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



AGENDA

EL TORO WATER DISTRICT SPECIAL MEETING OF THE BOARD OF DIRECTORS

**November 15, 2021
7:30 a.m.**

Members of the public who wish to comment on any item within the jurisdiction of the District or on any item on the agenda, attend the meeting in person at the District's office or may observe and address the Meeting by joining at this link:

<https://us02web.zoom.us/j/86239089031>. (Meeting ID: 862 3908 9031).

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 MEETING TO ORDER – President Gaskins

PLEDGE OF ALLEGIANCE – Vice President Freshley

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 time set aside for "DIRECTORS COMMENTS/NON-AGENDA ITEMS." The public will identify themselves when called on and limit their comments to three minutes.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

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

1. **Strategic Plan Status Report** (Reference Material Included)

The current District Strategic Plan was adopted by the Board in November of 2020. Staff will provide a detailed update on the status of the on-going implementation of the Strategic Plan.

2. **Update on Financing Plan for Near-term Future Capital Projects**

Staff will provide an update on the status of the financing plan for upcoming large capital projects.

ATTORNEY REPORT

CLOSED SESSION

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

1. Pursuant to Government Code Section 54957(b)(1) to conduct the General Manager's annual performance evaluation.

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.



STAFF REPORT

To: Board of Directors **Meeting Date: November 15, 2021**
From: Dennis Cafferty, General Manager
Subject: Strategic Plan Status Report

The District Strategic Plan was adopted by the Board of Directors at the November 2020 Board meeting. The following report provides a detailed update of the status of the implementation of the Strategic Plan.

The Strategic Plan consists of 6 major goals intended to be accomplished through 19 strategies and 80 identified objectives. The Strategic Plan also identifies 25 Key Performance Indicators to help gauge the implementation of the Plan.

This update represents the first update at the approximate conclusion of the first 12 months of plan implementation. Staff recommends a biannual update of plan status going forward.

At the Special Board Meeting staff will review and highlight key components of the Strategic Plan implementation as well as entertain questions, comments and direction from the Board regarding priorities and the on-going implementation of the Strategic Plan.

GOAL A

Water, Sewer, and Recycled Water Reliability

Provide the physical facilities and supply to meet the needs of the community.

ETWD will plan for and build the necessary facilities to meet the water, wastewater and recycled water needs of the community. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

Strategy A.1 Conduct planning to ensure long-term water infrastructure/demands are met.

Objective A.1.1 Evaluate level and adequacy of emergency water supply reliability

Staff previously presented a detailed analysis of supply interruption response scenarios to the Board. This analysis evaluated the District’s ability to accommodate a 60-day potable water supply interruption from the Allen McColloch Pipeline. The analysis concluded that the District can currently accommodate the 60-day supply interruption in a Winter period. The analysis further concluded that a similar supply interruption during average and summer conditions could be managed by conservation in the District’s service area. The following table defines the conservation requirements necessary to withstand a 60-day supply interruption from the AMP thereby reducing the available supply to the Baker WTP supply and the R-6 Reservoir storage.

Average	Summer	Winter
20% SF Residential	40% SF Residential	None Required
10% MF Residential	30% MF Residential	
25% Irrigation	60% Irrigation	

Staff continues to evaluate opportunities for cost effective reliability and supply enhancement projects as they evolve.

Objective A.1.2 Evaluate opportunities to maintain or improve water system operations

Staff continues to seek opportunities to maximize the efficiency as well as integrity of the water distribution system. Staff is aggressively pursuing the JTM Pump Station Project which will improve both the reliability of the system as well as the water quality in the western portion of the water distribution system. Staff continues to work with Moulton Niguel on the proposed South County Pipeline Turnout project to enhance reliability of the Baker Water Treatment Plant supply.

- Objective A.1.3 Complete the 2020 Urban Water Management Plan
The 2020 Urban Water Management Plan is complete. The Board approved the adoption of the 2020 Urban Water Management Plan in May of 2021.
- Objective A.1.4 Continue Moulton Niguel collaboration regarding South County Pipeline turnout to facilitate supply for Baker Water Treatment Plant
Staff continues to coordinate with Moulton Niguel on this project. MNWD is currently evaluating potential sites and completing hydraulic analysis of the South County Pipeline. MNWD expects to complete the hydraulic analysis by the end of the calendar year.
- Objective A.1.5 Evaluate merits of a well in the Sespe formation
In a Report produced by Mr. Kelly Rowe, Mr. Rowe asserts that the Sespe Formation is an economically viable aquifer from which the El Toro and Santa Margarita Water Districts could theoretically benefit. Santa Margarita staff conferred with geohydrology professionals to assess the recommendations made in Mr. Rowe’s report and concluded that there was no geologic or hydrogeologic data to support an immediate rush to study the Sespe Formation. Subsequent to Mr. Rowe’s report the Rancho Mission Viejo drilled a well in the Sespe Formation. According to SMWD staff, there was no data from that well that changed their conclusion about the lack of definitive evidence that an economically viable water supply could be sustained from the Sespe Formation.
- Objective A.1.6 Provide periodic Board reports on water consumption and water use efficiency
Reports on water consumption and water use efficiency are provided to the Board monthly in standing Board meeting agenda items.

Strategy A.2 Expand use of recycled water as appropriate

- Objective A.2.1 Evaluate potential recycled water projects to determine cost effective options for a Phase 3 recycled water expansion project
An alternatives analysis of Phase III Recycled Water project options is in progress. Staff anticipates presenting a cost benefit analysis of potential recycled water projects to the Board at the November Engineering Committee meeting.
- Objective A.2.2 Evaluate recycled water supply options to facilitate recycled water distribution system expansion
The ability to provide additional supply that might facilitate further expansion of the recycled water distribution system requires evaluation of two issues of concern.
- (1) The current recycled water system, at times of maximum demand conditions, has required the addition of a potable water supplement to meet short term extreme demands. Over the last four years a total of approximately 163.8 acre-feet of potable water has been used to supplement the recycled water system. Staff is evaluating options to mitigate the use of this potable**

water supplement under both existing as well as potential expanded demand conditions. Staff is investigating options to increase the current recycled water production capacity to resolve this issue.

(2) The second issue is whether or not supply to a further expansion of the system can be accommodated by the raw wastewater influent to the WRP. The Phase II Recycled Water Project retrofits were completed in July. With all of the Phase II Project now on-line, staff is evaluating data from recycled water deliveries to assess the supply capability of the expanded recycled water distribution system.

Objective A.2.3

Pursue grant funding and other appropriate funding mechanisms for recycled water projects

Staff has engaged the services of a grant and funding consultant to identify any funding opportunities for recycled water projects. While the traditional funding opportunities for recycled water projects have not been promising, staff will further pursue any funding opportunities that might come from the recently passed Infrastructure Investment and Jobs Act.

Strategy A.3 Advance demand management and achieve State mandated water use efficiency targets

Objective A.3.1

Continue to promote drought tolerant and water efficient landscapes in the community

The promotion of drought tolerant and water efficient landscapes is an on-going effort. Staff utilizes the District newsletter, website, demonstration garden and social media presence to promote efficient landscape alternatives. The District continues to participate in rebates to incentivize conversion of turf to drought tolerant landscaping. Staff also participates in educational events such as the recent H2O for HOA event and offers free virtual California Friendly® and Native Landscape, Turf Removal & Garden Transformation and Garden Design Training Workshops through Metropolitan Water District's Be Water Wise program. As conditions allow, staff will take advantage of future public event opportunities to engage the public regarding drought tolerant and water efficient landscapes.

Objective A.3.2

Maintain water use efficiency programs

Staff provides a monthly report to the Board regarding the on-going Water Use Efficiency program. The District continues to offer rebates on a variety indoor and outdoor Water Use Efficiency devices as well as the turf removal rebate program with a total annual budget of \$25,000. The District further promotes the efficient use of water through its newsletter, website and social media presence.

Objective A.3.3

Phase implementation of Automated Meter Infrastructure to better manage demands as resources permit

Staff has engaged in multiple discussions with the Board regarding AMI. The proposed project is on hold pending further evaluation of revenue enhancement and funding opportunities. Staff has begun the process of a meter replacement program targeting 50 2” meters and 50 ¾” meters in the 20-25 year age band. Staff has identified a testing facility that will test each of the replaced meters for accuracy. Staff anticipates completion of these meter replacements by February, 2022.

Strategy A.4 Implement the Capital Improvement Program to maintain water, sewer, and recycled water service

Objective A.4.1

Complete updated Water and Sewer Master Plan with an asset management component to better inform future capital planning

Staff is working to complete the development of a Request for Proposals (RFP) for the Master Plan project. Staff anticipates issuing the RFP in early 2022.

