

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



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



**AGENDA**  
**EL TORO WATER DISTRICT**  
**REGULAR MEETING OF THE BOARD OF DIRECTORS**

**December 21, 2023**

**7:30 a.m.**

**BOARDROOM, DISTRICT OFFICE**  
**24251 LOS ALISOS BLVD., LAKE FOREST, CA 92630**

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This meeting will be held in person. As a convenience for the public, the meeting may also be accessed by Zoom and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the virtual component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.

Members of the public who wish to comment on any item within the jurisdiction of the District or on any item on the agenda, may 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/89345460566> (Meeting ID: 893 4546 0566).

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 Havens**

**PLEDGE OF ALLEGIANCE – Director Monin**

## **ROLL CALL (Determination of a Quorum)**

## **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 "COMMENTS REGARDING NON-AGENDA ITEMS." The public may identify themselves when called on and limit their comments to three minutes.

## **ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

Determine need and take action to agendize items 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. Consider Board Member's Request for Remote Participation (AB 2449)**

### **2. Presentation of Awards, Recognitions, Certifications and Introductions**

#### **a. Service Awards**

Mr. Cafferty will recognize and congratulate Cesar Cassani, Wastewater Operator III for 10 years of service with the District.

Mr. Cafferty will recognize and congratulate Judy Wilson, Accounting Supervisor for 15 years of service with the District.

### **3. Consent Calendar**

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

#### **a. Consider approving the minutes of the November 21, 2023 Board meeting**

**Recommended Action:** The Board will consider approving the above Consent Calendar.

### **4. Director Reports for Meetings Attended (Oral Report)**

## GENERAL MANAGER ACTION ITEMS

5. **Resolution No. 23-12-1 Adopting the Ninth Amendment to the District's Bylaws** (Reference Material Included)

The Board approved the Ninth amendment to the Bylaws at the November Board meeting. Staff will review and comment on proposed minor changes to the bylaw language in the Ninth Amendment.

**Recommended Action:** Staff recommends that the Board of Directors 1) adopt Resolution No. 23-12-1 effective December 21, 2023, and 2) authorize and direct the Secretary to record the Ninth Amendment to the District's Bylaws with the Orange County Recorder's Office.

RESOLUTION NO. 23-12-1  
OF THE BOARD OF DIRECTORS  
OF THE EL TORO WATER DISTRICT  
ADOPTING THE NINTH AMENDMENT TO  
THE DISTRICT'S BYLAWS

6. **Resolution No. 23-12-2 El Toro Water District Administrative Code**  
(Reference Materials Included)

Staff will review and comment on proposed revisions to the District Administrative Code.

**Recommended Action:** The Board of Directors will consider adopting Resolution No. 23-12-2 which adopts the amended El Toro Water District Administrative Code.

RESOLUTION 23-12-2  
  
RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE EL TORO WATER DISTRICT  
ADOPTING THE AMENDED EL TORO WATER DISTRICT  
ADMINISTRATIVE CODE

## GENERAL MANAGER INFORMATION ITEMS

7. **General Manager's Monthly Report** (Reference Material Included)

Staff will review and comment on the General Manager's Monthly Report.

8. **Legislative Reports** (Reference Material Included)  
Staff and General Counsel will review and comment on the Legislative reports.
9. **Public Education and Outreach Report** (Reference Material Included)  
Staff will review and comment on the Public Education and Outreach report.
10. **Water Loss Annual Report** (Reference Material Included)  
Staff will provide a presentation describing the requirements, terminology and results of the recently submitted annual Water Loss Report.
11. **Water Use Efficiency Report** (Reference Material Included)  
Staff will review and comment on the Water Use Efficiency Report.
12. **SOCWA Report** (Reference Material Included)
  - a. SOCWA Board Meeting – December 7, 2023
  - b. SOCWA Engineering Committee Meeting – December 14, 2023
13. **Municipal Water District of Orange County (MWDOC) Report** (Reference Material Included)
  - a. MWDOC Planning/Operations Meeting – December 4, 2023
  - b. MWDOC/MET Directors Workshop – December 6, 2023
  - c. MWDOC Admin/Finance Meeting – December 13, 2023
  - d. MWDOC Board Meeting – December 20, 2023
14. **Local Agency Formation Commission (LAFCO) Report** (Reference Material Included)
  - a. Report on the December 13, 2023 LAFCO meeting
  - b. OC LAFCO Newsletter – The Pulse
15. **ISDOC Meetings Report** (Reference Material Included)  
Report on the December 5, 2023 ISDOC Executive Committee meeting
16. **WACO Meetings Report** (Reference Material Included)
  - a. Report on the December 8, 2023 WACO meeting
  - b. Report on the December 19, 2023 WACO Planning meeting



## ELECTION OF OFFICERS

### 17. ELECTION OF OFFICERS (Oral)

#### a. Office of President

Section V-4 of the Bylaws of the El Toro Water District provides that the office of Vice President shall automatically succeed to the office of President when the office of President or the current President's term of office has expired. Vice President Monin will therefore succeed to the office of President following the conclusion of the Board meeting. The term of office of the President shall be for one year.

#### b. Election of Vice President

Section V-5 of the Bylaws of the El Toro Water District provides that the Board shall elect a Vice President at the Board's organizational meeting in December of each year. At this time the Board members will accept nominations for the office of Vice President of the El Toro Water District and the Board of Directors thereof. The term of office of the Vice President shall be for one year and shall commence following the conclusion of the Board meeting.

**Recommended Action:** The Board will elect a Vice President for the Board of Directors of the El Toro Water District to serve for one year.

#### c. Appointment of Treasurer

Section V-7 of the Bylaws of the El Toro Water District provides the Board of Directors the authority to appoint an officer for the office of Treasurer. At this time the Board will appoint the Treasurer of the El Toro Water District.

**Recommended Action:** Staff recommends the Board appoint Vishav Sharma as the Treasurer of the El Toro Water District.

#### d. Ratification of Existing Officer Appointments

Section V-6 of the Bylaws of the El Toro Water District provides the Board of Directors the authority to appoint officers for the offices of Secretary and Assistant Secretary. The existing appointments are:

Secretary – Dennis Cafferty  
Assistant Secretary – Judy Cimorell

**Recommended Action:** Staff recommends that the Board ratify the existing appointments for the offices of Secretary, Assistant Secretary and Treasurer.

## COMMITTEE AND GENERAL INFORMATION

18. **Dates to Remember for December 2023/January 2024**  
(Reference Material Included)

## COMMENTS REGARDING NON-AGENDA ITEMS

## ATTORNEY REPORT

## CLOSED SESSION

1. Pursuant to Government Code Section 54956.9(d)(1) to consult with legal counsel and staff regarding the following existing litigation: *Plaintiff, Marlene Jean v. Defendants, Dollar Tree Stores, Inc. et al.*, Superior Court of Los Angeles Case No. 19STCV25234.
2. Pursuant to Government Code Section 54956.9(d)(2) to consult with legal counsel and staff - Potential Litigation (one matter).
3. 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.

19. **General Manager Compensation**

**Board Action:** The District's Board of Directors will discuss and consider granting the District's General Manager a compensation increase in the amount and form as determined by the Board.

## 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.*

MINUTES OF THE REGULAR MEETING  
OF THE  
BOARD OF DIRECTORS  
OF THE  
EL TORO WATER DISTRICT  
November 21, 2023

President Havens called the meeting of the Board of Directors of the ELTORO WATER DISTRICT to order at 7:30 a.m.

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

Directors KAY HAVENS, MIKE GASKINS, MARK MONIN, FRED ADJARIAN, and KATHRYN FRESHLEY participated.

Also present were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, SCOTT HOPKINS, Operations Superintendent, VISHAV SHARMA, CFO, VU CHU, Water Use Efficiency Analyst, SHERRI SEITZ, Public Affairs Manager, GILBERT J. GRANITO, General Counsel, and POLLY WELSCH, Recording Secretary.

Determination of a Quorum

Roll Call:

Director Adjarian	here
Director Gaskins	here
Director Freshley	here
Vice President Monin	here
President Havens	here

Five Board members were present for the meeting, therefore a quorum was determined.

Oral Communications/Public Comments

There were no comments.

### Items Received Too Late to be Agendized

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

### Consent Calendar

President Havens asked for a Motion.

Motion: Director Adjarian made a Motion, seconded by Director Freshley to approve the Consent Calendar.

### Roll Call Vote:

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

### Director Reports for Meetings Attended

Director Gaskins stated that he attended the MWDOC Planning/Operations meeting, the ISDOC Executive Committee meeting, the MWDOC Admin/Finance meeting, the MWDOC/MET Directors workshop, the MWDOC Board meeting, the CAG meeting, the MWDOC Board meeting, the Lake Forest Legislative Luncheon, the South County Agencies meeting, will be attending the ACWA JPIA and ACWA conference next week, and attended the regular ETWD Board meetings.

Director Freshley stated that she attended the MWDOC Planning/Operations meeting, the MWDOC/MET Directors workshop, the MWDOC Board meeting, the SOCWA Board meeting, the LAFCO meeting, the WACO meeting, the LF Legislative Luncheon, the Lake Forest City Council meeting, the South Orange County Watershed

Meeting, the OCWA luncheon, the CAG meeting, will attend the ACWA JPIA and ACWA conference next week, and attended the regular ETWD Board meetings.

Director Adjarian stated that he attended the MWDOC/MET Directors workshop, the WACO meeting, the WaterReuse conference, the Lake Forest Legislative Luncheon, the OCWA luncheon, the CAG meeting, the MWDOC Special Board meeting, will be attending the ACWA conference next week, and attended the regular ETWD Board meetings.

President Havens stated that she attended the MWDOC/MET Directors workshop, a Laguna Woods Village Third Landscape Committee meeting, the WACO meeting, a Girl Scout Tour meeting, MWDOC Planning/Operations meeting, meeting with the Pres/VP/GM, MWDOC Admin/Finance Committee meeting, the Lake Forest Legislative Luncheon, the South Orange County Watershed Management meeting, the Agenda Review meeting, the CAG meeting, the South County Agencies meeting, and the regular ETWD Board meetings.

Vice President Monin stated that he attended the Lake Forest Legislative Luncheon, the WACO meeting, the ISDOC Executive Committee meeting, the CAG meeting, the MWDOC/MET Directors workshop, the MWDOC Admin/Finance meeting, the MWDOC Board meeting, the OCCOG meeting, the Pres/VP/GM meeting, the Laguna Woods City Council meeting, the Lake Forest City Council meeting, will be attending the ACWA conference, and attended the regular ETWD Board meetings.

## General Manager Action Items

### Resolution No. 23-11-1 Regular Board Meetings Schedule

President Havens asked for a Motion.

Motion: Vice President Monin made a Motion, seconded by Director Adjarian to adopt Resolution No. 23-11-1 which adopts the District's schedule of Regular Board Meetings for the 2024 calendar year.

#### Roll Call Vote:

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

### Resolution No. 23-11-2 Adopting the Ninth Amendment to the District's Bylaws

Mr. Cafferty stated that the schedule in the bylaws stating who the current Board members are has been updated. He further stated that the terms of the President and Vice President were also revised.

Mr. Cafferty stated that staff is proposing we define the President and Vice President taking office at the beginning of the calendar year and ending their terms at the end of the calendar year. He further stated that the election and Oath of Office of the Vice President could be done at the end of the December Board meeting, taking office effective January 1<sup>st</sup>.

Mr. Cafferty stated that we should defer taking action on adopting the new bylaws until the December Board meeting, as staff will need to revise some language.

Vice President Monin and Director Freshley suggested swearing in the new Vice President at the last Board meeting in December. Mr. Cafferty proposed revised

language to define the President and Vice President terms. The Board concurred with the revised language.

President Havens asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Director Monin to approve and modify the amended ninth amendment to the District's bylaws including the terms of office for the President and Vice President to be concluded at the end of the December Board meeting.

Roll Call Vote:

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

Resolution No. 23-11-3 ETWD Administrative Code

Mr. Cafferty stated that staff has been working on a variety of different documents included in the Rules & Regulations and Policies & Procedures. He further stated that staff is proposing creating an Administrative Code to collect the data in one location.

Mr. Cafferty stated that the new Administrative Code will allow for a new Indexing which will locate the documents in one place. He further stated that there are a number of current policies that the Board has never seen.

Mr. Cafferty stated that as we renew annual policies they will move into the Admin Code in the new format. He further stated that staff will add a few policies each month to the Admin Code until it is complete.

Mr. Cafferty stated that once the Admin Code is complete, it will be put on the District's website for easy access.

Mr. Cafferty reviewed the redline changes to the new Admin Code and ensued Board discussion on same.

President Havens asked for a Motion.

Motion: Vice President Monin made a Motion, seconded by Director Adjarian to adopt Resolution No. 23-11-3 which adopts the El Toro Water District's Administrative Code.

Roll Call Vote:

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

General Manager Information Items

General Manager's Monthly Report

There were no comments.

Legislative Reports

There were no comments.

Public Education and Outreach Report

Ms. Seitz stated that the CAG topics last week were on water supply regulations and consumption, and ETWD's Master Plan and Asset Management Plan update.

Ms. Seitz stated that Vice President Monin presented on TV-6 on what ETWD does to prepare for emergencies and what residents can do. She further stated that



Director Freshley would be the next speaker and the topic will be on FOG and the use of non-flushable wipes.

Ms. Seitz stated that the District was approved for a Next Door account which residents can get local tips, buy and sell items, and read local news. She further stated that CSDA has been working with special districts to receive the same access to information and resources that cities and counties have.

Mr. Seitz stated that staff hosted a booth and provided water at the Mission Viejo County Disaster Preparedness Expo on October 21<sup>st</sup> at the Norman Murray Community and Senior Center.

Ms. Seitz stated that staff hosted a booth at the H2O for HOA's event October 26<sup>th</sup> at the Norman Murray Community Center. President Havens was interviewed after the event.

Ms. Seitz stated that due to low turnout, the Pipe Patrol workshops were canceled and Mr. Chu worked directly with customers who signed up. She further stated that ETWD is co-hosting a series of free online landscape workshops with MWD and run by G3 Green Gardeners Group.

Ms. Seitz stated that staff hosted a Girl Scout tour at the WRP on November 4<sup>th</sup>, and President Havens provided a brief introduction and staff provided tours.

Ms. Seitz stated that staff will be hosting a booth and providing water at the City of Lake Forest/Lake Forest Chamber of Commerce Elf Yourself 5K Race on November 18<sup>th</sup> at the Lake Forest Sports Park. She further stated that staff is also co-hosting a Boy Scout tour at the WRP on December 9<sup>th</sup> where Director Adjarian will provide a brief introduction and staff will provide tours.

### Water Use Efficiency Report

Mr. Chu stated that water usage was down slightly compared to the same time last year. He further stated that staff completed and submitted the annual Water Loss Report.

### SOCWA Reports

Director Freshley stated that they approved the \$543,991 for the design of the Effluent Transmission Main Trail Bridge Crossing Project.

Director Freshley stated that there was discussion on SMWD, PC-2, PC-15, PC-17, and the cost of MNWD to get out of the PC-15 contract.

### MWDOC Reports

Director Freshley stated that at the Board meeting they discussed MET allocation for Fixed Costs and Fixed Revenue.

### LAFCO

Director Freshley stated that the Audit was approved with no issues.

### ISDOC

Vice President Monin stated that they discussed the website, associate member policy, the annual audit, and the pros and cons of a 501(3)©.

### WACO

Vice President Monin stated that there was a presentation from OC Sanitation District on the Forefront of Advanced Treatment of Contaminants of Emerging Concern.

### COMMITTEE AND GENERAL INFORMATION

#### Dates to Remember for November/December 2023

There were no comments.

### Comments Regarding Non-Agenda Items

Vice President Monin commented on the presentation of the 401(k) funds going from a 5-star fund to a 1-star fund.

### Recess

At approximately 9:15 a.m. the Board took a short recess.

### Regular Session

At approximately 9:25 a.m. the Board returned to Regular Session.

### Attorney Report

Mr. Granito reported that there is a need for a Closed Session at today's meeting to discuss Items 2 & 3 of today's Closed Session agenda.

### Closed Session

At approximately 9:25 a.m. the Board went into Closed Session. Also at this time everyone left the meeting except the Board members, Mr. Cafferty, and during this time Mr. Hopkins stayed for Item #2 and then left the meeting.

### Open Session Report

At approximately 9:45 a.m. the Board returned to Regular Session. Also at this time Ms. Welsch returned to the meeting.

Mr. Granito reported that the Board went into Closed Session to discuss items #2 and 3 of today's Closed Session agenda.

Mr. Granito reported that during the first phase of the Closed Session, the General Manager led a discussion on item #2 of today's Closed Session agenda (potential litigation). No reportable action was taken. During this phase of the Closed

Session, Scott Hopkins, Operations Superintendent of the District participated.

Thereafter Mr. Hopkins left the Closed Session.

Mr. Granito reported that during the second phase of the Closed Session, he led a discussion with regard to item #3 of today's Closed Session agenda. During this phase of the Closed Session all Board Members and Mr. Cafferty participated. Mr. Granito reported that during this phase of the Closed Session the Board Members unanimously adopted and executed a Motion (Minute Order) authorizing and directing the District's General Manager, Dennis P. Cafferty, to execute and file all documentation and affidavits on behalf of the District, to Request the District's Exclusion from the Settlement Agreements pertaining to both Multi-District pending/existing litigation matters noted in Item #3 of today's Closed Session agenda (3M and DuPont).

#### Adjournment

There being no further business to come before the Board, the meeting was adjourned at 9:48 a.m.

Respectfully submitted,

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POLLY WELSCH  
Recording Secretary

APPROVED:

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KAY HAVENS, President of  
the El Toro Water District and the  
Board of Directors thereof

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



## STAFF REPORT

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**To: Board of Directors**

**Meeting Date: December 21, 2023**

**From: Dennis Cafferty, General Manager**

**Subject: Bylaws - Ninth Amendment**

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At the November Board meeting the Board approved the Ninth Amendment to the District's Bylaws. As staff worked to implement the Board approved amendments to the Bylaws staff determined that there were further minor language changes that would improve the description of the intent of the previously approved changes. While these language changes are arguably non-substantive and do not change the concept or intent of the Board approved changes, staff felt it important to bring these changes to the Board for final approval of the Ninth Amendment to the District Bylaws.

In addition to the minor language changes, on the recommendation of the District's Legal Counsel, staff is proposing the addition of a Table of Contents.

A redline version of the proposed modifications, as well as a clean version are attached for review.

**Recommended Action:** Staff recommends that the Board of Directors 1) adopt Resolution No. 23-12-1 effective December 21, 2023, and 2) authorize and direct the Secretary to record the Ninth Amendment to the District's Bylaws with the Orange County Recorder's Office.

### RESOLUTION 23-12-1

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE EL TORO WATER DISTRICT  
ADOPTING THE NINTH AMENDMENT TO  
THE DISTRICT'S BYLAWS

**RESOLUTION NO. 23-12-1**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE EL TORO WATER DISTRICT ADOPTING  
THE NINTH AMENDMENT TO THE BYLAWS**

**WHEREAS**, the Bylaws of the El Toro Water District, a California Water District, in the County of Orange, State of California, were first duly approved by the Board of Supervisors on or about January 10, 1961, and were thereafter amended eight times, the last being May 23, 2019 (Eighth Amendment), and

**WHEREAS**, it is in the best interest of the District that the District's Bylaws be amended in their entirety for the primary purpose of updating Schedule 1 of the Bylaws and clarifying the terms of the President and Vice President.

**NOW, THEREFORE, BE IT RESOLVED**, that the District hereby adopts the Ninth Amendment to the Bylaws of the El Toro Water District, a California Water District, which Ninth Amendment is attached hereto marked as Exhibit "A" and incorporated herein by this reference; and

**BE IT FURTHER RESOLVED**, that the Secretary of the District or his delegate is authorized and directed to record the Ninth Amendment to the Bylaws with the Orange County Recorder's Office and to file this Amendment with the Board of Supervisors of Orange County.

ADOPTED, SIGNED AND APPROVED, this 21st day of December 2023.

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KAY HAVENS, President  
El Toro Water District and of the  
Board of Directors thereof

ATTEST:

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

# **NINTH AMENDMENT TO BYLAWS**

## **EL TORO WATER DISTRICT**

### **A California Water District**

#### **Table of Contents**

#### **I Board of Directors**

- 1. Membership
- 2. General Authority
- 3. Meetings
- 4. Quorum: Votes Necessary
- 5. Terms of Office

#### **II Elections**

#### **III Principal Office**

#### **IV Seal**

#### **V Officers**

- 1. Officers
- 2. Elimination
- 3. President (Term of Office)
- 4. Succession to the Presidency
- 5. Vice President (Election – Term of Office – Succession to Presidency)
- 6. Secretary
- 7. Treasurer
- 8. Compensation
- 9. Employees

#### **VI Penalty for Violating Bylaws**

#### **VII Amendment or Repeal of Bylaws**

#### **Schedule I Article 1 – Section 2 – Terms of Office / Elections**

The Bylaws of the El Toro Water District, a California Water District, in the County of Orange, State of California, were first duly approved by the Board of Supervisors on or about January 10, 1961, and were thereafter amended eight times, the last being May 23, 2019 (Eighth Amendment).

Said Bylaws, as last amended, are hereby amended in their entirety by this Ninth Amendment to Bylaws pursuant to Section 35220 of the Water Code of the State of California as follows:

**I.**

**BOARD OF DIRECTORS**

1. **Membership.** The Board of Directors of the District shall consist of five (5) Directors, elected as provided by law. Each Director shall be a resident of the District and shall be a registered voter in the County of Orange at the time of their election and/or appointment and during their term of office.
2. **General Authority.** The Board of Directors, except as otherwise specifically provided by law, shall manage and conduct the business and affairs of the District.
3. **Meetings.** Regular meetings of the Board of Directors shall be held at such time and place as may be agreed upon by resolution of the Board.
4. **Quorum: Votes Necessary.** Three (3) Directors shall constitute a quorum of the Board for the transaction of business. The vote of a majority of the Directors present at any meeting attended by a quorum shall be necessary and sufficient to determine any proposition or resolution presented.



5. **Terms of Office.** The term of office of elected Directors shall be four (4) years and shall be on a staggered basis. The five (5) Directors Seats and the staggered terms of office of each seat are set forth in Schedule 1 hereto and incorporated herein by this reference.

## **II.**

### **ELECTIONS**

All general District elections shall be held in November of even-numbered years and shall be consolidated with the November statewide elections. The right to vote and the manner of the voting shall be the same as provided by the laws of the State of California.

## **III.**

### **PRINCIPAL OFFICE**

1. The principal office of the District shall be located in Orange County, State of California, at a place designated from time to time by the Board of Directors by resolution of the Board.

2. Until changed by resolution of the Board of Directors, the principal office of the District shall be located at 24251 Los Alisos Boulevard, Lake Forest, California 92630.

## **IV.**

### **SEAL**

The District shall have and maintain a seal, described as follows:

Two concentric circles, the outer circle being approximately one and one-half inches in diameter and the inner circle approximately one inch in diameter; with the words "EL TORO WATER DISTRICT" in the upper part of the space between the circles; with the word "CALIFORNIA" in the lower part of the space between the circles; and with the words "FORMED September 25, 1960" inside the inner circle.

**V.**  
**OFFICERS**

1. **Officers Other than Directors.** In addition to the Directors, the officers of the District shall be: President, Vice President, Treasurer, and Secretary.

2. **Elimination.** The offices of the Assessor and Tax Collector have been eliminated by appropriate Resolution on or about July 10, 1975 pursuant to Section 34711 of the Water Code of the State of California.

3. **President (Term of Office).** The term of office of the President shall be for one (1) ~~calendar~~ year. The term of office of the President shall expire ~~upon following~~ the conclusion of the regular ~~December Board~~ meeting of the Board of Directors in December of each year.

4. **Succession to Presidency.** The office of Vice President shall automatically succeed to the office of President when a vacancy occurs in the office of President or the current President's term of office has expired.

5. **Vice President (Election-Term of Office-Succession to Presidency).** At the Board's organizational meeting in December, the Board shall elect a Vice President whose term of office shall be for one (1) ~~calendar~~ year. The President for the preceding year shall not be eligible for the Vice Presidency the following year. The term of office of the Vice President shall begin following the conclusion of the regular meeting of the Board of Directors in December of each year~~Regular December Board meeting~~. The Vice President shall succeed to the office of President as provided in Article 5 herein. In the event a vacancy occurs in the office of any President before the term of said presidency has expired, the Vice President shall succeed to the office of President for the unexpired term of said presidency, in addition, to the one (1) year term regularly specified in Section V-3, had such vacancy not occurred.

6.     **Secretary.** The Secretary shall be appointed by the Board of Directors and shall serve at its pleasure. The Secretary shall have the duties and authority assigned to him/her by law and such other duties and authority, not inconsistent therewith, as shall be assigned to him/her from time to time by the Board of Directors. The Board may from time to time, appoint one or more Assistant Secretaries. Under the direction of the Board and Secretary, each such Assistant Secretary shall assist the Secretary in the performance of his/her duties and shall have such other duties and authority as shall be provided by the Board.

7.     **Treasurer.** The Treasurer shall be appointed by the Board of Directors and shall serve at its pleasure. He/she shall have duties and authority assigned to him/her by law and such other duties and authorities, not inconsistent therewith, as shall be assigned to him/her from time to time by the Board of Directors.

8.     **Compensation.** The Officers and Directors shall receive the following compensation for their services:

- (a)     The Secretary and Treasurer shall receive sums as shall be fixed by the Board.
- (b)     Each Director shall receive compensation in the amount provided by Ordinance duly adopted by Resolution of the Board pursuant to Section 20200 et seq. of the Water Code of the State of California, together with any expenses incurred in the performance of his/her duties required or authorized by law and the Board.

9.     **Employees.** The Board of Directors may employ and appoint from time to time such other officers and such agents and employees as it shall deem appropriate to carry on the business of the District. The qualifications, duties, authority, and compensation of such other officers and of such agents and employees shall be fixed by the Board of Directors.

**VI.**

**PENALTY FOR VIOLATING BYLAWS**

When it shall be deemed in the manner provided by law that any person has violated these Bylaws, he/she shall be subject to the maximum penalties provided by Section 35304 (d) of the Water Code of the State of California.

**VII.**

**AMENDMENT OR REPEAL OF BYLAWS**

These Bylaws may be repealed or amended as provided by law. These Bylaws shall at all times be consistent with the Constitution and laws of the State of California, including the provisions of Division 13 of the Water Code of the State of California, and shall be so construed. If any Bylaw is or becomes a conflict with any law of the State of California, it shall be invalid and void to the extent of such conflict. However, such invalidity shall not affect the remaining valid provisions of these Bylaws which shall continue in full force and effect.

The foregoing ~~Eighth-Ninth~~ Amendment to the Bylaws of the EL TORO WATER DISTRICT was adopted pursuant to Resolution No. ~~23-11-223-12-1~~ at Regular Meeting of the Board of Directors held on the 21st day of ~~November~~December, 2023, by the affirmative vote of all the Directors present.

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DENNIS P. CAFFERTY, Secretary  
EL TORO WATER DISTRICT and of  
the Board of Directors thereof

**Schedule I**  
**ARTICLE 1 – SECTION 2 – TERMS OF OFFICE/ELECTIONS**  
**DISTRICT BYLAWS**

	Directors	<del>NOV 2011</del>	<del>NOV 2012</del>	<del>NOV 2013</del>	<del>NOV 2014</del>	JAN 2015	NOV 2016	<del>NOV 2017</del>	JUL 2018	NOV 2018	APR 2019	<del>NOV 2019</del>	NOV 2020	<del>NOV 2021</del>	NOV 2022	<del>NOV 2023</del>	SEPT 2023	<del>NOV 2024</del>
Seat 1	Mark Monin					A	E	*		*		*	E	*	*	*		
Seat 2	Fred Adjarian																A	
Seat 3	Mike Gaskins									E		*	*	*	E	*		
Seat 4	Kay Havens										A	*	E	*	*	*		
Seat 5	Kathryn Freshley								A	E		*	*	*	E	*		

LEGEND:      A – Appointed  
                   E – Elected  
                   \* – Served

# **NINTH AMENDMENT TO BYLAWS**

## **EL TORO WATER DISTRICT**

### **A California Water District**

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#### **Schedule I Article 1 – Section 2 – Terms of Office / Elections**

The Bylaws of the El Toro Water District, a California Water District, in the County of Orange, State of California, were first duly approved by the Board of Supervisors on or about January 10, 1961, and were thereafter amended eight times, the last being May 23, 2019 (Eighth Amendment).

Said Bylaws, as last amended, are hereby amended in their entirety by this Ninth Amendment to Bylaws pursuant to Section 35220 of the Water Code of the State of California as follows:

**I.**

**BOARD OF DIRECTORS**

- 1.     Membership.** The Board of Directors of the District shall consist of five (5) Directors, elected as provided by law. Each Director shall be a resident of the District and shall be a registered voter in the County of Orange at the time of their election and/or appointment and during their term of office.
- 2.     General Authority.** The Board of Directors, except as otherwise specifically provided by law, shall manage and conduct the business and affairs of the District.
- 3.     Meetings.** Regular meetings of the Board of Directors shall be held at such time and place as may be agreed upon by resolution of the Board.
- 4.     Quorum: Votes Necessary.** Three (3) Directors shall constitute a quorum of the Board for the transaction of business. The vote of a majority of the Directors present at any meeting attended by a quorum shall be necessary and sufficient to determine any proposition or resolution presented.

5.     **Terms of Office.** The term of office of elected Directors shall be four (4) years and shall be on a staggered basis. The five (5) Directors Seats and the staggered terms of office of each seat are set forth in Schedule 1 hereto and incorporated herein by this reference.

## **II.**

### **ELECTIONS**

All general District elections shall be held in November of even-numbered years and shall be consolidated with the November statewide elections. The right to vote and the manner of the voting shall be the same as provided by the laws of the State of California.

## **III.**

### **PRINCIPAL OFFICE**

1.     The principal office of the District shall be located in Orange County, State of California, at a place designated from time to time by the Board of Directors by resolution of the Board.

2.     Until changed by resolution of the Board of Directors, the principal office of the District shall be located at 24251 Los Alisos Boulevard, Lake Forest, California 92630.

## **IV.**

### **SEAL**

The District shall have and maintain a seal, described as follows:

Two concentric circles, the outer circle being approximately one and one-half inches in diameter and the inner circle approximately one inch in diameter; with the words “EL TORO WATER DISTRICT” in the upper part of the space between the circles; with the word “CALIFORNIA” in the lower part of the space between the circles; and with the words “FORMED September 25, 1960” inside the inner circle.



**V.**  
**OFFICERS**

1. **Officers Other than Directors.** In addition to the Directors, the officers of the District shall be: President, Vice President, Treasurer, and Secretary.
2. **Elimination.** The offices of the Assessor and Tax Collector have been eliminated by appropriate Resolution on or about July 10, 1975 pursuant to Section 34711 of the Water Code of the State of California.
3. **President (Term of Office).** The term of office of the President shall be for one (1) year. The term of office of the President shall expire following the conclusion of the regular meeting of the Board of Directors in December of each year.
4. **Succession to Presidency.** The office of Vice President shall automatically succeed to the office of President when a vacancy occurs in the office of President or the current President's term of office has expired.
5. **Vice President (Election-Term of Office-Succession to Presidency).** At the Board's organizational meeting in December, the Board shall elect a Vice President whose term of office shall be for one (1) year. The President for the preceding year shall not be eligible for the Vice Presidency the following year. The term of office of the Vice President shall begin following the conclusion of the regular meeting of the Board of Directors in December of each year. The Vice President shall succeed to the office of President as provided in Article 5 herein. In the event a vacancy occurs in the office of any President before the term of said presidency has expired, the Vice President shall succeed to the office of President for the unexpired term of said presidency, in addition, to the one (1) year term regularly specified in Section V-3, had such vacancy not occurred.

