

MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
OF THE
EL TORO WATER DISTRICT
AND PUBLIC HEARING
July 28, 2022

President Freshley called the meeting of the Board of Directors of the ELTORO WATER DISTRICT to order at 7:50 a.m. The meeting started late due to technical difficulties.

Director Gaskins led in the Pledge of Allegiance to the flag.

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

Also present were DENNIS P. CAFFERTY, General Manager, HANNAH FORD, Engineering Manager, JASON HAYDEN, CFO (Zoom) SHERRI SEITZ, Public Relations/Emergency Preparedness Administrator (Zoom), JUDY CIMORELL, Human Resources Manager (Zoom), GILBERT J. GRANITO, General Counsel, MICHAEL COLANTUONO, Special Counsel, CAROL MOORE, Laguna Woods Mayor (zoom), SAT TAMARIBUCHI, MWDOC, DONNA RANE SZOSTAK, Customer, WYATT MCCLEAN, Customer, SCOTT ACORN, Customer and POLLY WELSCH, Recording Secretary.

SCOTT HOPKINS, Operations Superintendent, was absent.

Oral Communications/Public Comments

Mr. Tamaribuchi stated that we are facing challenging times for water due to the current drought situation. He further stated that MWDOC is preparing reliability studies and outreach efforts, and stated that all member agencies are encouraged to comment on Department of Water Resources Delta Conveyance EIR that will be out soon.

Ms. Moore stated that as things are getting more sophisticated, the capital needed to maintain the water system is going to be a real challenge for rate payers. She further mentioned the criticism by the auditor of the State Department of Water Resources and laws making it difficult for those who don't have adequate water.

Items Received Too Late to be Agendized

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

Consent Calendar

President Freshley asked for a Motion.

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

Roll Call Vote:

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

Increases to Certain Water, Sewer, and Recycled Water Service Rates and Charges

Mr. Cafferty stated that Notice of the Public Hearing was published in the Orange County Register on July 13th and 20th. He further stated that Notice of the proposed increases were provided by direct mail to all property and parcel owners in the District's service area.

Mr. Cafferty stated that a Bill Insert was also mailed to notify all customers of the availability to attend the Public Hearing by a Prop 218 Notice and posted on the District's website. He further stated that the Notice was prepared in strict compliance with the Prop 218 requirement of providing a 45-day Notice showing the amount of the increases, the effective date, and the date of the Public Hearing.

Mr. Granito reported that today's Public Hearing is being held pursuant to the procedural requirements of Prop 218. He further stated that the purpose of the Public Hearing today is to determine whether there are sufficient written protests so as to preclude the adoption of the proposed rate increases to certain water, sewer, and recycled water service rates and charges in accordance with the District's adopted guidelines for the submission and tabulation of protests.

Mr. Granito reported that California law prohibits the District from increasing rates, fees, and charges if the majority of the affected property owners file a written protest opposing the proposed increases before the end of today's Public Hearing. If a sufficient number of protests are not received, then the

Board may legally approve the increases to certain water, sewer, and recycled water service rates and charges by the adoption of Resolution No. 22-7-2.

Mr. Cafferty stated that all of the rate modifications that are proposed were prepared based on a detailed evaluation performed by the independent financial consultant, Raftelis, contracted by the District and is documented in the Rate Study which is available on the District's website. He further stated that each of the rate modifications is described in the Prop 218 Notice that was sent to property owners, noticed to our customers, and described in the Schedules in the Rules and Regulations in today's Board package.

Mr. Cafferty stated that the commodity rate increase is going up because the rate increase has been adopted as part of the budget for MET which the District passes through directly into Tier 1. He further stated that Tiers 2, 3, and 4 are based on the Rate Study based on actual costs incurred in building alternative supply systems.

Mr. Cafferty stated that the Fixed Meter Charges for water and recycled water increased as documented in the Rate Study to support the increase in costs of the District's operations. He further stated that the wastewater charges similarly are increasing in order to support costs of operating the wastewater system, but there have been some structural changes in the calculation of the wastewater rates on the residential side with 3 classifications: single family, multi-family unrestricted, and multi-family restricted.

Mr. Cafferty stated that Raftelis took a detailed look at census data and concluded that based on the actual data available to us in the most recent

census, occupancies have changed. He further stated that, on the Commercial side, the number of individual classifications was reduced from 19 to 4 and those rates were modified to generate the revenue necessary to support the wastewater operations.

