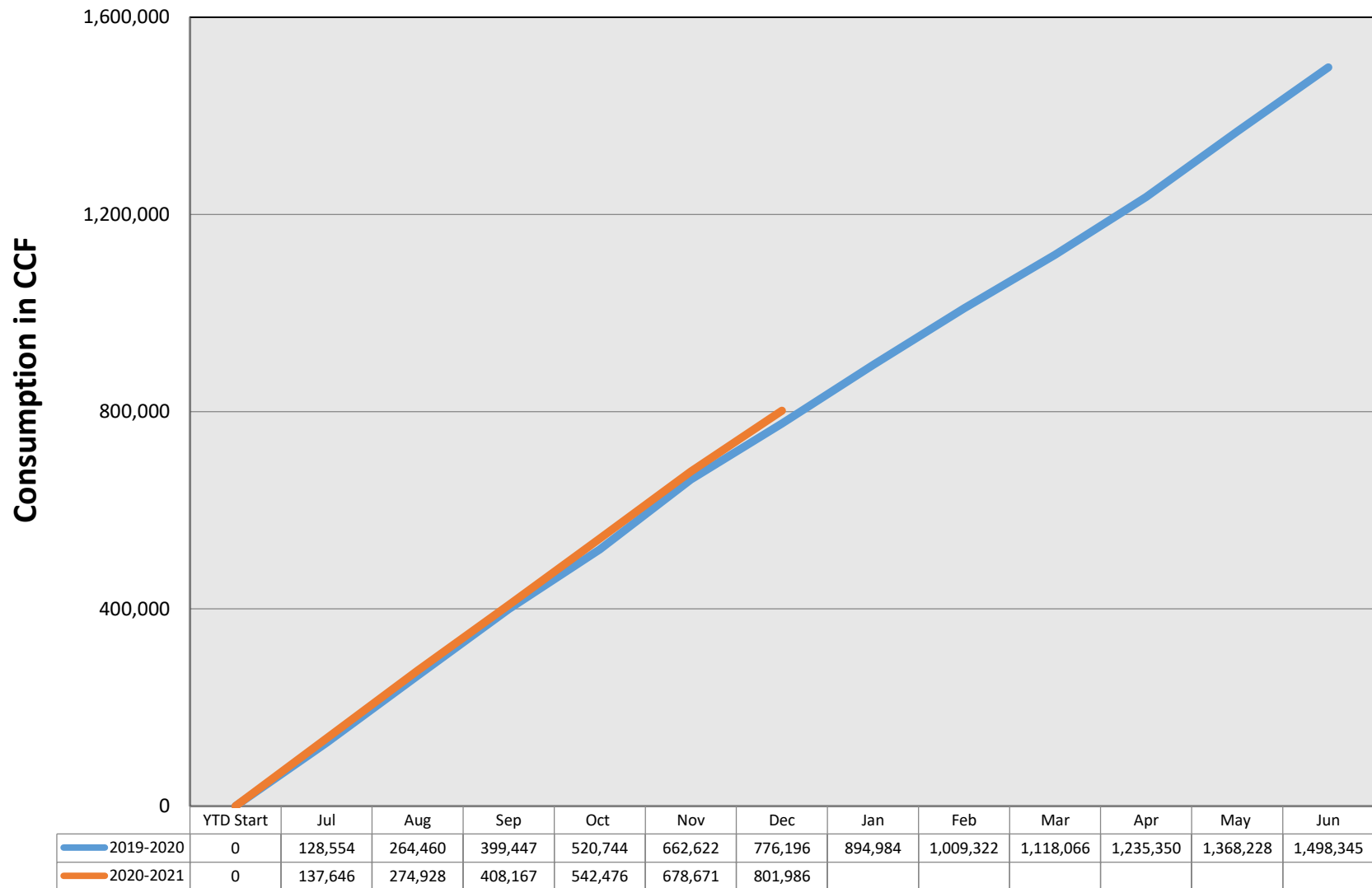
## Tier IV Consumption



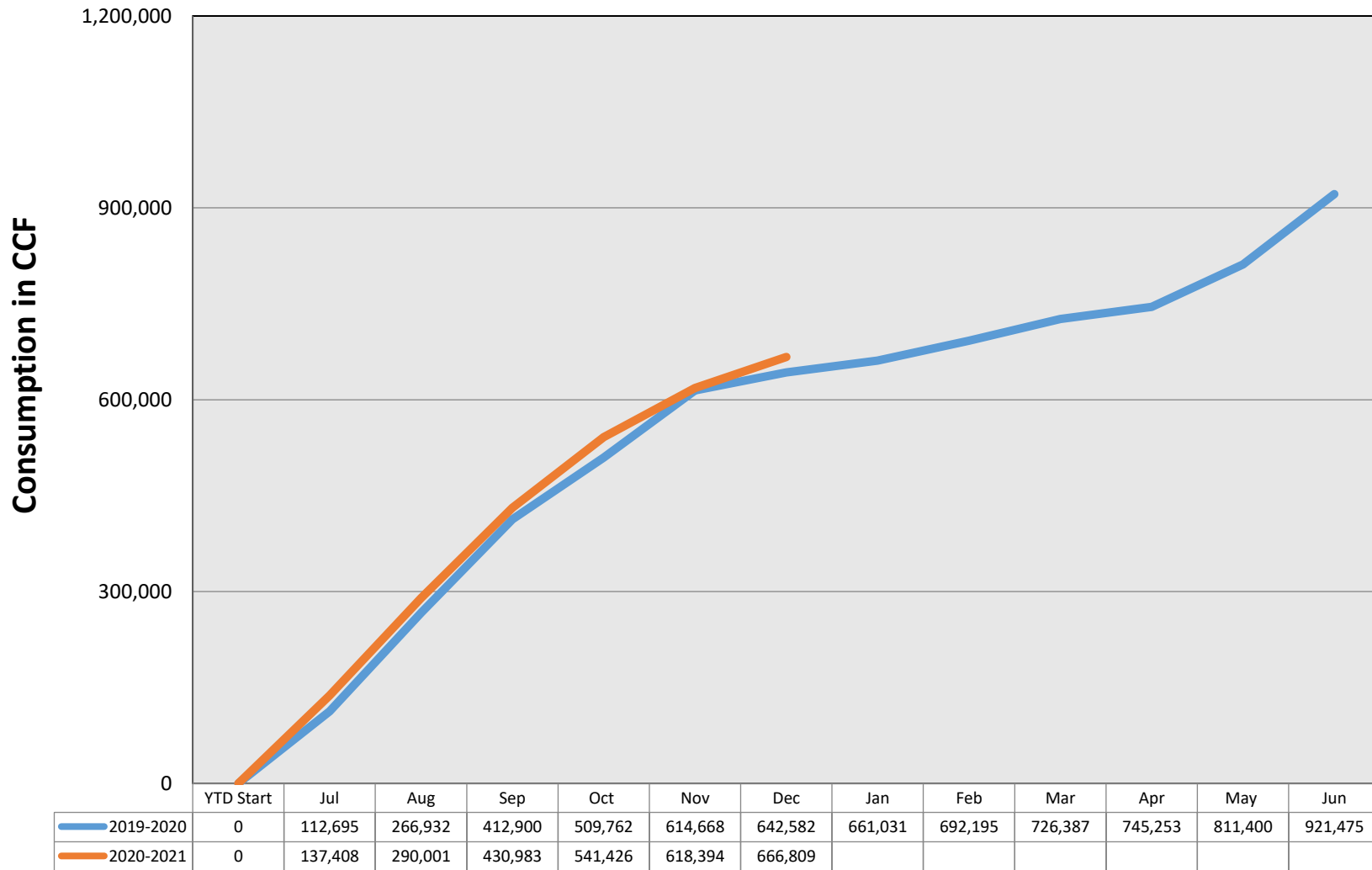
## ETWD YTD Consumption



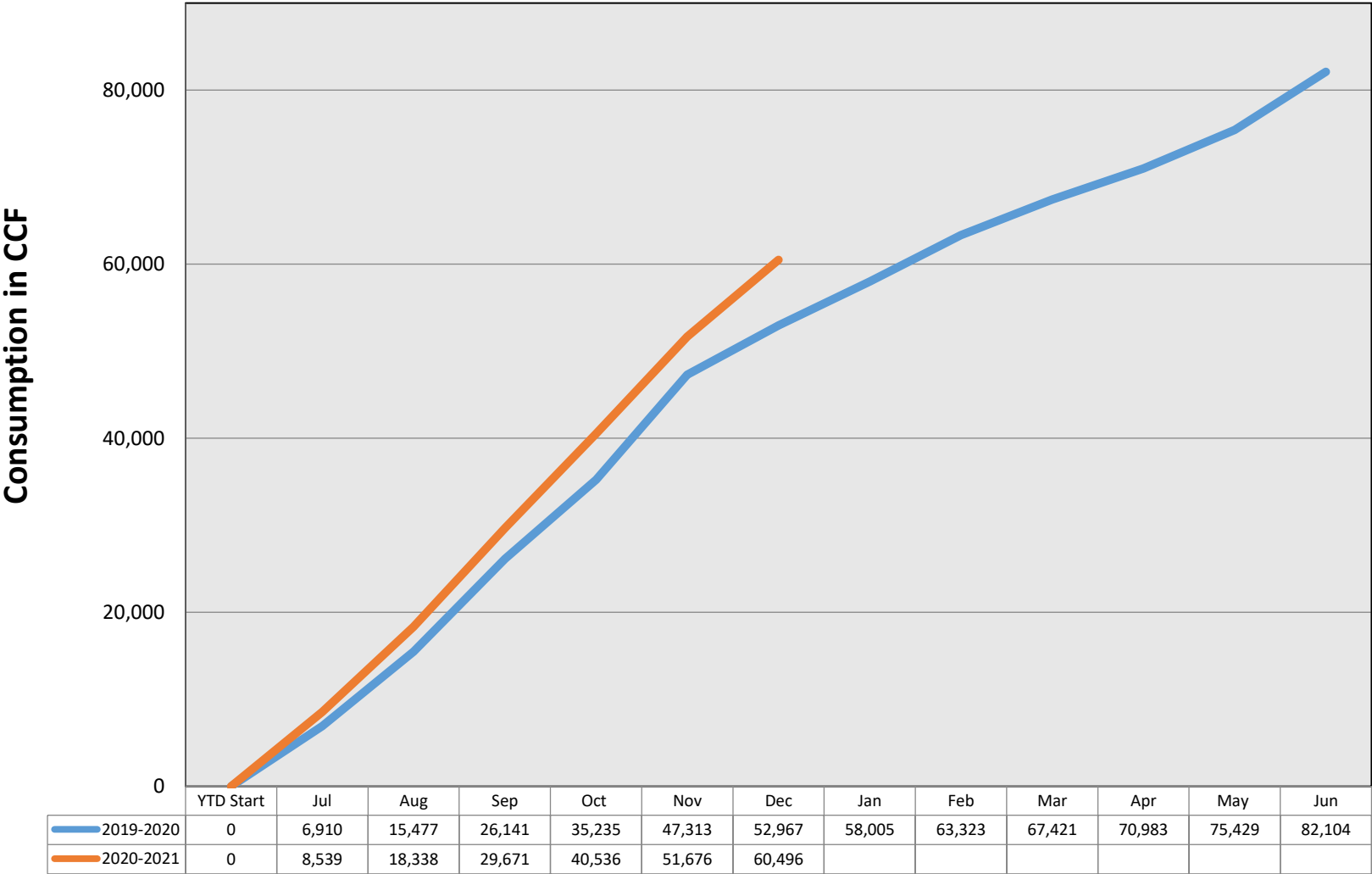
## Tier I YTD Consumption



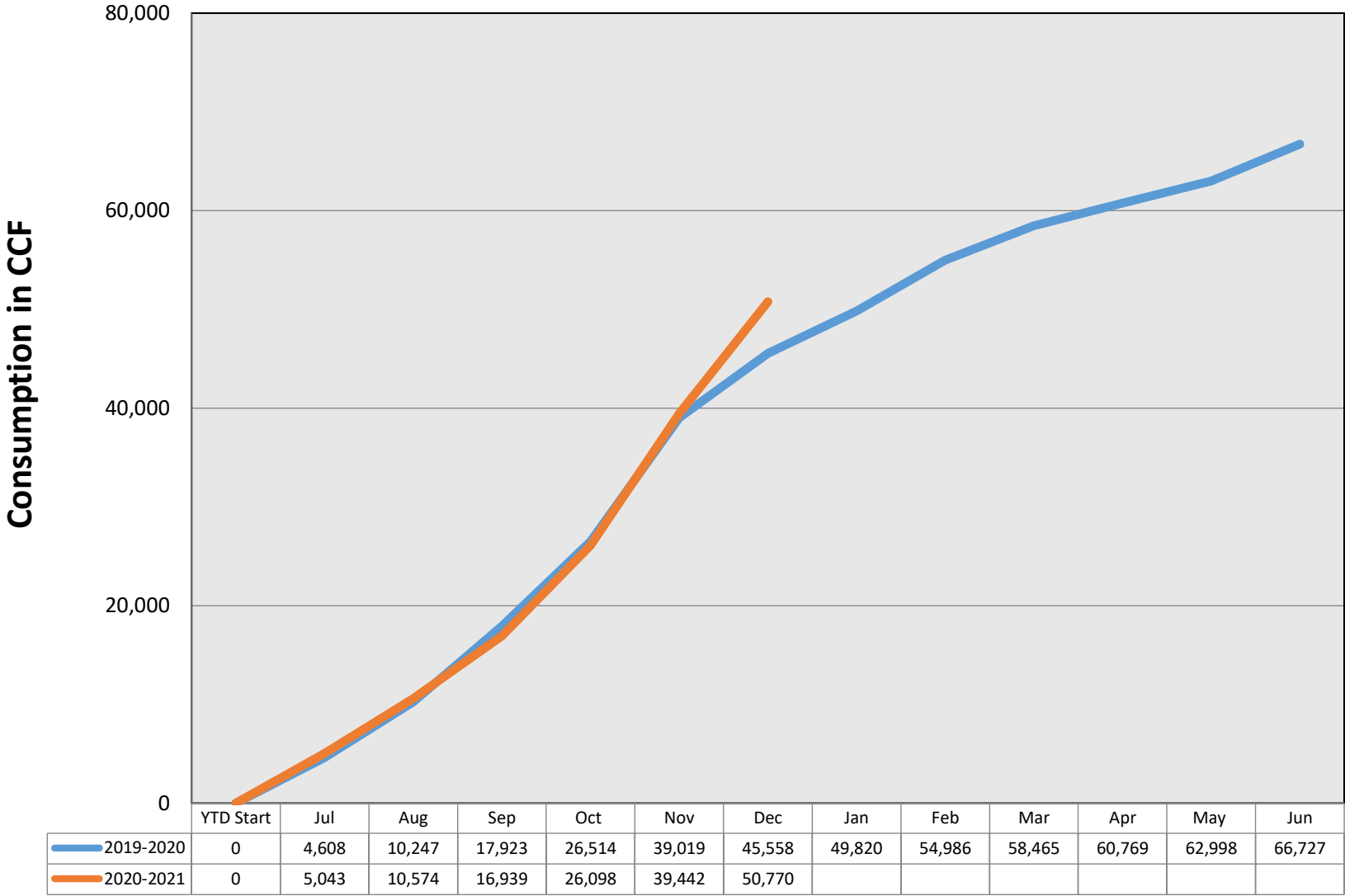
## Tier II YTD Consumption



Tier III YTD Consumption



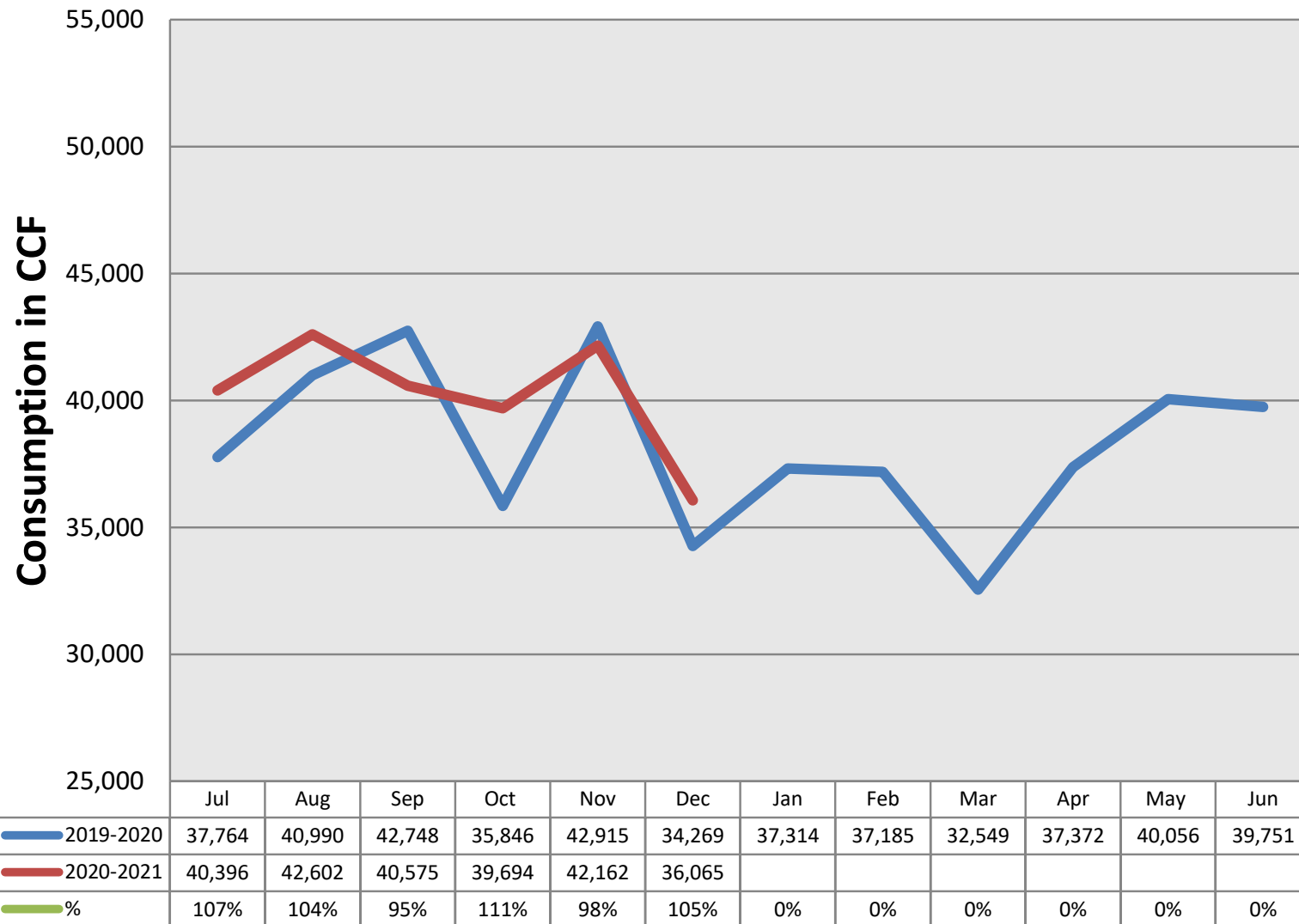
Tier IV YTD Consumption



# Single Family Residents Consumption

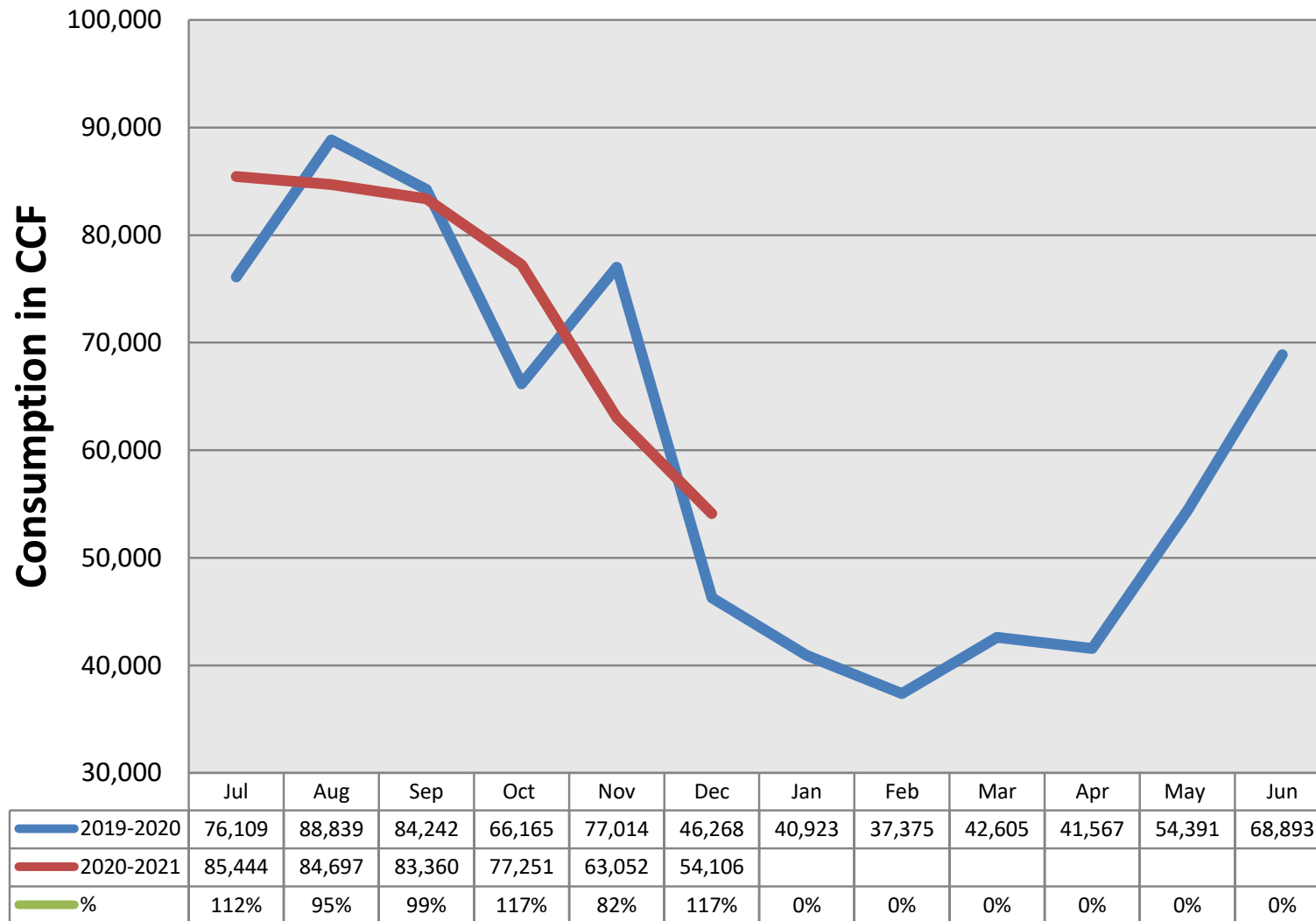


## Multi Family Residents Consumption

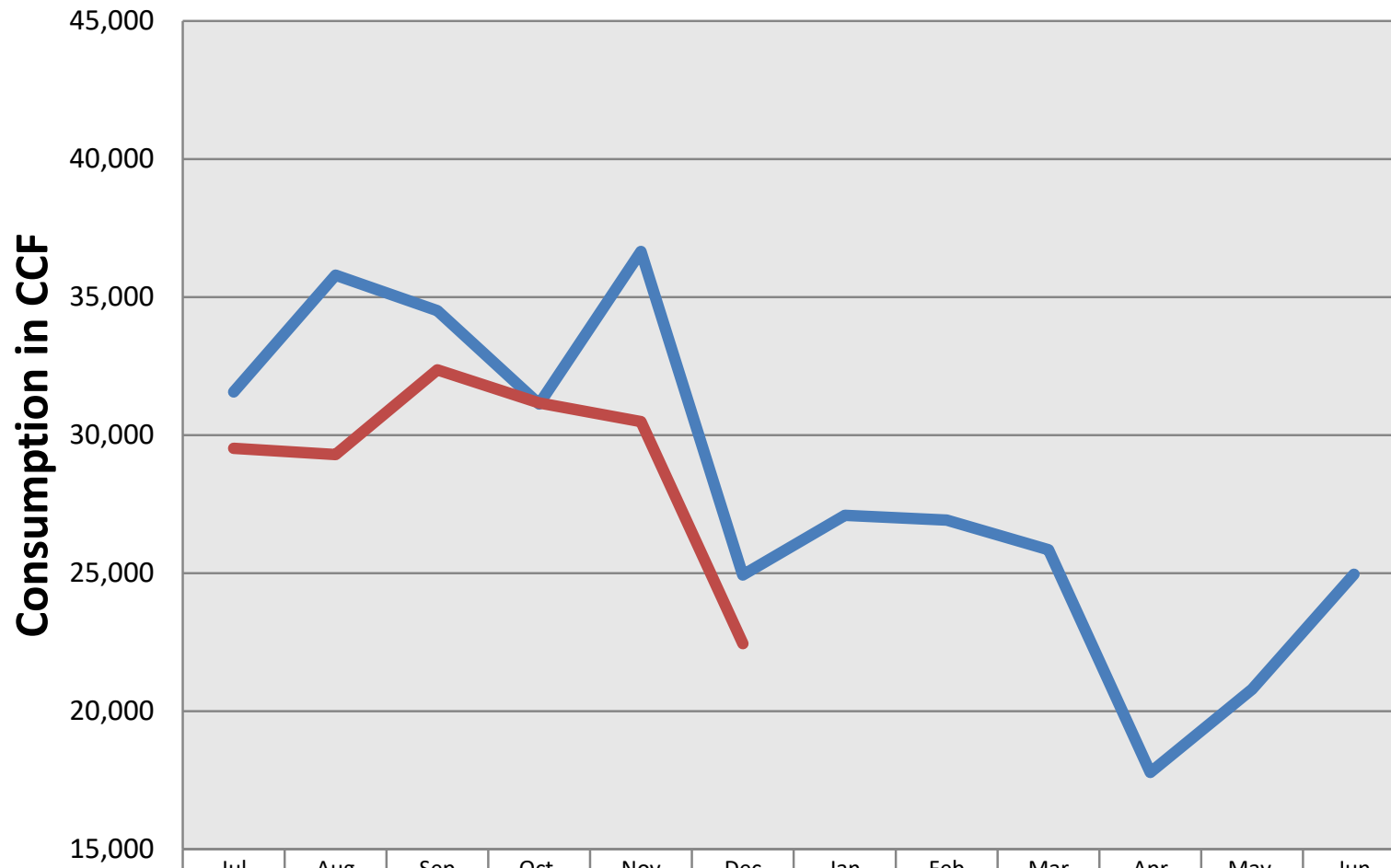