Staff is actively evaluating options for the development of an asset management plan. Staff has conducted meetings with several different vendors to evaluate software options that will facilitate the categorization of horizontal and vertical assets. Staff has also met with the District’s Computerized Maintenance Management System (CMMS) vendor to evaluate the potential integration of an asset management program with the existing GIS and CMMS programs. In an effort to control cost, staff intends to develop the asset database with existing ETWD staff resources.

Objective A.4.2

Maintain and reinvest in the wastewater treatment and collection system to ensure reliable service

The continuous and on-going maintenance strategies including hydro cleaning, video inspection, root removal and mitigation and enforcement of the District’s Fats Oils and Grease control program continue to successfully mitigate the potential for sewer overflows.

Since the adoption of the Strategic Plan the District has invested in a number of capital projects to ensure reliable service of the Water Recycling Plant and the sewer collection system. These investments amount to over \$2 million and include the following:

Project	Status
Oso Lift Station Improvement Project	Complete
Aliso Creek Lift Station Skid Pump	Complete
Retrofit WRP Blowers Intake Air Filters	Complete

WRP Main Electrical Power Breaker Upgrade	Construction Contract Awarded
WRP Aeration Basin No. 1 Diffusers	Construction Contract Awarded
OOPS Emergency Generator Replacement	Construction Contract Awarded
WRP Forklift	Purchase Order Issued
Grit Chamber Rehab/Re-Coating	Contract Award Proposed in November
Effluent Pump Station Improvement Project	Design in Progress
DAF Unit #2 Rehabilitation Project	Soliciting Equipment Quotes

Objective A.4.3 Develop strategy for replacing R-6 Reservoir cover and/or liner

Engineering design is in progress. The R-6 partner agencies have reached consensus that it is necessary to replace both the cover and the liner. A design contract amendment to authorize the design effort for the reservoir liner replacement will be brought to the Board for approval at the November Engineering Committee meeting. Construction is expected to begin in the Fall of 2022.

KEY PERFORMANCE INDICATORS

1. Annual major Capital Improvement Program actual expenditures against planned

The District budgets for the Capital Improvement Program on an annual basis. These projects, however, are often not tied to nor completed in a single fiscal year. Many of these types of investment in the infrastructure require multiple steps to plan, design and ultimately implement or construct a project. The District uses a “carryover” category to account for project budgets over multiple fiscal years.

The annual capital budget, constrained by annual capital revenue, is \$2.4 million. The following describes the annual expenditures for currently budgeted projects as well as on-going projects carried over from previous fiscal years.

Year	Capital Expenditures
2019-20	\$1,360,625
2020-21	\$2,696,252

The Engineering Department is currently preparing to implement a number of active projects including:

- **Oso Lift Station Improvement Project**
- **Aeration Basin Diffuser Project**
- **Ocean Outfall Pump Station Generator Replacement Project**
- **R-2 Reservoir Interior Recoating Project**
- **WRP Grit Chamber Rehabilitation Project**
- **Effluent Pump Station Pump Replacement Project**
- **Main Office HVAC Replacement Project**
- **R-6 Reservoir Floating Cover Project**
- **Filter Plant Site Use Project**
- **JTM Pump Station Project**

2. Progress to develop and implement an Asset Management Program

Staff is actively engaged in evaluating the baseline software needs to facilitate the development and maintenance of an Asset Management Program. Staff anticipates commencing the internal effort to develop the asset database in December.

3. Sewer overflows and violations

- **There have been no regulatory violations associated with the operation and maintenance of the sewer collection system.**
- **In Calendar Year 2020 there were no sewer overflows in the ETWD maintained collection system.**
- **In Calendar Year 2021 there has been only one sewer overflow. That overflow was caused by an obstruction in the sewer pipeline resulting from a private lateral lining project.**

GOAL B

Water Quality and Environmental Compliance

Ensure ETWD meets or surpasses all water quality and environmental requirements.

The strategies below define the approach the District will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

Strategy B.1 Achieve 100% compliance with all environmental regulations and standards

- Objective B.1.1 Meet all applicable water quality and environmental regulations
The District continues to meet all applicable water quality and environmental regulations with no regulatory violations.
- Objective B.1.2 Maintain licensing
The District is current on all applicable licenses.
The ETWD laboratory accreditation is granted under the California Environmental Laboratory Accreditation Program (ELAP). The current ELAP certification expires on November 30. The laboratory has completed the application process and all required proficiency testing studies required to renew the certification. ELAP staff has verbally indicated approval. Staff is waiting for receipt of the renewed certification document.
- Objective B.1.3 Track regulatory and statutory changes at both the federal and State levels pertaining to the Safe Drinking Water Act, the Clean Air Act, the Clean Water Act and other applicable requirements
District compliance staff continues to track regulatory and statutory changes for any applicable compliance requirements.
- Objective B.1.4 Operate the laboratory to provide reliable and timely information to support operations
The ETWD laboratory supports the water quality program for the water distribution system as well as daily support for the operations of the Water Recycling Plant and Tertiary Treatment Plant. The lab performs nearly 20,000 tests per year in support of the water quality program and the WRP and recycled water operations.

KEY PERFORMANCE INDICATORS

1. Completion of required Division of Drinking Water monitoring, sampling and analyses

The District potable water quality compliance program consists of multiple samples and test with frequencies that vary from weekly to quarterly. The District Operations staff reliably and consistently maintains compliance with the following testing requirements.

Frequency	Parameters (Tests)	Sample Locations
Weekly		Distribution System Sample Points/Sources of Supply/Reservoirs
	Microbiological	
	Total Coliform/E. Coli	
	Ammonia	
	Nitrite	
	pH	
Monthly		
	Microbiological	
	Total Coliform/E. Coli	Main PR
	Ammonia	Main PR / R-6 Reservoir
	Nitrite	Main PR / R-6 Reservoir
	pH	Distribution System Sample Points/R-6 Reservoir
	Turbidity	Distribution System Sample Points/Main PR
	Odor	Distribution System Sample Points/Main PR
	Color	Distribution System Sample Points/Main PR
	Fluoride	Distribution System Sample Points/Main PR/Sources of Supply/R-6 Reservoir
Quarterly		
	Heterotrophic Plate Count	Main PR/Sources of Supply/R-6 Reservoir
	Trihalomethanes	Distribution System Sample Points
	Haloacetic Acids	Distribution System Sample Points
Triennial	Lead & Copper Monitoring	Residential Homes

The above described sampling and testing program consists of thousands of annual tests at the ETWD laboratory. In addition, the sampling staff performs thousands of additional tests in the field each year to verify the presence of adequate chlorine residuals.

2. Maintain compliance with Safe Drinking Water Act

As noted in the above described list the District performs thousands of annual tests to verify compliance with the Safe Drinking Water Act water quality compliance requirements. The District water quality maintenance program has successfully avoided any compliance violations.

3. Complete annual Consumer Confidence Report

- **The 2020 Consumer Confidence Report was distributed in June, 2020 and is currently maintained on the District website.**
- **The 2021 Consumer Confidence Report was distributed in July, 2021 and is currently maintained on the District website.**

4. Measure and report budget vs. expenditures

Staff provides an update of budget and expenditures on a monthly basis at the Finance Committee meeting. Based on the Comprehensive Annual Financial Report (CAFR) the District has performed better than budget over the last two fiscal years.

5. Provide quarterly review of compliance activities and licensing status

The District annually prepares and submits several dozen different reports documenting compliance status for the water, wastewater and recycled water systems. These reports range in frequency from as often as monthly to triennial and as needed reports. The reports are submitted to various agencies including the Division of Drinking Water, State Water Resources Control Board, Regional Water Quality Control Board, Division of Safety of Dams, Department of Water Resources amongst others and include internal reports provided to the ETWD Board of Directors. Staff is working to develop an appropriate log to provide a quarterly review of these compliance activities to the Board during regularly scheduled Board meetings.

GOAL C

Finance

Prudently and transparently manage for long-term stability and affordability.

Provision of ETWD services is capital intensive. Managing the financial resources entrusted to ETWD in a prudent manner ultimately reduces the cost of service to the community. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

Strategy C.1 Improve financial risk management.

- Objective C.1.1 Evaluate opportunities to improve the relationship between fixed costs and fixed revenues in rate and fee structures
- The 2021-22 fiscal year annual operating budget achieved a balance between revenues and expenses, with no budgeted reserve draw, that was facilitated by several years of small increases in the fixed revenue from the fixed meter charge. Staff will continue to evaluate the relationship between fixed costs and fixed revenues and present a description of that relationship during the annual budget process.**
- Objective C.1.2 Continue to monitor 401(k) investments
- District Staff performs on-going monitoring of the 401k plan to ensure each of the portfolios is performing adequately compared to the benchmark that has been set for the portfolio. The District's 401k portfolio manager, Highmark, continues to provide an update to the Board each quarter. The third quarter update will be presented at the November Finance & Insurance Committee meeting. As of the end of the 3rd Quarter of 2021, all of the District's portfolios, with one exception, have outperformed their benchmark. Staff continuously monitors these metrics, reviews the Funds that are chosen by the 401k advisor and communicates with Highmark if any issues or concerns are identified.**

Strategy C.2 Ensure that adequate financial capacity exists to maintain District assets.