6.     **Secretary.** The Secretary shall be appointed by the Board of Directors and shall serve at its pleasure. The Secretary shall have the duties and authority assigned to him/her by law and such other duties and authority, not inconsistent therewith, as shall be assigned to him/her from time to time by the Board of Directors. The Board may from time to time, appoint one or more Assistant Secretaries. Under the direction of the Board and Secretary, each such Assistant Secretary shall assist the Secretary in the performance of his/her duties and shall have such other duties and authority as shall be provided by the Board.

7.     **Treasurer.** The Treasurer shall be appointed by the Board of Directors and shall serve at its pleasure. He/she shall have duties and authority assigned to him/her by law and such other duties and authorities, not inconsistent therewith, as shall be assigned to him/her from time to time by the Board of Directors.

8.     **Compensation.** The Officers and Directors shall receive the following compensation for their services:

- (a)     The Secretary and Treasurer shall receive sums as shall be fixed by the Board.
- (b)     Each Director shall receive compensation in the amount provided by Ordinance duly adopted by Resolution of the Board pursuant to Section 20200 et seq. of the Water Code of the State of California, together with any expenses incurred in the performance of his/her duties required or authorized by law and the Board.

9.     **Employees.** The Board of Directors may employ and appoint from time to time such other officers and such agents and employees as it shall deem appropriate to carry on the business of the District. The qualifications, duties, authority, and compensation of such other officers and of such agents and employees shall be fixed by the Board of Directors.

**VI.**

**PENALTY FOR VIOLATING BYLAWS**

When it shall be deemed in the manner provided by law that any person has violated these Bylaws, he/she shall be subject to the maximum penalties provided by Section 35304 (d) of the Water Code of the State of California.

**VII.**

**AMENDMENT OR REPEAL OF BYLAWS**

These Bylaws may be repealed or amended as provided by law. These Bylaws shall at all times be consistent with the Constitution and laws of the State of California, including the provisions of Division 13 of the Water Code of the State of California, and shall be so construed. If any Bylaw is or becomes a conflict with any law of the State of California, it shall be invalid and void to the extent of such conflict. However, such invalidity shall not affect the remaining valid provisions of these Bylaws which shall continue in full force and effect.

The foregoing Ninth Amendment to the Bylaws of the EL TORO WATER DISTRICT was adopted pursuant to Resolution No. 23-12-1 at Regular Meeting of the Board of Directors held on the 21st day of December, 2023, by the affirmative vote of all the Directors present.

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DENNIS P. CAFFERTY, Secretary  
EL TORO WATER DISTRICT and of  
the Board of Directors thereof

**Schedule I**  
**ARTICLE 1 – SECTION 2 – TERMS OF OFFICE/ELECTIONS**  
**DISTRICT BYLAWS**

	Directors	JAN 2015	NOV 2016	JUL 2018	NOV 2018	APR 2019	NOV 2020	NOV 2022	SEPT 2023
Seat 1	Mark Monin	A	E		*		E	*	
Seat 2	Fred Adjarian								A
Seat 3	Mike Gaskins				E		*	E	
Seat 4	Kay Havens					A	E	*	
Seat 5	Kathryn Freshley			A	E		*	E	

LEGEND:     A – Appointed  
                   E – Elected  
                   \* – Served



## STAFF REPORT

**To: Board of Directors**

**Meeting Date: December 21, 2023**

**From: Dennis Cafferty, General Manager**

**Subject: Administrative Code Amendment**

At the November Board meeting the Board approved the initial version of the El Toro Water District Administrative Code. Staff continues to work to transition existing policies into the Administrative Code.

The current proposal moves the following existing policies to the recently created and adopted Administrative Code:

Current Policy Designation		Administrative Code Reference
1994-12 (IV)	Cash Reserve Policy	Section 5040
2022-23 (IV)	Debt Management Policy	Section 5050
2010-1 (IV)	Capitalization Policy for Capital Assets	Section 5060

The above policies incorporated in the Administrative Code represent the exact same language as the existing documents. Staff recommended changes or updates are noted as redline revisions in the proposed Administrative Code.

The revisions proposed to the District Bylaws in Agenda Item No. 5 of the December Board Meeting agenda are similarly proposed in the appropriate sections of the Administrative Code.

The language with which the Board concurred in Section 2070 – Board / Staff Relationship is also shown as a redline revision for clarity.

A redline document is included that shows only the excerpts from the Administrative Code in which changes or additions are proposed.

A clean version of the entire Administrative Code is also included for reference.

**Recommended Action:** The Board of Directors will consider adopting Resolution No. 23-12-2 which adopts the amended El Toro Water District Administrative Code.

RESOLUTION 23-12-2

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE EL TORO WATER DISTRICT  
ADOPTING THE AMENDED EL TORO WATER DISTRICT  
ADMINISTRATIVE CODE

**RESOLUTION NO. 23-12-2**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE EL TORO WATER DISTRICT  
ADOPTING THE AMENDED EL TORO WATER DISTRICT  
ADMINISTRATIVE CODE**

**WHEREAS**, the Board of Directors of the El Toro Water District adopted an Administrative Code defining the policies the El Toro Water District in November, 2021; and

**WHEREAS**, it is in the best interest of the District that the District's Administrative Code be amended in its entirety to incorporate updates to, and additional policies in, the existing Administrative Code; and

**WHEREAS**, the Board of Directors of the El Toro Water District has reviewed the Administrative Code which is incorporated herein by this reference.

**NOW THEREFORE, BE IT RESOLVED**, that the Board of Directors of the El Toro Water District does hereby adopt the Amended El Toro Water District Administrative Code effective December 21, 2023.

ADOPTED, SIGNED AND APPROVED, this 21st day of December 2023.

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KAY HAVENS, President  
El Toro Water District and of the  
Board of Directors thereof

ATTEST:

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

# ***EL TORO WATER DISTRICT***



## ***ADMINISTRATIVE CODE***

Adopted

~~November~~ December 21, 2023



## **DISTRICT**

- 1000 Principal Office
- 1010 Seal

## **BOARD OF DIRECTORS**

- 2000 General Authority
- 2010 Membership
- 2020 Terms of Office
- 2030 Elections
- 2040 Meetings
- 2050 Quorum: Votes Necessary
- 2060 Compensation
- 2070 Board Staff Relationship
- 2080 Guidelines for Board Conduct

## **BOARD OFFICERS AND EMPLOYEES**

- 3000 Officers Other Than Directors
- 3010 Elimination
- 3020 President (Term of Office)
- 3030 Succession to Presidency
- 3040 Vice President (Election – Term of Office – Succession to Presidency)
- 3050 Secretary
- 3060 Treasurer
- 3070 Employees
- 3080 District Legal Counsel
- 3090 District Auditors

## **ETHICS**

- 4000 Ethics Training

## **FINANCIAL MATTERS**

- 5000 District Claim Procedures
- 5010 Board Authorization of Fund Transfers With the District Capital Budget
- 5020 Budget Policy
- 5030 Designated Staff Credit Card Issuance / Usage Policy
- 5040 Cash Reserve Policy
- 5050 Debt Management Policy
- 5060 Capitalization Policy for Capital Assets

## BOARD OF DIRECTORS

### **§2000 GENERAL AUTHORITY**

The Board of Directors, except as otherwise provided by law, shall manage and conduct the business and affairs of the District.

### **§2010 MEMBERSHIP**

The Board of Directors of the District shall consist of five (5) Directors, elected as provided by law. Each Director shall be a resident of the District and shall be a registered voter in the County of Orange at the time of their election and/or appointment and during their term of office.

### **§2020 TERMS OF OFFICE**

The term of office of elected Directors shall be four (4) years and shall be on a staggered basis. The five (5) Directors Seats and the staggered terms of office of each are set forth in Schedule 1 hereto and incorporated herein by this reference.

	Directors	<del>NOV 2012</del>	<del>NOV 2013</del>	<del>NOV 2014</del>	JAN 2015	NOV 2016	<del>NOV 2017</del>	JUL 2018	NOV 2018	APR 2019	<del>NOV 2019</del>	NOV 2020	<del>NOV 2021</del>	NOV 2022	SEPT 2023	<del>NOV 2023</del>
Seat 1	Mark Monin				A	E	*	*	*	*	*	E	*	*	*	*
Seat 2	Fred Adjarian														A	*
Seat 3	Mike Gaskins								E	*	*	*	*	E	*	*
Seat 4	Kay Havens									A	*	E	*	*	*	*
Seat 5	Kathryn Freshley							A	E	*	*	*	*	E	*	*

LEGEND:      A - Appointed  
                  E - Elected  
                  \* - Served

### **§2030 ELECTIONS**

All general District elections shall be held in November of even-numbered years and shall be consolidated with the November statewide elections. The right to vote and the manner of the voting shall be the same as provided by the laws of the State of California.

### **§2040 MEETINGS**

Regular meetings of the Board of Directors shall be held at such time and place as may be agreed upon by resolution of the Board.

## **§2050 QUORUM: VOTES NECESSARY**

Three (3) Directors shall constitute a quorum of the Board for the transaction of business. The vote of a majority of the Directors present at any meeting attended by a quorum shall be necessary and sufficient to determine any proportion or resolution presented.

## **§2060 COMPENSATION**

The Officers and Directors shall receive the following compensation for their services:

1. The Secretary and Treasurer shall receive sums as shall be fixed by the Board.
2. Each Director shall receive compensation in the amount provided by Ordinance duly adopted by Resolution of the Board pursuant to Section 20200 et seq. of the Water Code of the State of California, together with any expenses incurred in the performance of his/her duties required or authorized by law and the Board.

## **§2070 BOARD / STAFF RELATIONSHIP**

Neither Board members nor Committee members shall give instructions to staff members ~~without prior approval of the President of the Board.~~ Any requests should be conveyed to the General Manager.

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05/16/85; R 23-12-2 12/21/23~~R 23-11-1 11/21/23~~

## **BOARD OFFICERS AND EMPLOYEES**

### **§3000 OFFICERS OTHER THAN DIRECTORS**

In addition to the Directors, the officers of the District shall be: President, Vice President, Treasurer, and Secretary.

### **§3010 ELIMINATION**

The offices of the Assessor and Tax Collector have been eliminated by appropriate Resolution on or about July 10, 1975 pursuant to Section 34711 of the Water Code of the state of California.

### **§3020 PRESIDENT (TERM OF OFFICE)**

The term of office of the President shall be for (1) one ~~calendar~~ year. The term of office of the President shall expire ~~upon following~~ the conclusion of the regular meeting of the Board of Directors in December of each year.

### **§3030 SUCCESSION TO PRESIDENCY**

The office of Vice President shall automatically succeed to the office of President when a vacancy occurs in the office of President or the current President's term of office has expired.

### **§3040 VICE PRESIDENT (ELECTION – TERM OF OFFICE – SUCCESSION TO PRESIDENCY)**

At the Board's organizational meeting in December, the Board shall elect a Vice President whose term of office shall be for (1) ~~calendar~~ year. The President for the preceding year shall not be eligible for the Vice Presidency the following year. The term of office of the Vice President shall begin following the conclusion of the ~~Regular December Board Meeting~~ regular meeting of the Board of Directors in December of each year. The Vice President shall succeed to the office of President as provided in Section 3030 herein. In the event a vacancy occurs in the office of any President before the terms of said presidency has expired, the Vice President shall succeed to the office of President for the unexpired term of said presidency, in addition, to the one (1) year term regularly specified, had such vacancy not occurred.

### **§3050 SECRETARY**

The Secretary shall be appointed by the Board of Directors and shall serve at its pleasure. The Secretary shall have the duties and authority assigned to him/her by law and such other duties and authority, not inconsistent therewith, as shall be assigned to him/her from time to time by the Board of Directors. The Board may from time to time appoint one or more Assistant Secretaries. Under the direction of the Board and Secretary, each such Assistant Secretary shall assist the Secretary in the performance of his/her duties and shall have such other duties and authority as shall be provided by the Board.

### **§3060 TREASURER**

The Treasurer shall be appointed by the Board of Directors and shall serve at its pleasure. He/she shall have duties and authority assigned to him/her by law and such other duties and authorities, not inconsistent therewith, as shall be assigned to him/her from time to time by the Board of Directors.

### **§3070 EMPLOYEES**

The Board of Directors may employ and appoint, from time to time, such other officers and such agents and employees as it shall deem appropriate to carry on the business of the District. The qualification, duties, authority, and compensation of such other officers and of such agents and employees shall be fixed by the Board of Directors.

### **§3080 DISTRICT LEGAL COUNSEL**

1. The ETWD Legal Counsel shall be the legal adviser of the District and shall perform such duties as may be prescribed by the Board.
2. Counsel shall serve at the pleasure of the Board and shall be compensated for services as authorized by the Board.
3. Legal Counsel shall be present at any regular or special meetings of the Board of Directors.
4. Minutes of Board meetings shall be reviewed by Counsel as to content and legal adequacy.
5. Counsel is to present a detailed monthly billing statement of their legal services with specificity.
6. Board members should not, as a general rule, have access to Legal Counsel. Requests should go through the Board President.
7. Administrative functions should not be included among duties of Legal Counsel, unless there is first management approval and then the action is brought to the attention of the Board.
8. The General Manager or his designated representative shall have access to the Legal Counsel when in their judgment legal advice is required.

## §5040 CASH RESERVE POLICY

The District allocates its cash and investment balances into the following reserve categories.

- Restricted Reserves
- Committed Reserves
- Assigned Reserves

### Restricted Reserves

The District is required to establish, maintain, and restrict certain Cash reserves to comply with external contractual and/or legal obligations ("Restricted Reserves"). Accordingly, the District restricts Cash from operational revenues and various other sources to fulfill the following potential Restricted Reserve obligations.

- A. Debt Covenant Reserve: Bond and Debt Indenture Agreements (including State Revolving Fund Loans) may require the District to establish and maintain certain reserve funds. These amounts may change from year to year as annual debt service requirements change, debt is retired and-or new debt is issued.
- B. Debt Project Reserve: Debt is typically issued by the District for specific projects and debt covenants may require the District to expend the debt proceeds within a certain timeframe or for the purposes identified in the Official Statement or loan document. Debt proceeds will be maintained in this Reserve until expended in compliance with the Debt Covenants.
- C. Capital Facilitiesy FeesFee Reserve: State law requires the District to establish, maintain and separately account for Capital Facility fees collected from commercial and residential developments for improvements to the District's infrastructure. Funds are held in reserve until disbursed for the designated purpose.

~~Tiered Conservation Reserve: The amount of this restricted reserve varies based upon Tier III and Tier IV water sales less the water supply and delivery rate component. This reserve is established to provide a source of revenue to fund Water Use Efficiency efforts and development of Water Supply Resources as follows:~~

- ~~1) The Water Use Efficiency program inclusive of personnel, outreach, newsletters, website support, consultant support and any other efforts dedicated to supporting, encouraging and promoting water use efficiency and water conservation.~~
- ~~2) To enhance, expand and/or add to water use efficiency rebate programs the District participates or initiates.~~
- ~~3) To fund the investigation, study, design and construction of Recycled Water Treatment and Delivery Projects.~~
- ~~4) To fund supplemental revenue as necessary to balance the revenues and operational expenses of the Recycled Water Enterprise.~~
- ~~5) To fund the investigation, study, design and construction of Supplemental Potable Water Supply Projects.~~

## **Committed Reserves**

Committed Reserves have been established by Board action and are intended to provide stability to the District's finances by establishing reserves that will be maintained unless the District is experiencing an emergency or other extreme circumstance. The Board may authorize the utilization of the Committed Reserves but a plan to replenish them will be identified when they are utilized. Any shortfalls in the Committed Reserves balances will be reported to the Board on a timely basis. The Committed Reserves include:

- A. Rate Stabilization Reserve: (7.5% to 15% of annual Operations & Maintenance expenses, excluding depreciation and interest expenses) This reserve is established to provide a source of funds when unusually wet weather or drought restrictions cause water sales to fall below levels used to prepare the budget for the year in question or when unusual conditions result in revenue shortfalls. In addition, the rate stabilization reserve will provide necessary funds in those years where budgeted revenues from all sources are not sufficient to meet budgeted expenses.
- B. ~~Operating Continuity~~Operations & Maintenance Reserve: (7.5% to 15% of annual Operations & Maintenance expenses, excluding depreciation and interest expenses) This reserve is established to provide a source of funds to ensure continual operations in challenging circumstances, such as:
  - 1) Other revenue sources fall short of expectations. (i.e. interest income, property taxes, etc.)
  - 2) Budget overages are experienced; such as the need to complete major repairs to critical operating equipment when such equipment was not scheduled for major repair.
  - 3) SOCWA operations ~~and/or capital~~ expenditures that exceed the budgeted amounts.
  - 4) Needed repairs that may be necessary to restore operations after a natural disaster. As a public agency providing a vital service to the community, the District cannot afford to be inoperable for an extended period of time.
- C. Capital Improvement Reserve: This reserve ~~is established to provide~~s a funding source for the Capital Improvement Program. In addition, the reserve serves as a source of funds to meet construction project progress payments for planned or unplanned capital ~~replacement and restoration~~improvement projects for which other financing sources are not immediately adequate. Typically, capital expenditures are funded out of the current year collections of the water, sewer and recycled water Capital ~~Facility~~e~~C~~harge. To the extent that the current year Capital ~~Facility~~e~~C~~harge collections are not sufficient to cover capital expenditures for a particular year, the District then relies on capital reserves. Based on historical expenditures and future revenues, the Capital Improvement Reserve is targeted to be \$3.0 million at the end of each fiscal year.

~~During the course of a fiscal year, the Capital Improvement Reserve will accumulate resources (primarily from Capital Facility revenues and the Carryover Capital Assigned Reserve) and pay capital expenditures for the current year Capital Improvement Program. At the end of each fiscal year, the General Manager, working with the Finance Department, will allocate any remaining capital budget to the~~

~~Carryover Capital Assigned Reserve for those projects or purchases that will be completed in future years.~~ Any funds remaining in the Capital Improvement Reserve at the end of a fiscal year greater than \$3.0 million that are not allocated to the Carryover Capital Reserve, should be allocated to future capital improvement related activities (Accumulated Capital Reserve, SOCWA Capital Reserve).

- D. ~~-Working Capital Reserve: This The Assigned Working Capital~~ Reserve is intended to provide working capital for the operations and maintenance activities of the District. This ~~Assigned~~ Reserve will fluctuate throughout the year as revenues are received and expenses and liabilities are paid. At the end of each Fiscal Year, the District's goal is to have 7.5% to 15% of annual operations and maintenance expenses, excluding depreciation and interest, in the Working Capital Assigned Reserve. The Working Capital ~~Assigned~~ Reserve is the net cash remaining after the reconciled cash balance has been allocated to all of the other Reserve Balances.

The minimum total Committed ~~reserves~~ Reserves has been set at ~~\$7,200,000~~ \$9,300,000 as noted below. Interest earned on those funds held in reserve will be deemed unreserved and be utilized as a source of revenue to meet the needs of the operating budget. If the Board of Directors authorizes the General Manager to utilize a Committed Reserve balance and the balance is less than the minimum level established by this policy, the reserves will be replenished, to the extent available, from ~~Working Capital to the extent available and then~~ operating revenues or other revenue or cash flow sources as required. If ~~Working Capital~~, operating revenues or other ~~revenue~~ revenues or cash flow sources are not immediately sufficient to replenish any reserve that has been drawn below the minimum reserve level, the General Manager shall present the Board with a plan to replenish the reserve. If, in a particular year or for multiple years, the District anticipates it will not meet the Minimum Total Committed Reserve Balance, during the budget development process, the General Manager and Chief Financial Officer will develop a plan to replenish the reserves as necessary to meet the minimum total balance and present the plan to the Board of Directors for discussion. The Committed Reserve balances shall be reported to the Board as part of the monthly financial report.

<b><u>Committed Reserves</u></b>	<b><u>Minimum Level</u></b>
Capital Improvement Reserve	\$3,000,000
Rate Stabilization Reserve	\$2,100,000
Operating Continuity Reserve	\$2,100,000
<u>Working Capital Reserve</u>	<u>\$2,100,000</u>
<b>Total</b>	<b><u><del>\$7,200,000</del> \$9,300,000</u></b>

### **Assigned Reserves**

The District has established the following three categories of Assigned Reserves:

- CIP Reserves



- Water Supply Program Reserves
- Debt Service Reserves

### CIP Reserves

~~Assigned CIP~~ Reserves consist of collected Capital Charge rate revenues or other capital funding sources that are allocated to particular purposes, including Capital capital Projectsprojects, Debt Service, and Working Capital for Operations & Maintenance.

The General Manager is authorized to create, amend, or close ~~Assigned CIP~~ Reserves provided such action does not impair any obligation that has been incurred by the District. Any remaining cash in ~~an Assigned a CIP~~ Reserve that is closed will be returned to ~~the another CIP Reserveappropriate Working Capital Assigned Reserve.~~ The following ~~Assigned CIP~~ Reserves are hereby establishedinclude:

~~A.~~

~~B.~~ Carryover Capital Projects Reserve – This ~~Assigned~~ Reserve is for capital budget items from prior years that were not completed but are intended to be completed in a future Capital Budget. The revenue for these projects was collected from the Capital Facility-Charge rates in the year in which the project was budgeted and is therefore allocated to this reserve to maintain budget funding for the project.

~~A.~~

~~C.~~ Accumulated Capital Reserve – This ~~Assigned~~ Reserve is cash that has been accumulated from capital budget items that were either cancelled or completed under budget and therefore had cash remaining at the end of the project. The Accumulated Capital ~~Assigned~~ Reserve is intended to provide resources for capital projects that may exceed their initial budget or for necessary capital projects that are unanticipated but need to be completedfunded prior to the next fiscal year budget.

~~B.~~

~~D.~~ SOCWA Capital Projects Reserve – This ~~Assigned~~ Reserve is intended to provide stability to the District's finances by accumulating cash in anticipation of future SOCWA capital obligations. The District is contractually required to pay a portion of SOCWA capital projects but in certain years the District's obligation may exceed the entire Capital Facilities revenue received in that year. ~~This AssignedThe~~ SOCWA Capital Projects Reserve accumulates cash reserves in anticipation of these future SOCWA capital obligations.

~~E.~~ 2022 Revenue Bond Projects – ~~A portion of the Restricted Reserve for the former SRF Loans was allocated to the 2022 Bond projects. This Assigned Reserve maintains these funds until they will be used for the projects.~~

~~C.~~

~~D.~~ Revenue Bond Unrestricted Reserve – This reserve accumulates cash recovered from partners in certain bond funded projects. This reserve is not subject to the timing restrictions of the Debt Project Reserve. The Revenue Bond Unrestricted Reserve will be used to supplement the Debt Project Reserve in the funding of significant infrastructure capital projects.

E. Current Year Capital Working Capital Reserve – During the course of a fiscal year, the Current Year Capital Working Capital Reserve will accumulate resources (primarily from Capital Charge revenues) and pay capital expenditures for the current year Capital Improvement Program. At the end of each fiscal year, the General Manager, working with the Finance Department, will allocate any remaining capital budget to the Carryover Capital Reserve for those projects or purchases that will be completed in future years or to other CIP Reserves as appropriate.

### **Water Supply Program Reserve**

The Water Supply Program Reserve is made up of funds collected through the District's tiered rates. The amount of this reserve varies based upon Tier III and Tier IV water sales less the water supply and delivery rate component. This reserve is established to provide a source of revenue to fund Water Use Efficiency efforts and development of Water Supply Resources as follows:

- 1) The Water Use Efficiency program inclusive of personnel, outreach, newsletters, website support, consultant support and any other efforts dedicated to supporting, encouraging and promoting water use efficiency and water conservation.
- 2) To enhance, expand and/or add to water use efficiency rebate programs the District participates or initiates.
- 3) To fund the investigation, study, design and construction of Recycled Water Treatment and Delivery Projects.
- 4) To fund supplemental revenue as necessary to balance the revenues and operational expenses of the Recycled Water Enterprise.
- 5) To fund the investigation, study, design and construction of Supplemental Potable Water Supply Projects.

### **Debt Service Reserve**

- Baker Funding Reserve – This ~~Assigned~~ Reserve accumulates a portion of the revenue generated from the Water Capital Facility Charge which is used to fund the debt associated with the Baker Water Treatment Plant project. Beginning with the 2021-2022 Budget, this amount will increase through 2025-2026 to eventually fully fund the Baker Water Treatment Plant Debt Service. This portion of the Water Capital Facility Charge revenue is accumulated in the Baker Funding Reserve to be used when the Baker Water Treatment Plant loan payments are due.

~~Operations & Maintenance Working Capital – This Assigned Reserve is intended to provide working capital for the operations and maintenance activities of the District. This Assigned Reserve will fluctuate throughout the year as revenues are received and expenses and liabilities are paid. At the end of each Fiscal Year, the District's goal is to have 7.5% to 15% of annual operations and maintenance expenses, excluding depreciation and interest, in the Working Capital Assigned Reserve. The Working Capital Assigned Reserve is the net cash remaining after the reconciled cash balance has been allocated to all of the other Reserve Balances.~~

### **Minimum Total Reserve Balance**

~~The total minimum Reserve Balance target for the District at the end of each Fiscal Year should equal the minimum balances from the Rate Stabilization, Operational Continuity, Capital Improvement, and Working Capital Reserves. If in a particular year, or for multiple years, the District anticipates it will not meet the Minimum Total Reserve Balance, during the budget development process, the General Manager and Chief Financial Officer will develop a plan to replenish the reserves as necessary to meet the minimum total balance and present the plan to the Board of Directors for discussion.~~

**Minimum Total Reserve Balance**

<del>Rate Stabilization</del>	<del>\$2,100,000</del>
<del>Operational Continuity</del>	<del>\$2,100,000</del>
<del>Working Capital</del>	<del>\$2,100,000</del>
<del>Capital Project Expenses</del>	<del>\$3,000,000</del>
<b>Total</b>	<b><u>\$9,300,000</u></b>

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~~R 94-6-1 06/16/94; R 95-2-2 02/12/95; R 96-7-1 07/18/96; R 97-6-5 07/19/97; R 98-6-1 06/18/98;  
R 99-6-1 06/17/99; R 00-6-3 06/22/00; R 01-6-2 06/21/01; R 03-4-2 04/24/03; R 04-5-1 05/27/04;  
R 06-9-1 09/28/06; R 11-3-2 03/24/11; R 12-3-1 03/22/12; R 13-3-1 03/28/13; R 15-4-1 04/23/15;  
R 16-4-1 04/28/16; R 17-3-2 03/28/17; R 20-4-1 04/20/20; R 21-5-1 05/24/21; R 22-7-1 07/25/22;  
R 23-12-2 12/21/23~~

## **§5050 DEBT MANAGEMENT POLICY**

### **POLICY STATEMENT**

This policy documents the El Toro Water District (“ETWD” or the “District”) goals for the use of debt instruments and provides guidelines for the use of debt for financing the District’s infrastructure needs. While capital programs are primarily funded by reserves in accordance with the District’s existing practice and while the District intends to limit long-term borrowing to capital improvements or projects that cannot be financed from current revenues, the District will evaluate on a case-by-case basis the merits of debt financing as part of the successful implementation of its goals and objectives.

ETWD’s primary objective when issuing debt is to respond to and provide for the infrastructure and capital project needs of its customers while ensuring that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality. The District issues debt instruments, administers District-held debt proceeds and makes debt service payments, acting with prudence, diligence, and attention to prevailing economic conditions.

ETWD will endeavor to pay for all infrastructure and other projects from a combination of current revenues, user fees (rates), use of available reserves on a pay-as-you-go basis and prudently issued debt. The pay-as-you-go method (using current revenues to pay for long-term infrastructure and other projects) may be the preferred means of financing when sufficient revenues and reserves are available as it avoids interest expense. It is ETWD’s intent to issue debt only when necessary to meet the capital improvement costs which exceed amounts reasonably available through pay-as-you-go funding, where a dedicated use-based revenue stream is attached to the project. The District believes that upon approval by its Board the issuance of debt can provide not only an equitable means of financing projects but also access to new capital that is needed for future infrastructure and project needs. Debt will be used to finance projects if: (i) there is an identified source of repayment, (ii) the debt meets the goals of equitable treatment of all customers, both current and future, including the concept of inter-generational equity, (iii) the debt is the most cost effective means available, and (iv) it is fiscally prudent, responsible, and diligent under the prevailing economic conditions.

### **1.0 PURPOSE OF POLICY**

ETWD’s debt management policy is designed to:

- A. Establish parameters for issuing debt;
- B. Provide guidance to decision makers with respect to options available to finance infrastructure and other capital projects so that the most prudent, equitable and/or cost-effective method of financing can be chosen;
- C. Document the objectives to be achieved by staff both prior to issuance and subsequent to issuance;
- D. Promote objectivity in the decision-making process; and
- E. Facilitate the financing process by establishing important policy decisions in advance.

When issuing public debt, ETWD will adhere to the following legal requirements:

- A. The state law which authorizes the issuance of the debt;
- B. The federal and state laws which govern the eligibility of the debt for tax-exempt status;
- C. The federal and state laws which govern the issuance of taxable debt; and
- D. The federal and state laws which govern disclosure, sale and trading of the debt.

## **2.0 GENERAL PROVISIONS**

- A. ETWD will provide for a periodic review of its financial performance and review its performance relative to the financial policies outlined herein. These financial policies will be taken into account during the capital planning, budgeting and rate setting process.
- B. Necessary appropriations for annual debt service requirements will be routinely included in ETWD's annual budget.
- C. The District will maintain proactive communication with the investment community, rating agencies, credit enhancers and investors, as needed and if applicable, to ensure future capital market access at the lowest possible rates.
- D. ETWD utilizes a Capital Improvement Plan ("CIP") to determine its long-term infrastructure and other project needs with a specific emphasis on the next 5 years. The District's CIP is reviewed and adjusted annually. ETWD evaluates each project in relation to established levels of reserves, current rate structure, expected asset life/replacement timeline, and available revenue sources to ensure that adequate financial resources are available to support the District's financial obligations.
- E. ETWD's Cash Reserve Policy and Investment Policy are integrated into the decision-making framework utilized in the budgeting and capital improvement planning process. As such the following principles outline the District's approach to debt management:
  - 1. ETWD will evaluate funding for each capital project on a case-by-case basis. The District will assess whether to pay for such projects from current revenues and available reserves prior to or in combination with the use of debt. In general, debt will only be issued when necessary to meet the CIP costs which exceed amounts reasonably available through pay-as-you-go funding, where a dedicated use-based revenue stream is attached to the project.
  - 2. ETWD will not issue debt to cover operating or minor routine repair and replacement needs.
  - 3. ETWD will issue debt only in the case where there is an identified source of repayment. Bonds will be issued to the extent that (i) projected existing revenues and reserves are sufficient to pay for the proposed debt service together with all existing debt service covered by such existing revenues, or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt.

4. Rates and charges will be set at adequate levels, which are fair and nondiscriminatory, to generate sufficient revenues to pay all operation and administration expenses, to maintain sufficient operating reserves, and to pay debt service costs.

### **3.0 CONDITIONS FOR DEBT ISSUANCE**

The following guidelines formally establish parameters for evaluating, issuing, and managing ETWD's debt to promote sound financial management.

In issuing debt, ETWD's objectives will be to:

- ◆ Achieve the lowest cost of capital;
- ◆ Ensure ratepayer equity;
- ◆ Maintain high credit ratings and access to credit enhancement, if applicable, and
- ◆ Preserve financial flexibility.

#### **A. Standards for Use of Debt Financing**

When appropriate, ETWD will use long-term debt financing to achieve an equitable allocation of capital costs/charges between current and future customers, to provide more manageable rates in the near and medium term, and to minimize rate volatility.

ETWD shall not construct or acquire a project if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the project throughout its expected life.

Capital projects financed through debt issuance will not be financed for a term longer than the expected useful life of the project.

#### **B. Financing Criteria**

Each debt issuance should be evaluated on an individual basis within the framework of ETWD's Long Term Finance Projection, as well as within the context of ETWD's overall financing objectives and current market conditions.