## Laguna Woods Village Consumption (Excluding Dedicated Irrigation)

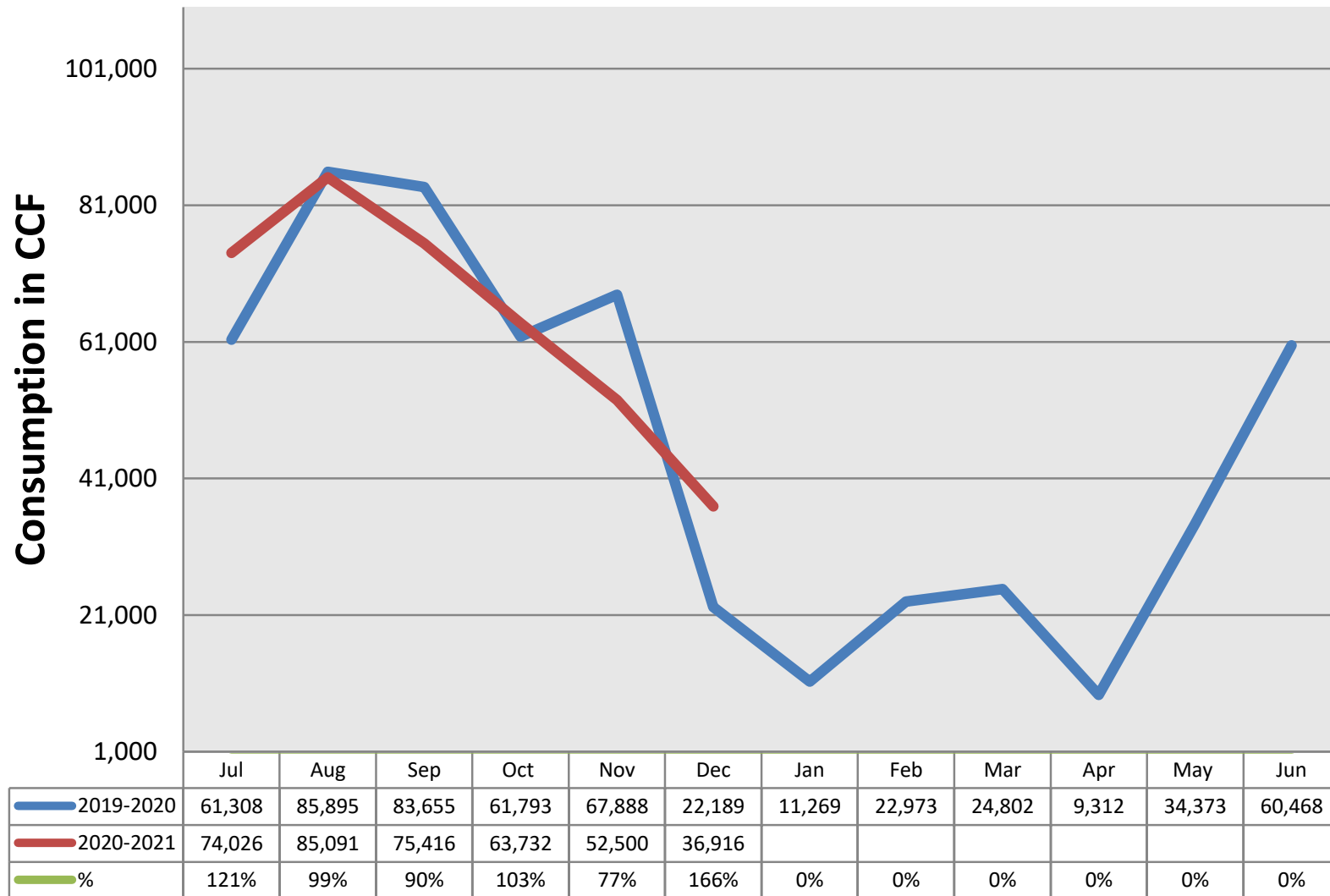


# Commercial Consumption



2019-2020	31,560	35,793	34,506	31,129	36,650	24,924	27,092	26,914	25,842	17,778	20,786	24,962
2020-2021	29,513	29,290	32,362	31,164	30,493	22,444						
%	94%	82%	94%	100%	83%	90%	0%	0%	0%	0%	0%	0%

## Dedicated Irrigation Consumption (including LWV)



# **BUDGET SCHEDULE**

## **FY 2021/2022**

<b>DESCRIPTION</b>	<b>DATE</b>	<b>DAY</b>
<b>Board Budget Committee #1</b>	<b>3/23/2021</b>	<b>Tues</b>