- Objective C.2.1 Evaluate reserve policy
- The District adopted the most recent update to the Cash Reserve Policy in May, 2021.**
- Objective C.2.2 Develop and operate within an annual budget
- The District develops an annual budget for each fiscal year and reports performance relative to budget to the Board on a monthly basis throughout the year.**

- Objective C.2.3 Evaluate implementation of a 2-year budget and or rate cycle
Staff will present advantages and disadvantages of a 2-year budget and or rate cycle during the 2022-23 Fiscal Year budget development process.
- Objective C.2.4 Fund OPEB to reduce liability
Staff discussed the concept of an OPEB trust at the presentation of the actuarial analysis of the OPEB liability at the October Finance Committee meeting. Further discussion of an OPEB trust and the associated impact on rates will take place during the 2022-23 Fiscal Year budget development process.

Strategy C.3 Maintain transparency of financial activities

- Objective C.3.1 Publish and disseminate financial documents
The District strives to be transparent and provide all interested parties with access to its financial information. The District makes the extra effort to produce annual financial statements that meet the requirements of the Comprehensive Annual Financial Report. The Annual Financial Statements, Annual Budgets, Cost of Service Studies, and Proposition 218 Notices are all available on the District’s website and can be easily accessed from a drop-down menu without having to search for these documents. In addition, the District promotes access to this information by sending out press releases when financial milestones are achieved, such as receipt of the GFOA Certificate of Achievement for Excellence in Financial Reporting, and by having community meetings during which financial information is presented to residents living in the District’s service area.

KEY PERFORMANCE INDICATORS

1. Meet reserve fund targets

Reserve fund targets are defined in the District’s Cash Reserve Policy most recently updated in May of 2021. The District consistently meets all reserve fund targets. Reserves status are reported to the Board of Directors on a monthly basis at the Finance Committee meeting.

2. Actual costs compared to year to date budget

Staff provides an update of budget and actual expenditures on a monthly basis at the Finance Committee meeting. Based on the Comprehensive Annual Financial Report (CAFR) the District has performed better than budget over the last two fiscal years.

3. Return on investments

Staff provides a monthly report to the Board documenting performance of the investment portfolio of the District’s reserve funds. In addition, the District’s investment advisor, PFM, provides a semi-annual report to the Board. The current investment strategy employed by

PFM is following specific direction from the Board of Directors. The market value of investments is subject to market conditions in addition to strategic decisions made by PFM within the direction and guidelines provided by the District.

4. Continue to receive an unqualified audit outcome each year

The District has achieved an unqualified audit opinion for many years but has also strived to improve its financial reporting by revising the Annual Financial Report to comply with the standards set by the GFOA's Certificate of Achievement for Excellence in Financial Reporting program. The District has received this award for the past 4 years and intends to continue to present annual financial statements that qualify for the highest standards of governmental financial reporting as set by the GFOA's criteria for the Certificate of Achievement award.

GOAL D

Organizational Effectiveness

Maintain a high-quality workforce and systems to foster excellence.

The strategies below define the approach the District will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

Strategy D.1 Implement training programs.

Objective D.1.1 Review training programs (evaluate cross-training program, evaluate training approach for future supervisors, seminars, mentorship, supervisor and management training)

The District Operations Department conducts extensive cross-training to facilitate both operational efficiency as well as emergency response. The District also provides opportunities for existing and potential future supervisors to attend seminars to facilitate the transition from team member to supervisor. Staff has also recommended District supervisors consider the Santiago Canyon College Supervisor Certificate Program.

Objective D.1.2 Assess key succession vulnerabilities and develop/implement actions to improve staff transitions

The evaluation of succession opportunities and challenges is an on-going continuous process. The Human Resources Manager works with Department Heads to anticipate potential transitions and identify potential options for in-house advancement.

Objective D.1.3 Review financial incentives for certifications and/or licenses

The District's current incentive program for certifications is based on a one-time \$250 lump sum bonus at the time an employee achieves a certification exceeding their minimum job requirement. Staff has surveyed other agencies and is exploring options for an ongoing modified incentive program. Staff intends to present an alternative incentive program to the Board in early 2022.

Strategy D.2 Improve administrative systems.

Objective D.2.1 Assess and implement opportunities, as appropriate, to streamline procurement system

Springbrook has a purchasing module that the District has not yet purchased. As the implementation of the Springbrook Financial system progresses, staff will evaluate the purchasing module to assess whether or not it provides net benefit to the ETWD procurement system.

Objective D.2.2 Develop Standard Operating Procedures for key District procedures
Staff intends to develop SOPs for key administrative and financial procedures after the Springbrook financial system implementation is complete. The implementation process and information requests from Springbrook is expected to aid in the development of certain SOPs.

Objective D.2.3 Work with staff to review and improve performance evaluation process
Staff has made several improvements to the performance evaluation process. These improvements include an update to the descriptions of each rating category, a revision of the rating points scale to make the scoring more transparent and on-going training of the supervisors that author the performance evaluation forms. A detailed description of the performance evaluation process as well as the Performance Based Compensation Program has also been added to the Employee Handbook in an effort to provide a detailed understanding of the program to all employees.

Strategy D3 Implement integrated technology and applications across the organization.

Objective D.3.1 Develop an Information Technology Master Plan to improve technology and data risk management processes
The development of an Information Technology Master Plan will require the services of a consultant specializing in this type of analysis. Staff will consider budgeting for this effort in the 2022-23 fiscal year.

Objective D.3.2 Continue to analyze and evaluate network vulnerabilities
In an effort to minimize cybersecurity vulnerabilities, the District has enacted a Cybersecurity defense strategy which consists of hardware replacement, timely operating system, application software and device firmware updates, regularly scheduled backups and restorations, District employee education and testing, IT Manager involvement with collaboration and data sharing groups comprised of both Municipal IT departments and homeland security/law enforcement organizations, and implementation of new security tools as discovered. Examples of these activities in 2020 and 2021 include:

- **Replacement of the District Firewall**
- **Purchase, licensing and configuration of ‘Security Rating’ service on new Firewalls**
- **A complete datacenter refresh with replacement of storage, switching and servers**
- **Regularly scheduled installation of any software/firmware updates in the datacenter, desktops, and mobile devices**
- **Constant monitoring of backup jobs and regular testing of data restoration**
- **Implementation of a ‘hot disaster recovery site’ backup repository**

- **Implementation of immutable storage backup repository (in process)**
- **Regular phishing tests to District Employees followed up with learning moments**
- **Staff alerts of recognized attacks when found**
- **Subscription and training for Dashlane Password Manager for all employees**
- **Regular password reset and complexity requirements**
- **Conversion from on premise spam and virus filtering to cloud**
- **Conversion from on premise Exchange server to Office 365 SaaS subscription (in process)**
- **Continued Vigilant CyberDNA Managed Detection and Response subscription and monitoring**
- **Retired Internet Explorer with Requisition Manager Application re-code**
- **IT Manager regular involvement and attendance in MISAC, WEROC and OCIAC (among others) correspondence, collaboration, events and classes**
- **IT Manager regular monitoring of Microsoft, Dell, VMWare, Fortigate (among others) security alerts**

Objective D.3.3	<p>Evaluate appropriateness (considering security and efficiencies) associated with providing remote Supervisory Control and Data Acquisition access for on-call responders</p> <p>The District Operations Superintendent and SCADA System Supervisor are currently evaluating options and security protocols that would facilitate the remote access to the SCADA system for on-call responders. The evaluation is considering costs to implement remote access, potential security issues and mitigations as well as the identified benefits of the operational flexibility such access would provide.</p>
Objective D.3.4	<p>Maintain computer replacement program and management of technology through an asset management approach</p> <p>The current computer replacement program is conducted on an as needed basis. The 2021-22 fiscal year budget includes \$35,000 for the replacement of aged desktop computers, laptops, tablets, computer monitors and printers. Staff intends to develop an asset management approach to facilitate the development of the 2022-23 Data Processing Equipment budget as well as provide a more detailed plan for future budget years.</p>
Objective D.3.5	<p>Evaluate implementing a Laboratory Information Management System</p> <p>The District has invested in a Water Information Management System known as Hach WIMS. The Hach WIMS system functions as a Laboratory Information Management System that will help the Laboratory staff efficiently manage water and wastewater data. Hach WIMS brings data analyses from the drinking water and wastewater systems to a central, secure location for a complete picture of the system operation. Staff is working with the Hach</p>

WIMS vendor to facilitate the installation and implementation of the system. The system installation should be complete during the first part of next year.