ETWD will evaluate alternative debt structures (and timing considerations) to ensure the most cost-efficient financing under prevailing market conditions.

1. *Credit Enhancement* – ETWD will consider the use of credit enhancement on a case-by-case basis if and as applicable. Only when clearly demonstrable savings can be realized shall credit enhancement be utilized.
2. *Cash-Funded Reserve vs. Surety* – If the issuance of debt requires a cash-funded Debt Service Reserve Fund, then ETWD may purchase a surety policy or replace an already existing cash-funded Debt Service Reserve Fund when deemed prudent and advantageous. ETWD may permit the use of guaranteed investment agreements for the investment of reserve funds pledged to the repayment of any ETWD debt when it is approved by the Board.
3. *Call Provisions* – In general, ETWD's securities should include optional call provisions. ETWD will avoid the sale of non-callable, long-term fixed rate bonds, absent careful evaluation of the cost and value of the call option.

4. *Additional Bonds Test/Rate Covenants* – The amount and timing of debt issuance will be planned to comply with the additional bonds tests and rate covenants outlined in the appropriate legal and financing documents, and these policies.
5. *Short-Term Debt* – ETWD may utilize short-term borrowing to serve as a bridge for anticipated revenues, construction financing or future bond issues.
6. *Variable Rate Debt* – Variable rate debt products can take various forms, ~~some~~ Some products are rolling series of short-term investments that are resold periodically and others are long-dated with adjustable interest rates. Each product is priced at the short-end of the yield curve. Variable rate debt may be appropriate for the District's portfolio, especially in an environment where increased interest earnings on invested funds offset the increased cost of variable rate debt. Variable rate debt products include variable rate demand obligations, commercial paper, and short-term notes. The District may consider the use of variable rate debt products to achieve a lower cost of borrowing or for short-term borrowing. In determining to use variable rate debt, the District will consult with its Municipal Advisor to analyze the benefits and risks associated with the variable rate debt products, including derivative products.
7. *Investment of Bond Proceeds* – Bond proceeds will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction, unless further restricted or limited in ETWD's Investment Policy. ETWD will seek to maximize investment earnings within the investment parameters set forth in the respective debt financing documentation. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision; specifically addressing arbitrage/rebate position, ~~and~~ and evaluating alternative debt structures and refunding savings on a "net" debt service basis, where appropriate.

### **C. Refinancing Outstanding Debt**

The Chief Financial Officer in consultation with the General Manager and the Board, as applicable, shall have the responsibility to evaluate potential refunding opportunities. ETWD will consider the following issues when analyzing potential refinancing opportunities:

1. *Debt Service Savings* – ETWD shall establish a target savings level greater than or equal to **3%** of the par of debt refunded on a net present value (NPV) basis for current refundings and **5%** for advance refundings. These figures will serve only as a guideline; ETWD shall evaluate each refunding opportunity on a case-by-case basis. In addition to the savings guideline, the following shall be taken into consideration:
  - The remaining time to maturity;
  - Size of the issue;
  - Current interest rate environment;
  - Annual cash flow savings; and
  - The value of the call option.

The decision to take all savings upfront or on a deferred basis will be reviewed and ultimately approved by the General Manager in consultation with the Board, as applicable.

2. *Restructuring* – ETWD may seek to refinance a bond issue on a non-economic basis, in order to restructure debt, to mitigate irregular debt service payments, accommodate revenue shortfalls, release reserve funds, or comply with and/or eliminate rate/bond covenants.
3. *Term/Final Maturity* – ETWD may consider the extension of the final maturity of the refunding bonds in order to achieve a necessary outcome, provided that such extension is legal. The term of the bonds shall not extend beyond the reasonably expected useful life of the asset being financed. ETWD may also consider shortening the final maturity of the bonds. The remaining useful life of the assets and the concept of inter-generational equity should guide these decisions.
4. *Economic versus Legal Defeasance* – When evaluating an economic versus legal defeasance, ETWD shall take into consideration both the financial impact on a net present value basis as well as the rating/credit impact. ETWD shall take all necessary steps to optimize the yield on its refunding defeasance escrows investments and avoid negative arbitrage. A defeasance escrow is efficient if the yield on the defeasance escrow is as close as possible (i.e., generally less than 100<sup>th</sup> of a basis point) to the arbitrage yield on the refunding bonds. The Chief Financial Officer will select the appropriate defeasance securities.

#### **D. Outstanding Debt Limitations**

Prior to issuance of new debt, ETWD shall consider and review the latest credit rating agency reports and guidelines, if applicable, and/or projected future credit ratings, if applicable, to ensure ETWD's financial flexibility remain at levels consistent with the most highly-rated comparable public agencies.

#### **E. Method of Issuance**

ETWD will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation. Unless otherwise recommended, the District shall issue debt through a negotiated sale.

1. *Competitive Sale* – In a competitive sale, ETWD's bonds shall be awarded to the bidder providing the lowest true interest cost ("TIC"), as long as the bid adheres to requirements set forth in the official notice of sale.
2. *Negotiated Sale* – ETWD recognizes that some bond issues are best sold through negotiation with a selected underwriter. ETWD has identified the following circumstances below in which this would likely be the case:
  - Issuance of variable rate or taxable bonds;
  - Complex structures or credit considerations (such as non-rated bonds), which require a strong pre-marketing effort;
  - Significant par value, which may limit the number of potential bidders;



- Unique/proprietary financing mechanism (such as a financing pool), or specialized knowledge of financing mechanism or process;
  - Market volatility, such that ETWD would be better served by flexibility in the timing of its sale in a changing interest rate environment;
  - When an underwriter has identified new financing opportunities or presented alternative structures that financially benefit ETWD; and
  - As a result of an underwriter's familiarity with the project/financing, that enables ETWD to take advantage of efficiency and timing considerations.
3. *Private Placement* – From time to time ETWD may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable or inefficient at the given point in time and timing considerations require that a financing be completed.

**F. Market Communication, Debt Administration and Reporting Requirements**

1. *Rating Agencies* – Once ETWD has established a credit profile, the General Manager, or his (her) designee, shall be responsible for maintaining ETWD's relationships with Standard & Poor's Rating Services, Fitch Ratings and Moody's Investors Service, as applicable. ETWD may, from time to time, choose to deal with one, two, or all of these agencies as circumstances dictate. In addition to general communication, the General Manager shall: (1) communicate with credit analysts at least once each fiscal year or as requested by the rating agencies and (2) prior to each competitive or negotiated sale, offer conference calls with agency analysts in connection with the planned sale.
2. *Observance of Debt Covenants* – The General Manager shall periodically, and at least annually, ensure that ETWD is, and is expected to remain, in compliance with all legal covenants for each debt issue.
3. *Board Communication* – The General Manager shall include in an annual report to the Board feedback from rating agencies and/or investors and the District's independent auditor regarding ETWD's financial strengths and weaknesses and recommendations for addressing any weaknesses.
4. *Continuing Disclosure* – ETWD shall remain in compliance with Rule 15c2-12(b)(5) by filing its annual financial statements and other financial and operating data for the benefit of its bondholders as covenanted in each applicable debt issue's Continuing Disclosure Agreement.
5. *Record-Keeping* – A copy of all debt-related records shall be retained at ETWD's offices. At minimum, these records shall include all official statements, bid documents, bond documents / transcripts, resolutions, trustee statements, leases, and title reports for each ETWD financing (to the extent available). To the extent possible, ETWD shall retain an electronic copy of each document.

6. *Arbitrage Rebate* – The use of bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The General Manager shall ensure that all bond proceeds and investments are tracked in a manner which facilitates accurate calculation and that if a rebate payment is due, such payment is made in a timely manner.
7. *State Reporting Requirements* – Pursuant to Government Code section 8855(k), the District will submit annual debt transparency reports for any debt for which it has submitted a report of final sale on or after January 21, 2017 every year until the later date on which the debt is no longer outstanding and the proceeds have been fully spent. Pursuant to Government Code Section 5852.1, the District shall disclose specified good faith estimates in a public meeting prior to the authorization of the issuance of debt.
8. *Internal Controls* - In order to comply with CDIAC rules and regulations promulgated pursuant to SB 1029, the following internal controls shall be followed:

The Chief Financial Officer, or duly appointed designee, and the District's designated project manager for the project shall share responsibility to assure that disbursements are made only after each request for disbursement is substantiated with appropriate invoices, requisitions and other supporting documentation. Each of the aforementioned shall thoroughly review any request for disbursement and may request further documentation as may be deemed appropriate.

Proceeds of any Debt shall be managed and accounted for in accordance with its governing documents and this Policy. No disbursements shall be made without the written approval of the Chief Financial Officer, or designee. All draw requests shall be provided to the District by the designated project manager for the project with the consent of the Chief Financial Officer, or designee. Approval shall only be provided when the Chief Financial Officer, or designee, is in receipt of all appropriate certifications with supporting invoices from suppliers and or contractors evidencing appropriate expenses in connection with the project.

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R 22-1-2 01/24/22; R 23-12-2 12/21/23

## **5060 CAPITALIZATION POLICY FOR CAPITAL ASSETS**

### **PURPOSE OF POLICY**

To establish an accounting policy for capitalizing significant capital expenses, including land purchases, land improvements, building construction and improvements, infrastructure construction and improvements, and the purchase of vehicles and equipment.

A capital asset is defined as property, infrastructure, or equipment that meets all of the following requirements:

1. The asset is tangible and complete.
2. The asset is used in the operation of the District.
3. The asset has a useful life of at least five years.
4. The asset is of significant value, as noted below.

The District will regard the purchase of software programs as fixed assets subject to this capitalization policy if those software programs meet the capitalization requirements and will depreciate the software in accordance with the depreciation procedure included in this document. Costs associated with software maintenance and customer support are considered expenditures and will not be capitalized.

Capital assets can be acquired through donation or purchase, or can be constructed or consist of significant improvements to an existing asset. The asset value for donations will be the fair market value at the time of the donation. The asset value, when purchased, will be the initial cost plus the trade-in value of any old asset given up, plus all costs related to placing the asset into operation. The cost of constructed or improved assets will include all costs of engineering, design, construction and installation. For a financed project, interest during the construction period will be capitalized.

The District will capitalize assets when the cost of the asset (including installation) is \$25,000 or more. For assets acquired or constructed by the District where the cost is less than \$25,000 for individual components but the aggregate total is \$25,000 or more, such assets will be capitalized.

### **REPAIRS AND MAINTENANCE**

Repair and maintenance expenses that keep assets in ordinary efficient operating condition and do not add to the value or prolong the life of the asset will be considered ordinary expenses. All repair and maintenance expenses should be charged to the appropriate expense account when incurred.

### **DEPRECIATION POLICY**

The "straight line" method of depreciation should be utilized to depreciate capital assets, except for land, over the estimated useful lives of the related assets principally as follows:

<b><u>Asset Category</u></b>	<b><u>Estimated Useful Life</u></b>
Building	25 to 40 years
Vehicles	5 to 25 years
Office Furniture & Equipment	5 to 10 years
Computer Software	<del>5 to 10</del> 3 to 5 years
Land Improvements	20 to 50 years
Water Facilities	
Reservoir	100 Years
Transmission & Distribution	20 to 60 years
Filtration Plant	30 to 40 years
Other Plant & Equipment	5 to 15 years
Sanitation Facilities	
Collection & Transmission	15 to 50 years
Treatment & Disposal Plant	15 to 30 years
Other Plant & Equipment	5 to 15 years

Depreciation will be calculated utilizing the “Zero-Year convention.” Under this convention, an asset is treated as though it were placed in service in the first month of the fiscal year following the year in which it was acquired or constructed. In the year the asset is disposed, a full year’s depreciation expense will be recognized.

### **DISPOSITION OF ASSETS**

When capital assets are sold or otherwise disposed of, Capital Assets should be relieved of the cost of the asset and the associated accumulated depreciation. Assets will be removed from the books and records on a periodic basis in conjunction with an updating of the capital assets books and records. The appropriate depreciation will be taken for the year of disposal.

For additional information see Policy Statement 1997-15 (IV), Disposal of Surplus Personal Property.

# ***EL TORO WATER DISTRICT***



## ***ADMINISTRATIVE CODE***

Adopted  
December 21, 2023

## **DISTRICT**

- 1000 Principal Office
- 1010 Seal

## **BOARD OF DIRECTORS**

- 2000 General Authority
- 2010 Membership
- 2020 Terms of Office
- 2030 Elections
- 2040 Meetings
- 2050 Quorum: Votes Necessary
- 2060 Compensation
- 2070 Board Staff Relationship
- 2080 Guidelines for Board Conduct

## **BOARD OFFICERS AND EMPLOYEES**

- 3000 Officers Other Than Directors
- 3010 Elimination
- 3020 President (Term of Office)
- 3030 Succession to Presidency
- 3040 Vice President (Election – Term of Office – Succession to Presidency)
- 3050 Secretary
- 3060 Treasurer
- 3070 Employees
- 3080 District Legal Counsel
- 3090 District Auditors

## **ETHICS**

- 4000 Ethics Training

## **FINANCIAL MATTERS**

- 5000 District Claim Procedures
- 5010 Board Authorization of Fund Transfers With the District Capital Budget
- 5020 Budget Policy
- 5030 Designated Staff Credit Card Issuance / Usage Policy
- 5040 Cash Reserve Policy
- 5050 Debt Management Policy
- 5060 Capitalization Policy for Capital Assets

## **DISTRICT**

### **§1000 PRINCIPAL OFFICE**

1. The principal office of the District shall be located in Orange County, State of California, at a place designated from time to time by the Board of Directors by resolution of the Board.
2. Until changed by resolution of the Board of Directors, the principal office of the District shall be located at 24251 Los Alisos Boulevard, Lake Forest, California 92630.

### **§1010 SEAL**

The District shall have and maintain a seal, described as follows:

Two concentric circles, the outer circle being approximately one and one-half inches in diameter and the inner circle approximately one inch in diameter; with the words "EL TORO WATER DISTRICT" in the upper part of the space between the circles; with the word "CALIFORNIA" in the lower part of the space between the circles; and with the words "FORMED September 25, 1960" inside the inner circle.

## **BOARD OF DIRECTORS**

### **§2000 GENERAL AUTHORITY**

The Board of Directors, except as otherwise provided by law, shall manage and conduct the business and affairs of the District.

### **§2010 MEMBERSHIP**

The Board of Directors of the District shall consist of five (5) Directors, elected as provided by law. Each Director shall be a resident of the District and shall be a registered voter in the County of Orange at the time of their election and/or appointment and during their term of office.

### **§2020 TERMS OF OFFICE**

The term of office of elected Directors shall be four (4) years and shall be on a staggered basis. The five (5) Directors Seats and the staggered terms of office of each are set forth in Schedule 1 hereto and incorporated herein by this reference.

	Directors	JAN 2015	NOV 2016	JUL 2018	NOV 2018	APR 2019	NOV 2020	NOV 2022	SEPT 2023
Seat 1	Mark Monin	A	E	*	*	*	E	*	*
Seat 2	Fred Adjarian								A
Seat 3	Mike Gaskins				E	*	*	E	*
Seat 4	Kay Havens					A	E	*	*
Seat 5	Kathryn Freshley			A	E	*	*	E	*

LEGEND:     A - Appointed  
               E - Elected  
               \* - Served

### **§2030 ELECTIONS**

All general District elections shall be held in November of even-numbered years and shall be consolidated with the November statewide elections. The right to vote and the manner of the voting shall be the same as provided by the laws of the State of California.

### **§2040 MEETINGS**

Regular meetings of the Board of Directors shall be held at such time and place as may be agreed upon by resolution of the Board.



## **§2050 QUORUM: VOTES NECESSARY**

Three (3) Directors shall constitute a quorum of the Board for the transaction of business. The vote of a majority of the Directors present at any meeting attended by a quorum shall be necessary and sufficient to determine any proportion or resolution presented.

## **§2060 COMPENSATION**

The Officers and Directors shall receive the following compensation for their services:

1. The Secretary and Treasurer shall receive sums as shall be fixed by the Board.
2. Each Director shall receive compensation in the amount provided by Ordinance duly adopted by Resolution of the Board pursuant to Section 20200 et seq. of the Water Code of the State of California, together with any expenses incurred in the performance of his/her duties required or authorized by law and the Board.

## **§2070 BOARD / STAFF RELATIONSHIP**

Neither Board members nor Committee members shall give instructions to staff members. Any requests should be conveyed to the General Manager.

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05/16/85; R 23-12-2 12/21/23

## **§2080 GUIDELINES FOR BOARD CONDUCT**

All elected or appointed officials of the El Toro Water District should be dedicated to the highest ideals of integrity and accountability to continue to earn the trust, confidence and support of the public they serve.

### **1. PURPOSE AND SCOPE**

The policy of the El Toro Water District is to maintain the highest ethical standards for its Board members. The proper operation of the District requires decisions and policy to be made within the proper channels of governmental structure, that public office not be used for personal gain, and that Board members remain objective and responsive to the needs of the public they serve. Accordingly, it is the policy of the District that Board members and District employees will maintain the highest standard of personal honesty and fairness in carrying out their duties. This policy sets forth the basic ethical standards to be followed by the Board of Directors of the El Toro Water District. The objectives of this policy are to (1) provide guidance for dealing with ethical issues, (2) heighten awareness of ethics and values as critical elements in Board members' conduct, and (3) improve ethical decision-making and values-based management.

### **2. RESPONSIBILITIES OF PUBLIC OFFICE**

Board members are obligated to uphold the Constitution of the United States and the Constitution of the State of California. Board members will comply with applicable laws regulating their conduct, including conflict of interest, financial disclosure and open government laws. Board members will strive to work in cooperation with other public officials unless prohibited from so doing by law or officially recognized confidentiality of their work.

### **3. FAIR AND EQUAL TREATMENT**

Board members, in the performance of their official duties and responsibilities, will not discriminate against or harass any person on the basis of race, religion, color, creed, age, marital status, national origin, ancestry, gender, sexual orientation, medical condition or disability. A Board member will not grant any special consideration, treatment or advantage to any person or group beyond that which is available to every other person or group in similar circumstances.

### **4. PROPER USE AND SAFEGUARDING OF DISTRICT PROPERTY AND RESOURCES**

Except as specifically authorized, a Board member will not use or permit the use of District-owned vehicles, equipment, telephones, materials or property for personal benefit or profit. A Board member will not ask or require a District employee to perform services for the personal benefit or profit of a Board member or employee. Each Board member must protect and properly use any District asset within his or her control, including information recorded on paper or in electronic form. Board members will safeguard District property, equipment, moneys and assets against unauthorized use or removal, as well as from loss due to criminal act or breach of trust.

### **5. USE OF CONFIDENTIAL INFORMATION**

A Director is not authorized, without approval of the Board of Directors, to disclose information that qualifies as confidential information under applicable provisions of law to a person not authorized to receive it, that (1) has been received for, or during, a closed session meeting of the Board, (2) is protected from disclosure under the attorney/client or other evidentiary privilege, or (3) is not required to be disclosed under the California Public Records Act.

This section does not prohibit any of the following: (1) making a confidential inquiry or complaint to a district attorney or grand jury concerning a perceived violation of law, including disclosing facts to a district attorney or grand jury that are necessary to establish the alleged illegality of an action taken by the District, an elected official or employee, (2) expressing an opinion concerning the propriety or legality of actions taken by the District in closed session, including disclosure of the nature and extent of the allegedly illegal action, or (3) disclosing information acquired by being present in a closed session that is not confidential information. Prior to disclosing confidential information pursuant to (1) or (2), above, however, a Board member will first bring the matter to the attention of either the President of the Board or the full Board, to provide the Board an opportunity to cure an alleged violation.

A Director who willfully and knowingly discloses for pecuniary gain confidential information received by him or her in the course of his or her official duties may be guilty of a misdemeanor under Government Code Section 1098.

### **6. CONFLICT OF INTEREST**

A Board member will not have a financial interest in a contract with the District or be a purchaser at a sale by the District or a vendor at a purchase made by the District, unless the Board member's participation was authorized under Government Code Sections 1091 or 1091.5, or other provisions of law. A Board member will not participate

in the discussion, deliberation or vote on a matter before the Board of Directors, or in any way attempt to use his or her official position to influence a decision of the Board, if he or she has a prohibited interest with respect to the matter, as defined in the Political Reform Act, Government Code Sections 81000, and following, relating to conflicts of interest. Generally, a Director has a financial interest in a matter if it is reasonable foreseeable that the Board decision would have a material financial effect (as defined by Fair Political Practices Commission (FPPC) regulations) that is distinguishable from the effect on the public generally on (a) a business entity in which the Director has direct or indirect investment in the amount specified in FPPC regulations; (b) real property in which the Director has a direct or indirect investment interest, with a worth in the amount specified in FPPC regulations; (c) a source of income of the Director in the amount specified in FPPC regulations, within 12 months before the Board decision; (d) a source of gifts to the Director in an amount specified in FPPC regulations within 12 months before the Board decision; or (e) a business entity in which the Director holds a position as a director, trustee, officer, partner, manager or employee. An "indirect interest" means any investment or interest owned by the spouse or dependent child of the Director, by an agent on behalf of the Director, or by a business entity or trust in which the Director, or the Director's spouse, dependent child or agent, owns directly, indirectly or beneficially a 10 percent interest or greater. An elected official will not accept honoraria, or gifts that exceed the limitations specified in the Fair Political Practices Act or FPPC regulations. Board members will report all gifts, campaign contributions, income and financial information as required under the District's Conflict of Interest Code and the provisions of the Fair Political Practices Act and FPPC regulations. (Government Code Sections 87100 and following.)

If a member of the Board believes that he or she may be disqualified from participation in the discussion, deliberations or vote on a particular matter due to a conflict of interest, the following procedure will be followed: (a) if the Director becomes aware of the potential conflict of interest before the Board meeting at which the matter will be discussed or acted on, the Director will notify the District's General Manager and the District's legal counsel of the potential conflict of interest, so that a determination can be made whether it is a disqualifying conflict of interest; (b) if it is not possible for the Director to discuss the potential conflict with the General Manager and the District's legal counsel before the meeting, or if the Director does not become aware of the potential conflict until during the meeting, the Director will immediately disclose the potential conflict during the Board meeting, so that there can be a determination whether it is a disqualifying conflict of interest; and (c) upon a determination that there is a disqualifying conflict of interest, the Director (1) will not participate in the discussion, deliberation or vote on the matter for which a conflict of interest exists, which will be so noted in the Board minutes, and (2) leave the room until after the discussion, vote and any other disposition of the matter is concluded, unless the matter has been placed on the portion of the agenda reserved for uncontested matters. The Director may speak on an uncontested matter during the time the general public speaks on the issue.

A Board member will not recommend the employment of a relative by the District. A Board member will not recommend the employment of a relative to any person known by the Board member to be bidding for or negotiating a contract with the District.

A Board member who knowingly asks for, accepts or agrees to receive any gift, reward or promise thereof for doing an official act, except as may be authorized by law, may be guilty of a misdemeanor under Penal Code Section 70.

## **7. SOLICITING POLITICAL CONTRIBUTIONS**

Board members are prohibited from soliciting political funds or contributions at District facilities, or from District employees. A Board member will not accept, solicit or direct a political contribution from (a) District employees, officers, consultants or contractors, and (b) vendors and consultants who have a material financial interest in a contract or other matter while that contract or other matter is pending before the District. A Director will not use the District seal, trademark, stationery or other indicia of the District identity, or facsimile thereof, in any solicitation for political contributions contrary to state or federal laws.

## **8. INCOMPATIBLE OFFICES**

Any Board member appointed or elected to a public office of another public entity, the duties of which may require action contradictory or inconsistent with the interests of the first entity, will resign from the former office.

## **9. IMPROPER ACTIVITIES AND THE REPORTING OF SUCH ACTIVITIES; PROTECTION OF "WHISTLE BLOWERS"**

The General Manager has primary responsibility for (1) ensuring compliance with the District Employee Handbook, and ensuring that District employees do not engage in improper activities, (2) investigating allegations of improper activities, and (3) taking appropriate corrective and disciplinary actions. The Board has a duty to ensure that the General Manager is operating the District according to law and the policies approved by the Board. Board members are encouraged to fulfill their obligation to the public and the District by disclosing to the General Manager to the extent not expressly prohibited by law, improper activities within their knowledge. Board members will not interfere with the General Manager's responsibilities in identifying, investigating and correcting improper activities, unless the Board determines that the General Manager is not properly carrying out these responsibilities.

A Board member will not directly or indirectly use or attempt to use the authority or influence of his or her position for the purpose of intimidating, threatening, coercing, commanding or influencing any other person for the purpose of preventing such person from acting in good faith or report or otherwise bring to the attention of the General Manager or the Board any information that, if true, would constitute: a work-related violation by a Board member or District employee of any law or regulation, gross waste of District funds, gross abuse of authority, a specified and substantial danger to public health or safety due to an act or omission of a District official or employee, use of a District office or position or of District resources for personal gain, or a conflict of interest of a District Board member or District employee.

A Board member will not use or threaten to use any official authority or influence to effect any action as a reprisal against a District Board member or District employee who reports or otherwise brings to the attention of the General Manager any information regarding the subjects described in this section.

## **10. COMPLIANCE WITH THE BROWN ACT**

The members of the Board of Directors, and persons elected but who have not yet assumed office as members of the Board, will fully comply with the provisions of the State's open meeting law for public agencies (the Brown Act).

## **11. CANDIDATE'S STATEMENT**

A Board member will not include false or misleading information in a candidate's statement for a general District election filed pursuant to Section 13307 of the Elections Code.

## **12. VIOLATION OF POLICY**

A perceived violation of this policy by a Board member should be referred to the President of the Board or the full Board of Directors for investigation, and consideration of any appropriate action warranted. A violation of this policy may be addressed by the use of such remedies as are available by law to the District, including but not limited to: (a) adoption of a resolution expressing disapproval of the conduct of the Board member who has violated this policy, (b) injunctive relief, or (c) referral of the violation to the District Attorney and/or the Grand Jury.

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09/28/06; R 23-11-1 11/21/23

## **BOARD OFFICERS AND EMPLOYEES**

### **§3000 OFFICERS OTHER THAN DIRECTORS**

In addition to the Directors, the officers of the District shall be: President, Vice President, Treasurer, and Secretary.

### **§3010 ELIMINATION**

The offices of the Assessor and Tax Collector have been eliminated by appropriate Resolution on or about July 10, 1975 pursuant to Section 34711 of the Water Code of the state of California.

### **§3020 PRESIDENT (TERM OF OFFICE)**

The term of office of the President shall be for (1) one year. The term of office of the President shall expire following the conclusion of the regular meeting of the Board of Directors in December of each year.

### **§3030 SUCCESSION TO PRESIDENCY**

The office of Vice President shall automatically succeed to the office of President when a vacancy occurs in the office of President or the current President's term of office has expired.

### **§3040 VICE PRESIDENT (ELECTION – TERM OF OFFICE – SUCCESSION TO PRESIDENCY)**

At the Board's organizational meeting in December, the Board shall elect a Vice President whose term of office shall be for (1) year. The President for the preceding year shall not be eligible for the Vice Presidency the following year. The term of office of the Vice President shall begin following the conclusion of the regular meeting of the Board of Directors in December of each year. The Vice President shall succeed to the office of President as provided in Section 3030 herein. In the event a vacancy occurs in the office of any President before the terms of said presidency has expired, the Vice President shall succeed to the office of President for the unexpired term of said presidency, in addition, to the one (1) year term regularly specified, had such vacancy not occurred.

### **§3050 SECRETARY**

The Secretary shall be appointed by the Board of Directors and shall serve at its pleasure. The Secretary shall have the duties and authority assigned to him/her by law and such other duties and authority, not inconsistent therewith, as shall be assigned to him/her from time to time by the Board of Directors. The Board may from time to time appoint one or more Assistant Secretaries. Under the direction of the Board and Secretary, each such Assistant Secretary shall assist the Secretary in the performance of his/her duties and shall have such other duties and authority as shall be provided by the Board.

### **§3060 TREASURER**

The Treasurer shall be appointed by the Board of Directors and shall serve at its pleasure. He/she shall have duties and authority assigned to him/her by law and such other duties and authorities, not inconsistent therewith, as shall be assigned to him/her from time to time by the Board of Directors.

### **§3070 EMPLOYEES**

The Board of Directors may employ and appoint, from time to time, such other officers and such agents and employees as it shall deem appropriate to carry on the business of the District. The qualification, duties, authority, and compensation of such other officers and of such agents and employees shall be fixed by the Board of Directors.

### **§3080 DISTRICT LEGAL COUNSEL**

1. The ETWD Legal Counsel shall be the legal adviser of the District and shall perform such duties as may be prescribed by the Board.
2. Counsel shall serve at the pleasure of the Board and shall be compensated for services as authorized by the Board.
3. Legal Counsel shall be present at any regular or special meetings of the Board of Directors.
4. Minutes of Board meetings shall be reviewed by Counsel as to content and legal adequacy.
5. Counsel is to present a detailed monthly billing statement of their legal services with specificity.
6. Board members should not, as a general rule, have access to Legal Counsel. Requests should go through the Board President.
7. Administrative functions should not be included among duties of Legal Counsel, unless there is first management approval and then the action is brought to the attention of the Board.
8. The General Manager or his designated representative shall have access to the Legal Counsel when in their judgment legal advice is required.

### **§3090 DISTRICT AUDITORS**

To ensure the integrity of the District's books and records and that they are maintained in accordance with Generally Accepted Accounting Principles and applicable State Law, the District will have its books and records audited annually by a firm of Certified Public Accountants. For purposes of independence and to take advantage of fresh and new prospective, it is the policy of the District that no firm serves as District auditors more than five consecutive years.

The Audit Committee of the Board of Directors will be vested with the responsibility of recommending the selection of an auditing firm to the Board, meeting with the District's auditing firm periodically to review reports and acting as the Board's primary contact with the auditing firm.

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R 03-4-2 04/24/03; R 23-11-1 11/21/23



## **§4000 ETHICS TRAINING**

### **1. PURPOSE**

- a. All Directors of the District shall receive two hours of training in general ethics principles and ethics laws relevant to public service within one year of election or appointment to the Board of Directors and at least once every two years thereafter, pursuant to Government Code Sections 53234 and 53235.2.
- b. This policy shall apply to members of all commissions, committees and other bodies of the District that are subject to the Ralph M. Brown Open Meeting Act.
- c. This policy shall also apply to the District's Legal Counsel and all staff members required in the District's Conflict Interest Code to file Form 700 with the Clerk of the Board of Supervisors of Orange County.

### **2. POLICY**

- a. All ethics training shall be provided by entities whose curricula have been approved by the California Attorney General and the Fair Political Practices Commission.
- b. Directors shall obtain proof of participation after completing the ethics training.
- c. District staff shall maintain records indicating both the dates that directors completed the ethics training and the name of the entity that provided the training. These records shall be maintained for at least five years after Directors receive the training and are public records subject to disclosure under the California Public Records Act.
- d. District staff shall provide the Board of Directors with information on available training that meets the requirements of this policy at least once every year.
- e. Ethics training may consist of either a training course or a set of self-study materials with tests, and may be taken at home, in person or online.
- f. Any director of the District that serves on the board of another agency is only required to take the training once every two years.

## **FINANCIAL MATTERS**

### **§5000 DISTRICT CLAIM PROCEDURES**

In order to provide uniform handling of all claims against the District, the following procedures shall generally be followed:

1. Upon the occurrence of an event potentially leading to a cause of action against the District, the following action shall be taken:
  - a. The District's Administrative staff shall cause an incident report, identifying details of the claim, to be prepared and forwarded to the offices of JPIA, and the District's Legal Counsel.
  - b. The District's Legal Counsel, after first consulting with the District's General Manager, or their delegate, shall notify the potential claimant of the fact that the District is a public entity and of the necessity to follow the statutory claim procedures.
2. As a general rule, the District's Board of Directors will not take any action on claims that are filed. Instead, the District's Administrative staff shall forward said claims to JPIA for their appropriate handling of same. The District's Administrative Staff shall also forward copies of claims to the District's Legal Counsel.