<b>Board Budget Committee #2</b>	<b>4/5/2021</b>	<b>Mon</b>
<b>Board Budget Workshop</b>	<b>4/15/2021</b>	<b>Thurs</b>
<b>E, F &amp; I Budget Update</b>	<b>4/19/2021</b>	<b>Mon</b>
<b>Distribute Prop 218 Notice</b>	<b>5/3/2021</b>	<b>Mon</b>
<b>CAG</b>	<b>5/13/2021</b>	<b>Thurs</b>
<b>Publish Public Hearing Notice - Newspaper</b>	<b>5/28/2021</b>	<b>Fri</b>
<b>E, F &amp; I Budget Update</b>	<b>6/21/2020</b>	<b>Mon</b>
<b>Conduct Public Hearing - Regular Board Meeting</b>	<b>6/24/2020</b>	<b>Thurs</b>
<b>Implement Board Action</b>	<b>7/1/2020</b>	<b>Thurs</b>

**Note: Board Budget Committee #1, Committee #2, and Workshop are at 7:30 am**

MINUTES OF THE REGULAR MEETING  
& OF THE  
ENGINEERING COMMITTEE MEETING

December 14, 2020

At approximately 8:05 a.m. Director Freshley called the meeting to order via Zoom.

Committee Members JOSE F. VERGARA, MARK MONIN, KATHRYN FRESHLEY, MIKE GASKINS, and KAY HAVENS participated.

Also participating were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, JASON HAYDEN, CFO, GILBERT J. GRANITO, General Counsel, SCOTT HOPKINS, Operations Superintendent, BOBBY YOUNG, Principal Engineer, and POLLY WELSCH, Recording Secretary.

Consent Calendar

Director Freshley asked for a Motion.

Motion: President Monin made a motion, seconded by Director Havens and unanimously carried across the Board to approve the Consent Calendar.

Roll Call Vote:

Director Havens	aye
Director Freshley	aye
Director Vergara	aye
Vice President Gaskins	aye
President Monin	aye

Engineering Action Items

There were no action items.