Mr. Cafferty stated that the District modified the water and wastewater Capital Rates in order to support capital project costs as well as the cost of the debt service associated with capital projects.

Open Public Hearing

At approximately 8:10 a.m. President Freshley opened the Public Hearing.

Public Hearing Regarding Adoption of Proposed Increases to Certain Water and Recycled Water Service Rates

Mr. Cafferty stated that the District received a comment from a customer who asked that we share his comments at the Public Hearing. He proceeded to read the email in it's entirety, which is stated below.

Public Comment

"I received a mailer from ETWD which provided notification of a rate change proposal for Single Family (SF), Multi-Family Restricted (MFR) and Multi-Family Unrestricted (MFU) residence in the ETWD jurisdiction. I have comments and some questions I would like the BoD to address at the Public Hearing that will be broadcast on ZOOM.

In the mailer, re: "Amendment to the Proposition 218 Notice", I noted the following charge revision proposals for 'Sewer Capital Replacement and Refurbishment Charge': SF from \$4.93 to \$7.09 (44% increase); MFR from \$3.91 to \$3.37 (14% decrease) and MFU from \$4.65 to \$5.18 (11% increase).

Upon speaking to ETWD employees Able and Sherri, I was informed that Prop 218 is a State mandate, but that ETWD decides how the charges are proportioned. Apparently, a consultant was hired and 2020 census data was compiled and used to determine the specific rate changes. Residential occupancy size was the key factor in the rate change allocations.

I found this perplexing. Water usage quantities for the 3 residence categories were apparently not used as a factor in determining rate allocations. Only occupancy size according to US census data that we know is often inaccurate and unreliable for a host of reasons.

MFR (apparently for seniors) rates fell by 11% when our senior population has grown significantly in the last 10 years and more seniors are living in communal residences than ever.

MFU, which apparently includes apartments and condos, has a proposed rate increase of 14%. This is conceivable with more residents choosing apartment living due to the high cost of single-family housing. I would assume the occupancy rate in the category would be the highest of all. Apartments are notorious for having multiple occupants in each unit to save on housing costs.

But the real shocker was the 44% increase in rates for the SF category. Families are generally small these days: Perhaps, 3-4 to SF household on average. I would assume the SF occupancy would remain the same or even fall slightly in comparison to the earlier decade – based on the escalating price of SF homes throughout Orange County.

My questions:

1. The disproportional allotment of the proposed rate increases for categories SF (+44%), MFR (-11%) and MFU (+14%) are said to be based on census data reflecting occupancy size. But the conclusion appears to defy common sense, with more people living communally in apartments and condos than ever. Obviously, the crux of the financial burden falls on the SF category. Has the board questioned the proposed distribution of the proposed charges?
2. Has the board examined the distribution and apportionment of these charges proposed or implemented in our neighboring water districts? Are the results similar or are they in discord with the proposed rate increase apportionment in the ETWD? “

Mr. Cafferty stated that the rates were determined based on detailed analysis by an expert financial consultant. Mr. Cafferty further stated that the occupancy data is used to equitably establish volumes wastewater flows from different customer classifications. Mr. Cafferty stated that the occupancy data is based on recent census data from each of the five cities served by the District. Mr. Cafferty noted that the 44% increase is limited to a single line item which is

the change in the Capital Charge for Single-family residential fees which amount to approximately just over \$2/month. He further stated that there is a similar increase on the O&M charge for the same reason on the wastewater side, but the overall charges for Single-family residents increase closer to 10-15%.

Mr. Cafferty stated that when we contracted with Raftelis we asked them for a very clear, understandable, defensible justification for the rates. He further stated that the District provided no further input to influence and outcome.

Mr. Cafferty stated that for the second question, he would offer that individual agencies are going to vary on their rate setting methodology based on their customer service area. He further stated that some of the neighboring agencies supplement the rates with Property Tax Revenue that is not available to ETWD, and some will use occupancy, fixed rates, meter size, or flows to set rates. Mr. Cafferty also noted that the District's rates compare favorably to other Orange County agencies.

Director Gaskins stated that the Board did discuss these issues in detail, and the primary purpose in providing District service is protecting public health.