Accordingly, at the expiration of 45-days following the presentation of any claim to the District, and in the event the Board has not acted on said claim, the District's Legal Counsel shall notify the claimant that said claim is deemed rejected by operation of law and shall provide the necessary warnings pursuant to Government Code Section 913.

3. The District's Administrative staff shall provide the Board of Directors with a quarterly status report on claims activities.

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R 91-08-1 08/15/91; R 92-10-2 10/15/92; R 03-04-2 04/24/03; R 23-11-1 11/21/23

### **§5010 BOARD AUTHORIZATION OF FUND TRANSFERS WITH THE DISTRICT CAPITAL BUDGET**

Occasionally, after the Annual Capital Budget has been adopted by the Board of Directors, the need arises to allocate funds to projects or equipment whose priority has increased or was not contemplated when the budget was adopted. When this occurs for projects or equipment costs that exceed the General Manager's purchasing authority, staff may demonstrate to the Board that funds are available by utilizing a combination of surplus funds from jobs completed during the current budget year or by the utilization of Accumulated Capital reserves. If staff is unable to reallocate funds between current projects or reserves, the Board may consider revising the adopted budget.

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R 92-10-2 10/15/92; R 23-11-1 11/21/23

## **§5020 BUDGET POLICY**

There shall be prepared, under the direction of the General Manager, a final draft Budget which shall be submitted to the Board subsequent to review and discussion of same during two Standing Ad-Hoc Budget Committee Meetings consisting of two Board Members appointed by the President and a Budget Workshop consisting of the full Board. The proposed Budget shall indicate all anticipated expenses and required reserves. The proposed Budget shall also indicate the source of all revenues to be used to meet such expenses and provide such reserves.

After considering the proposed budget and making any revisions thereto that it may deem advisable, the Board shall adopt the Budget before the beginning of the fiscal year to which the budget applies.

The adoption of the Budget shall have no effect upon appropriations for capital projects/equipment except the amount provided in the proposed Budget for same with an estimated unit cost of \$50,000 or under shall be deemed to be appropriated from the funds indicated in the Budget.

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R 94-5-4 05/19/94; R 03-4-2 04/24/03; R 18-3-2 03/22/18; R 23-11-1 11/21/23

## **§5030 DESIGNATED STAFF CREDIT CARD ISSUANCE/USAGE POLICY**

The District will issue District credit cards to designated administrative and operations staff inclusive of the General Manager, Assistant General Manager, Human Resources Manager, Chief Financial Officer, Purchasing Agent, Executive Assistant, IT Manager, Operations Superintendent, and the Public Affairs Manager. The credit cards are the property of the District and are to be used for authorized District expenditures as outlined below. The credit cards are issued in the name of the designated administrative and operations staff and are not to be loaned or otherwise used by any other individual. Upon termination of employment or at the discretion of the General Manager, District credit cards will be returned to the District and cancelled.

The credit cards are issued as a convenient means for the recipients to pay for otherwise authorized expenditures. Possession of a District credit card is not in and of itself authorization for expenditures.

Designated administrative and operations staff may use the credit cards for authorized expenditures within their respective spending limits, including the limitations placed on the credit card or with proper prior approval within any approved category or expense classification. Documentation is required for all credit card expenditures. At a minimum, documentation will include a copy of the bill or charge, proof of receipt if goods are involved and an explanation of the nature of the expenditure along with the proper general ledger classification. For expenditures, which require pre-approval, the approved administrative or field requisition should be attached. All documentation must be turned into the Accounts Payable department monthly. Expenditures without documentation will be treated as personal charges.

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R 02-5-1 05/16/02; R 06-3-1 03/23/06; R 16-4-2 04/28/16; R 23-11-1 11/21/23

## **§5040 CASH RESERVE POLICY**

The District allocates its cash and investment balances into the following reserve categories.

- Restricted Reserves
- Committed Reserves
- Assigned Reserves

### **Restricted Reserves**

The District is required to establish, maintain, and restrict certain Cash reserves to comply with external contractual and/or legal obligations ("Restricted Reserves"). Accordingly, the District restricts Cash from operational revenues and various other sources to fulfill the following potential Restricted Reserve obligations.

- Debt Covenant Reserve: Bond and Debt Indenture Agreements (including State Revolving Fund Loans) may require the District to establish and maintain certain reserve funds. These amounts may change from year to year as annual debt service requirements change, debt is retired or new debt is issued.
- Debt Project Reserve: Debt is typically issued by the District for specific projects and debt covenants may require the District to expend the debt proceeds within a certain timeframe or for the purposes identified in the Official Statement or loan document. Debt proceeds will be maintained in this Reserve until expended in compliance with the Debt Covenants.
- Capital Facilities Fee Reserve: State law requires the District to establish, maintain and separately account for Capital Facility fees collected from commercial and residential developments for improvements to the District's infrastructure. Funds are held in reserve until disbursed for the designated purpose.

### **Committed Reserves**

Committed Reserves have been established by Board action and are intended to provide stability to the District's finances by establishing reserves that will be maintained unless the District is experiencing an emergency or other extreme circumstance. The Board may authorize the utilization of the Committed Reserves but a plan to replenish them will be identified when they are utilized. Any shortfalls in the Committed Reserves balances will be reported to the Board on a timely basis. The Committed Reserves include:

- Rate Stabilization Reserve: (7.5% to 15% of annual Operations & Maintenance expenses, excluding depreciation and interest expenses) This reserve is established to provide a source of funds when unusually wet weather or drought restrictions cause water sales to fall below levels used to prepare the budget for the year in question or when unusual conditions result in revenue shortfalls. In addition, the rate stabilization reserve will provide necessary funds in those years where budgeted revenues from all sources are not sufficient to meet budgeted expenses.
- Operations & Maintenance Reserve: (7.5% to 15% of annual Operations & Maintenance expenses, excluding depreciation and interest expenses) This reserve is established to provide a source of funds to ensure continual operations in challenging circumstances, such as:

- 1) Other revenue sources fall short of expectations. (i.e. interest income, property taxes, etc.)
- 2) Budget overages are experienced; such as the need to complete major repairs to critical operating equipment when such equipment was not scheduled for major repair.
- 3) SOCWA operations expenditures that exceed the budgeted amounts.
- 4) Needed repairs that may be necessary to restore operations after a natural disaster. As a public agency providing a vital service to the community, the District cannot afford to be inoperable for an extended period of time.

C. Capital Improvement Reserve: This reserve provides a funding source for the Capital Improvement Program. In addition, the reserve serves as a source of funds to meet construction project progress payments for planned or unplanned capital improvement projects for which other financing sources are not immediately adequate. Typically, capital expenditures are funded out of the current year collections of the water, sewer and recycled water Capital Charge. To the extent that the current year Capital Charge collections are not sufficient to cover capital expenditures for a particular year, the District then relies on capital reserves. Based on historical expenditures and future revenues, the Capital Improvement Reserve is targeted to be \$3.0 million at the end of each fiscal year.

Any funds remaining in the Capital Improvement Reserve at the end of a fiscal year greater than \$3.0 million that are not allocated to the Carryover Capital Reserve, should be allocated to future capital improvement related activities (Accumulated Capital Reserve, SOCWA Capital Reserve).

D. Working Capital Reserve: The Working Capital Reserve is intended to provide working capital for the operations and maintenance activities of the District. This Reserve will fluctuate throughout the year as revenues are received and expenses and liabilities are paid. At the end of each Fiscal Year, the District's goal is to have 7.5% to 15% of annual operations and maintenance expenses, excluding depreciation and interest, in the Working Capital Assigned Reserve. The Working Capital Reserve is the net cash remaining after the reconciled cash balance has been allocated to all of the other Reserve Balances.

The minimum total Committed Reserves has been set at \$9,300,000 as noted below. Interest earned on those funds held in reserve will be deemed unreserved and be utilized as a source of revenue to meet the needs of the operating budget. If the Board of Directors authorizes the General Manager to utilize a Committed Reserve balance and the balance is less than the minimum level established by this policy, the reserves will be replenished, to the extent available, from operating revenues or other revenue or cash flow sources as required. If operating revenues or other revenues or cash flow sources are not immediately sufficient to replenish any reserve that has been drawn below the minimum reserve level, the General Manager shall present the Board with a plan to replenish the reserve. If, in a particular year or for multiple years, the District anticipates it will not meet the Minimum Total Committed Reserve Balance, during the budget development process, the General Manager and Chief Financial Officer will develop a plan to replenish the reserves as necessary to meet the minimum total balance and present the plan to the Board of Directors for discussion. The Committed Reserve balances shall be reported to the Board as part of the monthly financial report.

<b><u>Committed Reserves</u></b>	<b><u>Minimum Level</u></b>
Capital Improvement Reserve	\$3,000,000
Rate Stabilization Reserve	\$2,100,000
Operating Continuity Reserve	\$2,100,000
Working Capital Reserve	\$2,100,000
<b>Total</b>	<b>\$9,300,000</b>

### **Assigned Reserves**

The District has established the following three categories of Assigned Reserves:

- CIP Reserves
- Water Supply Program Reserves
- Debt Service Reserves

### **CIP Reserves**

CIP Reserves consist of collected Capital Charge rate revenues or other capital funding sources that are allocated to capital projects.

The General Manager is authorized to create, amend, or close CIP Reserves provided such action does not impair any obligation that has been incurred by the District. Any remaining cash in a CIP Reserve that is closed will be returned to another CIP Reserve. The following CIP Reserves include:

- A. Carryover Capital Projects Reserve – This Reserve is for capital budget items from prior years that were not completed but are intended to be completed in a future Capital Budget. The revenue for these projects was collected from the Capital Charge rates in the year in which the project was budgeted and is therefore allocated to this reserve to maintain budget funding for the project.
- B. Accumulated Capital Reserve – This Reserve is cash that has been accumulated from capital budget items that were either cancelled or completed under budget and therefore had cash remaining at the end of the project. The Accumulated Capital Reserve is intended to provide resources for capital projects that may exceed their initial budget or for necessary capital projects that are unanticipated but need to be funded prior to the next fiscal year budget.
- C. SOCWA Capital Projects Reserve – This Reserve is intended to provide stability to the District's finances by accumulating cash in anticipation of future SOCWA capital obligations. The District is contractually required to pay a portion of SOCWA capital projects but in certain years the District's obligation may exceed the entire Capital Facilities revenue received in that year. The SOCWA Capital Projects Reserve accumulates cash reserves in anticipation of these future SOCWA capital obligations.

- D. Revenue Bond Unrestricted Reserve – This reserve accumulates cash recovered from partners in certain bond funded projects. This reserve is not subject to the timing restrictions of the Debt Project Reserve. The Revenue Bond Unrestricted Reserve will be used to supplement the Debt Project Reserve in the funding of significant infrastructure capital projects.
- E. Current Year Capital Working Capital Reserve – During the course of a fiscal year, the Current Year Capital Working Capital Reserve will accumulate resources (primarily from Capital Charge revenues) and pay capital expenditures for the current year Capital Improvement Program. At the end of each fiscal year, the General Manager, working with the Finance Department, will allocate any remaining capital budget to the Carryover Capital Reserve for those projects or purchases that will be completed in future years or to other CIP Reserves as appropriate.

### **Water Supply Program Reserve**

The Water Supply Program Reserve is made up of funds collected through the District's tiered rates. The amount of this reserve varies based upon Tier III and Tier IV water sales less the water supply and delivery rate component. This reserve is established to provide a source of revenue to fund Water Use Efficiency efforts and development of Water Supply Resources as follows:

- 1) The Water Use Efficiency program inclusive of personnel, outreach, newsletters, website support, consultant support and any other efforts dedicated to supporting, encouraging and promoting water use efficiency and water conservation.
- 2) To enhance, expand and/or add to water use efficiency rebate programs the District participates or initiates.
- 3) To fund the investigation, study, design and construction of Recycled Water Treatment and Delivery Projects.
- 4) To fund supplemental revenue as necessary to balance the revenues and operational expenses of the Recycled Water Enterprise.
- 5) To fund the investigation, study, design and construction of Supplemental Potable Water Supply Projects.

### **Debt Service Reserve**

Baker Funding Reserve – This Reserve accumulates a portion of the revenue generated from the Water Capital Facility Charge which is used to fund the debt associated with the Baker Water Treatment Plant project. Beginning with the 2021-2022 Budget, this amount will increase through 2025-2026 to eventually fully fund the Baker Water Treatment Plant Debt Service. This portion of the Water Capital Facility Charge revenue is accumulated in the Baker Funding Reserve to be used when the Baker Water Treatment Plant loan payments are due.

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R 94-6-1 06/16/94; R 95-2-2 02/12/95; R 96-7-1 07/18/96; R 97-6-5 07/19/97; R 98-6-1 06/18/98;  
R 99-6-1 06/17/99; R 00-6-3 06/22/00; R 01-6-2 06/21/01; R 03-4-2 04/24/03; R 04-5-1 05/27/04;  
R 06-9-1 09/28/06; R 11-3-2 03/24/11; R 12-3-1 03/22/12; R 13-3-1 03/28/13; R 15-4-1 04/23/15;  
R 16-4-1 04/28/16; R 17-3-2 03/28/17; R 20-4-1 04/20/20; R 21-5-1 05/24/21; R 22-7-1 07/25/22;  
R 23-12-2 12/21/23

## **§5050 DEBT MANAGEMENT POLICY**

### **POLICY STATEMENT**

This policy documents the El Toro Water District (“ETWD” or the “District”) goals for the use of debt instruments and provides guidelines for the use of debt for financing the District’s infrastructure needs. While capital programs are primarily funded by reserves in accordance with the District’s existing practice and while the District intends to limit long-term borrowing to capital improvements or projects that cannot be financed from current revenues, the District will evaluate on a case-by-case basis the merits of debt financing as part of the successful implementation of its goals and objectives.

ETWD’s primary objective when issuing debt is to respond to and provide for the infrastructure and capital project needs of its customers while ensuring that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality. The District issues debt instruments, administers District-held debt proceeds and makes debt service payments, acting with prudence, diligence, and attention to prevailing economic conditions.

ETWD will endeavor to pay for all infrastructure and other projects from a combination of current revenues, user fees (rates), use of available reserves on a pay-as-you-go basis and prudently issued debt. The pay-as-you-go method (using current revenues to pay for long-term infrastructure and other projects) may be the preferred means of financing when sufficient revenues and reserves are available as it avoids interest expense. It is ETWD’s intent to issue debt only when necessary to meet the capital improvement costs which exceed amounts reasonably available through pay-as-you-go funding, where a dedicated use-based revenue stream is attached to the project. The District believes that upon approval by its Board the issuance of debt can provide not only an equitable means of financing projects but also access to new capital that is needed for future infrastructure and project needs. Debt will be used to finance projects if: (i) there is an identified source of repayment, (ii) the debt meets the goals of equitable treatment of all customers, both current and future, including the concept of inter-generational equity, (iii) the debt is the most cost effective means available, and (iv) it is fiscally prudent, responsible, and diligent under the prevailing economic conditions.

### **1.0 PURPOSE OF POLICY**

ETWD’s debt management policy is designed to:

- A. Establish parameters for issuing debt;
- B. Provide guidance to decision makers with respect to options available to finance infrastructure and other capital projects so that the most prudent, equitable and/or cost-effective method of financing can be chosen;
- C. Document the objectives to be achieved by staff both prior to issuance and subsequent to issuance;
- D. Promote objectivity in the decision-making process; and
- E. Facilitate the financing process by establishing important policy decisions in advance.



When issuing public debt, ETWD will adhere to the following legal requirements:

- A. The state law which authorizes the issuance of the debt;
- B. The federal and state laws which govern the eligibility of the debt for tax-exempt status;
- C. The federal and state laws which govern the issuance of taxable debt; and
- D. The federal and state laws which govern disclosure, sale and trading of the debt.

## **2.0 GENERAL PROVISIONS**

- A. ETWD will provide for a periodic review of its financial performance and review its performance relative to the financial policies outlined herein. These financial policies will be taken into account during the capital planning, budgeting and rate setting process.
- B. Necessary appropriations for annual debt service requirements will be routinely included in ETWD's annual budget.
- C. The District will maintain proactive communication with the investment community, rating agencies, credit enhancers and investors, as needed and if applicable, to ensure future capital market access at the lowest possible rates.
- D. ETWD utilizes a Capital Improvement Plan ("CIP") to determine its long-term infrastructure and other project needs with a specific emphasis on the next 5 years. The District's CIP is reviewed and adjusted annually. ETWD evaluates each project in relation to established levels of reserves, current rate structure, expected asset life/replacement timeline, and available revenue sources to ensure that adequate financial resources are available to support the District's financial obligations.
- E. ETWD's Cash Reserve Policy and Investment Policy are integrated into the decision-making framework utilized in the budgeting and capital improvement planning process. As such the following principles outline the District's approach to debt management:
  - 1. ETWD will evaluate funding for each capital project on a case-by-case basis. The District will assess whether to pay for such projects from current revenues and available reserves prior to or in combination with the use of debt. In general, debt will only be issued when necessary to meet the CIP costs which exceed amounts reasonably available through pay-as-you-go funding, where a dedicated use-based revenue stream is attached to the project.
  - 2. ETWD will not issue debt to cover operating or minor routine repair and replacement needs.

3. ETWD will issue debt only in the case where there is an identified source of repayment. Bonds will be issued to the extent that (i) projected existing revenues and reserves are sufficient to pay for the proposed debt service together with all existing debt service covered by such existing revenues, or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt.
4. Rates and charges will be set at adequate levels, which are fair and nondiscriminatory, to generate sufficient revenues to pay all operation and administration expenses, to maintain sufficient operating reserves, and to pay debt service costs.

### **3.0 CONDITIONS FOR DEBT ISSUANCE**

The following guidelines formally establish parameters for evaluating, issuing, and managing ETWD's debt to promote sound financial management.

In issuing debt, ETWD's objectives will be to:

- ◆ Achieve the lowest cost of capital;
- ◆ Ensure ratepayer equity;
- ◆ Maintain high credit ratings and access to credit enhancement, if applicable, and
- ◆ Preserve financial flexibility.

#### **A. Standards for Use of Debt Financing**

When appropriate, ETWD will use long-term debt financing to achieve an equitable allocation of capital costs/charges between current and future customers, to provide more manageable rates in the near and medium term, and to minimize rate volatility.

ETWD shall not construct or acquire a project if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the project throughout its expected life.

Capital projects financed through debt issuance will not be financed for a term longer than the expected useful life of the project.

#### **B. Financing Criteria**

Each debt issuance should be evaluated on an individual basis within the framework of ETWD's Long Term Finance Projection, as well as within the context of ETWD's overall financing objectives and current market conditions.

ETWD will evaluate alternative debt structures (and timing considerations) to ensure the most cost-efficient financing under prevailing market conditions.

1. *Credit Enhancement* – ETWD will consider the use of credit enhancement on a case-by-case basis if and as applicable. Only when clearly demonstrable savings can be realized shall credit enhancement be utilized.

2. *Cash-Funded Reserve vs. Surety* – If the issuance of debt requires a cash-funded Debt Service Reserve Fund, then ETWD may purchase a surety policy or replace an already existing cash-funded Debt Service Reserve Fund when deemed prudent and advantageous. ETWD may permit the use of guaranteed investment agreements for the investment of reserve funds pledged to the repayment of any ETWD debt when it is approved by the Board.
3. *Call Provisions* – In general, ETWD's securities should include optional call provisions. ETWD will avoid the sale of non-callable, long-term fixed rate bonds, absent careful evaluation of the cost and value of the call option.
4. *Additional Bonds Test/Rate Covenants* – The amount and timing of debt issuance will be planned to comply with the additional bonds tests and rate covenants outlined in the appropriate legal and financing documents, and these policies.
5. *Short-Term Debt* – ETWD may utilize short-term borrowing to serve as a bridge for anticipated revenues, construction financing or future bond issues.
6. *Variable Rate Debt* – Variable rate debt products can take various forms. Some products are rolling series of short-term investments that are resold periodically and others are long-dated with adjustable interest rates. Each product is priced at the short-end of the yield curve. Variable rate debt may be appropriate for the District's portfolio, especially in an environment where increased interest earnings on invested funds offset the increased cost of variable rate debt. Variable rate debt products include variable rate demand obligations, commercial paper, and short-term notes. The District may consider the use of variable rate debt products to achieve a lower cost of borrowing or for short-term borrowing. In determining to use variable rate debt, the District will consult with its Municipal Advisor to analyze the benefits and risks associated with the variable rate debt products, including derivative products.
7. *Investment of Bond Proceeds* – Bond proceeds will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction, unless further restricted or limited in ETWD's Investment Policy. ETWD will seek to maximize investment earnings within the investment parameters set forth in the respective debt financing documentation. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision; specifically addressing arbitrage/rebate position and evaluating alternative debt structures and refunding savings on a "net" debt service basis, where appropriate.

### **C. Refinancing Outstanding Debt**

The Chief Financial Officer in consultation with the General Manager and the Board, as applicable, shall have the responsibility to evaluate potential refunding opportunities. ETWD will consider the following issues when analyzing potential refinancing opportunities:

1. *Debt Service Savings* – ETWD shall establish a target savings level greater than or equal to **3%** of the par of debt refunded on a net present value (NPV) basis for current refundings and **5%** for advance refundings. These figures will serve only as a guideline; ETWD shall evaluate each refunding opportunity on a case-by-case basis. In addition to the savings guideline, the following shall be taken into consideration:

- The remaining time to maturity;
- Size of the issue;
- Current interest rate environment;
- Annual cash flow savings; and
- The value of the call option.

The decision to take all savings upfront or on a deferred basis will be reviewed and ultimately approved by the General Manager in consultation with the Board, as applicable.

2. *Restructuring* – ETWD may seek to refinance a bond issue on a non-economic basis, in order to restructure debt, to mitigate irregular debt service payments, accommodate revenue shortfalls, release reserve funds, or comply with and/or eliminate rate/bond covenants.
3. *Term/Final Maturity* – ETWD may consider the extension of the final maturity of the refunding bonds in order to achieve a necessary outcome, provided that such extension is legal. The term of the bonds shall not extend beyond the reasonably expected useful life of the asset being financed. ETWD may also consider shortening the final maturity of the bonds. The remaining useful life of the assets and the concept of inter-generational equity should guide these decisions.
4. *Economic versus Legal Defeasance* – When evaluating an economic versus legal defeasance, ETWD shall take into consideration both the financial impact on a net present value basis as well as the rating/credit impact. ETWD shall take all necessary steps to optimize the yield on its refunding defeasance escrows investments and avoid negative arbitrage. A defeasance escrow is efficient if the yield on the defeasance escrow is as close as possible (i.e., generally less than 100<sup>th</sup> of a basis point) to the arbitrage yield on the refunding bonds. The Chief Financial Officer will select the appropriate defeasance securities.

#### **D. Outstanding Debt Limitations**

Prior to issuance of new debt, ETWD shall consider and review the latest credit rating agency reports and guidelines, if applicable, and/or projected future credit ratings, if applicable, to ensure ETWD's financial flexibility remain at levels consistent with the most highly-rated comparable public agencies.

#### **E. Method of Issuance**

ETWD will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation. Unless otherwise recommended, the District shall issue debt through a negotiated sale.

1. *Competitive Sale* – In a competitive sale, ETWD’s bonds shall be awarded to the bidder providing the lowest true interest cost (“TIC”), as long as the bid adheres to requirements set forth in the official notice of sale.
2. *Negotiated Sale* – ETWD recognizes that some bond issues are best sold through negotiation with a selected underwriter. ETWD has identified the following circumstances below in which this would likely be the case:
  - Issuance of variable rate or taxable bonds;
  - Complex structures or credit considerations (such as non-rated bonds), which require a strong pre-marketing effort;
  - Significant par value, which may limit the number of potential bidders;
  - Unique/proprietary financing mechanism (such as a financing pool), or specialized knowledge of financing mechanism or process;
  - Market volatility, such that ETWD would be better served by flexibility in the timing of its sale in a changing interest rate environment;
  - When an underwriter has identified new financing opportunities or presented alternative structures that financially benefit ETWD; and
  - As a result of an underwriter’s familiarity with the project/financing, that enables ETWD to take advantage of efficiency and timing considerations.
3. *Private Placement* – From time to time ETWD may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable or inefficient at the given point in time and timing considerations require that a financing be completed.

**F. Market Communication, Debt Administration and Reporting Requirements**

1. *Rating Agencies* – Once ETWD has established a credit profile, the General Manager, or his (her) designee, shall be responsible for maintaining ETWD’s relationships with Standard & Poor’s Rating Services, Fitch Ratings and Moody’s Investors Service, as applicable. ETWD may, from time to time, choose to deal with one, two, or all of these agencies as circumstances dictate. In addition to general communication, the General Manager shall: (1) communicate with credit analysts at least once each fiscal year or as requested by the rating agencies and (2) prior to each competitive or negotiated sale, offer conference calls with agency analysts in connection with the planned sale.
2. *Observance of Debt Covenants* – The General Manager shall periodically, and at least annually, ensure that ETWD is, and is expected to remain, in compliance with all legal covenants for each debt issue.
3. *Board Communication* – The General Manager shall include in an annual report to the Board feedback from rating agencies and/or investors and the District’s independent auditor regarding ETWD’s financial strengths and weaknesses and recommendations for addressing any weaknesses.

4. *Continuing Disclosure* – ETWD shall remain in compliance with Rule 15c2-12(b)(5) by filing its annual financial statements and other financial and operating data for the benefit of its bondholders as covenanted in each applicable debt issue's Continuing Disclosure Agreement.
5. *Record-Keeping* – A copy of all debt-related records shall be retained at ETWD's offices. At minimum, these records shall include all official statements, bid documents, bond documents / transcripts, resolutions, trustee statements, leases, and title reports for each ETWD financing (to the extent available). To the extent possible, ETWD shall retain an electronic copy of each document.
6. *Arbitrage Rebate* – The use of bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The General Manager shall ensure that all bond proceeds and investments are tracked in a manner which facilitates accurate calculation and that if a rebate payment is due, such payment is made in a timely manner.
7. *State Reporting Requirements* – Pursuant to Government Code section 8855(k), the District will submit annual debt transparency reports for any debt for which it has submitted a report of final sale on or after January 21, 2017 every year until the later date on which the debt is no longer outstanding and the proceeds have been fully spent. Pursuant to Government Code Section 5852.1, the District shall disclose specified good faith estimates in a public meeting prior to the authorization of the issuance of debt.
8. *Internal Controls* - In order to comply with CDIAC rules and regulations promulgated pursuant to SB 1029, the following internal controls shall be followed:

The Chief Financial Officer, or duly appointed designee, and the District's designated project manager for the project shall share responsibility to assure that disbursements are made only after each request for disbursement is substantiated with appropriate invoices, requisitions and other supporting documentation. Each of the aforementioned shall thoroughly review any request for disbursement and may request further documentation as may be deemed appropriate.

Proceeds of any Debt shall be managed and accounted for in accordance with its governing documents and this Policy. No disbursements shall be made without the written approval of the Chief Financial Officer, or designee. All draw requests shall be provided to the District by the designated project manager for the project with the consent of the Chief Financial Officer, or designee. Approval shall only be provided when the Chief Financial Officer, or designee, is in receipt of all appropriate certifications with supporting invoices from suppliers and or contractors evidencing appropriate expenses in connection with the project.

## **§5060 CAPITALIZATION POLICY FOR CAPITAL ASSETS**

### **PURPOSE OF POLICY**

To establish an accounting policy for capitalizing significant capital expenses, including land purchases, land improvements, building construction and improvements, infrastructure construction and improvements, and the purchase of vehicles and equipment.

A capital asset is defined as property, infrastructure, or equipment that meets all of the following requirements:

1. The asset is tangible and complete.
2. The asset is used in the operation of the District.
3. The asset has a useful life of at least five years.
4. The asset is of significant value, as noted below.

The District will regard the purchase of software programs as fixed assets subject to this capitalization policy if those software programs meet the capitalization requirements and will depreciate the software in accordance with the depreciation procedure included in this document. Costs associated with software maintenance and customer support are considered expenditures and will not be capitalized.

Capital assets can be acquired through donation or purchase, or can be constructed or consist of significant improvements to an existing asset. The asset value for donations will be the fair market value at the time of the donation. The asset value, when purchased, will be the initial cost plus the trade-in value of any old asset given up, plus all costs related to placing the asset into operation. The cost of constructed or improved assets will include all costs of engineering, design, construction and installation. For a financed project, interest during the construction period will be capitalized.

The District will capitalize assets when the cost of the asset (including installation) is \$25,000 or more. For assets acquired or constructed by the District where the cost is less than \$25,000 for individual components but the aggregate total is \$25,000 or more, such assets will be capitalized.

### **REPAIRS AND MAINTENANCE**

Repair and maintenance expenses that keep assets in ordinary efficient operating condition and do not add to the value or prolong the life of the asset will be considered ordinary expenses. All repair and maintenance expenses should be charged to the appropriate expense account when incurred.

### **DEPRECIATION POLICY**

The "straight line" method of depreciation should be utilized to depreciate capital assets, except for land, over the estimated useful lives of the related assets principally as follows:

<b><u>Asset Category</u></b>	<b><u>Estimated Useful Life</u></b>
Building	25 to 40 years
Vehicles	5 to 25 years
Office Furniture & Equipment	5 to 10 years
Computer Software	3 to 5 years
Land Improvements	20 to 50 years
Water Facilities	
Reservoir	100 Years
Transmission & Distribution	20 to 60 years
Filtration Plant	30 to 40 years
Other Plant & Equipment	5 to 15 years
Sanitation Facilities	
Collection & Transmission	15 to 50 years
Treatment & Disposal Plant	15 to 30 years
Other Plant & Equipment	5 to 15 years

Depreciation will be calculated utilizing the “Zero-Year convention.” Under this convention, an asset is treated as though it were placed in service in the first month of the fiscal year following the year in which it was acquired or constructed. In the year the asset is disposed, a full year’s depreciation expense will be recognized.

### **DISPOSITION OF ASSETS**

When capital assets are sold or otherwise disposed of, Capital Assets should be relieved of the cost of the asset and the associated accumulated depreciation. Assets will be removed from the books and records on a periodic basis in conjunction with an updating of the capital assets books and records. The appropriate depreciation will be taken for the year of disposal.

For additional information see Policy Statement 1997-15 (IV), Disposal of Surplus Personal Property.