## Engineering General Information Items

### Capital Projects Status Report

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

Mr. Young stated that we are reviewing the final plans before sending to the Department of Drinking Water. He further stated that we should be sending it out this week for follow-up discussions as we expect there to be minimal comments.

Mr. Cafferty stated that once we are ready to proceed we plan to go back to the contractor and find out the scope of work and get the proposal and determine if it makes sense. He further stated that we would come back to the Board with a recommendation for a Change Order to the existing contract.

#### Cal Trans

Mr. Young stated that this project is complete for Phase A work. He further stated that Cal Trans has received our invoices and there have been no comments.

Mr. Young stated that the next Phase B is scheduled to commence in October 2021.

#### Dump Truck/Traffic Controller

Mr. Young stated that we may receive the truck before Christmas.

#### Oso Lift Station

Mr. Young stated that the wet well concrete base has been poured and is curing, and while this is happening the contractor is performing street work for the emergency overflow to MNWD's sewer system.

Mr. Young stated that both cities have approved the Traffic Control Plans and are working with our contractor on a daily basis. He further stated that this work is scheduled to be complete by the end of next week.

Mr. Young stated that there is a Financial Summary as well.

#### Joint Transmission Main Turnout Pump Station

Mr. Cafferty stated that our Operations staff will do some testing and some preliminary work, and discuss with the South Coast Water District the condition of the existing meters. He further stated that we are hoping to have some results to report at the January Engineering meeting.

#### Santa Ana River Conservation and Conjunctive Use Project (SARCCUP)

Mr. Cafferty stated that MWDOC asked of the South County Agencies if anyone is interested in participating. He further stated that they expressed that there are some South County Agencies who have expressed interest.

Mr. Cafferty stated that SARCCUP consists of 5 agencies; San Bernardino Valley Municipal Water District is a state water contractor and not a MET agency, and sometimes they have excess water from their tabling allocation that they could make available to other agencies. He further stated that the other agencies are Eastern Municipal Water District, Inland Empire Utility Agencies, Western Municipal Water District, and Orange County Water District.

Mr. Cafferty stated that the arrangement requires an agreement between San Bernardino Valley and MET because they can't sell water outside their area. He further stated that since Orange County Water District can't sign the agreement, they need MWDOC to sign the agreement.

Mr. Cafferty stated that the excess water can be stored in various groundwater facilities that these agencies have, and they are looking into investing as much as \$150 million in these storage facilities that would allow banking and use during a drought or MET allocation. He further stated that they recently received \$55 million in grant

funding for this work.

Mr. Cafferty stated that SARCCUP would sell water to MET who would then sell 50% of the water to the agencies of which allocation has not yet been determined. He further stated that MET changed the agreement and instead of having SARCCUP's Operating Committee allocate the water, MET removed the reference to that committee and put in language suggesting there would be an equal split of the water and required unanimous consent of the MET member agencies for the allocation.

Director Vergara stated that the issue is storage and supply. He further stated that whenever there is a problem with water MET goes into allocation and they will reduce the amount of water available to the member agencies, except when cases like IRWD has water in Tehachapi which they can get for no cost.

#### Engineering Items Discussed at Various Conferences and Meetings

Director Freshley stated that she participated in an ACWA Engineering Committee meeting where they discussed the Public Utility Corporation (PUC) putting together a self-generation incentive funding program. Director Freshley raised the possibility of using solids treatment at the WRP to generate gas for electricity generation.

Mr. Cafferty stated that when we did the Solids Handling Alternatives Analysis, the concept of building solids handling facilities including digesters and the potential to treat our own solids instead of hauling them to SOCWA is anticipated to cost nearly \$8 million worth of capital investment to build these facilities, and we already own capacity in similar facilities at SOCWA, so the conclusion of the report is that it doesn't make sense for ETWD.



President Monin stated that there are CCA's where some cities can buy their own power and pay Edison for the last mile.

#### Comments Regarding Non-Agenda Engineering Committee Items

Mr. Cafferty stated that staff is considering the possibility of bond financing for capital projects.

Director Freshley asked where we stand in looking at electrical uses and demand charges at the various sites. Mr. Cafferty replied that it remains a work in progress as staff is working with Edison on a pump efficiency study and Edison's different types of charges to see what is driving our costs.

Director Vergara stated that today is his 20-year anniversary trying to get on the ETWD Board, and in 2012 he was elected to the Board. He further stated that he is grateful to be working with a Board that exercises leadership and respects their fellow colleagues. Directors Freshley and Havens agreed.

#### Close Engineering Committee Meeting

At approximately 8:45 a.m. the Engineering Committee meeting was closed.

#### Attorney Report

Mr. Granito reported that there is a need for a Closed Session today to resume the matter referenced in item #4 of today's Closed Session agenda.

#### Closed Session

At approximately 8:45 a.m. the Board went into Closed Session. Also at this time, Mr. Cafferty, Mr. Hopkins, Ms. Cimorell, and Ms. Welsch left the meeting.

#### Regular Session

At approximately 9:50 a.m. the Board returned to Regular Session. Also at this time, Ms. Welsch, Ms. Cimorell, and Mr. Hopkins returned to the meeting.

### Report on Closed Session

Mr. Granito reported that the Board went into Closed Session only with regard to Item 4 of today's Closed Session Agenda. During Phase 1 of the Closed Session, the General Manager was excused, and the Board resumed the Performance Evaluation of the General Manager. Following Phase 1, the General Manager was invited into the Closed Session (Phase 2) and discussion ensued between the Board and the General Manager. No reportable action was taken.

### General Manager Compensation

President Monin stated that the Board decided that an increase in compensation is due to the General Manager.

President Monin asked for a Motion.

Motion: Vice President Gaskins made a Motion, seconded by Director Vergara and unanimously carried across the Board that a 6% increase should be awarded to the compensation of the General Manager.

### Roll Call Vote:

Director Havens	aye
Director Freshley	aye
Director Vergara	aye
Vice President Gaskins	aye
President Monin	aye

### Adjournment

There being no further business the Engineering Committee meeting was adjourned at approximately 10:00 a.m.

Respectfully submitted,

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POLLY WELSCH  
Recording Secretary

APPROVED:

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MIKE GASKINS, President  
of the El Toro Water District and the  
Board of Directors thereof

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DENNIS P. CAFFERTY, Secretary  
of the El Toro Water District and the  
Board of Directors thereof



## STAFF REPORT

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**To: Board of Directors**

**Meeting Date: January 25, 2021**

**From: Bobby Young, Principal Engineer**

**Subject: Ocean Outfall Pump Station Emergency Generator Replacement Project**

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### INTRODUCTION / BACKGROUND

At the District's Water Recycling Plant (WRP), the Ocean Outfall Pump Station (OOPS) plays a vital role in the reliability of the discharge of treated wastewater effluent. Effluent that is not processed through tertiary treatment is disposed of through the SOCWA Effluent Transmission Main (ETM) and Aliso Creek Ocean Outfall. The Ocean Outfall Pump Station pumps secondary effluent from the ETWD WRP to the ETM. In the case of a power outage, emergency generation power supply allows for continued discharge pumping into the ETM and ocean outfall pipeline.