President Freshley stated that the District effectively manages the water quality, flows, and regulations so our customers get the best quality water and service.

Mr. Cafferty stated that the District is very mindful of whose money we are spending on infrastructure and rate increases. He further stated that this is the first year that the District allowed written protests by email, and although no

protests were received via regular mail, the District did receive two email protests.

Mr. Cafferty stated that the 4 commercial classifications include low, medium, high, or restaurant categories. He further stated that in the Study, restaurants are listed as being in the medium classification, when they should be in their own classification. He then stated that the difference between the medium strength rate (\$5.07/billing unit) and the restaurant rate (\$5.15/billing unit) is relatively small. Mr. Cafferty recommended the restaurant rate be matched to the medium strength rate to avoid confusion between the two.

Close Public Hearing

At approximately 8:35 a.m. President Freshley closed the Public Hearing.

Jason Hayden, CFO (Zoom) left the meeting.

Regular Session

Resolution No. 22-7-2 Adopting Amendments to the District's Rules and Regulations

President Freshley asked for a Motion.

Motion: Director Vergara made a Motion, seconded by Director Gaskins and unanimously carried across the Board to adopt Resolution No. 22-7-2 as modified to conform with Mr. Cafferty's recommendations as noted above (restaurants), which 1) provides for an increase to certain water, sewer and recycled water service rates and charges effective August 1, 2022, and 2) makes findings and a determination that the action taken in this Resolution is exempt from the requirements of the California Environmental Water Quality Act.

Roll Call Vote:

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

Director Reports for Meetings Attended

Director Vergara stated that he attended the MWDOC Planning/Operations meeting, the MWDOC/MET Directors workshop, the WACO meeting, the MWDOC Finance/Admin meeting, the MWDOC Board meeting, two Lake Forest City Council meetings, and the regular ETWD Board meetings.

Director Monin stated that he attended the ISDOC Quarterly luncheon, the MWDOC Admin/Finance meeting, the MWDOC Board meeting, the MWDOC/MET Directors workshop, the Laguna Hills City Council meeting, the Laguna Woods City Council meeting, OCWA, the WACO Planning Committee meeting, WACO, and the regular ETWD Board meetings.

Director Gaskins stated that he attended the WACO meeting, the Lake Forest Legislative luncheon, the MWDOC Planning/Operations meeting, the MWDOC Admin/Finance Committee meeting, the MWDOC Board meeting, the OCWA meeting, the regular ETWD Board meetings, and plans to attend the Special Board meeting and the South County Agencies meeting.

Vice President Havens stated that she attended the MWDOC Planning/Operations meeting, the MWDOC/MET Directors workshop, two meetings with the General Manager, the WACO meeting, the MWDOC Admin/Finance meeting, the Agenda Review meeting, the MWDOC Board

meeting, the OCWA meeting, the Lake Forest Legislative luncheon, the regular ETWD Board meetings, and may attend the Laguna Woods Third Conservation meeting and the ISDOC luncheon later today, and the Special Board meeting.

President Freshley stated that she attended the MWDOC Board meeting, the MWDOC/MET Directors workshop, two Pres/VP/GM meetings, the Agenda Review meeting, the LAFCO meeting, the Laguna Woods City Council meeting, the regular ETWD Board meetings, the OCWA meeting, the Lake Forest Legislative luncheon, and plans to attend the ISDOC luncheon today.

General Manager Action Items

California Association of Sanitation Agencies (CASA) Board of Directors FY 2023 Election & Dues Increase

Mr. Cafferty stated that CASA has asked the District to vote to approve or not approve the slate of Directors as shown in the Board package. He further stated that they are also asking the District to vote on approving or not approving the dues resolution and designate a CASA Representative and Alternate.

President Freshley asked for a Motion.

Motion: Director Monin made a Motion, seconded by President Freshley and unanimously carried across the Board to vote for the slate of CASA Directors for the four available CASA Board seats, to appoint President Freshley as the District's Representative and Director Monin as the Alternate, and to approve the CASA dues.

Roll Call Vote:

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

Resolution No. 22-7-3 Modifying Standing and External Organization Board
and Staff Assignments for Calendar Year 2022

Mr. Cafferty stated that the current list shows Committees who are authorized to attend the MWDOC meetings. He further stated that the proposed modification will authorize all of the Directors to attend all of the MWDOC meetings.

