

MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
OF THE
EL TORO WATER DISTRICT
February 25, 2021

President Gaskins called the meeting of the Board of Directors of the ELTORO WATER DISTRICT to order via Zoom at 7:30 a.m. on January 28, 2021.

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

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

Also present were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, JASON HAYDEN, CFO, SCOTT HOPKINS, Operations Superintendent, BOBBY YOUNG, Principal Engineer, SHERRI SEITZ, Public Relations/Emergency Preparedness Administrator, GILBERT J. GRANITO, General Counsel, and POLLY WELSCH, Recording Secretary.

Oral Communications - Public Comments

President Gaskins stated that at this time members of the public may address the Board or they may reserve this opportunity with regards to an item on the agenda, until the Board discusses said item later in today's meeting.

Items Received Too Late To Be Agendized

President Gaskins asked if there are any items that came to the attention of the District after the agenda was posted that require consideration and action at today's meeting. Mr. Cafferty replied no.

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.

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

Roll Call Vote:

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

Director Reports for Meetings Attended

Director Havens stated that she attended the RRC meeting, a meeting with the General Manager regarding background information on SAC and SOCWA. She further stated that she attended SOCWA, WACO, LAFCO, the Urban Water Institute conference, WaterReuse, the MWDOC Water Policy Forum, all ETWD scheduled meetings, and she plans to attend the South Orange County Economic Coalition meeting.

Director Monin stated that he plans to attend the South Orange County Economic Coalition meeting. He further stated that he attended OCCOG, the MWDOC Water Policy Forum meeting, the ACWA Education Committee, WaterReuse, the Laguna Woods City Council meeting, OCWA, MWDOC Board meeting, MWDOC Admin/Finance meeting, WACO Planning, an EOC County meeting, and all ETWD scheduled Board meetings.

Director Vergara stated that he attended the MWDOC Planning/Operations meeting, the MWDOC/MET Directors workshop, the South Orange County Agencies meeting, WACO, MWDOC Admin/Finance meeting, WACO Planning meeting, MWDOC Board meeting, OCWA, WaterReuse, South Orange County Economic Coalition, the MWDOC Water Policy Forum, and all of ETWD's scheduled meetings.

Vice President Freshley stated that she attended WACO, MWDOC/MET Directors workshop, MWDOC Water Policy Forum, the MWDOC Planning/Operations meeting, Agenda Review meeting, SOCWA Finance meeting, SOCWA Board meeting, RRC meeting, OCWA, ACWA Engineering Committee meeting, JPIA Sexual Harassment training, TV-6, Laguna Woods City Council meeting, OC LAFCO, the LAFCO Southern Regional meeting, and all ETWD scheduled meetings.

President Gaskins stated that he attended the MWDOC Planning/Operations meeting, ISDOC Executive Committee meeting, MWDOC/MET Directors workshop, President/VP/GM meetings, WACO, MWDOC Admin/Finance meeting, Cal Desal meeting, Agenda Review

meeting, MWDOC Board meeting, OCWA, WaterReuse, MWDOC Water Policy Forum, the Lake Forest City Council meeting, and ETWD's scheduled meetings.

General Manager Action Items

Call for Candidates – ISDOC Executive Committee 2nd Vice President Seat

Director Monin stated that several candidates were interested in the 2nd Vice President seat for the ISDOC Executive Committee. He further stated that Mr. Larry Dick stepped down creating a vacancy.

Mr. Cafferty stated that the District has not received any interested candidate information, but staff understands that Mr. Bob McVicker is interested in the seat.

Nomination of a Candidate to the California Special Districts Association Board of Directors, Southern Network – Seat A

Mr. Cafferty stated that the Southern Network, Seat A is open and asking for nomination of a candidate. He further stated that Jo MacKenzie is the incumbent and running again for this seat.

Mr. Cafferty stated that the ballots will sent out at the end of May, so we will agendize this item in June if the Board is ready to cast a vote.

COVID-19 Update

Mr. Cafferty stated that the pandemic is improving, but deaths continue daily.

President Gaskins asked for a Motion.