The existing emergency generator is over 25-years old and has come to the end of its useful life, as maintenance activities have continued to increase on the unit. Repair parts for this generator have been difficult to locate, with many parts being obsolete. The radiator is weeping in numerous locations, and needs to be replaced. Replacement of the generator ensures reliability and brings the equipment up to the latest AQMD compliance thresholds.



In addition to replacement of the generator, during the design phase staff identified other necessary project components associated with the replacement of the existing generator.

- The existing power bypass connection plugs/receptacle, which are used to connect a portable generator when the emergency generator is being serviced, do not meet current District standards. By installing a new, standard receptacle, staff will easily be

able to connect a portable generator for all future activity without needing extraneous parts and materials to make the connection. These plugs allow for a much quicker connection to a portable generator in the event the stationary generator is out of service for any reason. These plugs will also allow for the connection of a portable generator during the installation of the new generator thereby mitigating and compromise in reliability during construction.

- The conduit from the Automatic Transfer Switch (ATS) at the electrical switchgear in the pump station to the generator has many breaks in the plastic pipe and is subject to filling with water during rain events. A junction box connecting the conduit to the OOPS Pump Station building is showing significant signs of corrosion and weathering. The project design incorporates the replacement of the deficient conduits.
- Recent AQMD regulations and permitting changes have created administrative difficulties and delays in obtaining proper permits. Staff decided it is more efficient to have a third party submit the appropriate application packet to AQMD and has had efficient success with this on recent projects.

As a summary, the major project components included are:

- Installing portable generator receptacle to facilitate the phasing of work
- Removing the existing emergency generator, conduit, and wiring
- Installing new conduit duct bank, wiring, and junction box
- Installing new AQMD compliant emergency backup generator
- SCAQMD permitting

## **BID EVALUATION**

The District issued a Notice Inviting Bids on December 18th, 2020, to six qualified contractors. Two of the Contractors opted out due to the timing of the project and their projected workload and a third failed to attend the mandatory pre-bid meeting. Three contractors attended the mandatory Pre-Bid meeting. Following the pre-bid meeting and a subsequent deadline for written questions, the District issued one addendum to the original bid documents.



Staff opened three bids on January 20<sup>th</sup>, with the following breakdown:

J.R. Filanc Construction	\$ 384,523
SS Mechanical Corp.	\$ 399,190
Schuler Constructors	\$ 424,000

The apparent low bid was submitted by J.R. Filanc Construction Company, Inc. Staff performed a detailed evaluation of the bids and did not find any errors or other discrepancies. The very tight spread between the low and high bids, approximately 10%, is further evidence of the quality of the bids and construction documents. Filanc is a reputable contractor with whom the District has significant previous successful experience including the current construction of the Oso Lift Station Project.

## **BUDGET ANALYSIS**

A summary of the total project costs is as follows:

<b>Organization</b>	<b>Description</b>	<b>Amount</b>
J.R. Filanc	Construction Contract	\$ 384,523
	Construction Contingency	\$ 30,000
<b>Total</b>		<b>\$ 414,523</b>
<b>Project Budget</b>		<b>\$ 220,000</b>

It should be noted that the original project budget was based only on the removal and replacement of the generator. As described in the Introduction/Background section, other necessary additional project components were identified during the project design which were not included in the original project budget.

The budget deficit is the result of the cumulative impact of the following project components:

- Assumed inflation in costs from the original budget development in the 1920 fiscal year
- Installation of Portable Generator Receptacle
- Excavation and removal of the existing conduit and installation of about 100-ft of a new duct bank between the pump station building and the generator
- Miscellaneous impacts of mobilization costs, bond/insurance costs, start-up testing and training costs and AQMD permitting assistance costs

In an effort to mitigate the budget impact, staff intends to perform Construction and Inspection Services in-house.

Despite the budget overage, the project remains an important and necessary investment in the reliability to the critical WRP effluent disposal system. The Oso Lift Station Project costs are well under budget. Staff proposes to transfer the necessary funds to cover the budget deficit on the OOPS Generator project from the surplus budget for the Oso project.

## **CEQA**

District staff prepared and will submit a Categorical Notice of Exemption, as the work only replaces the existing equipment without an increase in capacity. State CEQA Guideline Section 15301 provides exemption for the operation, repair, maintenance, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

## **RECOMMENDATION**

### **Recommended Action:**

Staff recommends that the Board of Directors authorize the District's General Manager to enter into a contract with J.R. Filanc Construction Company, Inc. in the amount of \$384,523.00 for the replacement and installation of the Ocean Outfall Pump Station Emergency Generator. Staff further recommends that the Board authorize the General Manager to fund the project costs from the District's Capital Reserves in accordance with the District's adopted Capital Reserve Policy.

**NOTICE OF EXEMPTION**

TO: <input type="checkbox"/> Office of Planning and Research P. O. Box 3044, Room 113 Sacramento, CA 95812-3044	FROM:  El Toro Water District
<input checked="" type="checkbox"/> Orange County Clerk-Recorder 12 Civic Center Plaza, Room 101 Santa Ana, CA 92701	Address: 24251 Los Alisos Blvd Lake Forest, CA 92630

1. Project Title:	<b>Ocean Outfall Pump Station Emergency Generator Replacement</b>
2. Project Applicant:	<b>El Toro Water District</b>
3. Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15' or 7 1/2' topographical map identified by quadrangle name):	<b>24531 Moulton Pkwy Laguna Woods, CA 92637</b>
4. (a) Project Location – City: Laguna Woods	(b) Project Location – County: Orange
5. Description of nature, purpose, and beneficiaries of Project:  El Toro Water District owns and operates a Water Recycling Plant in which wastewater is collected, treated, and either discharged to the ocean or recycled for beneficial reuse. As part of the treatment process, the Ocean Outfall Pump Station discharges treated wastewater into a shared ocean outfall pipeline. In case of power outage, an emergency generator serves the Ocean Outfall Pump Station as a backup source of power. The planned improvement is to replace the existing backup generator that is at the end of its useful life.	
6. Name of Public Agency approving project:	El Toro Water District
7. Name of Person or Agency undertaking the project, including any person undertaking an activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part of the activity:	El Toro Water District
8. Exempt status: (check one)	
(a) <input type="checkbox"/> Ministerial project.	(Pub. Res. Code § 21080(b)(1); State CEQA Guidelines § 15268)
(b) <input type="checkbox"/> Not a project.	(Pub. Res. Code § 21065; State CEQA Guidelines § 15387)
(c) <input type="checkbox"/> Emergency Project.	(Pub. Res. Code § 21080(b)(4); State CEQA Guidelines § 15269(b),(c))
(d) <input checked="" type="checkbox"/> Categorical Exemption. State type and section number:	<b>State Guidelines Section 15301 and 15302</b>