Objective D.3.6

Evaluate options to update Supervisory Control and Data Acquisition infrastructure and communications

Staff previously investigated SCADA data transmission options as part of the AMI study. Further pursuit of an improvement to the SCADA communications system has been on hold as staff and the Board have weighed the costs and benefits of the AMI Project. Staff is preparing to further investigate alternatives for a potential standalone SCADA data transmission/communications upgrade project.

Strategy D.4 Promote an open and professional work environment.

Objective D.4.1

Continue to provide employees with “bottom-up” communication through all employee meetings (All Employees meetings, etc.)

Prior to the COVID pandemic the District was conducting live “All Employee” meetings to engage with the employees on a variety of topics, keep them informed regarding District projects and Board actions that might impact employees as well as provide employees a forum to ask questions or share concerns. The COVID pandemic made the continuation of live meetings impossible. Staff has continued to conduct monthly employee meetings, with similar topics and intent through the Zoom platform. Examples of meeting topics include:

- **COVID Updates and Safety Protocol Reminders**
- **COVID Vaccine Information**
- **COVID Prevention Program Training**
- **Retirement Plan Updates and Stats**
- **Capital Project Updates**
- **Employee Recognitions**
- **Safety Awards**
- **Budget Process Updates**
- **Performance Evaluation Process Updates**
- **Cyber Security Reminders and Updates**
- **Drought Updates**
- **Employee Handbook Updates**
- **Consumer Driven Health Plan Presentation**
- **Other Current Pertinent or Timely Information**

Objective D.4.2

Evaluate and implement an appropriate innovation program to encourage, capture, and deploy new ideas/suggestions

Staff is working to identify options to facilitate communication of ideas, suggestions or concerns of employees.

Strategy D.5 Maintain a safe and secure work environment.

Objective D.5.1

Continue to provide all required and recommended safety training

The District remains compliant with all required training. District operators spend between 40 and 100 hours per year training on a variety of required and recommended safety and operations training. The following table defines a list of typical safety and operations training of ETWD personnel.

ETWD Safety Training Log	
Training	Frequency
800 MHz Radio Training	As needed
Accident Investigation	As needed
Accident Refresher	As needed
Air Monitoring	Annual
Are Flash Electrical Training	Every 3 years
Asbestos Cement Pipe Training	Annual
Automated External Defibrillator (AED)	Every 2 years
Bloodborne Pathogens	Annual
Cardiopulmonary Resuscitation (CPR)	Every 2 years
Class A/B Physicals	Every 2 years
Competent person Training	As needed
Confined Space Entry	Annual
Confined Space Rescue	Annual
Crane Operator Certification	Every 5 years
Defensive Driver	Every 4 years
Department of Transportation Hazardous Material Certification	Every 5 years for selected drivers with HAZMAT endorsement
Drug and Alcohol Suspicion	Every 3 years
Drug and Alcohol Suspicion for Supervisors	Every 3 years
Electrical Safety	Annual
Emergency Action Plan (Updating)	Annual
Ergonomics	Every 2 years
Ethics	Every 2 years
Fall Protection Training	Initial and as needed
Fire Extinguisher Training	Annual
Fire Prevention	Annual
Forklift Operator Certification	Every 3 years
Harassment Training	Annual
Hazardous Communication	Annual
Hazardous Waste Operations and Emergency Response (HAZWOPER)	Annual
HAZMAT Drivers	During Class A Instruction
Hearing Conservation	Annual
Heat and Illness Prevention	Annual
Heavy Equipment Operator Certification	Initial
Illness and Injury Prevention Plan	As needed
Lab Safety	As needed
Line Locator	As needed
Lock-out Tag Out	Every 2 years
Machine Guard Training	Initial and when new equipment is purchased

Occupational Safety and Health Association 10 Hour Training	Initial
Personal Protective Equipment (PPE)	Every 3 Years
Portable Pumps	As needed
Power Tools	Initial
Respiratory Fit Testing	Annual
Respiratory Physicals	Annual
Safety Data Sheet Training	As needed
Self-certified Spill Prevention Control, and Containment Plan (SPCC) Above ground fueling station.	Annual
Self-Contained Breathing Apparatus (SCBA)	Annual
Sexual Harassment Training	Every 2 years
Silica Training	Annual
Sodium Hypochlorite and Ammonia Training	Annual
Spill Reporting	As needed or when plan is updated
Traffic Control	Every 3 years
Trailer able Generators	As needed
Underground Service Alert Training (USA's)	Annual
Vactor/ Hydro-excavator Training	As needed

- Objective D.5.2 Continue to emphasize safety through weekly tailgate and safety meetings
- The El Toro Water District Field Staff conducts weekly safety tailgate meetings. The Field Office conducts its safety meeting on Tuesday, and for the past year and a half due to COVID constraints, the meeting has been held separately in each department in the morning. The Plant conducts its safety meeting on Wednesday morning. The safety meetings typically start with a review of specific safety procedures and also provides an opportunity for employees to bring up and discuss any safety item. At this meeting, the field staff will also review a Ninjio cyber-security video.**
- Objective D.5.3 Continue to conduct live confined space entry and rescue drills
- The most recent Confined Space Training was conducted at the District on October 5th and 6th of 2021. The Confined Space Training is an 8-hour class held annually.**
- Objective D.5.4 Evaluate current chemical spill response training
- The District maintains a spill prevention program for all chemicals utilized in District operations. The District staff participates in annual training regarding hazardous chemicals and materials.**
- Objective D.5.5 Develop protocol for dealing with phone and in-person threats
- The District Chief Financial Officer and Customer Service Supervisor are in the preliminary stages of developing a protocol for dealing with phone and in-person threats.**

Strategy D.6 Ensure the District operations are efficient and effective.

- Objective D.6.1 Continue to manage overtime use
Certain overtime results from customer calls or system alarms and is out of staff's control. Staff continues to work to efficiently manage scheduled overtime as a tool for the cost effective operation of the water, wastewater and recycled water systems.
- Objective D.6.2 Manage staffing to optimize performance
The District supervisory staff continues to work to optimize performance through cross training programs, utilization of interns and on-going efficiency analyses.
- Objective D.6.3 Continue to review manual processes for automation opportunities
The Operations staff continues to pursue automation opportunities where appropriate. Examples of automated systems currently in operation include:
- **Programmable Logic Controllers within the ETWD SCADA system currently provide automatic control of most of the water, wastewater and recycled water pumping facilities**
 - **The valve exercising program utilizes a valve operating trailer that mechanically exercises valves rather than relying on manual valve turning by operators**
 - **The Hach WIMS implementation will help automate certain processes at the WRP**
 - **The District installed and has been steadily evolving the Geoviewer work management system and Computerized Maintenance Management System**
- Objective D.6.4 Continue to proactively budget and manage expenses to maintain efficient operations
Efficiency of operations is a primary objective during preparation of the District's annual expense budget. An evaluation of the District's expenses that are largely within the District's control indicates that cost increases in the last four successive fiscal years have been less than inflation as documented in the Consumer Price Index.
- Objective D.6.5 Pursue and document awards and recognition
Staff continues to pursue awards and recognition where opportunities are available.
Examples of recent awards the District has received include:
- **GFOA Certificate of Achievement for Excellence in Financial Reporting,**
 - **2019 and 2020 Top Workplace**
 - **District of Distinction including the District Transparency Certificate of Excellence.**
 - **The District recently elevation its District of Distinction status to the Gold Level and is pursuing the highest Platinum Level**

Strategy D.7 Implement the Strategic Plan.

Objective D.7.1 Track and report progress to the Board

Staff proposes to provide bi-annual updates regarding implementation of the Strategic Plan at the May and November Board meetings.

KEY PERFORMANCE INDICATORS

1. Number and types of certified and licensed staff

The following table identifies the number and types of certifications and degrees that have been achieved by ETWD staff.

Certifications / Degrees	# Staff
D-1 Water Distribution Certification	
D-2 Water Distribution Certification	8
D-3 Water Distribution Certification	7
D-4 Water Distribution Certification	7
D-5 Water Distribution Certification	3
T-2 Water Distribution Certification	22
T-3 Water Distribution Certification	1
Grade I Wastewater Treatment Plant Operator	1
Grade III Wastewater Treatment Plant Operator	3
Grade V Wastewater Treatment Plant Operator	1
Grade I Collections System Maintenance Certificate	1
Grade II Collections System Maintenance Certificate	2
Grade IV Collections System Maintenance Certificate	2
SCC Water Distribution Certificate	4
Associates Degree	3
Bachelors Degree	13
Masters Degree	4

2. On-time completion of annual performance evaluations

The District has completed 100% of the scheduled employee evaluations on time for each of the past two years.