Motion: Vice President Freshley made a Motion, seconded by Director Havens and unanimously carried across the Board to grant the General Manager discretion to extend the use of Emergency Administrative Leave, as necessary up to 160 hours per employee per month, until the May 27, 2021 meeting of the Board of Directors.

Roll Call Vote:

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

Closed Session

At approximately 8:10 a.m. the Board went into Closed Session to discuss item #1 of today's Closed Session agenda, during which time the attorney of record, Ms. Jennifer Pancake, and General Counsel will review the matter. Also at this time, Ms. Cimorell, Mr. Hayden, Mr. Young, Ms. Seitz, Mr. Hopkins, and Ms. Welsch left the meeting.

Open Session Report

At approximately 8:20 a.m., the Regular session resumed. At this time Ms. Jennifer Pancake left the meeting. Also at this time, Ms. Cimorell, Mr. Hayden, Mr. Young, Ms. Seitz, Mr. Hopkins, and Ms. Welsch returned to the meeting.

Mr. Granito reported that the Board did indeed go into Closed Session at this point in the meeting only with regard to item #1 of today's Closed Session agenda, during which time the attorney of record, Ms. Jennifer

Pancake led a discussion on the status of this pending litigation, "Quiet Title Action". No reportable action was taken.

Resolution No. 21-2-1 Concurring in the Nomination to the Executive Committee of the Association of California Water Agencies, Joint Powers Insurance Authority (JPIA)

President Gaskins asked for a Motion.

Motion: Vice President Freshley made a Motion, seconded by President Gaskins and carried across the Board 4-0 to adopt Resolution No. 21-2-1 which concurs with the Cucamonga Valley Water District's nomination of Randall James Reed to the ACWA/JPIA Executive Committee.

Roll Call Vote:

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

Resolution No. 21-2-2 Concurring in the Nomination to the Executive Committee of the Association of California Water Agencies, Joint Powers Insurance Authority (JPIA)

President Gaskins asked for a Motion.

Motion: Vice President Freshley made a Motion, seconded by President Gaskins and carried across the Board 4-0 to adopt Resolution No. 21-2-2 which concurs with the San Bernardino Valley Water Conservation District's nomination of Melody Henriques-McDonald to the ACWA/JPIA Executive Committee.

Roll Call Vote:

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

At approximately 8:25 a.m Director Vergara left the meeting.

General Manager Information Items

General Manager's Monthly Report

Mr. Cafferty stated that as President Gaskins noted the City of Lake Forest has engaged in a lengthy and detailed discussion about the concept of the Community choice aggregation approach to the procurement of electrical power within the city boundaries. He further stated that they had previously joined a Joint Powers Authority known as the Orange County Power Authority (OCPA).

Mr. Cafferty stated that the City Council voted 4-1 to withdraw from the OCPA until further discussion is had and to see what benefit it may be to them.

Director Monin stated that Irvine and Fullerton have already signed the OCPA and Brian Probolsky left the County and is leading the OCPA. He further asked what cities are involved in this. Mr. Cafferty replied that Irvine is leading this, and Fullerton participated, and Huntington Beach is considering it. Director Havens stated that Buena Park, Santa Ana, Fullerton, and Irvine are on the Board.

Vice President Freshley stated that the law requires SCE to offer programs for connecting electric vehicles, but if you are not one of their customers, you may not be able to participate in the rebate program.

Mr. Cafferty stated that we have a project coming up at the Plant to replace all of the diffusers in aeration basin #1. He further stated that this project is included in the budget, and is out to bid, and will likely be on the March agenda for approval.

Mr. Cafferty stated that the cost estimate from the design engineer made it apparent that we will have a budget issue. He further stated that this project has a seasonal component that will have to wait during the rainy season, and also there is a 3-month lead-time on the material.

Mr. Cafferty stated that the basin is currently out of service and creates a deficit in our reliability portfolio at the Plant. He further stated this project will give us the ability to reduce solids production and could save us a significant amount of money.

Mr. Cafferty informed the Board that staff will bring the contract to the Board in March and will add budget in the 2021/22 Capital Budget to supplement any budget deficit. Vice President Freshley and Director Monin voiced support for the strategy described by Mr. Cafferty.