**Exempt per Gov't Code 6103**

(e)	<input type="checkbox"/>	Declared Emergency.	(Pub. Res. Code § 21080(b)(3); State CEQA Guidelines § 15269(a))
(f)	<input type="checkbox"/>	Statutory Exemption. State Code section number:	
(g)	<input type="checkbox"/>	Other. Explanation:	
9.	Reason why project was exempt:		The project will replace existing mechanical equipment with no expansion of an existing use and with substantially the same purpose.
10.	Lead Agency Contact Person:		Dennis Cafferty
	Telephone:		(949) 837-7050

Signature:\_\_\_\_\_ Date:\_\_\_\_\_ Title:\_\_\_\_\_

Name: Dennis Cafferty

☐ ☐ Signed by Lead Agency      ☐ ☐ Signed by Applicant

Date Received for Filing: \_\_\_\_\_

(Clerk Stamp Here)

Authority cited: Sections 21083 and 21110, Public Resources Code.  
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.



## STAFF REPORT

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**To: Board of Directors**

**Meeting Date: January 25, 2021**

**From: Bobby Young, Principal Engineer**

**Subject: Capital Project Status Report**

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

Staff received an additional retrofit rebate check from MWDOC in the amount of \$27,955.10, which was unanticipated and on top of the previously received \$104,052 amount from MET. The check provided a local agency rebate for the Phase II East retrofits only. Staff has inquired whether MWDOC will provide a similar additional local rebate for the Phase II West (A) sites. Staff is waiting to receive the rebate amount of \$143,539.50 from MET for the Phase II West (A) sites.

The remaining Phase II West (B) sites have been submitted to the Division of Drinking Water (DDW) review and approval. Upon DDW approval, staff will request the District's retrofit contractor submit a change order request for the remaining retrofit construction work.

### **II Caltrans I-5 Widening Project**

The District's utility relocation construction efforts have been completed and reviewed by Caltrans. The District paid its contractor for all applicable work to date. Staff submitted invoices covering the work to Caltrans for payment. Staff continues to monitor and assist with other freeway expansion work (i.e. SMWD's 42" Aufdenkamp relocation along Avenida de la Carlota) that impacts District facilities.

The next phase of construction for the District's relocation efforts is scheduled for October 2021.

### **III Dump Truck / Traffic Control Truck Replacement**

Due to COVID and the holidays, there have been more delays in the truck bed equipping phase. The updated expected delivery of the completed Dump Truck / Traffic Control Truck is by the end of January.

#### IV Oso Lift Station Improvement Project

Construction continues with major activities described as follows: wet well shafts have been placed, along with backfill, emergency overflow piping has been installed in El Toro Road, with final paving remaining, and the valve vault foundation has been poured and is curing. The current project completion date is scheduled for summer of 2021 and the project remains on schedule at this time.



Project Milestone	Date
Start of Onsite Construction Activities	November 2, 2020
New Valve Vault Base Pour	January 18, 2020
Anticipated End of Construction	July 2021



The financial summary of the project is as follows:

	<b>Contract Amount</b>	<b>Billed to Date</b>
Total Contract Bid Amount	\$1,954,236	\$ 210,606
Change Order 1 – VFDs	\$ 71,858	\$ 0
Change Order 2 – Generator Relocation	\$ 15,289	\$ 15,289
Specialty Inspections (Env., Geotech)	\$ 15,875	\$ 5,395
Eng. Services During Construction	\$ 84,000	\$ 47,000
Contingency	\$ 146,978	\$ 0
Total	\$2,288,236	\$ 278,290





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

### **A. East Orange County Feeder No. 2 / Joint Transmission Main Turnout**

Staff has begun an evaluation of the hydraulics associated with the existing connection to the Joint Transmission Main. The evaluation will include field testing, while taking flow from the existing connection, to evaluate the actual flow and pressure capabilities and limitations associated with the use of the District's existing capacity in the JTM. The line has been flushed and has successfully passed bacteriological testing.

The system has been exercised and flow from the JTM to the R-2 Reservoir has been initiated in the presence of the JTM Transmission Main Manager. The existing JTM meter does not appear to be functioning properly. South Coast Water District is aware of the meter deficiency and will schedule a replacement of the meter. ETWD staff continues to plan further testing to identify system operations and any deficiencies or challenges associated with the operation of the JTM supply.



**F.Y. 2020/21 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>2020/21 Capital Projects (reference number corresponds with Approved Budget item numbers)</i>															
1	R-2 Reservoir Interior Recoating		E	E	E	E	E	E	B	A	C			\$262,500	
2	R-2 Reservoir Exterior Recoating		E	E	E	E	E	E	B	A	C			\$80,000	
5	4920 Siphon Stabilization											E	E	\$150,000	
6	WRP Main Electrical Power Breaker Upgrade	(Maintenance service complete)												\$80,000	
10	Main Office / Field Office HVAC Replacement & Improvement Project	ET	E	E	E	P	P	P	B	A	C			\$157,500	
<i>2020/21 Capital Equipment (reference number corresponds with Approved Budget item numbers)</i>															
1	La Paz MCC and PLC Upgrade - Engineering	ET	ET	ET										\$140,000	
2	Aeration Basin No. 1 Diffusers	E	E						B	B	A	C	C	\$170,000	
4	Effluent Pump Station Pump Replacement									E	B	A	C	\$100,000	
<i>Carryover</i>															
	Oso Lift Station Improvement Project	C	C	C	C	C	C	C	C	C	C	C	C	\$1,000,000	\$1,954,322
	Grit Chamber Rehab/Re-Coating			E	E	E	E	E	E	B	A	C	C	\$85,000	
	OOPS Emergency Generator Replacement	E	E	E	E	E	B	A	C	C				\$220,000	
	R-6 Floating Cover Replacement Project				RFP	RFP	RFP	RFP	RFP	ET	A	E	E		
	Caltrans Widening Utility Relocations	C	C	C	C										\$769,777
	Clarifier No. 3 and 4 Scum Pump Station										B	A/O	C	\$80,000	
	Master Plan Update	RFP	RFP											\$350,000	
<b>Total</b>														<b>\$2,875,000</b>	<b>\$2,724,099</b>

E = Engineering/Study  
C = Construction  
O = Order  
N = Negotiate

R = Receive  
P = Permit  
CQ = CEQA  
CO = Carry Over

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

ET = Evaluate  
M = Monitoring  
BP = Board Presentation

1/19/2021

# **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.

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**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.

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**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.

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**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.

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**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.

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**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

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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.

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**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.