3. El Toro Water District staff use of education reimbursement program (\$/employee)

In calendar years 2020 through 2021 six District staff have benefitted from the District education reimbursement program. The total reimbursements amount to \$11,654 representing an average of \$1,942 per participating employee.

4. Measure staff turnover (% annual turnover)

The following data defined staff turnover for the last two years.

	Separated Employees	Retirements	Total	%
2020	1	4	5	8.5%
2021	1	1	2	3.4%

5. Track staff training hours (annual hours/employee)

District operators spend between 40 and 100 hours per year training on a variety of required and recommended safety and operations training. In total, District staff spends over 2,000 hours per year in training activities.

GOAL E

Relationships

Communicate and collaborate with customers, stakeholders, neighbors, and peer agencies in the region to further the water and wastewater interests of our community.

This goal establishes a commitment on the part of ETWD to align with the values of the customers and the community in fulfilling the organization’s mission. ETWD will collaborate with our stakeholders, neighbors and peer agencies. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

KEY PERFORMANCE INDICATORS

1. Complaint log statistics

A log of all Customer Service activity is provided to the Board on a monthly basis. Incorporated into this customer service activity report are several categories that could be considered complaints, including water quality, sewer odor, water pressure checks, and high water use readings. Staff is working to revise the customer service activity report to reflect these categories as complaints and to generate a log specific to customer input that would qualify as complaints.

2. Number of ETWD scheduled and unscheduled emergency shut-offs

Shutoffs of water service to customers typically results from the need to isolate the water distribution system during water main line repairs, service leak repairs, water valve replacements or meter replacements. The District strives to ensure these repairs and the associated service interruptions are schedule with a minimum 48-hour notice to customers whenever possible. The following data describes the number of scheduled and unscheduled shutoffs for the last two calendar years.

	2020	2021 (To Date)
Scheduled	41	40
Unscheduled	0	1

3. Public awareness and opinion of ETWD

Staff is considering options for a customer survey regarding public awareness and opinion of ETWD.

4. Number of Community Advisory Group participants

Live CAG meetings were suspended during the pandemic. Staff worked through the pandemic to generate an email registry for CAG attendees to improve the CAG invitation process. Staff is working to coordinate a live December CAG meeting.

GOAL F

Operations

Provide safe, cost-effective, and reliable operations while protecting the environment.

ETWD will provide reliable service while conducting operations with a focus on safety and cost-effectiveness. The District's operations will be sensitive to the environment and in compliance with environmental requirements. The strategies below define the approach the District will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

Strategy F.1 Implement improved planning tools.

- Objective F.1.1 Develop and implement an ETWD-wide asset management program with end user/operations level asset management tools to enhance performance
Staff is actively engaged in evaluating the baseline software needs to facilitate the development and maintenance of an Asset Management Program. Staff anticipates commencing the internal effort to develop the asset database in December.
- Objective F.1.2 Assess current maintenance intervals on infrastructure and implement industry best practice as appropriate
Staff is currently in the process of performing a detailed analysis of the preventive pump and motor maintenance program service intervals.
Staff anticipates that the upcoming asset management plan will further assist in the assessment of appropriate maintenance intervals on infrastructure and equipment.
- Objective F.1.3 Continue to maintain as-built drawings
Staff ensures that as-built drawings are produced at the completion of all infrastructure projects including both ETWD capital projects as well as development projects. District operations staff has access to the as-built drawings from tablets in the field to ensure efficient repairs of existing infrastructure. Staff continues to work on optimizing the efficient access to the as-built drawings for both office and field personnel.

Strategy F.2 Operate and maintain facilities.

- Objective F.2.1 Maintain all facilities and appurtenances in a consistent fashion to achieve operational efficiency and functionality
Efficiency of operations remains a top priority and primary goal in the budgeting and operation of the District systems. The District

employs different maintenance strategies to achieve those objectives including a combination of preventive maintenance and corrective maintenance as appropriate to the cost and reliability needs of the system.

Objective F.2.2

Periodically exercise / replace water system valves as appropriate

The maintenance of isolation valves in the water distribution system is an important component of the on-going effort to ensure system reliability. Maintenance of existing isolation valves typically involves the periodic exercise of the valve by fully closing and reopening the valve. The stated objective of the District's valve exercise program is to exercise valves in the arterial (major) streets on an annual basis and the remainder of the distribution system valves on a biannual basis. This schedule would require the exercise of 3,116 valves over a two-year period. To date, 2,414 valves have been exercised in the period from 2020 through 2021 to date. It should be noted that production in 2021 is nearly on track but valve exercising in 2020 was impacted by the staffing modifications made for a significant portion of the year to safely manage the pandemic.

During the valve exercise program staff identifies valves that are not functioning properly and logs them for future replacement. Valve replacements are a significant project requiring a city permit, excavation, replacement of the valve, backfill and paving and often require a shutdown of service to sometimes multiple businesses or residences. The Operations Department has completed 23 valve replacements since the beginning of calendar year 2020.

Objective F.2.3

Continue to operate within the parameters of the Sewer System Management Plan

The District Operations Department continues to maintain the sewer collection system as defined by the Sewer System Management Plan.

Objective F.2.4

Conduct an evaluation of system security

Staff is currently evaluating the potential of implementing security cameras at the R-6 Reservoir and Water Recycling Plant.

Objective F.2.5

Manage system to minimize water losses

Service line leaks present a primary challenge in the effort to minimize water losses in the water distribution system. The District Operations Department swiftly responds to service leaks as they are identified. In calendar year 2020 the District repaired 33 service leaks and in calendar year 2022, to date, the District has repaired 31 service leaks.

The District also operates a proactive on-going Leak Detection Program. The Leak Detection Program is intended to identify leaks that may not have otherwise been obvious.

Objective F.2.6

Complete the annual Water Loss Audit

The annual Water Loss Audit is due by October 1 of each year. The recently submitted Water Loss Audit will be provided to the Board as an Information Item at the November Board Meeting.

- Objective F.2.7 Assess use of automatic system flushing devices
- Certain parts of the potable water distribution system are experiencing lower water demands due to on-going water use efficiency efforts by District customers and recycled water conversions. These lower water demands have resulted in water quality challenges in parts of the distribution system. The District Operations Department has been conducting periodic flushing of the distribution system to mitigate the water quality issues. Staff has considered the use of automatic system flushing devices to mitigate water quality deterioration and reduce the impact on staff resources. The District Operations Superintendent has evaluated several automatic flushing devices. There are certain challenges associated with these devices including the discharge location, methods to flush the sample line before triggering system flushing and lack of SCADA communication. The proposed JTM Pump Station is anticipated to improve water quality in the areas of the distribution system that have experienced these issues. Staff also intends to evaluate additional options to improve water quality in the distribution system as part of the upcoming Master Plan Project.**
- Objective F.2.8 Evaluate building maintenance program and contract
- The District continues to evaluate the most cost effective approach to managing building maintenance activities and requirements at the District administrative facilities. Currently the District attempts to manage building maintenance needs through an efficient combination of outsourced support and in-house maintenance. The District typically outsources services such as plumbing and HVAC maintenance. Infrequent electrical repairs are typically performed by ETWD electrical staff.**
- Objective F.2.9 Evaluate opportunity to repurpose the filtration plant site
- The award of the Filtration Plant Project design contract was authorized by the Board at the October Engineering Committee meeting. Staff and Legal Counsel is working with MWDOC staff and Legal Counsel to issue a jointly executed design contract to the design consultant.**
- Objective F.2.10 Implement preventative maintenance program on the recycled water system
- The Operations staff has implemented a preventative maintenance program on the recycled water system with an objective of exercising all of the recycled water distribution system valves on a two year cycle. All of the recycled water valves were exercised in the 2020 calendar year.**
- Objective F.2.11 Evaluate alternative solutions for root intrusion and fats, oil, and grease control
- The District operates appropriate and effective control programs to mitigate the impacts of root intrusion and fats, oil, and grease accumulation in the collection system. These programs have**

successfully mitigated sewer system overflows in the District maintained public sewer collection system. Staff continues to evaluate opportunities for improved efficient options as they present themselves.

Objective F.2.12 Consider efficient and sustainable wastewater solids handling options

The District engaged the services of a consultant to evaluate wastewater solids handling options. The analysis considered alternatives including the on-going trucking program, construction of a sludge force main from the WRP to the SOCWA Regional Treatment Plant and the construction of solids handling facilities at the ETWD WRP. The alternatives analysis concluded that the current trucking alternative remained the most cost effective solids handling option based on a 20-year life cycle cost analysis. The consultant recommended that the District implement operational changes at WRP that would result in lower solids production and therefore reduced cost of solids handling at SOCWA. The operational changes will be implemented following the completion of the Aeration Basin Diffuser Project that is currently underway.

Strategy F.3 Plan and prepare for emergencies.