Vice President Freshley asked what is happening with the battery report. Mr. Cafferty replied that the battery project is saving some money, but what we are paying for in the contract hasn't netted out to much benefit at this point. He further stated that Hybrid Electric Building Technology had to

reimburse us because the savings didn't equate to what we paid. Mr. Cafferty further stated that staff believes the information necessary to restore the monthly report to the Board will be available soon and staff will try to provide a report at the March Board meeting.

Director Monin reviewed the Customer Service report.

Vice President Freshley stated that there is a new law related to electrifying all transportation called the Clean Truck Rule, and it includes vehicles up to 8500 pounds by 2035.

Legislative Reports

President Gaskins stated that MWDOC has incorporated the legislative reports into their MWDOC/MET Directors meeting.

Director Monin stated that during the MWDOC Admin/Finance meeting their lobbyist speaks about legislative issues.

Mr. Granito stated that there is a pending bill (SB 323) that is not included in the MWDOC Legislative reports. SB 323 is supported by ACWA and introduced and co-authored by Senator Caballero.

Mr. Granito stated that SB 323 would authorize a local agency or an interested person to bring a lawsuit (validation action) in a Superior Court to determine the validity of the fee or charge for water and/or sewer service. SB 323 would also require an interested party to bring the action within 120 days after the local agency adopts its rates.

Existing law presently allows lawsuits that seek refunds or seek invalidating the existing rate structures years after rates have been adopted

and collected. As such, SB 323 would contribute much to the financial stability of public agencies.

Mr. Cafferty stated that ACWA is putting together a coalition letter and has reached out to agencies to request their support and ETWD has responded in support of this bill. He further stated that ACWA is going to list all supporting agencies in the coalition letter.

Mr. Cafferty stated that SB 222 Water Affordability Assistance program is similar to the lifeline assistance for people that can't afford to pay their bill, but there has to be a way to fund this bill, because Prop 218 does not allow the District to offer a rate to people that others have to subsidize.

Mr. Cafferty stated that SB 223 addresses the discontinuation of Residential water service, which nobody is doing, as we are prohibited to do so by the Governor's Order. He further stated that SB 998 changed all the rules on discontinuing service, but did not have an opportunity to go into effect due to the pandemic.

Mr. Cafferty stated that CSDA has requested support for a Special Districts Provide Essential Services Act, which is an effort to get legislators to understand that Special Districts exist, and provide important services. He further stated that as all of the relief bills have been authored, they do not currently include Special Districts.

Mr. Cafferty stated that SB 361 addresses remote meetings which says that we all have been holding remote meetings for a year now based on the Governor's Order, but someday the pandemic will end and the Order will

be rescinded and the normal requirements of the Brown Act will be resumed. He further stated that this bill is suggesting that in the future in the event of an emergency where it would be unsafe for Board members to congregate to conduct normal meetings, that it provide an opportunity for remote meetings under certain conditions.

Public Education and Outreach & Water Conservation Reports

Ms. Seitz stated that in her report she added the number of rebates in a table from July 2020 to current for the devices, and for the turf the table shows June 2020 to December 2020. She further stated that it also shows the supplemental rebate that ETWD provides and the cost so far.

Ms. Seitz stated that there is one correction to the report, the water consumption comparison table calculations are incorrect, and the chart will be updated next month.

Director Havens stated that she is happy to see our website refreshed and updated to include a registration area for CAG. She further stated that MET has a new education provider. Ms. Seitz updated the website to include the free classes that MET offers on landscape and turf removal.

Director Havens stated that at the Urban Water Institute conference they called out a new term "precipitation whiplash" which covers climate type situations.

Ms. Seitz stated that we continue to message participants for the CAG meetings, and we are sending bill insert messages with the customer bills. She further stated that Director Havens will be doing a TV-6 interview on the

District update on COVID adaptability over the past year, the need to conserve water, and inviting participants to CAG.

Ms. Seitz stated that the Children's Water Education Festival has changed its name to the Orange County Youth Environment Summit which will be held virtually Monday, April 19th through Friday, April 23rd.

SOCWA Reports

Vice President Freshley stated that at the SOCWA Board meeting they discussed the agencies leadership and the member agencies need for SOCWA.