# **GENERAL MANAGER'S REPORT**

**December 2023**

## **I. OFFICE OF THE GENERAL MANAGER**

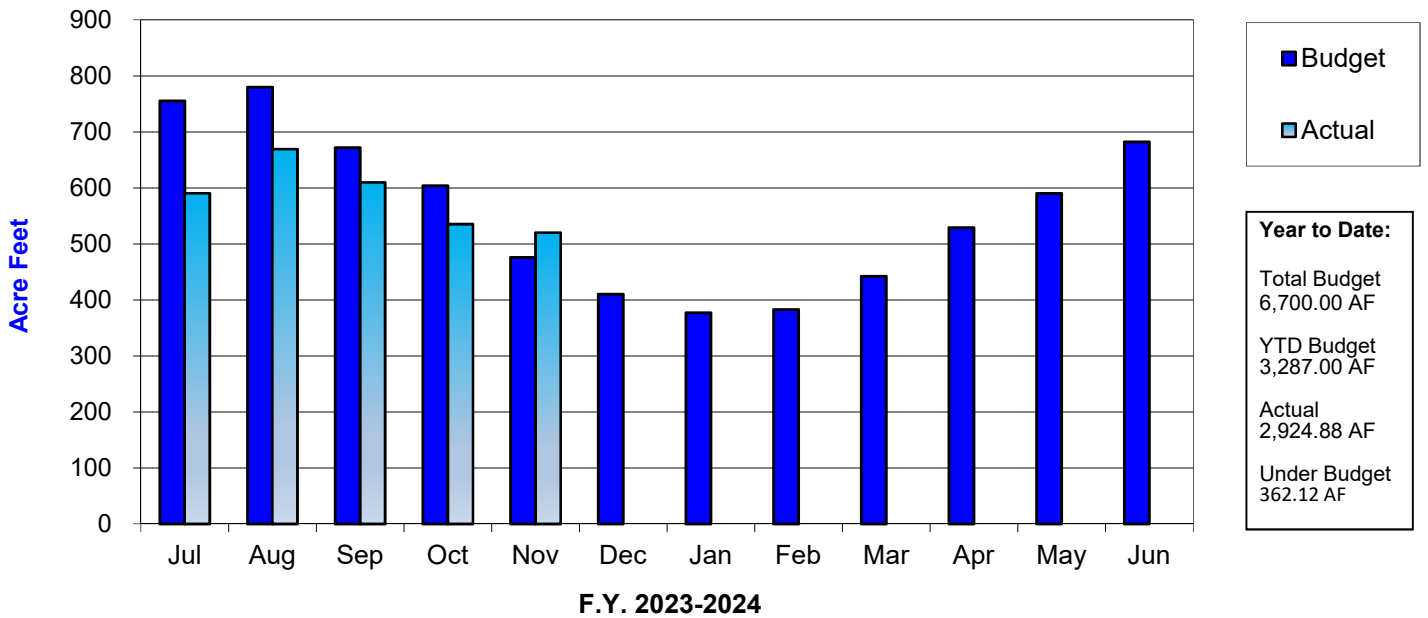
- MWDOC Board Meeting
- MWDOC A&F Committee Meeting
- MWDOC P&O Committee Meeting
- MWDOC / MET Directors Workshop Meeting
- MWDOC / MET Meetings Regarding Allen McColloch Pipeline
- SOCWA Finance Committee Meeting
- SOCWA Board Meeting
- South Orange County Agencies Group Meeting
- Santiago Aqueduct Commission Meeting
- ACWA Fall Conference
- WACO
- IT Master Plan Kickoff Meeting with Client First
- ETWD President / Vice President / GM Meeting
- Meeting with Empower Representatives
- ETWD All Employee Meeting
- ETWD RRC Meeting
- ETWD Agenda Review Meeting
- ETWD Regular Engineering & Finance Committee Meetings
- ETWD Regular Board Meeting

## **II. DOMESTIC AND RECYCLED WATER SALES**

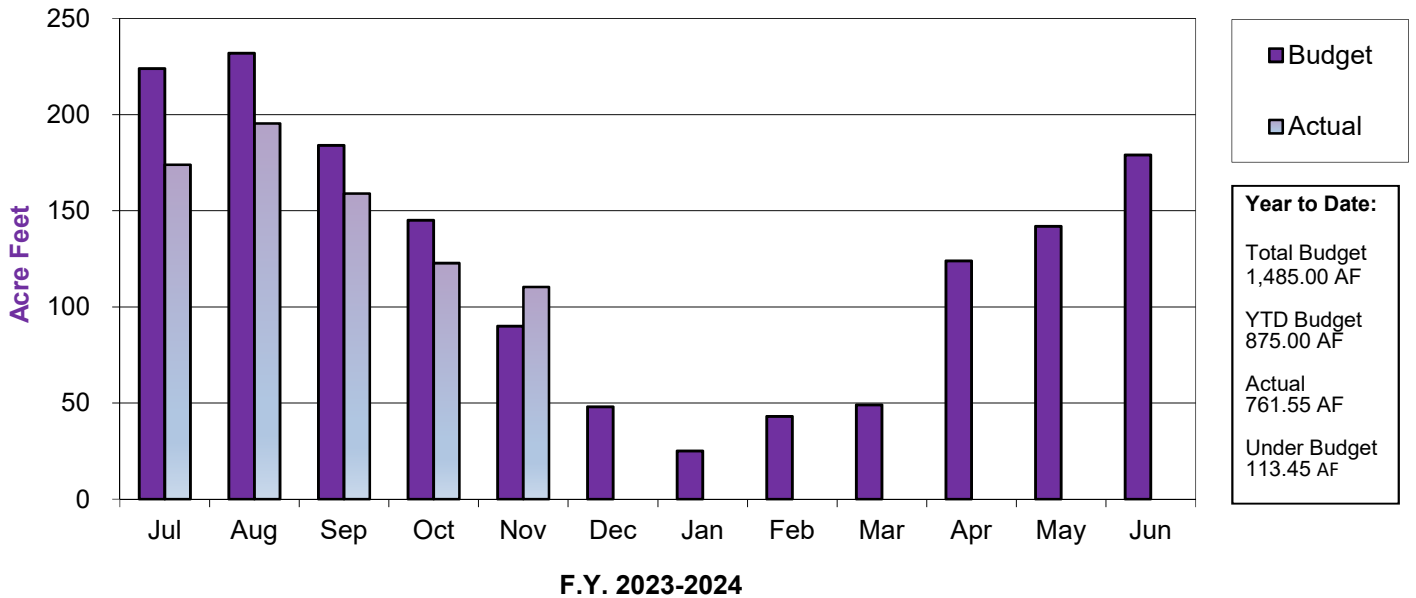
Actual domestic sales for the year-to-date as of November 30, 2023 are 2,924.88 acre-feet. This compares to year-to-date budgeted domestic sales of 3,287.00 acre-feet. The year-to-date variation in actual to budgeted sales reflects a decrease of 362.12 acre-feet. Actual sales are 110.74 acre-feet lower than last year-to-date actual sales for the same period.

Actual recycled sales for the year-to-date as of November 30, 2023 are 761.55 acre-feet. This compares to year-to-date budgeted recycled sales of 875.00 acre-feet. The year-to-date variation in actual to budgeted sales reflects a decrease of 113.45 acre-feet. Actual sales are 15.04 acre-feet lower than last year-to-date actual sales for the same period.

## POTABLE WATER SALES



## RECYCLED WATER SALES



## Customer Service Activity Report

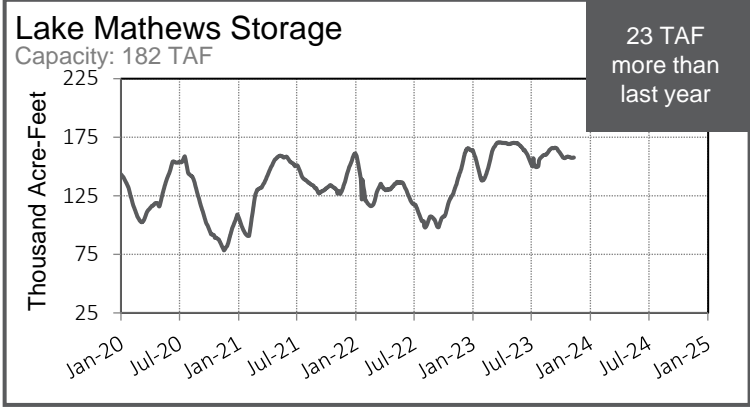
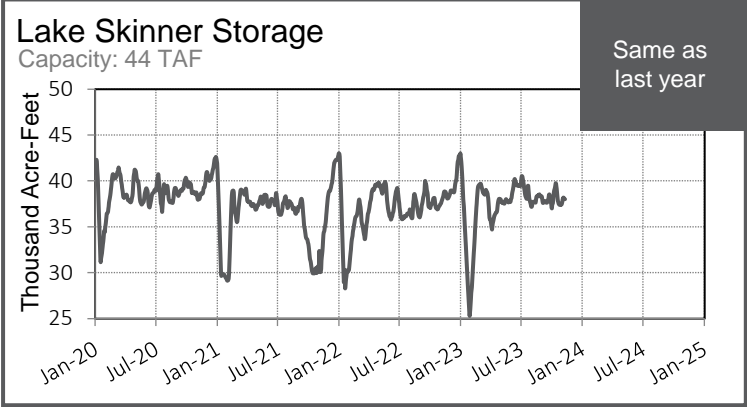
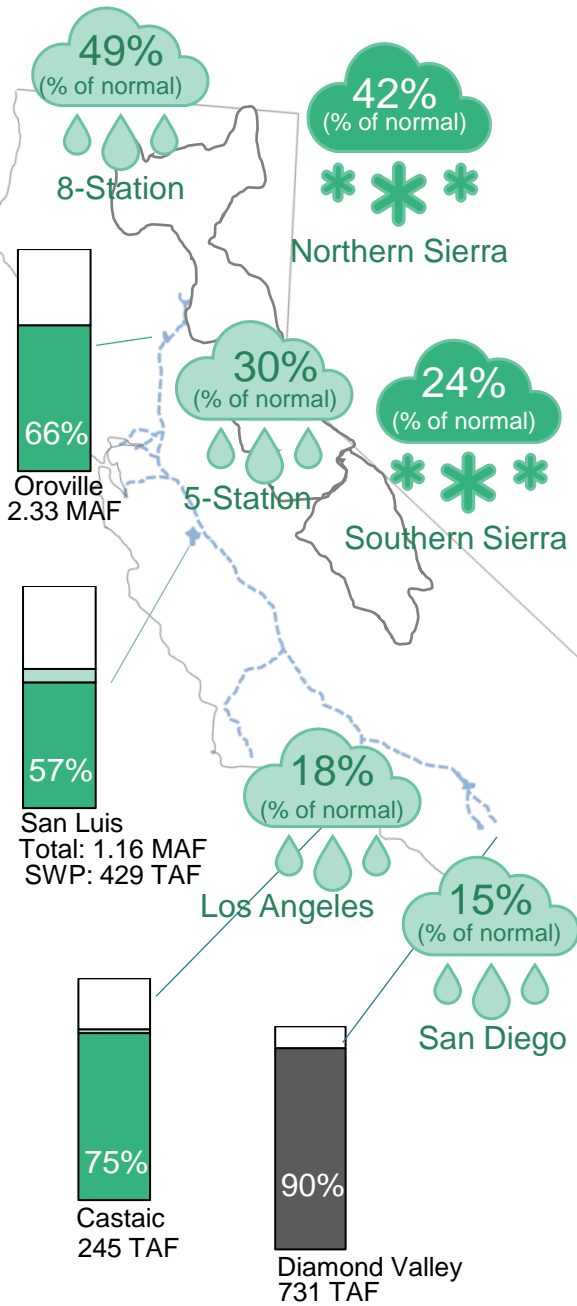
Regular Service Calls	NOV 2023	NOV 2022	Telephone Calls	NOV 2023	NOV 2022
Serviceman Dispatched to Read, Connect/Disconnect Service	59	82	Change of Service: Connections and Disconnections	48	40
<b>Field Investigations:</b>			Billing / Payments & Graph Inquires	202	90
Check for leaks - calls to CS Office:(irrigation,meter,street leaks)			Assistance with online payments and ETWD's portal (cc, e-checks, other.)	42	10
Customer Responsible	17	22	Variance / Adjustment Inquiries	12	11
District Responsible	7	11	Variance / Adjustment Requests		
None found/other	13	9	Processed	5	6
High Reads Checked - High Consumption (Billing Dept.)			Ordinance Infraction / Water Waste Complaints	2	1
Cust Leaks: 15 No Leaks: 20	35	28			
Check Stopped Slowed Meters-Low Consumption (Billing)	4	9	Outside Utility Districts	45	45
Re-Check Read	16	2	Phone calls Transfer to other Departments within ETWD	46	28
Ordinance Infraction	2	0	Phone calls for the Board of Directors	0	0
Recycled Water	0	0	Recycled Water	0	0
Water Quality: Taste / Odor / Color	1	2	Water Quality Taste - Odor - Color	1	5
Phone response: 1 Field response: 0			Leaks / Breaks	20	11
Construction (Hydrant) Meters issued	0	0	Construction Meter calls (Hydrant)	1	0
Sewer - Odor/Stoppage/ Manhole Covers	1	4	Sewer Problems (odor / spills)	3	1
Meter Box:1 Lids:11 / Covers Replaced:13	25	6			
Meter Box Clean, Digout	4	1	Backflow / Cross Connection (questions or yearly testing forms)	1	0
Raised Meter Box	2	1	ETWD facilities inquiries: Boxes/Covers/Lids/Hydrants/Pump Stations/Graffiti/ "Gen. Maint"	5	1
Trim Bushes / Meter Obstruction	13	4			
General Maintenance Response	15	5	Tyco (ADT) Calls (Alarms to ETWD facilities)	0	0
Fire Hydrants: Hit / Leaks / Caps	0	3	ATT Calls (access to tower sites)	1	0
Pressure(psi) Checks / Reads	4	4	SCE Calls (access to tower sites)	0	2
CSSOV (Angle Meter/Ball Valve/Gate Valve/Globe Valve) chk,repair,replaced	10	5	Pager Calls specifically for Pump Stations - SCADA	0	0
AMS angle-meter-stop replace/repair	0	1			
Bees Removed	2	3			
Backflow / Cross Connection	6	1	<b>Payment Extensions:</b>	24	34
Fogged Registers	22	14	Delinquent Payment Calls to Customer 's prior to shut off per billing calendar (automatic courtesy dialer)	56	47
OMCOP: Old Meter Change - Out Program	0	0	Return Calls from customers left on our voice mail system. Ext 500	8	7
Other: (uncommon non-maintenance calls)	8	12	Email Correspondence:	43	9
On-Call After Hrs. CS Response	23	11	Maintenance Service Order Requests (bees, psi, fogged-dirty registers)	11	3
# Posting Notice & 24 Hr. Door Hangers Hung	129	88	Misc. (other: employment, deliveries, sales calls)	26	4
#Shut Offs/Disconnect for Non-Payment (DNP)	26	23	Payment Processing Fee Complaints	0	0
Removed Meter	1	1	Customers Complaints non bill	0	0
New Meter	1	1	Billing Disputes	0	0
Unread Meters	3	5			
<b>Total Field Investigations</b>	<b>449</b>	<b>358</b>	<b>Total Telephone Calls</b>	<b>602</b>	<b>355</b>
<b>Uncollectible Accounts:</b>			<b>Credit Card Payments</b>	<b>NOV 2023</b>	<b>NOV 2022</b>
<b>Budget YTD</b>	<b>7,083</b>	<b>8,333</b>	<b>REGULAR</b>	<b>1,473</b>	<b>\$304,962.69</b>
<b>Actual YTD</b>	<b>301</b>	<b>11,913</b>			<b>1,224 \$235,445.62</b>



2023 SWP Table A – 100% - 1,911,500 AF

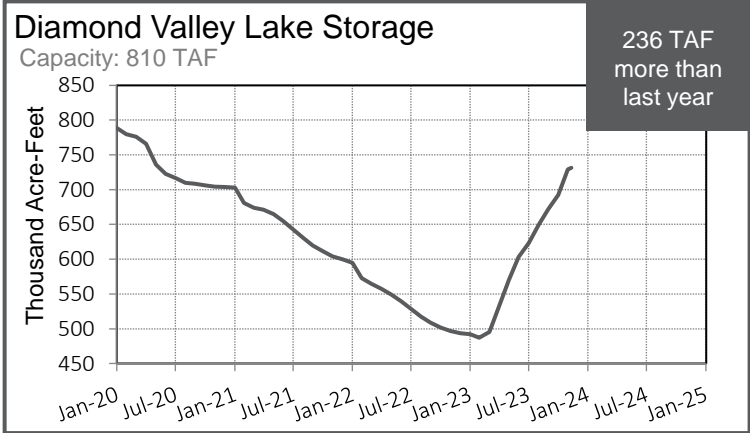
Projected 2023 CRA Diversions – 652,000 AF

Metropolitan Resources



**MWD WSDM Storage**  
Calendar Year 2023

	Projected Storage Balance (end of 2023)
Lake Mead ICS	1.544 MAF
State Water Project System	988 TAF
In-Region Supplies and WSDM Actions	1.031 MAF



Highlights

The initial State Water Project allocation for 2024 is 10% of Table A

Learn more about imported supplies:

- State Water Project - <https://www.mwdh2o.com/state-water-project-map/>
- Colorado River Aqueduct - <https://www.mwdh2o.com/colorado-river-aqueduct-map/>

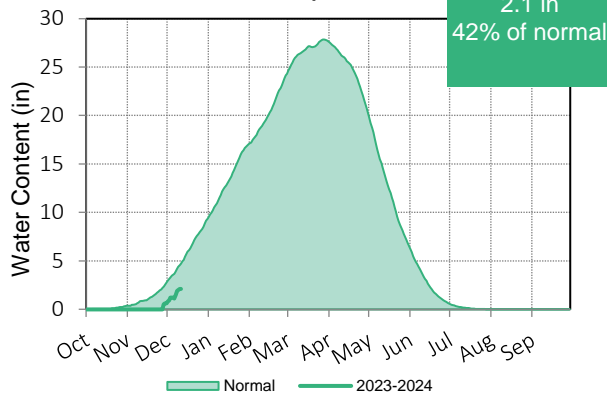


This report is produced by the Water Resource Management Group and contains information from various federal, state, and local agencies. The Metropolitan Water District of Southern California cannot guarantee the accuracy or completeness of this information. Readers should refer to the relevant state, federal, and local agencies for additional or for the most up to date water supply information. Reservoirs, lakes, aqueducts, maps, watersheds, and all other visual representations on this report are not drawn to scale. Questions? Email mferreira at mwdh2o dot com

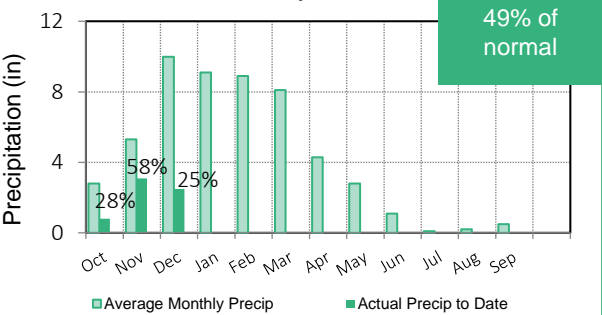
# State Water Project Resources

As of: 12/10/2023

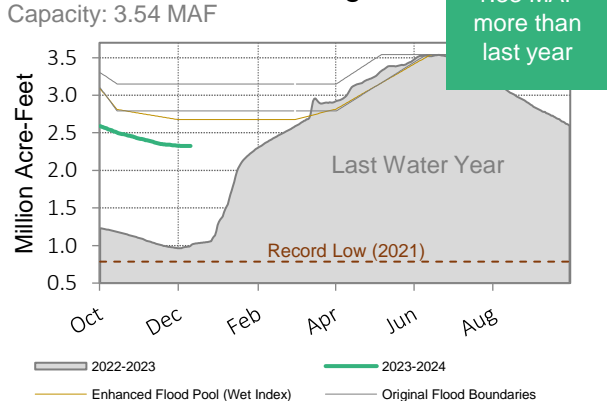
## Northern Sierra Snowpack



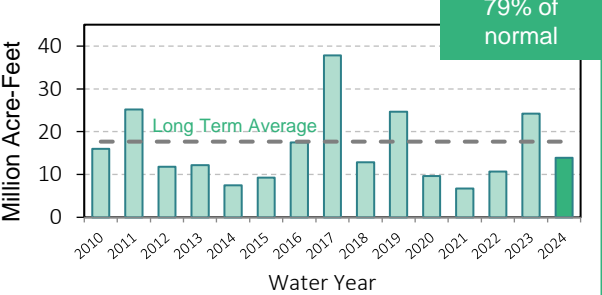
## 8 Station Index Precipitation



## Oroville Reservoir Storage



## Sacramento River Runoff



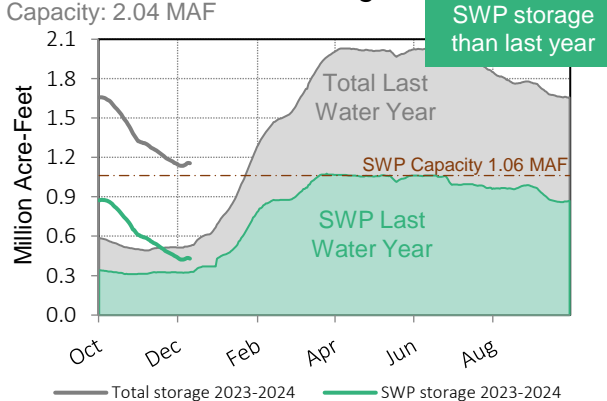
## Other SWP Supplies

Calendar Year 2023

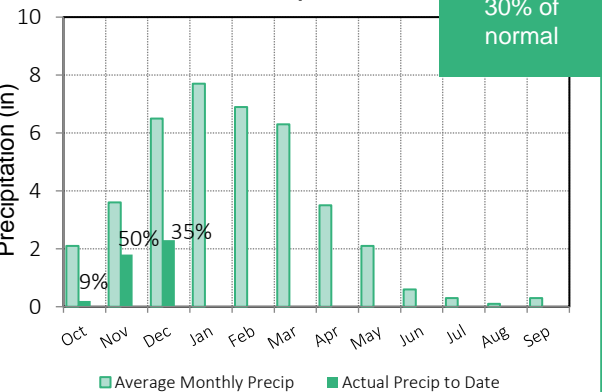
Carryover 39,000 acre-feet

Article 21 134,000 acre-feet

## San Luis Reservoir Storage



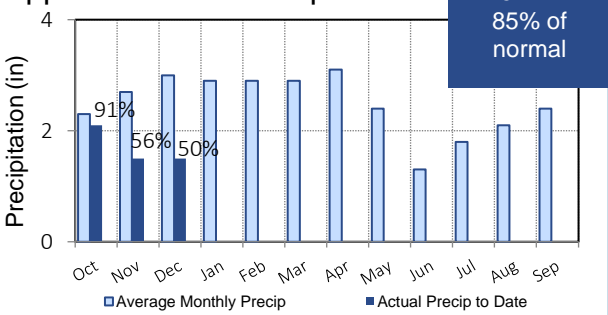
## 5 Station Index Precipitation



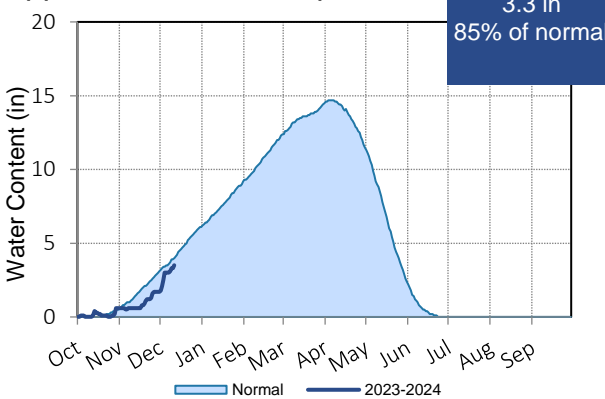
# Colorado River Resources

As of: 12/10/2023

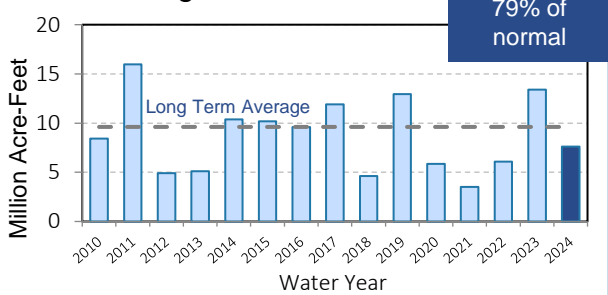
## Upper Colorado Precipitation



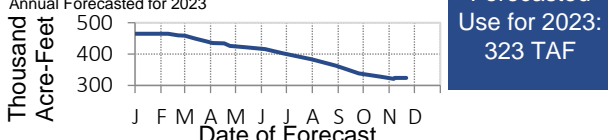
## Upper Colorado Snowpack



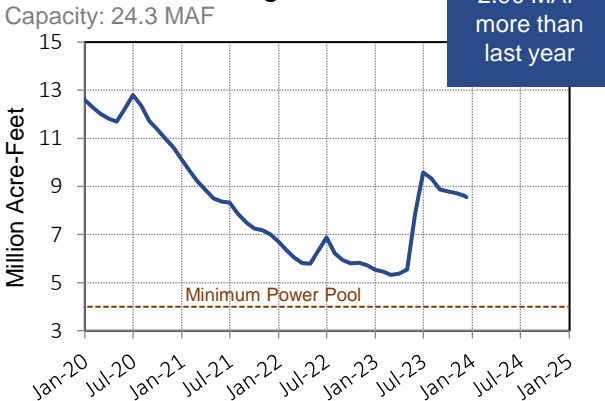
## Powell Unregulated Inflow



## PVID/Yuma Agricultural Use



## Lake Powell Storage



## Projected Lake Mead ICS

Calendar Year 2023

Put (+) / Take (-)  
+ 450,000 acre-feet

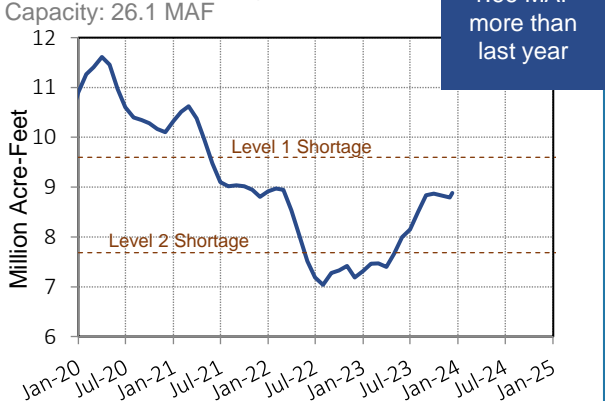
## Lake Mead Surplus/Shortage Outlook

	2024	2025	2026
Surplus	0%	0%	0%
Shortage	100%	93%	77%
Metropolitan DCP*		20%	195 TAF

Likelihood based on results from the August 2023 CRMMS in Ensemble Model/CRSS model run. Includes DCP Contributions.

\* Chance of required DCP contribution by Metropolitan. Volume is average contribution when needed.

## Lake Mead Storage



# WILL SERVE SUMMARY REPORT

## November 2023

PROJECT NAME	PROJECT DESCRIPTION	PHASE	CFF
Arbors Access Ramp	Adding a 1-1/2" water service connection with backflow protection and connecting to the existing sewer system	Close-Out	\$ 28,785
Burger Town Sewer Connection	Addition of a 4" sewer lateral	Construction	\$ -
The Village at Laguna Hills (Demo Phase)	Demolition of the various sized water services, irrigation services, fire services, and sewer services at the former mall site.	Close-Out	\$ -
The Village at Laguna Hills (Retail Phase)	Installation of various sized water, fire, and sewer services at the former mall site.	Plan Check	\$ -
The Village at Laguna Hills (Central Residential Phase)	Installation of various sized water, fire, and sewer services at the former mall site.	Plan Check	\$ -
The Village at Laguna Hills (Southern Residential Phase)	Installation of various sized water, fire, and sewer services at the former mall site.	Plan Check	\$ -
Womens Health Pavilion	New construction of a health pavilion with water services, irrigation services, sewer services, and fire water services.	Close-Out	\$ 21,856
Target	Addition of an irrigation service, fire services, and potable water services (24440 Alicia Pkwy Bldg B Suite "A" Potable Service, 24440 Alicia Pkwy Bldg B Fire Service, 24420 Alicia Pkwy Bldg A Fire Service, 24440 Alicia Pkwy Irrigation)	Close-Out	\$ 157,176
Laguna Hills Inn Fire Sprinkler Upgrade	Fire System upgrades including conversion of a fire hydrant to private and addition of a 6-inch DCDA	Construction	\$ -
Moulton Parkway Commercial Kitchens	Upgrade the existing domestic service, sewer service and installation of a DCDA.	Plan Check	Not Yet Calculated
25376 Maximus Group Home	Upgrading the water service	Plan Check	Not Yet Calculated
Hair Jungle Salon	Converting from retail to beauty salon	Plan Check	Not Yet Calculated



YOUR BEST PROTECTION

## ACWA JPIA

P. O. Box 619082  
Roseville, CA  
95661-9082

phone  
916.786.5742  
800.231.5742

[www.acwajpia.com](http://www.acwajpia.com)

### Core Values

- People
- Service
- Integrity
- Innovation

11/27/2023

El Toro Water District (E003)  
P.O. Box 4000  
Laguna Hills, CA 92654-4000

General Manager:

Each year at Fall Conference, the JPIA recognizes members that have a Loss Ratio of 20% or less in either of the Liability, Property or Workers' Compensation programs (loss ratio = total losses / total premiums).

The members with this distinction receive the "**President's Special Recognition Award**" certificate for each Program that they qualify in.

The JPIA is extremely pleased to present El Toro Water District (E003) with this special recognition and commends the District on the hard work in reducing claims.

Congratulations to you, your staff, Board, and District. Keep up the good work!

The JPIA wishes you the best in 2024.

Sincerely,

Melody McDonald  
President

Enclosure: President's Special Recognition Award(s)



# *President's Special Recognition Award*

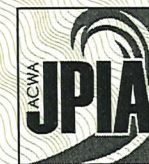
*The President of the  
ACWA JPIA  
hereby gives Special Recognition to*

## *El Toro Water District*

*for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums"  
in the Property Program for the period 07/01/2019 - 06/30/2022  
announced at the Board of Directors' Meeting in Indian Wells.*



*Melody McDonald, President*



*November 27, 2023*



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U.S. IN OHIL

# *President's Special Recognition Award*

*The President of the  
ACWA JPIA  
hereby gives Special Recognition to*

## *El Toro Water District*

*for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums"  
in the Liability Program for the period 10/01/2019 - 09/30/2022  
announced at the Board of Directors' Meeting in Indian Wells.*



*Melody McDonald, President*



*November 27, 2023*



## NATURAL RESOURCE RESULTS

**To:** Board of Directors, *Municipal Water District of Orange County*  
**From:** Natural Resource Results  
**RE:** Monthly Board Report – November 2023

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### **Appropriations**

On November 15<sup>th</sup>, President Biden signed a CR into law, temporarily averting a government shutdown. The “laddered” CR, provides funding for four of the twelve appropriations bills through January 19<sup>th</sup> and funding for the remaining eight appropriations bills through February 2<sup>nd</sup>. The Energy and Water bill, which funds Reclamation, is include in the group of bills that are funded through January 19<sup>th</sup>.

The logic behind the laddered approach is that it gives Congress some additional time to negotiate the more challenging spending bills (those bills that will expire at the later date) and prevent those bills from delaying action on the bills that, in theory, should be easier to negotiate (those that expire on January 19<sup>th</sup>).

While Congress was able to avoid another shutdown, this temporary CR simply kicks the can down the road once again. The House has had significant challenges moving spending bills with only Republican votes, as moderates balk at some of the more conservative riders that the Freedom caucus has demanded in exchange for their support. The issues that caused Congress to fall back on a CR two weeks ago are not going away and will still need to be resolved before the laddered CR expires.

The two most obvious paths forward at this point are:

- 1) Speaker Johnson continues his attempts to appease the right flank of his caucus by making spending cuts beyond those that were agreed to by former Speaker McCarthy, President Biden, and Leader Schumer to avert a debt-limit crisis. This approach will surely lead to a standoff with the White House and the Senate and would significantly increase the chances of a government shutdown.
- 2) Speaker Johnson chooses to stick to the spending levels mentioned above, which will likely increase the odds of Democratic support for the bills and make final passage much more attainable. However, that approach is ultimately what cost former Speaker McCarthy his job and could lead to a similar fate for Speaker Johnson.

### **Central Valley Project Biological Opinion**

On November 9<sup>th</sup>, Reclamation transmitted the biological assessment for the reinitiation of consultation on the Long-Term Operation (LTO) of the Central Valley Project (CVP) and the State Water Project (SWP) to the U.S. Fish and Wildlife Service (FWS) and the National Marine Fisheries Service (NMFS). This document, which outlines Reclamation's proposed action (operation of the state and federal projects) and the anticipated impacts of the proposed action, will provide the foundation for FWS and NMFS to develop biological opinions.

Of note, both Sites and the Delta Conveyance Project were included in the biological assessment. We understand that both of those projects are going to be included in the LTO biological opinion at a "programmatic level," which means at a high-level analysis, followed by a project specific consultation once the LTO biological opinion is completed.