Objective F.3.1 Update the Emergency Response Plan

The update of the District Emergency Response Plan is in progress and will be complete by December 31. The update of the ERP has been a significant effort with input from multiple staff members from every District Department.

Objective F.3.2 Evaluate materials needs for emergency response

As part of the District's emergency response planning, staff continues to evaluate supply needs necessary to facilitate emergency response. Staff is currently working to replace the District's emergency storage bin and certain supplies stored therein.

The update of the Emergency Response Plan includes an Alternative Drinking Water Annex that is designed to accommodate local service interruptions in the potable water distribution system. Staff has procured materials to construct several Emergency Water Fill Stations that can provide water supply spigots from a fire hydrant. The District also maintains an emergency water trailer as well as a diesel fuel trailer for refueling of generators.

Objective F.3.3 Coordinate emergency response planning efforts with the regional water agencies, county, and cities

Staff continues to maintain an on-going detailed relationship with WEROC to facilitate regional emergency response planning efforts. ETWD staff participates in WEROC led drills and training as available. Staff also continues to participate in the Alert OC system and Alert OC training.

- Objective F.3.4 Conduct periodic emergency preparedness planning and training for all staff
Staff has been in the process of updating the Emergency Response Plan. Upon completion of the ERP update ETWD staff, with consultant support, will conduct employee training on the updated ERP as well as conduct an emergency training drill.
- Objective F.3.5 Continue to implement the network, cybersecurity, and threat response plan
The implementation of the network, cybersecurity, and threat response plan is described in detail in the update to Objective D.3.2.
- Objective F.3.6 Evaluate need for additional diesel tank(s) and portable generator(s)
Staff is revisiting the analysis of the District’s emergency power posture. Staff will evaluate the issues of fuel storage as well as the adequacy of the fleet of portable generators. The likely site for additional fuel storage is the existing Filter Plant site. Consideration of this project has been on hold pending the commencement of the Filter Plant Site Use Investigation Project.

Strategy F.4 Actively manage natural resource use consistent with environmental, social and governance (ESG) criteria.

- Objective F.4.1 Conduct energy assessment to identify opportunities to reduce energy use
A detailed analysis of energy efficiency opportunities has been in progress for the last several months. Staff anticipates presenting an update to the Board at the November Engineering Committee.
- Objective F.4.2 Optimize facility operations to most efficiently use power, supplies, chemicals, and labor
- Objective F.4.3 Evaluate opportunities for use of solar energy and other renewable energy sources
An evaluation of opportunities for the use of solar energy has been in progress as a component of the energy efficiency evaluation. Staff will provide and update to the Board at the November Engineering Committee meeting.
- Objective F.4.4 Assess opportunities for electric fleet vehicles
Staff will evaluate opportunities for electric fleet vehicles at the time of the next truck replacement opportunity as appropriate for the designated use of the equipment.

KEY PERFORMANCE INDICATORS

1. Compliance with applicable regulations

The District continues to comply with all applicable regulations. The District has incurred no recent regulatory violations.

2. Compliance with state requirements to improve urban water use efficiency

State requirements regarding water use standards continue to evolve. The State Water Resources Control Board has indicated that they intend to initiate the formal Water Loss Rulemaking to begin the enactment of Water Loss Performance Standards. The proposed regulation is expected to have several elements including:

- **Urban water suppliers will be required to comply with individual numeric volumetric standards for real water loss**
- **Urban water suppliers will be required to comply with individual numeric volumetric standards for apparent water loss**
- **Suppliers will be required to comply with data submission requirements**
- **Suppliers will be required to annually submit their registry of breaks, repairs, and estimated water losses**

Staff is tracking the proposed Water Loss Performance Standards regulation as well as others to ensure compliance and assess the impact on ETWD resources.

3. Monthly monitoring of production and consumption compared to historic months

Staff provides monthly data to the Board comparing current water usage to the similar month from the 2013 baseline. The District water usage has remained consistently 24% lower than the 2013 calendar year.

Most recently staff has added a chart to the monthly Board package comparing current usage to a 2020 calendar year baseline in light of the Governors request for a 15% reduction from 2020 usage levels. Given the impact on usage in the 2020 calendar year associated with the pandemic driven shutdown of much of the commercial sector, as well as the high levels of previous water use efficiency efforts (24% reduction from 2013 usage) the 15% target will likely present challenges. The accumulated usage reduction for the period of July-September, 2021 relative to the similar period in 2020 was approximately 7%. The District continues to provide messaging to ETWD customers informing them of current drought conditions and requesting further water use efficiency efforts.

4. Water losses as defined in the annual Water Loss Audit

The District completed the annual Water Loss Audit for calendar year 2020 and successfully completed the validation process in September of 2021 with a subsequent submittal to the Department of Water Resources. The Key Performance Indicators from the ETWD 2020 water audit indicate results near median numbers for statewide water audits.

Key Performance Indicator	ETWD Result	Median
Validity Score	61	60
Apparent Losses Per Service Connection Per Day	9.38 gallons/connection/day	8.6 gallons/connection/day
Real Losses Per Service Connection Per Day	30.74 gallons/connection/day	31 gallons/connection/day
Non-revenue water as percent by cost of operating system	3.1%	3.9%

Financing Option 1 – This option includes funding for only the primary projects listed above. A summary of this option follows:

- The State Revolving Fund (SRF) Loans from 2010, 2013, and 2018 would all be refinanced and maintain the same final maturity year for each loan. This eliminates the current seniority structure of the District’s debt and allows the District to achieve the highest bond rating and corresponding lowest interest rate.
- Another advantage of refinancing the SRF Loans is the elimination of the requirement to maintain one year of SRF Loan payments as a restriction in the District’s Net Position. This would allow the District to utilize the \$2,270,150 currently restricted for debt service for the capital projects and thereby reduce the amount that needs to be borrowed to complete the capital projects.
- The total Principal and Interest that would be paid on the SRF debt would be slightly lower, saving \$12,082 compared to the current debt repayment schedule.
- Impact on cash outlays and residential customer bills: Interest rates are lower for the new debt than forecast in the 2021-2022 Budget and as a result the annual cash outlays for the new debt in 2024 would equal \$693,800, lower than forecast in the 2021-2022 Budget. Beginning in the 2023-2024 fiscal year, the Water and Wastewater Capital Rates could be slightly lower than the rates projected in the 2021-2022 Budget forecast. ETWD customers in 2023-2024 could pay \$0.04 per month less (-0.04%) less than the 2021-2022 Budget rate forecast. The savings compared to the 2021-2022 Budget forecast for rates would continue to improve through fiscal year 2030-2031 when an ETWD customer could pay an estimated \$0.27 per month less (-0.2%) than the 2021-2022 Budget rate forecast. Please note, as shown in Table 2, rates and customer bills would continue to increase throughout the ten year forecast period, but the increase would be less than the forecasted amount included in the 2021-2022 Budget.
- Total Debt Service Cost: \$26,680,200 for current SRF Loans, slightly lower than the base scenario due to interest savings for the 2010 and 2018 SRF Loans. Principal and interest for the Certificates of Participation would equal \$33,430,650, so the total cost of debt through 2052 would equal \$60,110,850.
- The District would continue to receive the Local Resources Program (LRP) Rebates from the Metropolitan Water District of Southern California through 2031 and these are projected to equal \$2,097,355.

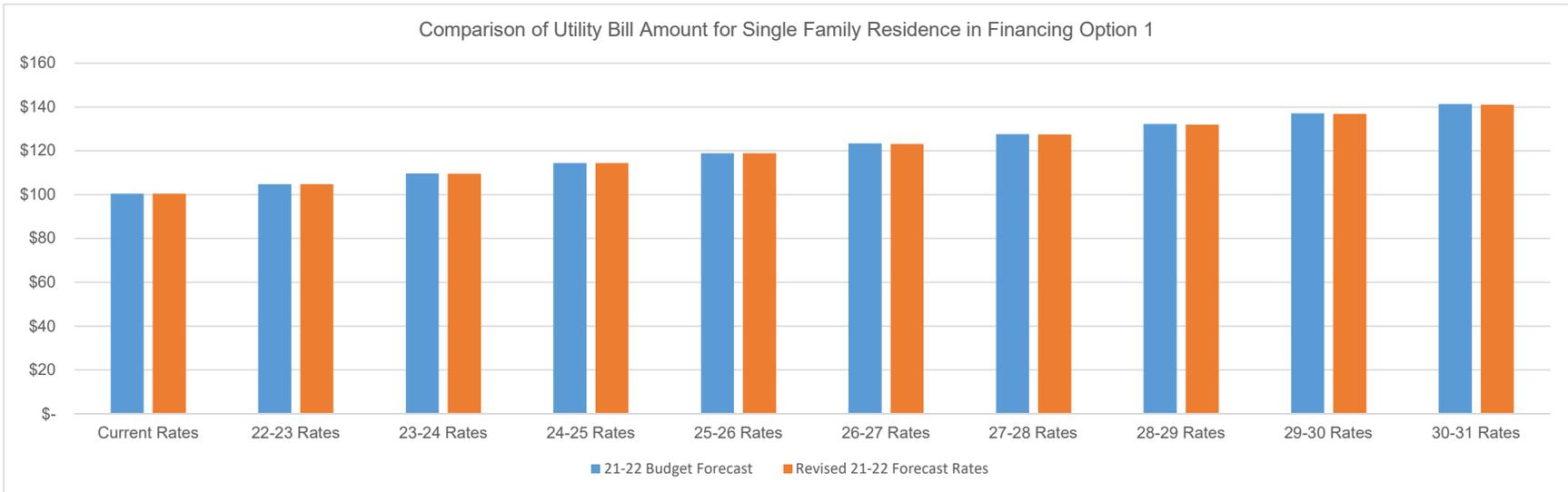
Option 1 Summary	
2022 COPs Amount:	\$20.2 million
SRF Loans Refinance:	Yes
SRF Refinanced Debt Maturity:	Current Maturity Years
Use of Net Position Restricted for Debt:	Reduce Debt for Capital Projects
Total cost of debt:	\$60,110,850
Projected LRP Rebate:	\$2,097,355
Debt Service Coverage Ratio:	Average 1.58 x
Change in Rates in 2030-2031 compared to 2021-2022 Rate Forecast:	(\$0.27) per month