Director Havens stated that there was an update from the Procopio Firm on the progress to date on the JPA Revision and PC agreements.

Mr. Young stated that at the Engineering Committee meeting they discussed the budget, solids and liquids projections, and recent aeration basin bids.

Mr. Cafferty stated that at the Finance Committee meeting they discussed the SOCWA budget process and SOCWA's unfunded retirement liability.

MWDOC

Vice President Freshley stated that at the MWDOC Planning/Operations meeting they discussed the pricing of Raftelis and the actions they would be taking.

Director Monin stated that at the MWDOC/MET Directors workshop they discussed the local elected officials, the Vantage program throughout

California, water tax, the MET IRP plan, and San Diego's plans for getting water.

President Gaskins stated that Dennis Erdman is the MWDOC/MET Director now.

Director Monin stated that at the MWDOC Admin/Finance meeting they discussed grants tracking and an update by Soto Resources. He further stated that they talked about FEMA reimbursements, the WEROC building, and the budget.

Director Monin stated that at the MWDOC Board meeting they also discussed the Raftelis Rate Study.

Mr. Cafferty stated that at the MWDOC Managers meeting he asked what it would take to get MWDOC and WEROC to make a go or no-go decision on the WEROC building project, to which they replied they are waiting on their funding agencies.

Mr. Cafferty stated that they also carried over the budget discussion from the MWDOC Admin/Finance meeting, where Raftelis is preparing a Rate Study for MWDOC and are reviewing a number of rate options.

LAFCO

Vice President Freshley stated that at the LAFCO meeting they welcomed Peggy Huang from Yorba Linda as an alternate city member. She further stated that there were a lot of presentations on Personnel Policy, Records Retention, Emergency Paid Sick Leave, and a contract with Aldrich and Associates for a Professional Services Agreement.

Director Havens stated that there was also discussion on the Regional Housing Needs Assessment.

ISDOC

Director Monin stated that he would like to share resources with other Districts. He further stated that the quarterly luncheon will be discussing the John Wayne airport, the Yorba Linda Water District, and their website.

WACO

Director Monin stated that they discussed future topics, and there will not be a June meeting due to a water summit.

Committee and General Information

Director Monin stated that the bond market has increased rapidly and so the market is tanking.

Dates to Remember for February/March 2021

There were no comments.

Comments Regarding Non-Agenda Items

Director Havens stated that at the Urban Water Institute conference they discussed the issues in Texas and the California wildfires.

Mr. Cafferty stated that MET has a new water loss control program where they have a contractor who will go to a single family residence and perform a pressure regulator test, and if it is not performing properly, they will replace it at no cost to the customer.

Break

At approximately 10:10 a.m. the Board took a short recess. Also at

this time, Ms. Cimorell, Mr. Hayden, Mr. Hopkins, Mr. Young, Ms. Seitz, and Ms. Welsch left the meeting.

Attorney Report

At approximately 10:15 a.m. the Regular session resumed. Also at this time, Ms. Welsch returned to the meeting.

Mr. Granito reported that there is a need for a Closed Session today to discuss item #2 and item #3 of today's Closed Session agenda.

Closed Session

At approximately 10:20 a.m. the Board went into Closed Session as agendized on today's Closed Session agenda.

Open Session Report

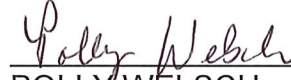
Mr. Granito reported that the Board did go into Closed Session with regard to item #2 and item #3 of today's Closed Session agenda, and with regard to item #2 the Kessner Class Action, General Counsel led a brief discussion on the status of matters to date, and no further reportable action was taken.

Mr. Granito reported that with regard to item #3, the Cal Trans litigation that was initiated against the District for condemnation (eminent domain) of the District's easement. Mr. Granito reported that discussion was led by the General Manager on the status of that matter, and no further reportable action was taken.

Adjournment

There being no further business to come before the Board, the meeting was adjourned at 10:30 a.m.

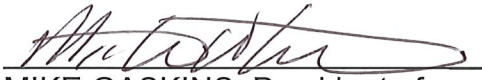
Respectfully submitted,



POLLY WELSCH

Recording Secretary

APPROVED:



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



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