### **Sites Reservoir**

On November 17<sup>th</sup>, the Sites Project Authority board voted to certify the final EIR for the project, marking a significant milestone. In advance of the certification, the Authority and Reclamation did a briefing for congressional staff on what this steps means for the project, and what is include in the EIR.

To:	Municipal Water District of Orange County
From:	Syrus Devers Advocacy LLC
Date:	November 28, 2023
Re:	Monthly Report

### **Legislature**

The Legislature remains in recess until January 3rd and the “Swing Space” building where members have their offices is like a ghost town. The focus of activity is now in the district offices as advocates and constituents pitch their bill ideas and funding requests.

There is, however, some activity in Sacramento due to policy committees holding informational hearings on topics of interest to the chair, which is one of the main perks of chairing a committee. So far no hearings have touched upon water policy issues, but Assembly Member Irwin did hold a hearing on cybersecurity funding and covered the issue of transitioning government websites to a “.gov” domain.

AB 1637 by Irwin would have required all levels of local government to migrate to a .gov domain, but the bill was amended to exclude special districts and only applies to cities and counties. The informational hearing revealed that only 30% of the websites maintained by cities and counties use the .gov domain and that there was limited funding available to assist with the effort. The takeaway is that Irwin will not likely pursue requirements for special districts to transition to the .gov domain with so much work yet to do at the city and county level.

And now for the big news—Assembly Speaker Rivas appointed new committee chairs. Few things in Sacramento spark more gossip and speculation than which members got what committees. Here are the changes most relevant to MWDOC:

The biggest winner: Jesse Gabriel as Chair of the Budget Committee. Gabriel replaces long-term Budget Chair Phil Ting, who is termed out next year. Gabriel represents Encino and north L.A. County.

Runner up: Diane Papan takes over Water, Parks, & Wildlife (WP&W) from Rebecca Bauer-Kahan. This is big. Bauer-Kahan is the author of the most controversial water rights bill, AB 460. She will take over the Privacy and Consumer Protection Committee, which virtually guarantees her focus will turn from water policy.

Papan chairing WP&W is a minor win for the clients of SDA Government Relations. The lobbyists who pushed for negotiating with Papan on AB 755 (cost of service disclosures) warned others at the time that she was close to Speaker Rivas—little did they know.

Here is a short bio on Papan:



Age: 60

Education: B.A. from UCLA and J.D. from Hasting Law School

Major Interests: Climate change and affordable housing.

District: AD 21 runs from South San Francisco to Redwood City.

She is newly elected but not new to politics. Besides being the former Mayor of San Mateo, she is the daughter of political icon Lou Papan who served in the State Assembly twice, the first time from 1972 to 1986 and again 1996 to 2002.

Honorable mention: Isaac Bryan took over the Natural Resources Committee from Luz Rivas, who recently announced she is running for Congress. Natural Resources is of secondary importance since water issues got to WP&W, but bills of interest to MWDOC do occasionally end up there. Here is a short primer on Bryan:



Age: 31

Education: B.A. from Univ. of Arizona, MPP from U.C.L.A.

Major interest: Criminal justice reform.

District: AD 55 is centered on Culver City and Inglewood and extends to just east of Santa Monica and south of Beverly Hills.

He was elected to the Assembly in 2021 in a special election to replace Sydney Kamlager who was elected to the Senate.

# ACKERMAN CONSULTING

## Legal and Regulatory

December 6, 2023

1. **Redwoods Return:** A recent study led by researchers from the University of Nevada Las Vegas and Northern Arizona University show that the giant redwoods in California have made a remarkable recovery after the Lightning Complex fire. This study centered around the Big Basin Redwoods State Park in the Santa Cruz mountains. Many of these trees were over 250 feet high and dated back over 1500 years. Photographs taken after the fire showed extensive brown and burned areas in the Redwood trees. A photo was taken two years later along with the inspections of the trees by the researchers showed that they had recovered up to 90% in green and bushy leaves. The research showed that the coast redwoods are very well adapted to fire and prepared for this type of event. Other parts of the forest were not so lucky. It's streams and fish have still not recovered. The fires and subsequent rains produced significant sediment which created blockages in the creeks and rivers. This inhibited the repopulation of the steelhead trout and Coho salmon. Also, the bird species activity has similarly not recovered.
2. **Kern Fish Order:** The city of Bakersfield, agricultural interests and farmers, local water districts and environmental groups are engaged in litigation in Kern County as to how much water should flow in the Kern river. The judge in the case ordered all parties to ensure that 40% of the Kern River water was maintained through Bakersfield for fish. The water districts maintained that they have superior rights based on 135 years of contracts and rulings to their previous share of the river. While the Kern river has been somewhat dry the last few years, it is known to have significant ups and downs in flow ranging from 15% of a normal year to 400% of a normal year. Some of the parties to the lawsuit maintain that the city of Bakersfield has not operated it's 6 weirs on the river properly to maintain the fish population. The water districts also maintain that the city of Bakersfield is being given superior rights to the river water which they are not entitled to. In addition, their allocation has been increased because of this order. They have indicated they intend to appeal the decision.
3. **Ridgecrest Pipeline:** The city of Ridgecrest sits in the Mojave Desert and it is part of the Indian Wells Valley Groundwater Basin Authority. This basin is one of the most drastically overdrawn aquifers in the entire state. It is also home to the Naval Air Weapons Station China Lake base and many farming and mining concerns. The authority is presently considering a 50-mile-long pipeline from the California aqueduct in California City to Ridgecrest at a cost of \$200 million. The federal government would pay 150 million with the remaining being passed on to ratepayers' farmers and mining operations. The farmers and mining companies have started litigation against this proposal. The reason being they will be paying a groundwater replenishment fee of over \$2000 per acre foot. Presently they are getting this water from underground aquifers. The Naval Air Station is a giant presence in the area and is slated to undergo \$4 billion worth of upgrades in the immediate future. Ridgecrest is very much dependent on the Air Station for their livelihood. As a side note, this case is being heard in Orange County Superior Court to avoid claims of bias in the local courts.

4. **Groundwater Levels Up:** For many years California groundwater levels have been decreasing at alarming rates. After our last storms studies done by the California Department of Water Resources have shown that those levels have flattened or actually increased. The majority of wells examined by the state show them better position with only about 9% of the thousands inspected dropped. Much of this increase is due to the large rain and snow deposits but some of it is the result of increased aquifer recharge. Our actual condition in the state may be better since there is a lag in reporting to the state particularly since water could take months or years to recharge an aquifer. We still have a long way to go to replenish our aquifers groundwater levels across the state. Some of our areas were not able to take advantage of the groundwater discharge such as the Tulare lake region. There was not significant recharge as a result of the clay floor of the lakebed which inhibits recharge. The estimate of statewide recharge the last water year was 3.8-million-acre feet. Estimated groundwater capacity is 1-billion-acre feet. This compares to the approximate 50-million-acre feet of capacity of our above ground reservoirs.
5. **Saltwater Wedge:** Presently New Orleans is experiencing drought conditions which could influence their fresh water supply. The Mississippi River has been operating at very low levels for many years. This is resulting in saltwater coming up the New Orleans delta and coming dangerously close to fresh water supplies. This is like the conditions in our delta when there is insufficient water to keep the San Francisco Bay out of our freshwater system. The difference in California is that we can turn off the pumps so that salt water tainted fresh water will not be supplied to Southern California. Unfortunately, New Orleans does not have that option. California is still exploring options such as the twin/single tunnels to solve our situation.
6. **Clean Snow:** Scientists are enthusiastic regarding the snowpack melt in the northern hemisphere for the rest of this century. The reason is that our snow is getting cleaner and cleaner. Snow that contains dirt and other pollutants tends to melt faster. Since overall we are cleaning up our environment and having less pollution, these scientists estimate that our future snow will be much cleaner and will therefore be slower to melt. This is good news for the over 2 billion people worldwide dependent on snow melt for their water supply. Some less developed areas of the world will not recognize the same positive results that we will. But even in those areas their future leans toward less pollution, less wood burning and therefore more sustained snow packs.
7. **Tequila Fights Droughts:** California farmers and entrepreneurs are looking at growing agave which is used to produce a form of tequila. Agave grows with little or no water and is growing in popularity in the spirit industry due to the pandemic and other factors. Interestingly enough they cannot sell their product under the word "tequila" since tequila is protected by treaties as "champagne" is in France. However, the drink is almost identical and is growing very much in popularity. Many farmers are exploring this product to combat drought and also maintain their agricultural business. Next time someone asks what they can do to help the drought you will have a suggestion for them.
8. **San Diego Split Up:** we have been following the efforts of Fallbrook and Rainbow water districts attempt to separate themselves from the San Diego County Water Authority. As a part of this process elections were required in each of the water districts voting areas. Both districts voted overwhelmingly two detach from San Diego. The votes were 95 percent to five in both districts. The estimated savings to the two districts was almost \$8 million per year. The exit fee paid to San Diego is approximately \$25 million over the next five years for the two districts.

As a result of this issue the state has changed their law in such circumstances now to require a vote of all voters in the parent district as opposed to only voters in the impacted district. I am sure that this was an effort to negate this effort, but the legislation is not retroactive.

9. **Desert Shrub Makes Water:** Scientists in the United Arab Emirates have discovered a process in a desert plant native to their land which may help in the world drought situation. This plant excretes salt on its surface to extract and condense water. This shrub, tamarix aphelia, can survive in conditions with little or no water using aerial humidity which it converts to real water. This process can help the development of new technologies and improve existing ones such as cloud seeding. Scientists are very excited about this discovery as they think the principles, learned maybe used in other areas to combat drought conditions.
10. **Lake Tahoe Blooms:** It seems that there are always articles about Lake Tahoe impacting waterworld and gathering media attention. This is primarily because Lake Tahoe is somewhat isolated and a relatively pristine body of water. It is also easily susceptible to various conditions flora and fauna which can disrupt its natural condition. The latest condition to impact the lake is two kinds of algae bloom paraphilic algae which is slimy green and hangs on rocks and free-floating metaphysic algae which floats on top of the water. The general reason for both of these blooms is increased water temperature and change in plant life. However, it turns out that this secondary bloom is caused by invasive Asian clams which have been in the lake since 2002. These clams eat the ordinary algae but then create through their byproducts nutrients which cause other algae to grow beyond their normal means. The lake is trying to eliminate these clams through various processes but thus far have not been totally successful. They are also trying to clean up the algae with water vacuum cleaners and other means. Tahoe is an oligotrophic lake meaning it is deep, cold, clear, and generally low in nutrients. Each time a new variable is introduced it causes problems with our beautiful lake. Good news is the Lake is pushing back.



December 6, 2023

TO: MWDOC Board of Directors

FROM: Peter Whittingham

SUBJECT: November 2023 Report

The month of November saw numerous changes at the highest levels of many Orange County cities and agencies. Following are a few of the more notable developments and issues of the month:

- The Orange County Water District Board of Directors appointed John Kennedy as General Manager, effective January 27, 2024. Kennedy, who currently serves as the District's Executive Director of Engineering and Water Resources, was selected by the Board to succeed Mike Markus, who retires after more than 35 years with OCWD. Kennedy has served at OCWD since 1995 and has been responsible for a number of critical programs, including long-term financial projections, capital improvement programs, and serving as liaison to 19 local cities and retail water districts.
- The MWDOC Board of Directors has appointed Harvey De La Torre as its General Manager. De La Torre has worked at MWDOC for more than 15 years, serving as Assistant General Manager since 2020.
- Voters in Santa Ana's 3<sup>rd</sup> Ward rejected an effort to recall City Council member Jessie Lopez. The contentious special election was made even more controversial due to the recall proponents and County Registrar of Voters use of outdated maps that excluded roughly 1,200 registered voters in the current 3<sup>rd</sup> Ward.
- Two of Orange County's City Managers announced their resignation this month. The City of Tustin parted ways with Matt West, and Huntington Beach City Manager Al Zelinka announced his retirement. Elsewhere, the Santa Ana City Council appointed former Costa Mesa City Manager Tom Hatch to serve as Interim City Manager while it conducts a search for a replacement for Kristine Ridge, who resigned in October, and former Irvine City Manager Sean Joyce is currently serving as Interim City Manager in Laguna Beach while that Council considers candidates to replace former City Manager Shohreh Dupuis.

- Officials vowed to fully explore the potential environmental health impacts of a devastating fire that demolished one of two iconic hangars at the former Tustin MCAS. The South Coast AQMD continues to monitor neighborhoods adjacent to the hangars after detecting elevated levels of asbestos following the blaze.
- The San Diego County Water Authority Board of Directors voted to drop a lawsuit against Rainbow Municipal Water District and Fallbrook Public Utilities District. The Water Authority Board publicly directed its lawyers to enter into a settlement agreement with the two districts and San Diego LAFCO, which had voted to allow the two agencies to separate from the Authority and receive their water from Eastern Municipal Water District.
- John Wayne Miller resigned from the Yorba Linda Water District Board of Directors; the agency is currently accepting applications, with the anticipation that the Board will appoint a replacement in January. Elsewhere, Fred Adjarian was appointed to the El Toro Water District Board to replace Jose Vergara, who resigned after moving out of the service area. Adjarian previously served on the ETWD Board from 2014-2018.
- Major sand replenishment projects will be getting underway in the next several weeks, with boats bringing in pipes near the San Clemente Pier last week, trucks staging along Newport Beach's coastline, and equipment being prepped for work at the Surfside-Sunset beaches. The sand projects have been years in the making — for San Clemente more than two decades — with severe erosion becoming rapidly apparent in recent years along stretches of beach throughout the county's coastline. As part of the project, which began last week, an estimated 100,000 cubic yards of sand will be taken from the Santa Ana River and placed between jetties in West Newport, which were built in the 1960's to keep the beach from eroding when homes nearly fell into the ocean. In San Clemente, sand is being dredged from Oceanside and will be placed in sections between T-Street and Linda Lane, with the project expected to start in December.

It is a pleasure to work with you and to represent the Municipal Water District of Orange County.

Sincerely,



Peter Whittingham



## STAFF REPORT

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**To: Board of Directors**

**Meeting Date: December 21, 2023**

**From: Sherri Seitz, Public Affairs Manager**

**Subject: Public Education and Outreach Report**

---

### **Bill Message**

Customer December/January bill message:

Fats, oils and grease (FOG) that are sent down the kitchen drain can cause clogs and sewage spills. Every day and especially during the holidays, pour your cooking oil and grease into a container, let it cool, and dispose of it according to the guidelines of your city.

### **Laguna Woods Village Television**

A link to Vice President Monin's Emergency Preparedness presentation on This Day on October 27, 2023 can be found here:

[https://www.youtube.com/watch?v=FJLuG44EOo&list=PL42xcltr8DpOq7sept9pAKQCoe\\_gTI\\_km6&index=87](https://www.youtube.com/watch?v=FJLuG44EOo&list=PL42xcltr8DpOq7sept9pAKQCoe_gTI_km6&index=87)

Director Kathryn Freshley will be presenting on This Day on December 29, 2023. The topic is to be determined.

### **ETWD Newsletter**

The December 2023/January 2024 ETWD Newsletter will be distributed in December and January. Topics include highlighting VMS and Laguna Woods Village for their landscape transformations throughout the village, ETWD in the Community, FOG, R-6 Reservoir Project Update, New Faces at ETWD, Rebates and New Billing System Coming Soon. A copy of the newsletter follows this report.

### **Adopt-a-Channel Update**

The Adopt-a-Channel program has grown so fast that the two staff members at the County of Orange cannot keep up. They have enlisted an Adopt A Highway Maintenance Corp

member to assist them with administrative tasks that includes processing the sign design and installation requests. When the sign(s) are complete and installed, we will update the Board.

## **Past Events**

### **H2O for HOAs October 2023 Presentation Links:**

All the presentation links from the H2O for HOA event will be posted on ETWD website under H2O for HOAs. All past presentation links are listed there also.

ETWD customer, Donna-Rane-Szostak's participation in the Successful Management Project: Strategies and Techniques panel presentation can be found here in the Session section. You will need to expand the list to see the titles and then click on the panel discussion link to view:

<https://www.dropbox.com/scl/fo/k15qtk1gsbmp7n94eg31u/h?rlkey=kj9btnfwc275tuhi77pc9c3ha&dl=0>

President Havens and Ms. Szostak's participation in the H2O for HOA video recap can be found here: [https://www.dropbox.com/scl/fi/p7q5b40o8i9hwecg3dmtl/H2OforHOA-s\\_2023\\_FINAL\\_rev.mp4?rlkey=isjohnjduktfekfs03nagzrqv&dl=0](https://www.dropbox.com/scl/fi/p7q5b40o8i9hwecg3dmtl/H2OforHOA-s_2023_FINAL_rev.mp4?rlkey=isjohnjduktfekfs03nagzrqv&dl=0)

### **Scouts BSA Clinic and Tour**

ETWD co-hosted a Scout BSA clinic and tour with MWDOC at the ETWD Water Recycling Plant on Saturday, December 9, 2023. Director Fred Adjarian provided a brief introduction and WRP staff provided tours for 67 scouts and their families. The event was a huge success due to staff's enthusiasm, expertise and teamwork during the Scout's Tour of the WRP. ETWD and MWDOC consistently receive positive feedback after the Scout events held here at District. Below are two emails MWDOC received after the Scout BSA Clinic and Tour:

#### **1<sup>st</sup> Email:**

Thanks to you and El Toro WD for such a great event. The tour was very interesting and informative. The class and materials and refreshments were all fantastic. We will definitely recommend to the other scouts in Quinn's troop for future classes.

#### **2<sup>nd</sup> Email:**

This was my son's 65th merit badge and I wanted to let you know how impressed I was with the clinic. It was so well organized, informational and interesting. Thank you for holding this and for letting the parents join the tour. Photos of the event follow.































































### **City of Lake Forest/Lake Forest Chamber of Commerce - Elf Yourself 5K**

ETWD staff hosted a booth and provided water from ETWD's water trailer to race attendees at the City of Lake Forest/Lake Forest Chamber of Commerce Elf Yourself 5K Race on November 18, 2023 at the Lake Forest Sports Park. Photos from the event follow.











El Toro Water District · December 2023/January 2024

# WATER VIEWS

SERVING THE PUBLIC, RESPECTING THE ENVIRONMENT

ETWD customers are adopting water-efficient technology and practices to create a more sustainable community. An impressive example is Village Management Services (VMS) of Laguna Woods Village (LWV). The organization completed major projects to enhance water use efficiency in their over-55 community, which covers 3.6 square miles and includes 18,500 residents and three mutual homeowners associations (HOAs).

VMS committed to a 15% reduction in irrigation use across 640 acres of maintained landscape. To conserve water and reduce costs, VMS analyzed landscape and irrigation systems and considered factors including irrigation needs, tree health and landscape modernization.

They initiated a village-wide smart irrigation controller replacement project, opting for the HydroPoint WeatherTRAK Irrigation Central Control System to replace 407 controllers, including 11,592 stations. The new irrigation control system uses daily weather reports from NOAA and adjusts irrigation run times based on local microclimates and landscape types.

## Project Results

- 32% approximate annual water savings, equivalent to 232,447,064 gallons of water
- \$314,900 estimated annual savings for 2023
- \$405,720 in regional rebates secured with help from ETWD. The total project costs are estimated at \$2.6 million, plus an annual cellular subscription cost of \$76,516.

## Urban Forest Management Offers Environmental Benefits

In addition, an Urban Forest Management Plan was developed for LWV both Third Laguna Hills Mutual and United Laguna Woods Mutual that features 33,000 trees. The plan includes a tree inventory, protection, maintenance, health and replacement strategies. The plan identified 15,446 trees, including 243 species. Environmental benefits include sequestering 213.4 tons of carbon and diverting 1,475,906 gallons of water from stormwater systems.

## Modern Landscaping Increases Efficiency

VMS, United Mutual and Third Laguna Hills Mutual HOAs also launched landscape modernization projects to replace high-water-use turf areas with water-efficient landscapes, reducing water consumption by up to 50%.

VMS, United Mutual and Third Laguna Hills Mutual HOAs also launched landscape modernization projects to replace high-water-use turf areas with water-efficient landscapes, reducing water consumption by up to 50%.

- United Mutual HOA replaced turf with water-efficient landscaping, decomposed granite walkways and benches.
- Third Laguna Hills Mutual HOA's landscape modernization project will begin soon. The upgrades are expected to save millions of gallons per year through water-efficient landscaping and drought-tolerant plant replacements.

"The District is proud of the comprehensive efforts of LWV and its residents and appreciates their commitment to sustainable water use, incorporating technological advancements and landscape modernization for a more water-efficient community," said ETWD General Manager, Dennis Cafferty.



## WATER USE EFFICIENCY SPOTLIGHT: LAGUNA WOODS VILLAGE LANDSCAPE TRANSFORMATION

Pictured from left to right: ETWD Water Use Efficiency Analyst Vu Chu, Third Mutual Landscape Committee Chair Ira Lewis, Former Third Mutual HOA Treasurer Donna Rane-Szostak and VMS Director of Field Operations Kurt Weimann



## EL TORO WATER DISTRICT

24251 Los Alisos Blvd  
Lake Forest, CA 92630

district@etwd.com

(949) 837-7050

etwd.com





## IN THE COMMUNITY



### Lake Forest Leadership Academy

On Oct. 18, ETWD General Manager Dennis Cafferty presented at the City of Lake Forest Leadership Academy utilities night with IRWD and SCE. Dennis discussed water supply and the current challenges we face as a water district.

### South County Disaster Preparedness Expo

ETWD staff hosted a booth and provided water to participants in the South County Disaster Preparedness Expo at the Norman P. Murray Community and Senior Center on Oct 21.



### H2O for HOAs

ETWD partnered with surrounding water districts and cities to hold this year's H2O for HOA event on Oct. 26 at the Norman P. Murray Community Center in Mission Viejo. The event brings together the HOA community of board members, property managers and landscapers to provide a free education

and networking event that inspires conversation and collaboration on water management topics. ETWD customer and Laguna Woods Village Third Mutual resident, Donna-Rane-Szostak, participated as a panelist on the "How to Push Through a Successful Project" from an HOA perspective.



### Girl Scout Tour

ETWD and the Municipal Water District of Orange County (MWDOC) hosted a MWDOC Water Resources and Conservation Patch Clinic for the Orange County Girl Scouts on Nov. 4. The Scouts toured ETWD's Water Recycling

Plant and Water Quality Lab and participated in hands-on activities about where their water comes from and what they can do to protect it.

### Teen Wellness Fair

ETWD staff participated in the Teen Wellness Fair in Mission Viejo on Nov. 12. This event brought local teens to attend rotating stations on the environment, identity and self-care. ETWD provided attendees with information on water conservation and careers in water.



### Elf Yourself 5K

ETWD staff hosted a booth and provided water to attendees at the City of Lake Forest/Lake Forest Chamber of Commerce Elf Yourself 5K on Nov. 18 at the Lake Forest Sports Park.



## KEEP FOG OUT OF THE DRAIN FOR A STRESS-FREE HOLIDAY

Don't let a messy, expensive sewer backup ruin your holidays. Keep fats, oils and grease (FOG) out of the drain.

**To avoid FOG issues this season, follow these tips, let cool and place in the organics recycling bin or trash based on your city requirements:**

- ✓ Scrape leftover food, sauces and cooking oils
- ✓ Use a sink strainer to collect solids
- ✓ Wipe cooking pan residue with a paper towel
- ✓ Collect small amounts of fats, oils and grease in a container (like a coffee can or milk jug)







## INFRASTRUCTURE PROJECT UPDATE



- ✓ **THE EL TORO RESERVOIR LINER AND REPLACEMENT PROJECT IS COMPLETE.**
- ✓ **THE RESERVOIR IS FILLED AND BACK IN SERVICE.**

### Reservoir Perimeter Road Repair

The asphalt road around the perimeter of the reservoir is now complete. The District is appreciative of the residents surrounding the reservoir during the project.

## PROJECT UPDATE



For more information on this project call (949) 837-0660, or visit [etwd.com/eltororeservoir](http://etwd.com/eltororeservoir).



## BEHIND THE SCENES AT ETWD

### Vishav Sharma CHIEF FINANCIAL OFFICER

#### Top Priorities

Financial strategy, risk management, budgeting, financial reporting and ensuring the overall financial health and stability of the District.

#### Experience

Working on Orange County Water District's Ground Water Replenishment system inspired Vishav to pursue a career in the water industry. He has worked in public service for 23 years.



## NEW FACES AT ETWD

### Michael Snow CHIEF PLANT OPERATOR

#### Top Priorities

Overall operation of ETWD's Water Recycling Plant, including compliance with discharge requirements, development, review and use of standard operating procedures for all operators to ensure reasonable care and judgment covering operations, maintenance and compliance.

#### Experience

While attending California State University, Chico, Michael took a summer job at a wastewater facility, which launched his 14-year career in the water industry/public service sector.





# 'TIS THE SEASON FOR SAVING WITH REBATES

Give yourself the gift of water savings and put some extra money in your pocket with available indoor and outdoor rebates.

## Residential Outdoor Rebates

PROGRAM/DEVICE	REBATE LEVEL
Weather Based Smart Sprinkler Timer	Up to \$250
Soil Moisture Sensor Controller	Up to \$150
Rotating Sprinkler Nozzles	Up to \$2 per nozzle
Drip Irrigation	\$0.75 sq. ft. up to 5,000 sq. ft.
Rain Barrels and Cisterns	Up to \$50 per rain barrel and \$250 – \$350 per cistern
Turf Removal	\$4 sq. ft. up to 5,000 sq. ft. (annual maximum)*

\*Turf rebates do not apply to designated recycled water sites. If you have already removed your turf, your project is not eligible for this program. Additionally, projects must not be started prior to the receipt and acknowledgement of this Program's Letter to Proceed.

## Residential Indoor Rebates

PROGRAM/DEVICE	REBATE LEVEL
High Efficiency Clothes Washers	Up to \$200
Premium High Efficiency Toilets (4-Liter) Replace existing 1.6 gpf toilets with a 1.1 gpf or less toilet.	Up to \$100

Get started at [ETWD.com/conservation/rebates](https://etwd.com/conservation/rebates). For specific landscape questions, please contact ETWD's Water Use Efficiency Analyst, Vu Chu at (949) 837-7050, ext. 253.



## New Billing System COMING SOON

In the coming months, ETWD will introduce a new billing system that will include enhancements to your water bill. The new system will continue to allow customers to view and pay their utility bill balance online conveniently and securely, as well as view their account and bill payment history. For online access, customers will receive updated account numbers and account registration will be required. Stay tuned for more information.

## BOARD OF DIRECTORS



### PRESIDENT

Kay Havens

### DIRECTOR

Mike Gaskins

### VICE PRESIDENT

Mark Monin

### DIRECTOR

Fred Adjarian

### DIRECTOR

Kathryn Freshley

### GENERAL MANAGER

Dennis P. Cafferty

The Board of Directors meeting takes place on the fourth Thursday of the month, and the Engineering and Finance Committees meet on the Monday before the Board of Directors meeting at 7:30 a.m.

We encourage you to join us either in person or via Zoom teleconference. Meeting agendas are posted on our website and include teleconference access and instructions.

Learn more: [etwd.com/governance/meetings-agendas-minutes](https://etwd.com/governance/meetings-agendas-minutes)

ETWD delivers drinking water, recycled water and wastewater services to customers in the City of Laguna Woods and portions of the cities of Lake Forest, Mission Viejo, Laguna Hills and Aliso Viejo.

Have questions? Call us at (949) 837-7050 or email us at [district@etwd.com](mailto:district@etwd.com).





## STAFF REPORT

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**To: Board of Directors**

**Meeting Date: December 21, 2023**

**From: Dennis Cafferty, General Manager**

**Subject: Water Loss Annual Report**

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Staff recently submitted the required annual report describing water loss in the El Toro Water District water distribution system and the comparison to the required performance standard.

Vu Chu will provide a presentation to the Board regarding the compliance requirement, process and results of the 2022 water loss audit.

# **WATER LOSS AUDIT & PERFORMANCE STANDARDS**

**ETWD Board of Directors Meeting  
Vu Chu, Water Use Efficiency Analyst  
December 21, 2023**





# Regulation History

- **2014: SB 1420**
  - Water loss audits as part of UWMP – once every 5 year
- **2015: SB 555**
  - Water loss audits each year – October 1st due date
- **2018: SB 606 and AB 1668 (*Making Conservation a California Way of Life*)**
  - Water loss audit adopted as part of broader conservation framework
- **2019: AB 1414**
  - Modification of reporting deadline – **Jan 1st** for fiscal year reporters starting January 2021
  - All Reporters submit on January 1st starting **January 1, 2024**



# Water Loss Audit Process

- **Tracks all sources and uses of water**
  - How much water entered system?
  - How much water was used? What purpose?
  - How much water was lost? Types of loss?
  - Financial cost of water losses?
  - Non-revenue water volume and associated financial cost?
- **AWWA FWAS v6.0**
  - 5 system-specific inputs from the audit





# Water Loss Audit Components

- **Total Water Losses**

= Water Supplied Into System – Authorized Consumption

- **Real Losses**

= Physical Leakage

- **Apparent Losses**

= “Paper losses”, losses associated with water delivered but not measured or recorded accurately (Data handling error, meter inaccuracies, and water theft)

- **Non-Revenue Water**

= Water that did not generate revenue (unbilled metered consumption)

Background Leakage



Undetectable using traditional acoustic equipment

Unreported Leakage



Detectable using traditional acoustic equipment.

Reported Leakage



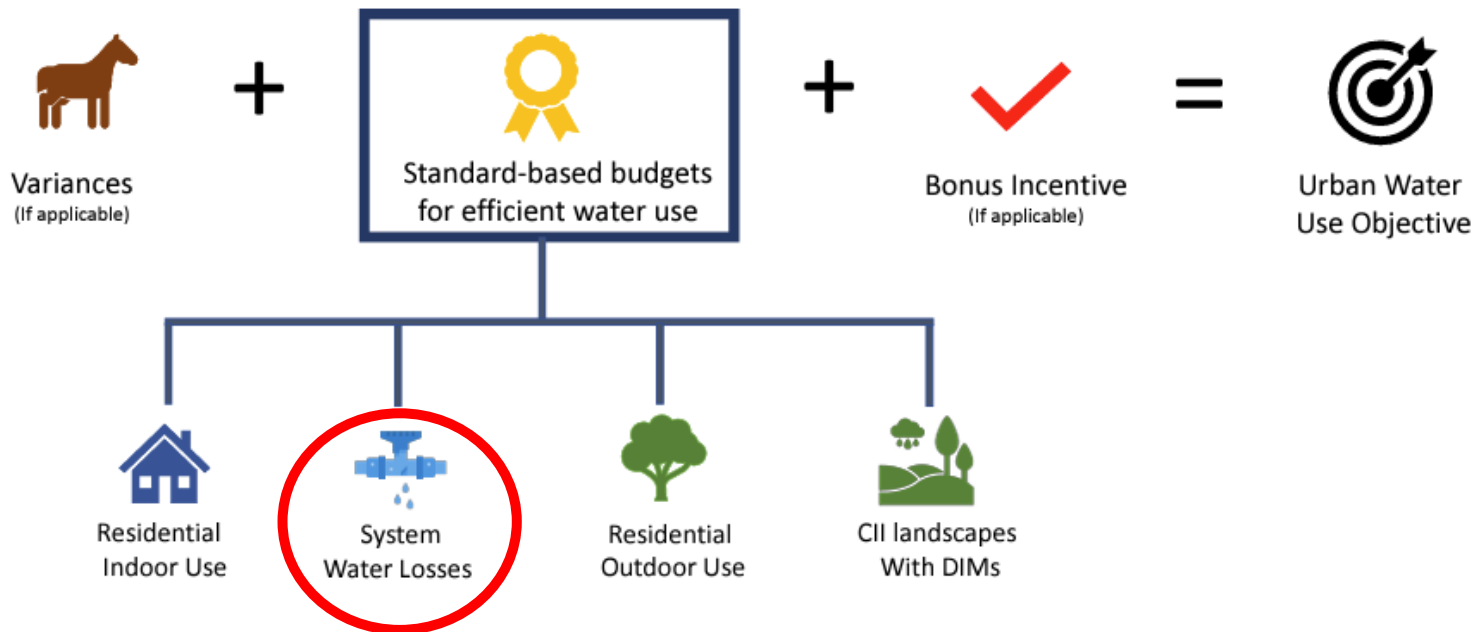
Surfaced and is reported by public or utility staff.