Table 1. Financing Option 1 - ETWD Issues \$20.2 Million in 2022 Certificates of Participation, Refunds SRF Loans, Receives LRP Rebates

Year Ended	Current SRF Loans Total P&I	Refinanced SRF Loan Total P&I	SRF Loan Refinancing Savings	2022 - 2025 Project Financing (New Debt)			Total Principal & Interest Payments	Debt Service Coverage Ratio	Local Resources Program (LRP) Rebate	21 - 22 Budget Forecast P&I Pmnts
				Principal	Interest	Total				
6/30/2023	2,270,150	2,262,000	8,150	-	867,250	867,250	3,129,250	1.45 x	340,819	2,270,150
6/30/2024	2,270,150	2,266,400	3,750	-	693,800	693,800	2,960,200	1.54 x	331,536	3,031,953
6/30/2025	2,270,150	2,271,800	(1,650)	-	693,800	693,800	2,965,600	1.58 x	319,978	3,031,953
6/30/2026	2,270,150	2,264,600	5,550	-	693,800	693,800	2,958,400	1.61 x	278,827	3,031,953
6/30/2027	2,270,150	2,265,200	4,950	-	693,800	693,800	2,959,000	1.62 x	245,214	3,031,953
6/30/2028	2,270,150	2,268,200	1,950	-	693,800	693,800	2,962,000	1.62 x	213,053	3,031,953
6/30/2029	2,270,150	2,263,400	6,750	-	693,800	693,800	2,957,200	1.63 x	173,824	3,031,953
6/30/2030	2,270,150	2,261,000	9,150	-	693,800	693,800	2,954,800	1.63 x	128,751	3,031,953
6/30/2031	1,861,104	1,855,800	5,304	-	693,800	693,800	2,549,600	1.84 x	65,355	2,622,907
6/30/2032	1,861,104	1,858,800	2,304	-	693,800	693,800	2,552,600		-	
6/30/2033	1,602,958	1,614,200	(11,242)	-	693,800	693,800	2,308,000		-	
6/30/2034	1,602,958	1,616,800	(13,842)	-	693,800	693,800	2,310,600		-	
6/30/2035	1,602,958	1,612,000	(9,042)	-	693,800	693,800	2,305,800		-	
6/30/2036				735,000	693,800	1,428,800	1,428,800		-	
6/30/2037				760,000	664,400	1,424,400	1,424,400		-	
6/30/2038				790,000	634,000	1,424,000	1,424,000		-	
6/30/2039				825,000	602,400	1,427,400	1,427,400		-	
6/30/2040				855,000	569,400	1,424,400	1,424,400		-	
6/30/2041				890,000	535,200	1,425,200	1,425,200		-	
6/30/2042				925,000	499,600	1,424,600	1,424,600		-	
6/30/2043				965,000	462,600	1,427,600	1,427,600		-	
6/30/2044				1,000,000	424,000	1,424,000	1,424,000		-	
6/30/2045				1,040,000	384,000	1,424,000	1,424,000		-	
6/30/2046				1,085,000	342,400	1,427,400	1,427,400		-	
6/30/2047				1,125,000	299,000	1,424,000	1,424,000		-	
6/30/2048				1,170,000	254,000	1,424,000	1,424,000		-	
6/30/2049				1,220,000	207,200	1,427,200	1,427,200		-	
6/30/2050				1,270,000	158,400	1,428,400	1,428,400		-	
6/30/2051				1,320,000	107,600	1,427,600	1,427,600		-	
6/30/2052				1,370,000	54,800	1,424,800	1,424,800		-	
Total	26,692,282	26,680,200	12,082	17,345,000	16,085,650	33,430,650	60,110,850		2,097,355	

Table 2. Water & Wastewater Rate Forecast for 2022 Financing Option 1

Projected Utility Bill Cost for Single Family Residence Projected through the 2030-2031 Fiscal Year											
	Current Rates	22-23 Rates	23-24 Rates	24-25 Rates	25-26 Rates	26-27 Rates	27-28 Rates	28-29 Rates	29-30 Rates	30-31 Rates	
As Projected in 2021-2022 Budget											
Commodity Charges											
Tier 1 (10 CCF)	\$ 27.20	\$ 28.40	\$ 29.70	\$ 31.00	\$ 32.10	\$ 33.10	\$ 34.10	\$ 35.10	\$ 36.20	\$ 37.30	
Tier 2 (5 CCF)	15.55	16.15	16.80	17.45	18.00	18.50	19.00	19.50	20.35	20.60	
Water Fixed Rate	22.24	23.13	24.29	25.50	26.52	27.58	28.68	29.97	31.17	32.42	
Water Capital Rate	4.66	5.08	5.54	6.04	6.58	7.20	7.56	7.94	8.34	8.76	
Sewer Fixed Rate	25.76	26.53	27.46	28.42	29.41	30.44	31.51	32.61	33.75	34.93	
Sewer Capital Rate	4.93	5.37	5.76	5.99	6.23	6.48	6.74	7.01	7.29	7.29	
Total Monthly Charge:	100.34	104.66	109.55	114.40	118.84	123.30	127.59	132.13	137.10	141.30	
Total Rate % Change		4.3%	4.7%	4.4%	3.9%	3.8%	3.5%	3.6%	3.8%	3.1%	
Revised for Debt Service Needs in Scenario 1											
Commodity Charges											
Tier 1 (10 CCF)	\$ 27.20	\$ 28.40	\$ 29.70	\$ 31.00	\$ 32.10	\$ 33.10	\$ 34.10	\$ 35.10	\$ 36.20	\$ 37.30	
Tier 2 (5 CCF)	15.55	16.15	16.80	17.45	18.00	18.50	19.00	19.50	20.35	20.60	
Water Fixed Rate	22.24	23.13	24.29	25.50	26.52	27.58	28.68	29.97	31.17	32.42	
Water Capital Rate	4.66	5.08	5.54	6.04	6.58	7.01	7.36	7.73	8.12	8.53	
Sewer Fixed Rate	25.76	26.53	27.46	28.42	29.41	30.44	31.51	32.61	33.75	34.93	
Sewer Capital Rate	4.93	5.37	5.72	5.95	6.19	6.44	6.70	6.97	7.25	7.25	
Total Monthly Charge:	100.34	104.66	109.51	114.36	118.80	123.07	127.35	131.88	136.84	141.03	
Total Rate % Change		4.3%	4.6%	4.4%	3.9%	3.6%	3.5%	3.6%	3.8%	3.1%	
Difference to Original 21-22 Rate Forecast %		0.0%	0.0%	0.0%	0.0%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	
Difference to Original 21-22 Rate Forecast \$	\$ -	\$ -	\$ (0.04)	\$ (0.04)	\$ (0.04)	\$ (0.23)	\$ (0.24)	\$ (0.25)	\$ (0.26)	\$ (0.27)	



Financing Option 2 – This option includes funding for the primary and secondary projects listed on the first page, a summary of this option follows:

- As in Option 1, the State Revolving Fund (SRF) Loans from 2010, 2013, and 2018 would all be refinanced and maintain the same final maturity year for each loan. The advantages of this refinancing outlined in Option 1 apply to this option as well.
- Impact on cash outlays and residential customer bills: Interest rates are lower for the new debt than forecast in the 2021-2022 Budget but the amount of debt that would be issued in this option is larger than anticipated in the 2021-2022 Budget. As a result, the annual cash outlays for the new debt in 2024 would equal \$1,096,000, higher than forecast in the 2021-2022 Budget. Beginning in the 2022-2023 fiscal year, the Water and Wastewater Capital Rates would need to be higher than the rates projected in the 2021-2022 Budget forecast. ETWD customers in 2022-2023 would have to pay \$0.02 per month more (0.02%) than the 2021-2022 Budget rate forecast to support the higher amount of debt. These higher bill amounts compared to the 2021-2022 Budget forecast for rates would continue to increase through fiscal year 2030-2031 when an ETWD customer could pay an estimated \$0.63 per month more (0.4%) than the 2021-2022 Budget rate forecast. Please note, as shown in Table 2, rates and customer bills continue to increase throughout the ten year forecast period, but the increase would be more than the forecasted amount included in the 2021-2022 Budget.
- Total Debt Service Cost: \$26,680,200 for current SRF Loans, slightly lower than the base scenario due to interest savings for the 2010 and 2018 SRF Loans. Principal and interest for the Certificates of Participation would equal \$52,809,400, so the total cost of debt through 2052 would equal \$79,489,600.
- The District would continue to receive the Local Resources Program (LRP) Rebates from the Metropolitan Water District of Southern California through 2031 and these are projected to equal \$2,097,355.