President Freshley stated that she would like to consider changing the South Orange County Agencies Group (SOCAG) meeting assignment. Director Vergara recommended the President and Vice President be the representatives on the committee. Director Vergara further stated that Director Gaskins is currently the chair of the SOCAG meeting and recommended changing the second representative from Director Vergara to President Freshley for the remainder of the 2022 calendar year.

President Freshley asked for a Motion.

Motion: Director Vergara made a Motion, seconded by Director Monin and unanimously carried across the Board to approve Resolution No. 22-7-3 modifying the Standing and External Organization Board and Staff Assignments for calendar year 2022 with the modifications to the MWDOC meetings and the

South Orange County Agencies Group Representative changed from Director Vergara to President Freshley.

Roll Call Vote:

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

General Manager Information Items

Strategic Plan Status Report

Mr. Cafferty stated that staff presents bi-annual updates of the Strategic Plan. He noted that there is a detailed report in the package providing updates since the last report.

Vice President Havens stated that she appreciated the concise clarity of the report. Director Monin concurred.

General Manager's Monthly Report

Mr. Cafferty stated that he wanted to respond to a question asked at Tuesday's Engineering Committee meeting on the Motor Control Center (MCC) design for the JTM Pump Station regarding the fault rating. He noted that staff had extensive conversations with staff and the design team and confirmed that the submitted package proposal from One Source meets the specification. He also stated that staff confirmed the specification considered fault rating.

Mr. Cafferty stated that there was also a question on the Filter Plant Demo relative to the hazardous waste abatement and the Contractor confirmed their extensive experience and compliance with all legal requirements and

provided samples of the forms they will be using to document the abatements..

Mr. Cafferty stated that MET has an infrastructure issue on their Upper Feeder where there was a leak which was patched. He further stated that they were hoping this would work until winter when they can shut it down; however the crack has widened, so they will need to take the pipeline out of service.

Mr. Cafferty stated that this doesn't directly affect Orange County, but they are concerned that it will impact the Diemer Plant and some of the areas in that region that are State Water Project only areas. Mr. Cafferty further stated that they are concerned that they may have some water quality impacts, and plan to take water from the Colorado River for the two-week shutdown.

Mr. Cafferty stated that they are considering no outside watering at all during the two-week shutdown. He further stated that ETWD will not be taking water from them during this time because it is the same time we will be drawing down the R-6 Reservoir.

Director Monin stated that the Customer Service Activity Report is looking good.

Board and Committee Meetings Schedule

President Freshley stated that she would like the Board to consider whether or not they want to make any changes to the Board meeting dates and/or times.

Mr. Cafferty stated that years ago we did change the meeting time to late afternoon, and since we still did not have any public attendance, the Board changed the time back to 7:30 am.

Director Vergara commented that he would be okay with having the meetings late afternoon.

Mr. McClean stated that he has found over the years that if the District is doing well, there is no desire for the public to attend, but if there is an issue, they may want to attend the meetings.

Mr. Scott Acorn of Laguna Hills stated that he feels that public attendance is issue-driven and he agrees with Mr. McClean's comments.

Mr. Cafferty stated that in looking at the past meetings, the most public attendance at our meetings were at the Public Hearings for proposed rate increases.

Director Gaskins stated that he is comfortable keeping the meetings as they are. Director Monin stated that he is favorable for afternoon meetings.

President Freshley stated that she is favorable keeping the meetings in the morning.

Mr. Cafferty stated that staff will agendize this for the next Board meeting for further discussion or Action.

Records Retention

Mr. Cafferty stated that this is an information item. He further stated that prior year's meeting recordings were done on a cassette tape and after that was a software program through a laptop, and since the pandemic we have been recording them on zoom.

Mr. Cafferty stated that he reached out to neighboring agencies discovering that one agency does not record their meetings at all, others record

and make minutes then delete the recordings, and others have saved all of their meetings.

Mr. Cafferty stated that staff will update the Records Retention Policy to include the retention of Board meetings for a period of time.

Vice President Havens stated that minutes reflect the happenings of the meeting, and she feels that after the minutes are approved, the recording should be deleted.

Director Vergara stated that he feels we should keep a record of the minutes and delete the recording.

Director Gaskins agrees with keeping the recording for 90 days or after the minutes are approved, delete the recordings.