# Performance Standard and UWUO

## Basic Formula for Calculating Objectives

To be based on efficiency standards and supplier-specific data



Source: SWRCB

Real Loss Standard

- **ETWD's Real Loss Standard**  
= 24.3  
gal/connection/day
- **2022 Audited Real Losses**  
= 24.1  
gal/connection/day



# Water Loss Compliance Timeline

- **Individual standards by January 1, 2028 (Formally adopted in October 2022)**
  - Real Loss Standards calculated from an economic model from data reported in 2025, 2026, and 2027.
  - Apparent Loss Standards: Baseline apparent losses +/- 2 gal/connection/day.
  - Baseline data period: 2017-2020
- **Reporting Requirements**
  - Data Quality & Pressure Management Questionnaires – January 1, 2024
  - Asset Management Questionnaire – July 1, 2024
  - Break Registry – January 1, 2029 for 2025, 2026, and 2027.





# ETWD's Actions

- **Continue to maintain a robust water loss control program**
  - Internal leak detection and repair program
  - Collaborate and utilize services from MWDIOC (Zero Cost)
- **Vigilant data monitoring and analysis**
  - Documentation and reporting
- **Infrastructure improvement, customer outreach, and education**
  - Meter flow tests and calibrations
  - Future plan for AML
- **Regular training and certification**
  - AWWA Water Audit Validator



**Thank You...Questions?**





## STAFF REPORT

**To: Board of Directors**

**Meeting Date: December 21, 2023**

**From: Vu Chu, Water Use Efficiency Analyst**

**Subject: Water Use Efficiency Report**

### **Rebate Programs:**

The SoCal WaterSmart regional rebate program is available to ETWD customers provided by the Metropolitan Water District of Southern California, the Municipal Water District of Orange County and ETWD.

The following tables reflect the ETWD customer device rebates available to customers from July 2022 through June 30, 2024.

Select device purchases are eligible for rebates while meeting eligibility requirements and subject to funding availability. Rebate information can be found at [www.etwd.com/conservation/rebates](http://www.etwd.com/conservation/rebates).

### **Residential Rebate Programs:**

<b>Device</b>	<b>MET Rebate</b>	<b>MWDOC Grant</b>	<b>ETWD Rebate</b>	<b>Total Rebate (up to)</b>
High Efficiency Clothes Washer	\$85		\$115	\$200
Premium High Efficiency Toilet	\$40		\$60	\$100
Rotating Sprinkler Nozzles (min 30 per home)	\$2 ea			\$2
Smart Irrigation Timer	\$80	\$100	\$70	\$250
Turf Removal Program (up to 5,000 sq ft)*	\$2 sq. ft.	\$1 sq. ft.	\$1 sq. ft.	\$4 sq. ft.
Soil Moisture Sensor System <1 Acre >1 Acre	\$80 \$35/station	\$100	\$70	\$250 \$35/station



Water Use Efficiency Report  
Page 2

Hose Bib Irrigation Controller	\$35			\$35
Rain Barrels	\$35			\$35
Cisterns				
(200 -500 gallon)	\$250			\$250
(501-999 gallon)	\$300			\$300
(1,000 gallon or more)	\$350			\$350
Spray to Drip Irrigation (up to 5,000 sf of converted area per fiscal year)		\$0.50 sq. ft.	\$0.25 sq. ft.	\$0.75 sq. ft.

\*Designated recycled water sites are not eligible for turf removal rebates. MWDOC Grant funding based on availability. ETWD has discontinued funding of synthetic turf rebates.

**Commercial Rebate Programs:**

Device	MET Rebate	MWDOC Grant	ETWD Rebate	Total Rebate (up to)
Premium High Efficiency Toilet	\$40			\$40
Multi-family Premium High Efficiency Toilet	\$40			\$40
Zero Water/Ultra Low Water Urinal	\$200			\$200
Plumbing Flow Control Valve (min. 10)	\$5			\$5
Smart Irrigation Timer/Central Computer Irrigation Controller/Soil Moisture Sensor System/Hose Bib Irrigation Controller	\$35/station			\$35/station
Rotating Sprinkler Nozzles (minimum quantity of 15)	\$2			\$2
Rotating Nozzles – Large Rotary	\$13			\$13
Turf Removal Program (up to 50,000 sq ft MET-MWDOC/up to 10,000 sq. ft. ETWD funding)*	\$2 sq. ft*			\$2 sq. ft.*
Spray to Drip Irrigation (up to 45,000 sq. ft)		\$0.50 sq. ft.		\$0.50 sq. ft.

\*Designated recycled water sites are not eligible for turf removal rebates. Synthetic turf is not eligible for the turf removal rebate. Additional commercial rebates available online at [ocwatersmart.com](http://ocwatersmart.com). MWDOC Grant funding based on availability.

**Actual Customer Rebates Analysis:**

The following ETWD residential customer and commercial customer device rebates were approved by the Metropolitan Water District and the Municipal Water District of Orange County during the month of November 2023.

<b>Residential Device Rebates</b>	<b>Rebates Approved November 2023</b>	<b>ETWD Amount Paid</b>	<b>MET Amount Paid</b>	<b>Total Rebate Paid</b>
High Efficiency Clothes Washer	4	\$460	\$340	\$800.00

The following ETWD rebates for Turf Removal Program and Spray-To-Drip Program that have been paid during the current fiscal year 2023/2024 through the end of November 2023.

<b>Turf Removal Program</b>	<b>Total sq.ft. Paid</b>	<b>ETWD Supplemental Amount</b>	<b>ETWD Supplemental Rebate Total</b>
Turf Removal Residential & Commercial	32,308	\$1 sq. ft. Residential	\$4,876.00
Spray-To-Drip Residential & Commercial	5,949	\$0.25 sq. ft. Residential	\$1,046.25

**Water Use Efficiency Plan Update:**

The District Water Budget-Based Tiered Conservation Rate Structure (WBBTCRS) pricing structure is the primary plan that gives customers the incentive needed to be efficient. The Plan efforts initially will concentrate on those customers continually in the Inefficient and Excessive Tiers (Tiers 3 and 4). During November 2023, residential customers accounted for 67.5% of Tier 3 usage and dedicated irrigation accounted for 32.5%. For Tier 4, residential customers accounted for 45.7% and dedicated irrigation accounted for 54.3% during the same period.

**Total Consumption Comparison to Evapotranspiration (ET) Factor:**

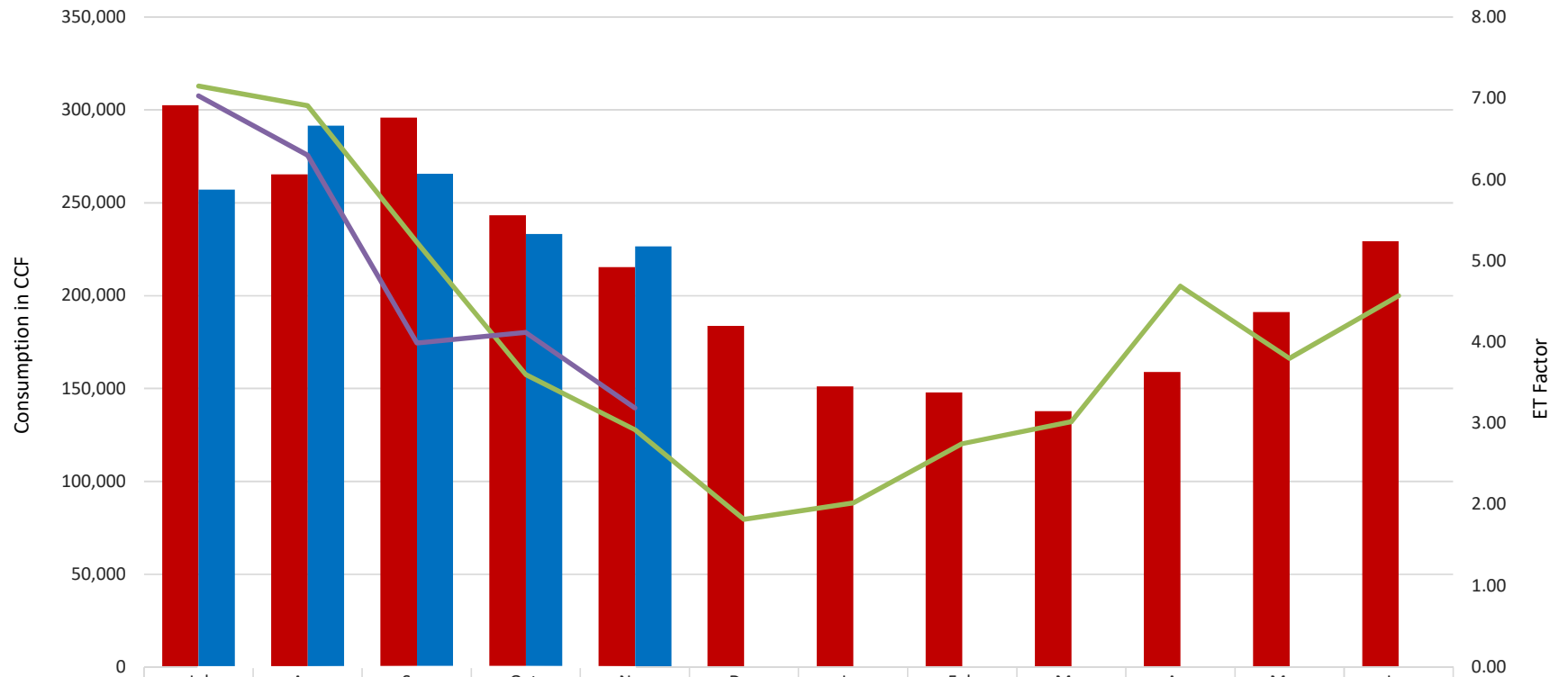
Included in this month's Water Use Efficiency Report is a chart comparing the current fiscal year consumption and ET factor to the fiscal 2022/23 consumption and ET factor. Total potable water consumption increased 5.27% in November 2023 versus November 2022. The ET factor increased from 2.92 to 3.19 during the same period.

**ETWD Tier Consumption Information and Usage Information Compared to Previous Years:**

The following graphs highlight ETWD year-to-date consumption and consumption by tier for the current fiscal year compared to 2022-2023 fiscal year. ETWD water consumption compared to 2013 and 2020 are also included.

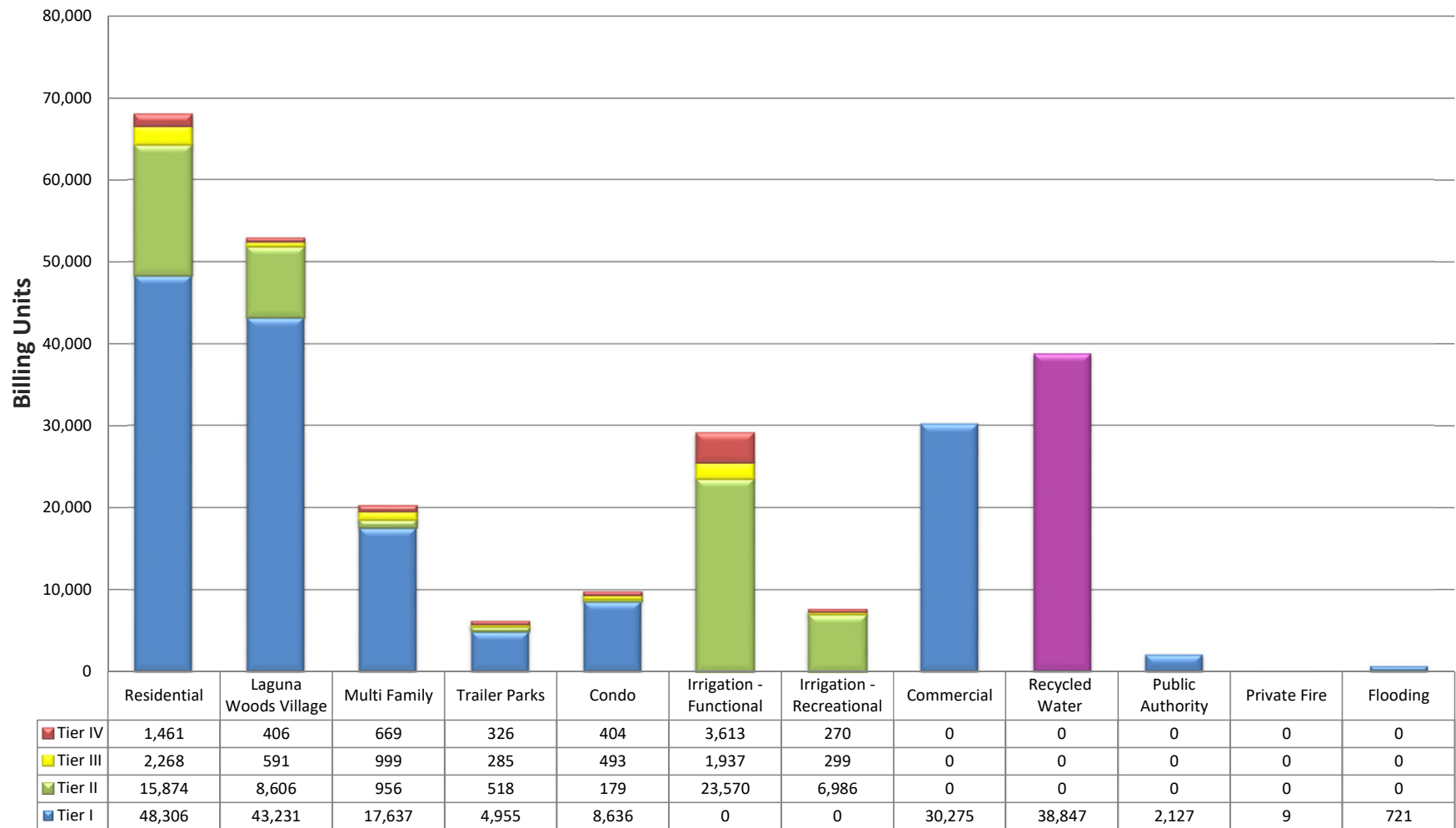


### Total Consumption Comparison (CCF)

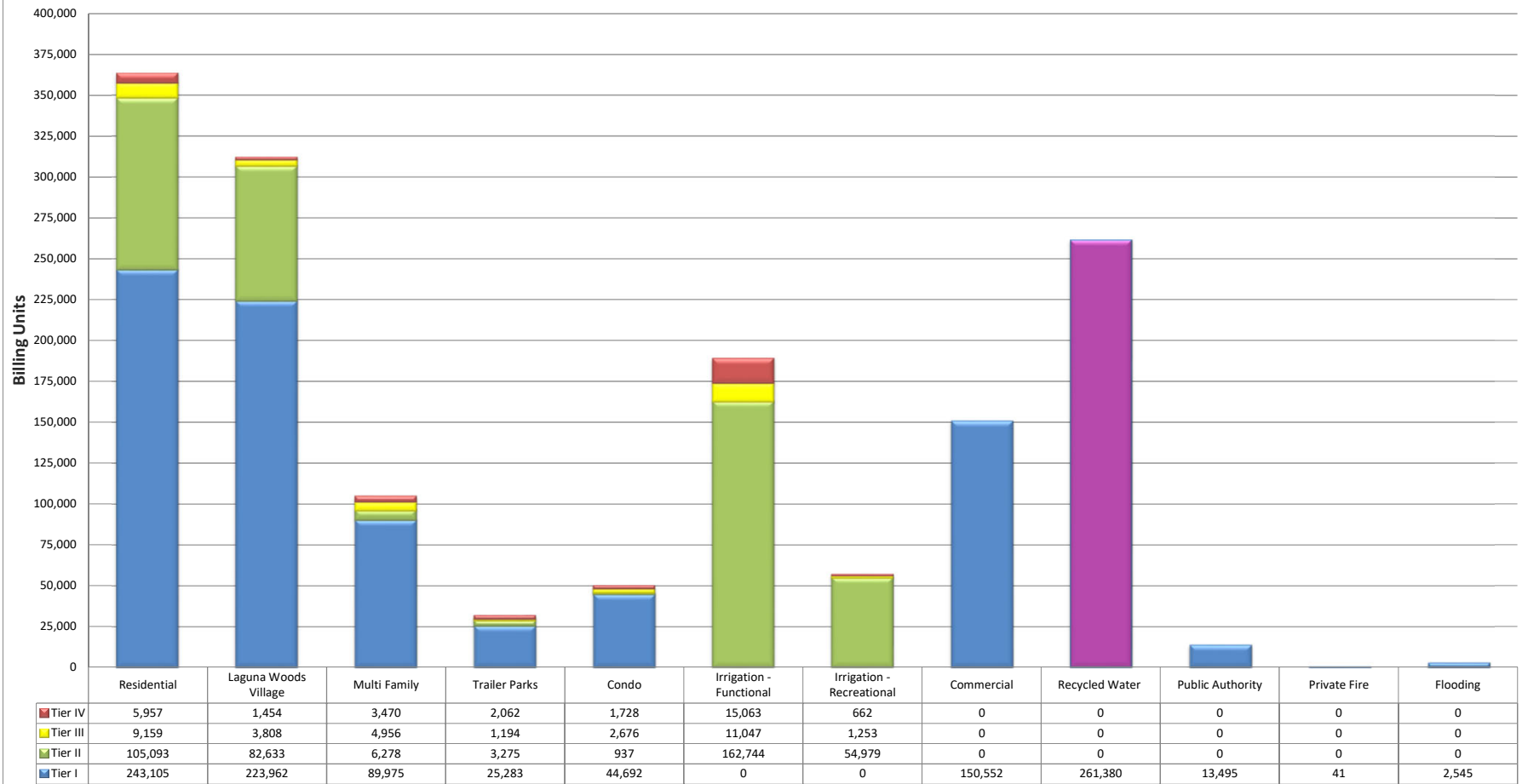


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 2022-2023	302,569	265,312	295,875	243,292	215,271	183,731	151,223	147,895	137,806	158,858	191,244	229,339
FY 2023-2024	257,133	291,565	265,582	233,191	226,607							
% Change	-15.02%	9.90%	-10.24%	-4.15%	5.27%							
FY 22/23 ET	7.15	6.91	5.23	3.60	2.92	1.82	2.02	2.75	3.02	4.69	3.80	4.57
FY 23/24 ET	7.03	6.30	3.99	4.12	3.19							

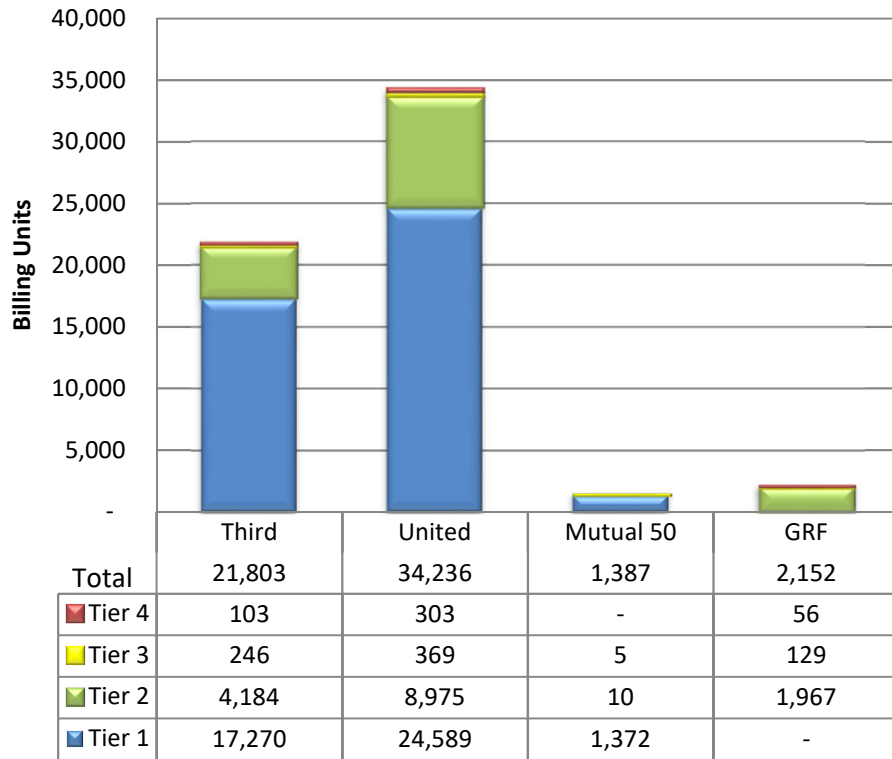
## November 2023 Water Sales



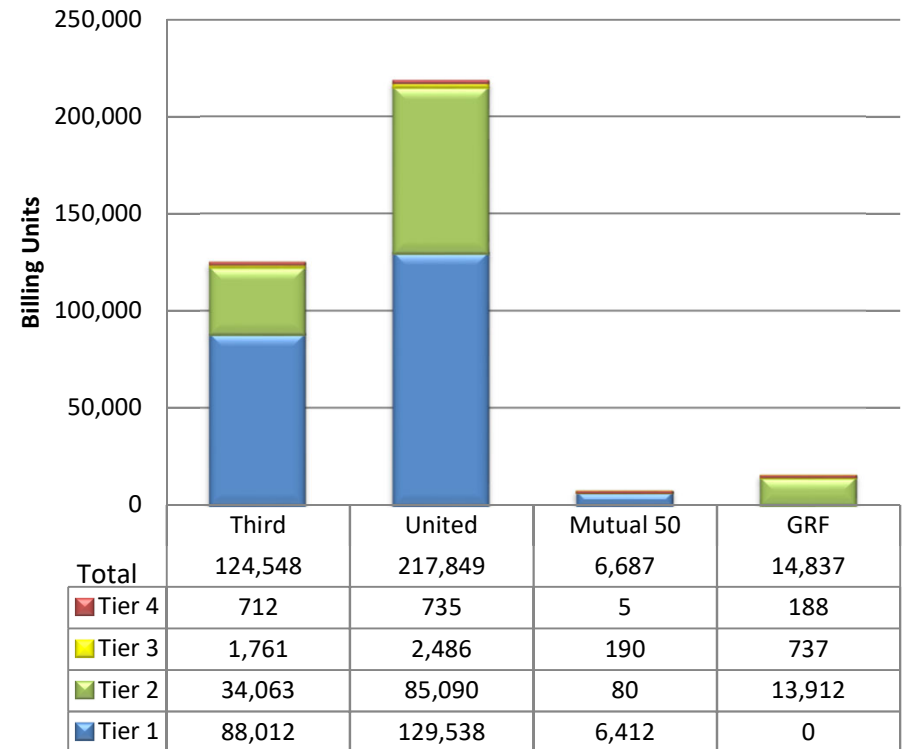
### Year-to-Date Water Sales as of November 2023



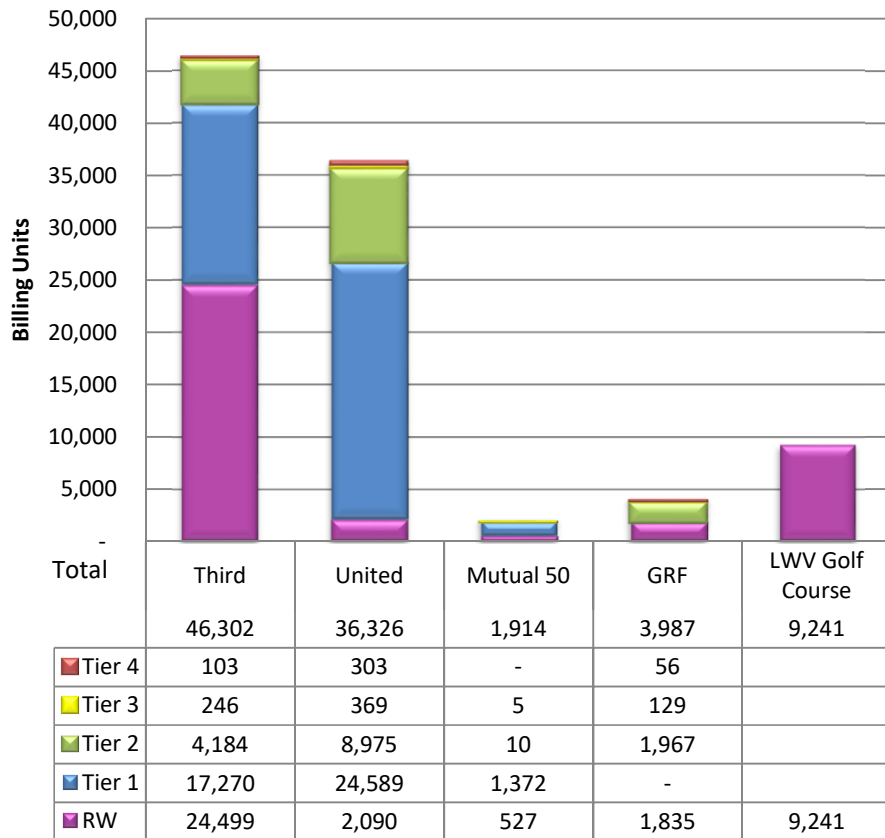
## Laguna Woods Village November 2023 Water Sales



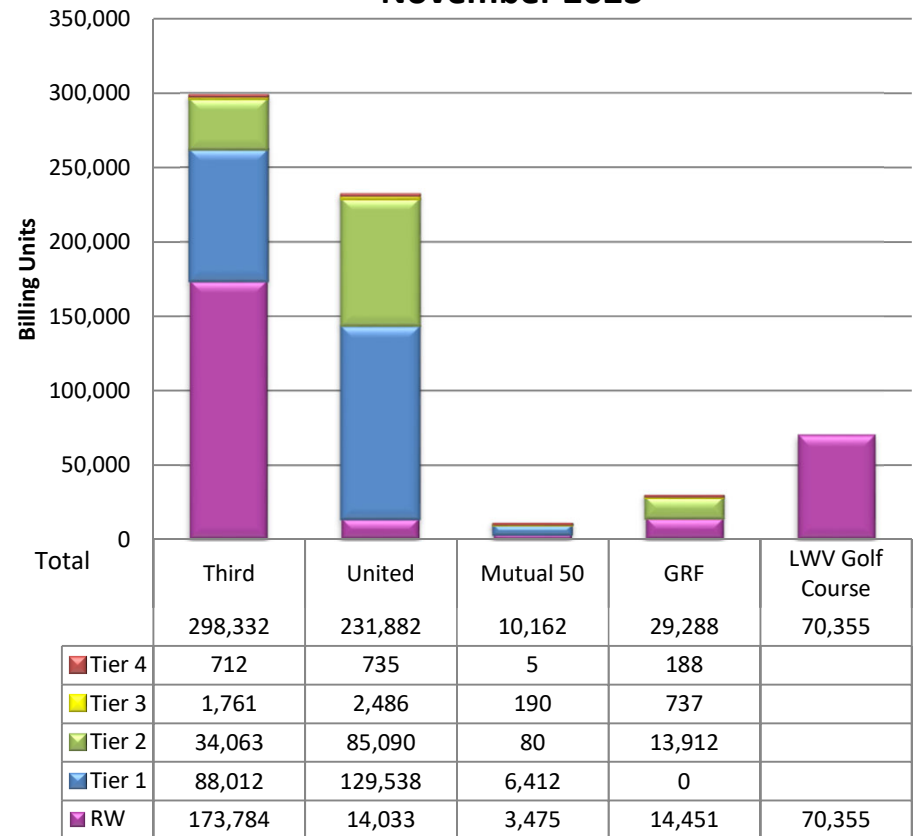
## Laguna Woods Village Year-to-Date Water Sales November 2023