Option 2 Summary	
2022 COPs Amount:	\$31.8 million
SRF Loans Refinance:	Yes
SRF Refinanced Debt Maturity:	Current Maturity Years
Use of Net Position Restricted for Debt:	Reduce Debt for Capital Projects
Total cost of debt:	\$79,489,600
Projected LRP Rebate:	\$2,097,355
Debt Service Coverage Ratio:	Average 1.44 x
Change in Rates in 2030-2031 compared to 2021-2022 Rate Forecast:	\$0.63 per month

Table 3. Financing Option 2 - ETWD Issues \$31.8 Million in 2022 Certificates of Participation, Refunds SRF Loans, Receives LRP Rebates

Year Ended	Current SRF Loans Total P&I	Refinanced SRF Loan Total P&I	SRF Loan Refinancing Savings	2022 - 2025 Project Financing (New Debt)			Total Principal & Interest Payments	Debt Service Coverage Ratio	Local Resources Program (LRP) Rebate	21 - 22 Budget Forecast P&I Pmnts
				Principal	Interest	Total				
6/30/2023	2,270,150	2,262,000	8,150	-	1,370,000	1,370,000	3,632,000	1.27 x	340,819	2,270,150
6/30/2024	2,270,150	2,266,400	3,750	-	1,096,000	1,096,000	3,362,400	1.39 x	331,536	3,031,953
6/30/2025	2,270,150	2,271,800	(1,650)	-	1,096,000	1,096,000	3,367,800	1.42 x	319,978	3,031,953
6/30/2026	2,270,150	2,264,600	5,550	-	1,096,000	1,096,000	3,360,600	1.45 x	278,827	3,031,953
6/30/2027	2,270,150	2,265,200	4,950	-	1,096,000	1,096,000	3,361,200	1.46 x	245,214	3,031,953
6/30/2028	2,270,150	2,268,200	1,950	-	1,096,000	1,096,000	3,364,200	1.46 x	213,053	3,031,953
6/30/2029	2,270,150	2,263,400	6,750	-	1,096,000	1,096,000	3,359,400	1.46 x	173,824	3,031,953
6/30/2030	2,270,150	2,261,000	9,150	-	1,096,000	1,096,000	3,357,000	1.46 x	128,751	3,031,953
6/30/2031	1,861,104	1,855,800	5,304	-	1,096,000	1,096,000	2,951,800	1.63 x	65,355	2,622,907
6/30/2032	1,861,104	1,858,800	2,304	-	1,096,000	1,096,000	2,954,800		-	
6/30/2033	1,602,958	1,614,200	(11,242)	-	1,096,000	1,096,000	2,710,200		-	
6/30/2034	1,602,958	1,616,800	(13,842)	-	1,096,000	1,096,000	2,712,800		-	
6/30/2035	1,602,958	1,612,000	(9,042)	-	1,096,000	1,096,000	2,708,000		-	
6/30/2036				1,155,000	1,096,000	2,251,000	2,251,000		-	
6/30/2037				1,205,000	1,049,800	2,254,800	2,254,800		-	
6/30/2038				1,250,000	1,001,600	2,251,600	2,251,600		-	
6/30/2039				1,300,000	951,600	2,251,600	2,251,600		-	
6/30/2040				1,355,000	899,600	2,254,600	2,254,600		-	
6/30/2041				1,405,000	845,400	2,250,400	2,250,400		-	
6/30/2042				1,465,000	789,200	2,254,200	2,254,200		-	
6/30/2043				1,520,000	730,600	2,250,600	2,250,600		-	
6/30/2044				1,585,000	669,800	2,254,800	2,254,800		-	
6/30/2045				1,645,000	606,400	2,251,400	2,251,400		-	
6/30/2046				1,710,000	540,600	2,250,600	2,250,600		-	
6/30/2047				1,780,000	472,200	2,252,200	2,252,200		-	
6/30/2048				1,850,000	401,000	2,251,000	2,251,000		-	
6/30/2049				1,925,000	327,000	2,252,000	2,252,000		-	
6/30/2050				2,000,000	250,000	2,250,000	2,250,000		-	
6/30/2051				2,085,000	170,000	2,255,000	2,255,000		-	
6/30/2052				2,165,000	86,600	2,251,600	2,251,600		-	
Total	26,692,282	26,680,200	12,082	27,400,000	25,409,400	52,809,400	79,489,600		2,097,355	

Table 4. Water & Wastewater Rate Forecast for 2022 Debt Issuance Financing Option 2

Projected Utility Bill Cost for Single Family Residence Projected through the 2030-2031 Fiscal Year											
	Current Rates	22-23 Rates	23-24 Rates	24-25 Rates	25-26 Rates	26-27 Rates	27-28 Rates	28-29 Rates	29-30 Rates	30-31 Rates	
As Projected in 2021-2022 Budget											
Commodity Charges											
Tier 1 (10 CCF)	\$ 27.20	\$ 28.40	\$ 29.70	\$ 31.00	\$ 32.10	\$ 33.10	\$ 34.10	\$ 35.10	\$ 36.20	\$ 37.30	
Tier 2 (5 CCF)	15.55	16.15	16.80	17.45	18.00	18.50	19.00	19.50	20.35	20.60	
Water Fixed Rate	22.24	23.13	24.29	25.50	26.52	27.58	28.68	29.97	31.17	32.42	
Water Capital Rate	4.66	5.08	5.54	6.04	6.58	7.20	7.56	7.94	8.34	8.76	
Sewer Fixed Rate	25.76	26.53	27.46	28.42	29.41	30.44	31.51	32.61	33.75	34.93	
Sewer Capital Rate	4.93	5.37	5.76	5.99	6.23	6.48	6.74	7.01	7.29	7.29	
Total Monthly Charge:	100.34	104.66	109.55	114.40	118.84	123.30	127.59	132.13	137.10	141.30	
Total Rate % Change		4.3%	4.7%	4.4%	3.9%	3.8%	3.5%	3.6%	3.8%	3.1%	

Revised for Debt Service Needs in Scenario 2

Commodity Charges											
Tier 1 (10 CCF)	\$ 27.20	\$ 28.40	\$ 29.70	\$ 31.00	\$ 32.10	\$ 33.10	\$ 34.10	\$ 35.10	\$ 36.20	\$ 37.30	
Tier 2 (5 CCF)	15.55	16.15	16.80	17.45	18.00	18.50	19.00	19.50	20.35	20.60	
Water Fixed Rate	22.24	23.13	24.29	25.50	26.52	27.58	28.68	29.97	31.17	32.42	
Water Capital Rate	4.66	5.10	5.58	6.11	6.69	7.33	7.77	8.16	8.57	9.00	
Sewer Fixed Rate	25.76	26.53	27.46	28.42	29.41	30.44	31.51	32.61	33.75	34.93	
Sewer Capital Rate	4.93	5.37	5.80	6.26	6.57	6.83	7.10	7.38	7.68	7.68	
Total Monthly Charge:	100.34	104.68	109.63	114.74	119.29	123.78	128.16	132.72	137.72	141.93	
Total Rate % Change		4.3%	4.7%	4.7%	4.0%	3.8%	3.5%	3.6%	3.8%	3.1%	
Difference to Original 21-22 Rate Forecast %		0.02%	0.1%	0.3%	0.4%	0.4%	0.4%	0.4%	0.5%	0.4%	
Difference to Original 21-22 Rate Forecast \$		\$ 0.02	\$ 0.08	\$ 0.34	\$ 0.45	\$ 0.48	\$ 0.57	\$ 0.59	\$ 0.62	\$ 0.63	