Mr. Cafferty stated that staff will bring this back to the Board as an Action item at a future Board meeting.

Legislative Reports

There were no comments.

Public Education and Outreach & Water Use Efficiency Reports

Ms. Seitz stated that President Freshley had an interview with Lisa Hart on TV-6 on July 5th, and her topic was the District's 2022/23 budget.

Ms. Seitz stated that staff is working with MNWD public relations staff on the outreach plan for the Filter Building Site Demolition and the R-6 Floating Cover and Liner Replacement projects. She further stated that staff has created Construction Alerts for both projects, which will be mailed out on August 1st. In addition there will be a Zoom meeting for each of these projects.

Ms. Seitz stated that she and Director Gaskins met with the Orange County Conservation Corp (OCCC) and the County of Orange Public Works to conduct a site walk of Canada Channel F23 for the Adopt-a-Channel program. She further stated that they found very little debris in the channel, and the OCCC provided a revised cost estimate for the cleanup at a daily rate of \$1,465 for one crew with an annual not to exceed \$11,700. She further added that debris removal would be a minimum of two times per year with cleanups at \$2,930 and during adverse weather conditions; additional cleanups could be an additional \$1,465 each.

Ms. Seitz stated that staff will participate with a booth at the Mission Viejo's National Night Out on August 1st from 5:00 pm – 8:00 pm. She further stated that their parking lot does not allow enough room for ETWD's Water Trailer.

At approximately 9:30 a.m. Mr. Tamaribuchi left the meeting.

SOCWA Reports

Mr. Cafferty stated that there were no SOCWA meetings in July. He further stated that the SOCWA facilitated discussions are on-going with the Consultant.

MWDOC Reports

Vice President Havens stated that Bill Hasencamp's report on the Colorado River Basin conditions was interesting.

LAFCO

President Freshley stated that they had a Strategic Planning workshop in which the Commission participated in goal setting and identifying objectives of the agency for fiscal years 2022-2025. She further stated that the purpose of each County LAFCO is to establish boundaries for cities and agencies, and to assess their service levels.

President Freshley stated that she and Doug Davert were sworn in for the next term as Representatives of the Special Districts. She further stated that the meeting was held in the new County Civic Center.

Mr. Cafferty stated that LAFCO is in the 5-year cycle of performing Municipal Service Reviews (MSRs), and Spheres of Influence (SOIs), and we received a detailed data request from the Consultant for LAFCO to do the MSR for this region, which is due back on August 8th.

ISDOC

Director Monin stated that the quarterly luncheon is being held today, and the next ISDOC Executive Meeting will discuss the candidates for the next election.

WACO

Director Monin stated that they had a Coastal Fire update from MNWD, and Jerry Brown gave an update on the Sites Reservoir project. He further stated that at the next WACO Planning Committee meeting the topic will be the evolution of MET's agriculture partnership.

COMMITTEE AND GENERAL INFORMATION

Dates to Remember for July/August

There were no comments.

Comments Regarding Non-Agenda Items

President Freshley stated that she sat in on the ACWA Energy Committee where they had a speaker from the Department of Water Resources who created a new Committee of 25 people to address the need for 5,000 megawatts of power to offset power outages throughout the State.

Adjournment

At approximately 10:05 a.m. the Board adjourned to the Special Board meeting.

Resumed Regular Meeting

At approximately 10:10 a.m. regular session resumed.

Attorney Report

Mr. Granito reported that there is a need for a Closed Session today to discuss Item #1 of today's Closed Session agenda.

Closed Session

At approximately 10:10 a.m. the Board went into Closed Session. Also at this time everyone left the meeting except the Board members and Mr. Cafferty.

Open Session/Report

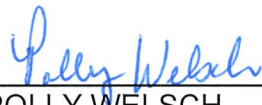
At approximately 11:10 a.m. the Board returned to Regular session. Also at this time Ms. Welsch and Ms. Cimorell returned to the meeting.

Mr. Granito reported that during the Closed Session, the Board discussed the status regarding the Item #1 matter and provided input. No reportable action was taken.

Adjournment


There being no further business to come before the Board, the meeting was adjourned at 11:12 a.m.

Respectfully submitted,




POLLY WELSCH
Recording Secretary

APPROVED:



KATHRYN FRESHLEY, 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