## Laguna Woods Village November 2023 Water & RW Sales

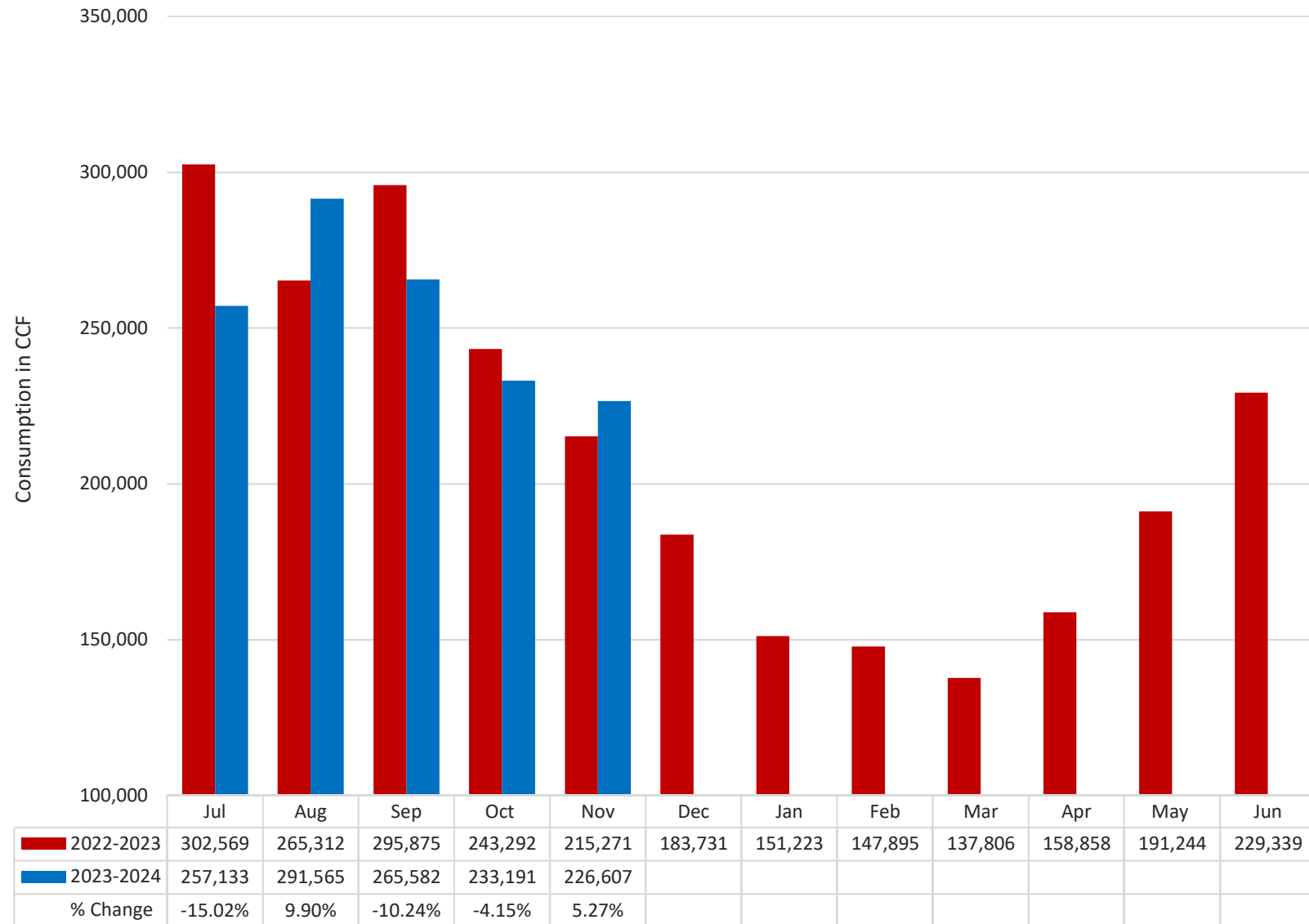


## Laguna Woods Village Year-to-Date Water & RW Sales November 2023

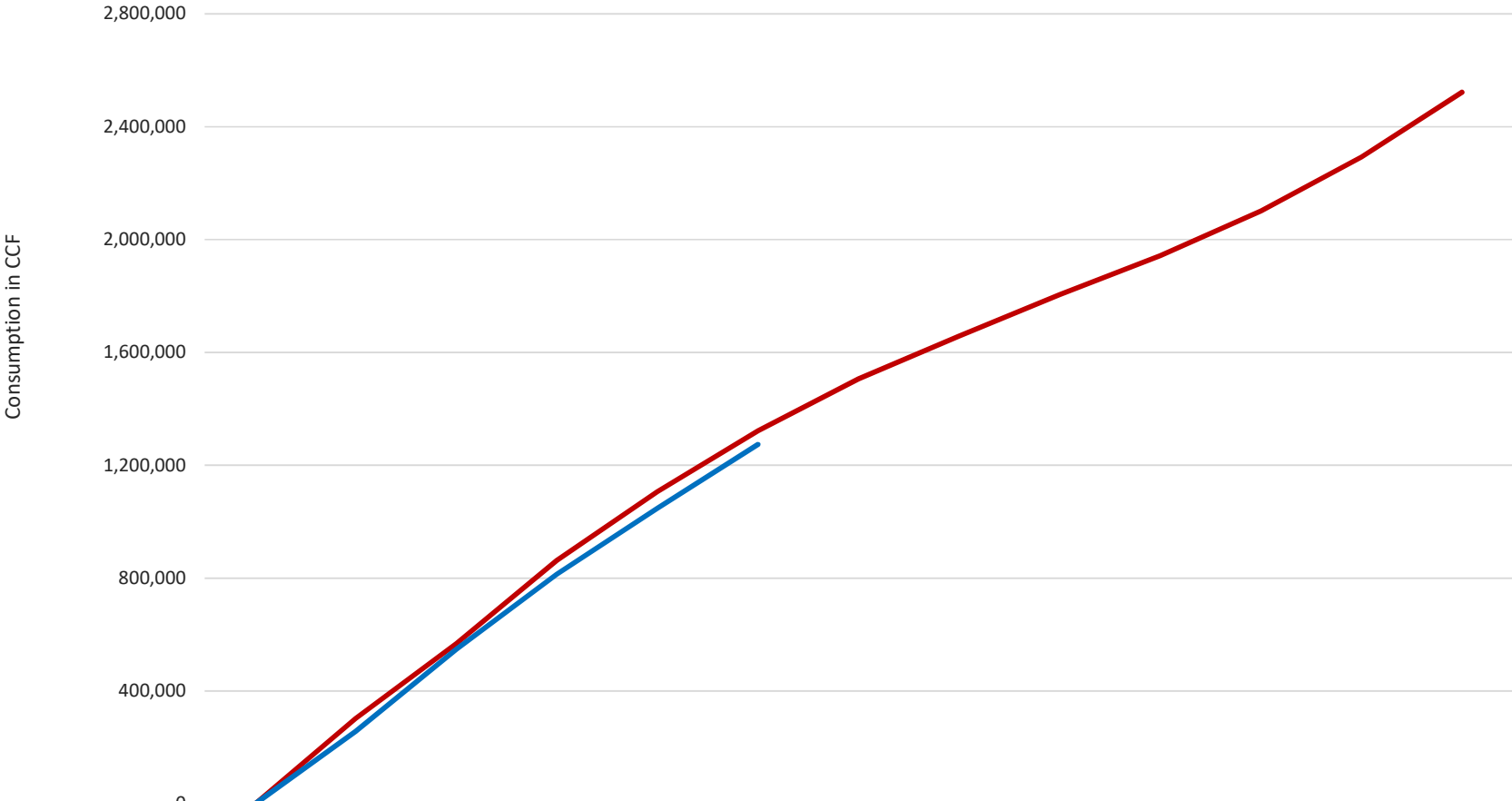




## ETWD Total Consumption

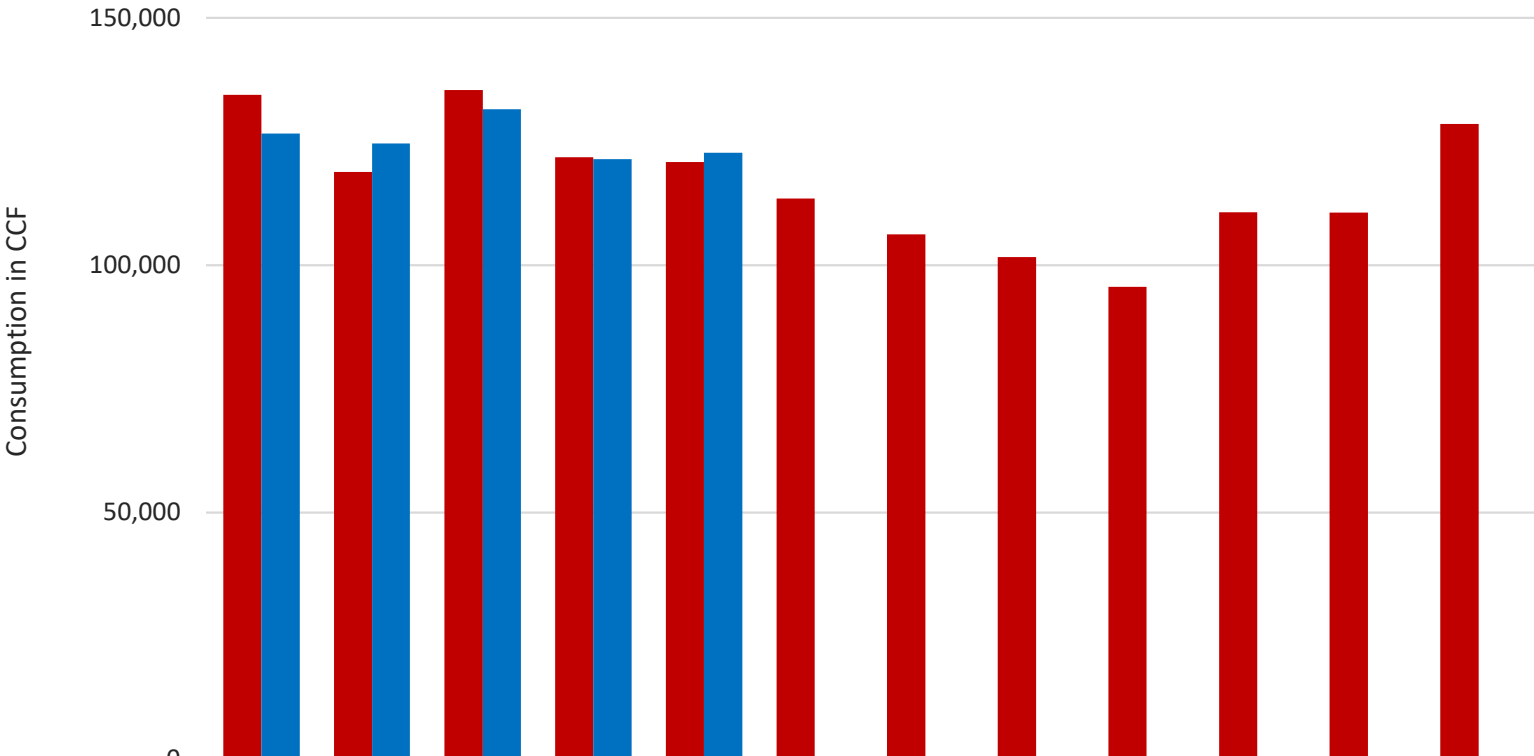


ETWD Fiscal YTD Consumption



	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2022-2023	0	302,569	567,881	863,756	1,107,04	1,322,31	1,506,05	1,657,27	1,805,16	1,942,97	2,101,83	2,293,07	2,522,41
2023-2024	0	257,133	548,698	814,280	1,047,47	1,274,07							
% Change		-15.02%	-3.38%	-5.73%	-5.38%	-3.65%							

Tier I Consumption



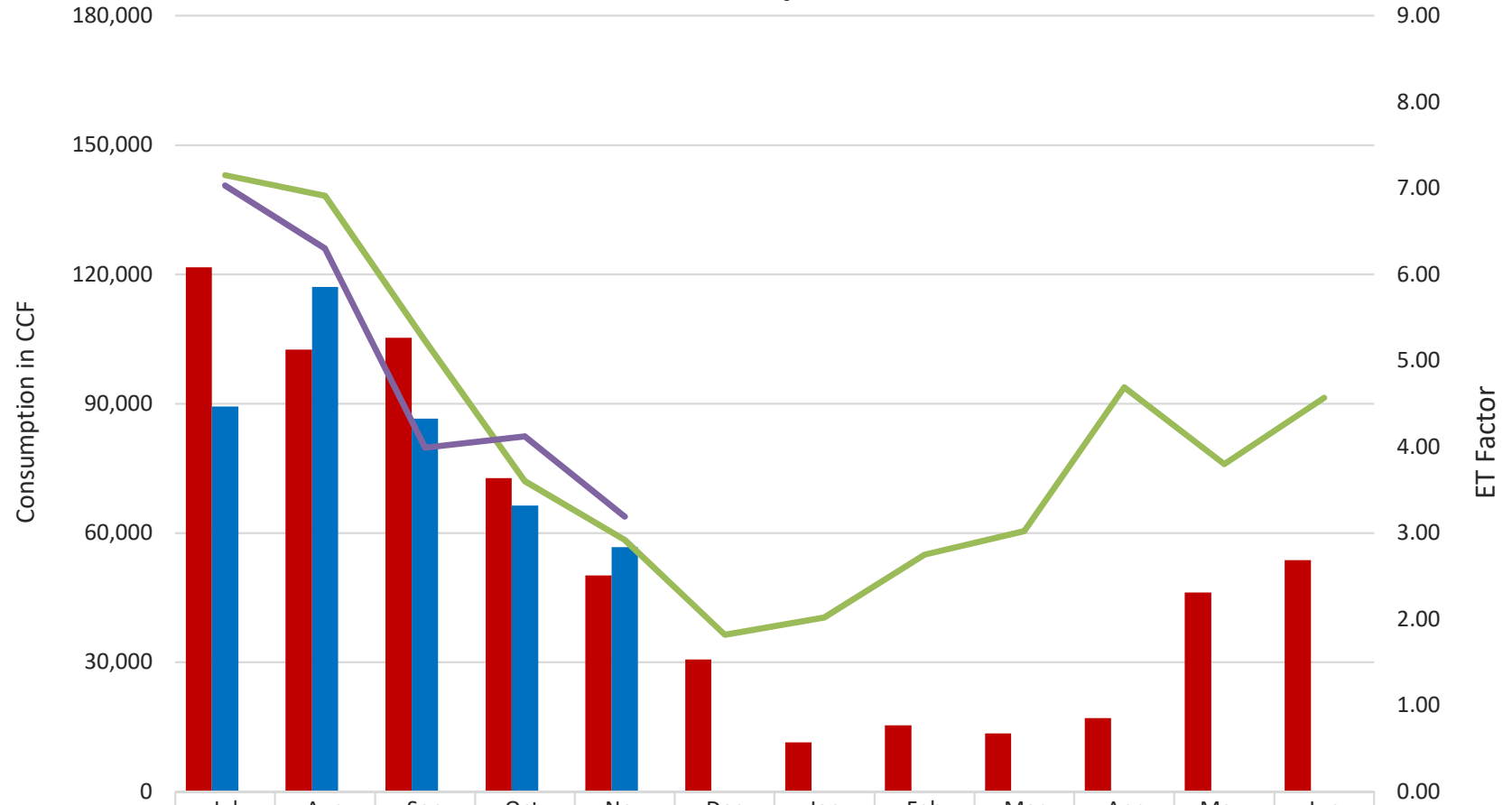
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2022-2023	134,45	118,83	135,39	121,83	120,87	113,47	106,21	101,61	95,661	110,73	110,63	128,54
2023-2024	126,58	124,63	131,52	121,50	122,76							
% Change	-5.85%	4.88%	-2.86%	-0.27%	1.56%							

### Tier I Fiscal YTD Consumption



	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2022-2023	0	134,454	253,288	388,682	510,513	631,387	744,860	851,076	952,691	1,048,35	1,159,08	1,269,71	1,398,26
2023-2024	0	126,589	251,222	382,748	504,252	627,017							
% Change		-5.85%	-0.82%	-1.53%	-1.23%	-0.69%							

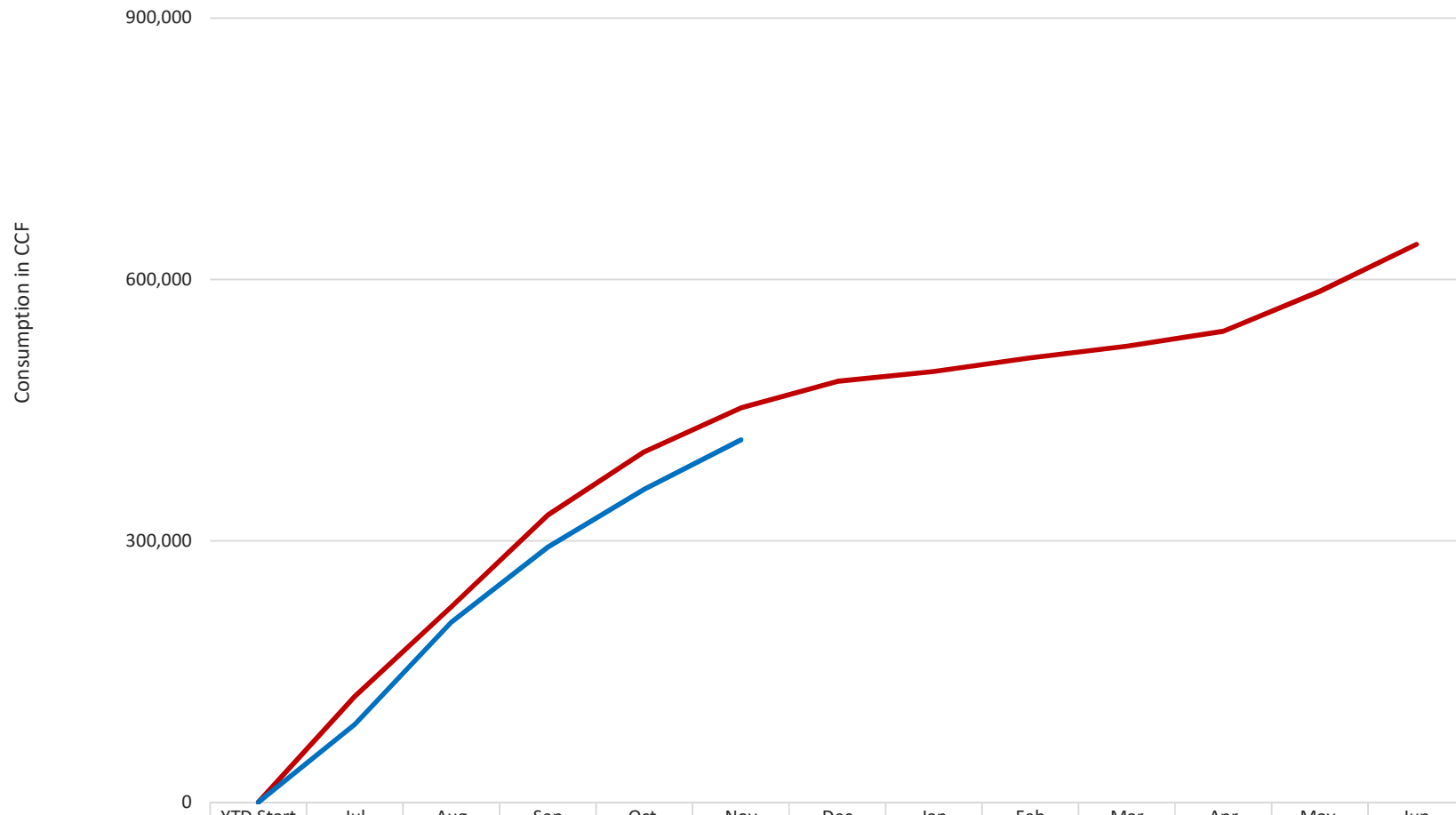
## Tier II Consumption



2022-2023	121,621	102,525	105,292	72,718	50,151	30,663	11,482	15,388	13,515	17,051	46,166	53,657
2023-2024	89,331	117,071	86,517	66,331	56,689							
% Change	-26.55%	14.19%	-17.83%	-8.78%	13.04%							
22/23 ET	7.15	6.91	5.23	3.60	2.92	1.82	2.02	2.75	3.02	4.69	3.80	4.57
23/24 ET	7.03	6.30	3.99	4.12	3.19							

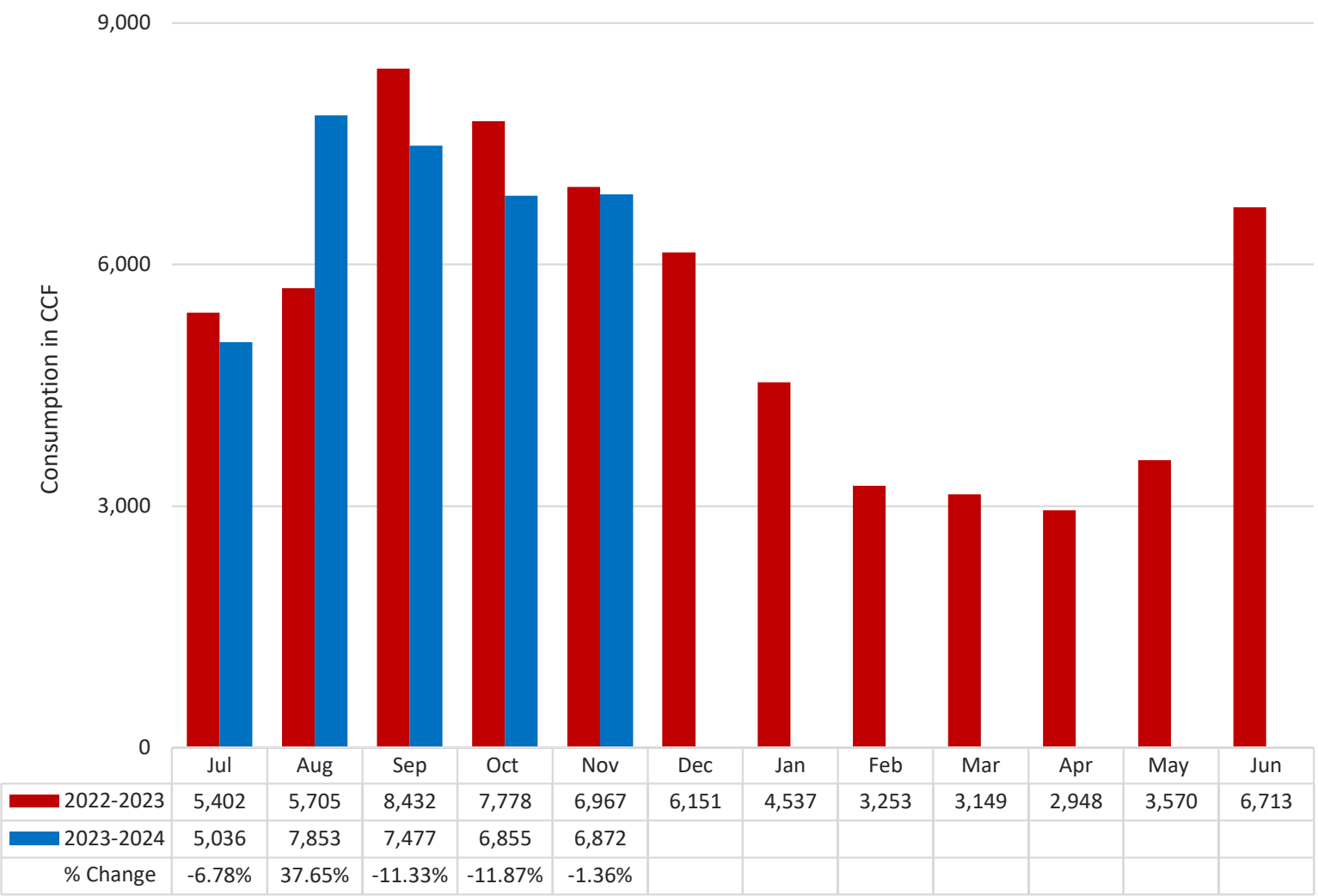


## Tier II Fiscal YTD Consumption

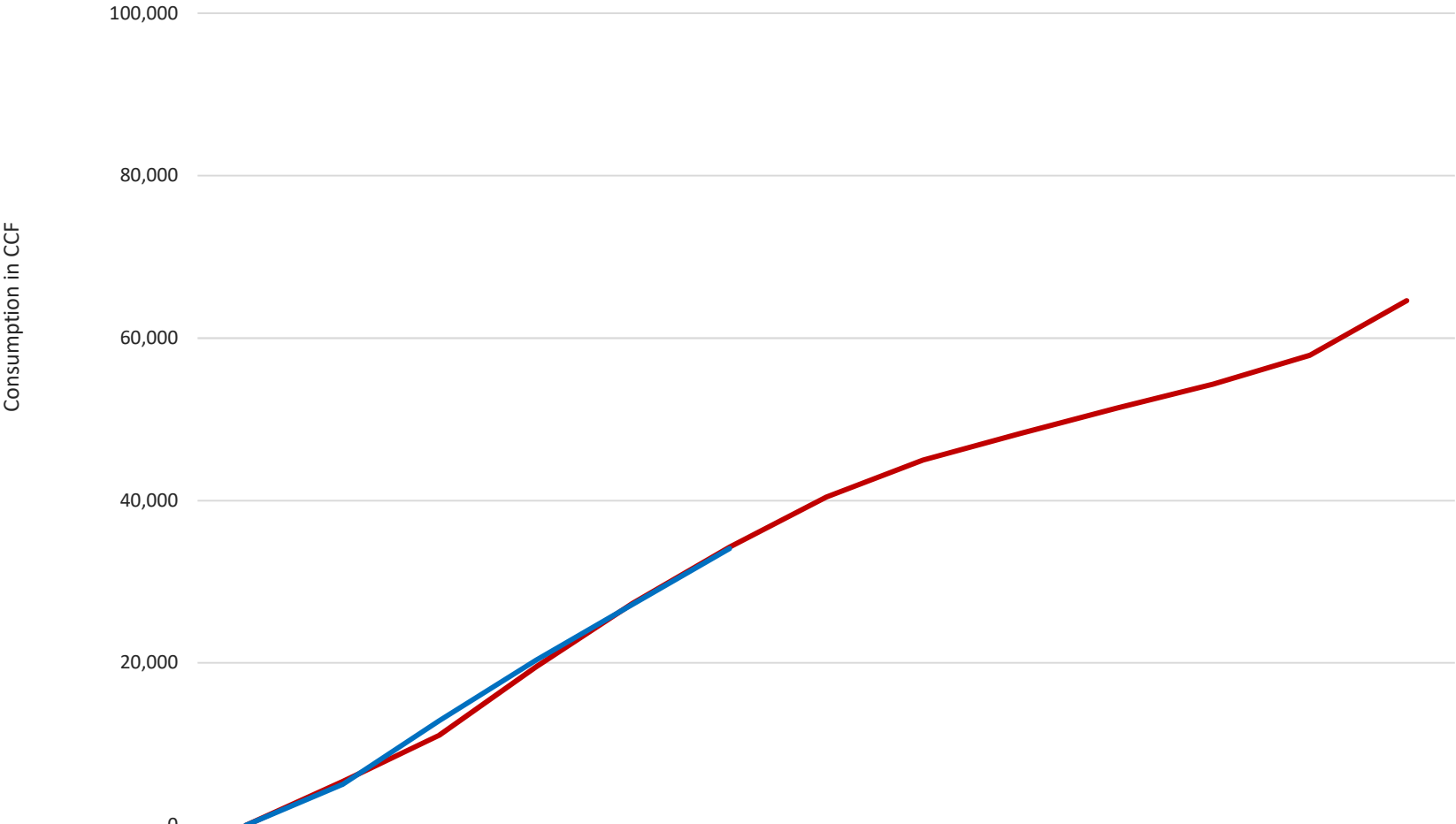


	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2022-2023	0	121,621	224,146	329,438	402,156	452,307	482,970	494,452	509,840	523,355	540,406	586,572	640,229
2023-2024	0	89,331	206,402	292,919	359,250	415,939							
% Change		-26.55%	-7.92%	-11.09%	-10.67%	-8.04%							

Tier III Consumption

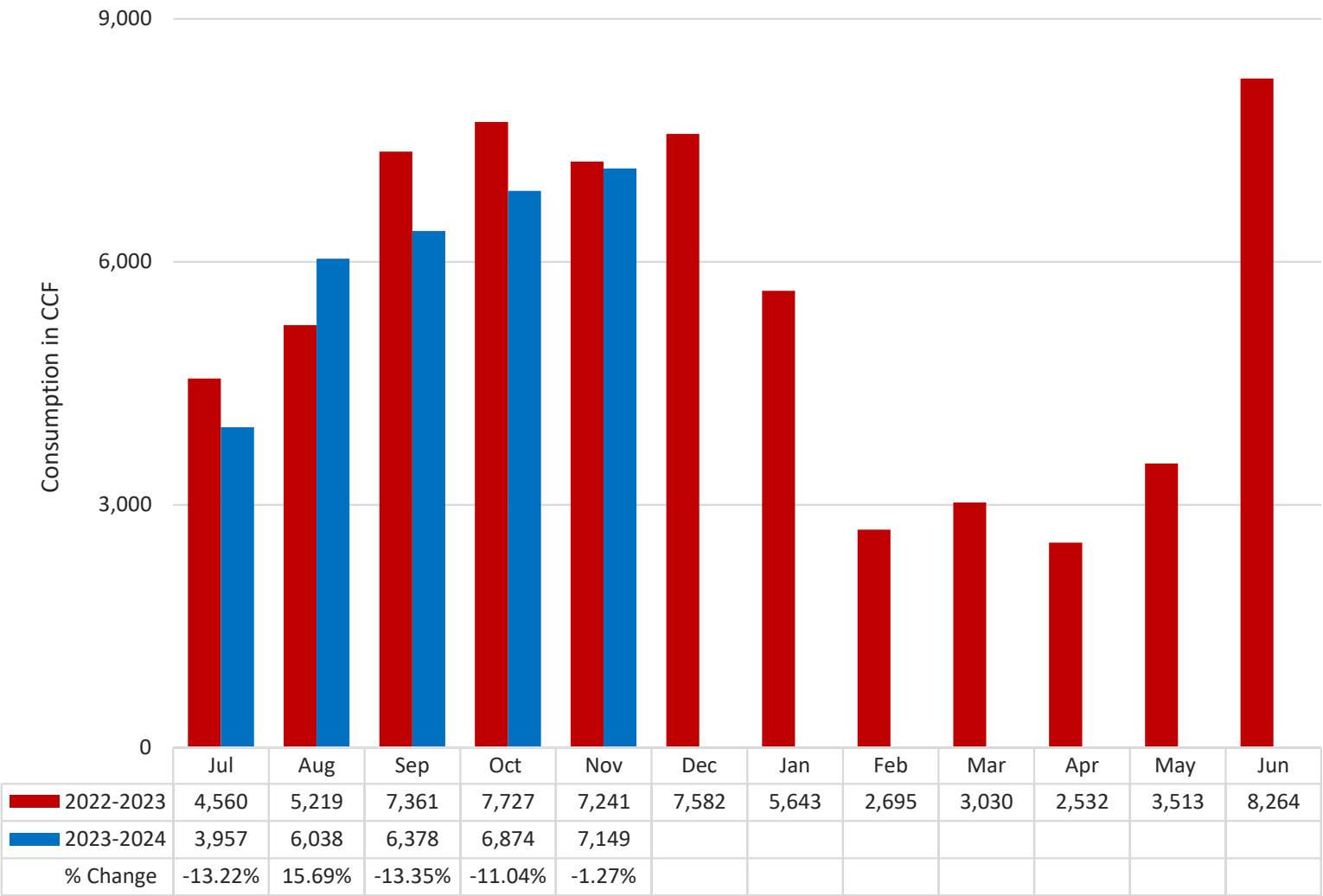


Tier III Fiscal YTD Consumption

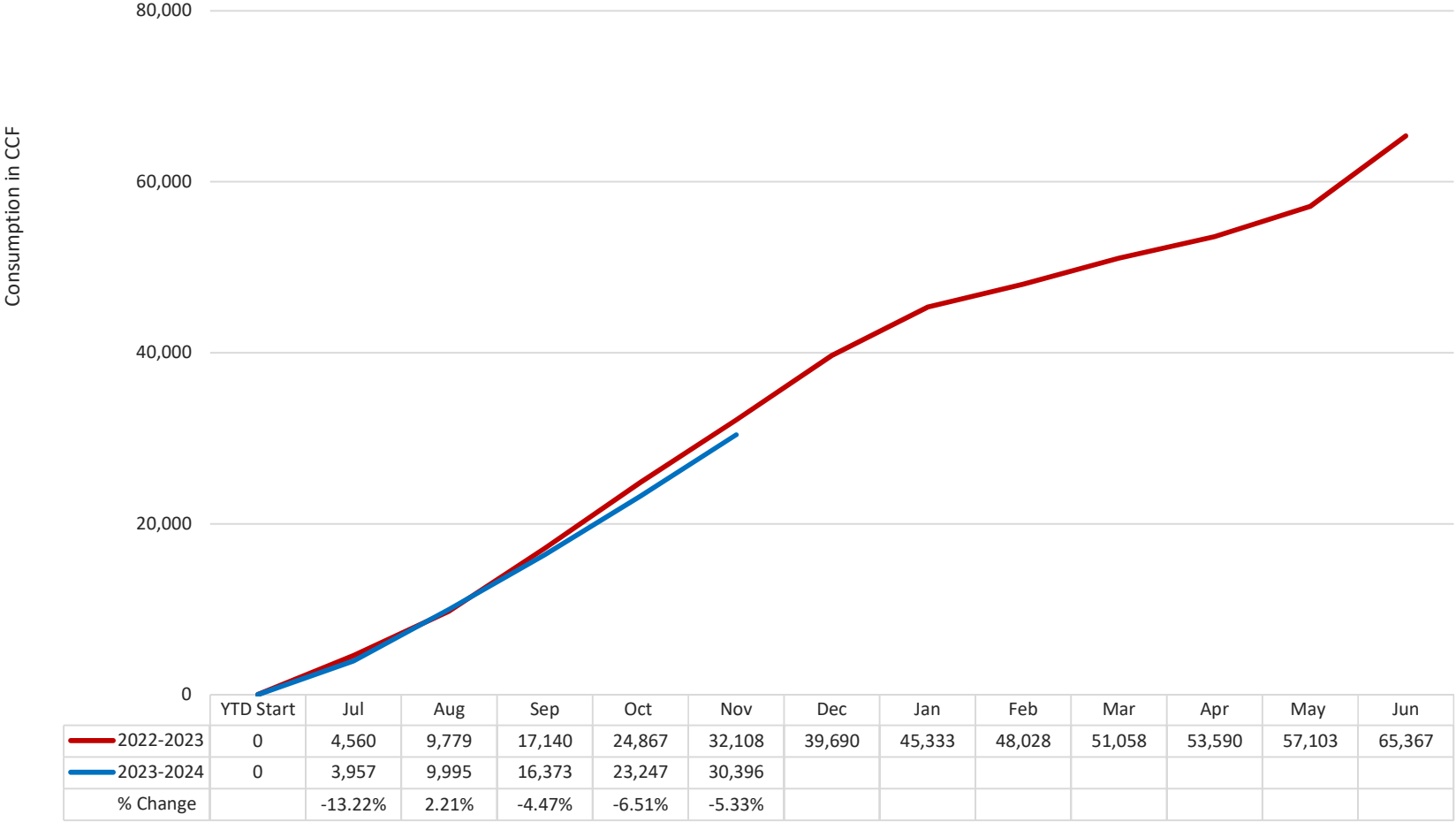


	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2022-2023	0	5,402	11,107	19,539	27,317	34,284	40,435	44,972	48,225	51,374	54,322	57,892	64,605
2023-2024	0	5,036	12,889	20,366	27,221	34,093							
% Change		-6.78%	16.04%	4.23%	-0.35%	-0.56%							

Tier IV Consumption

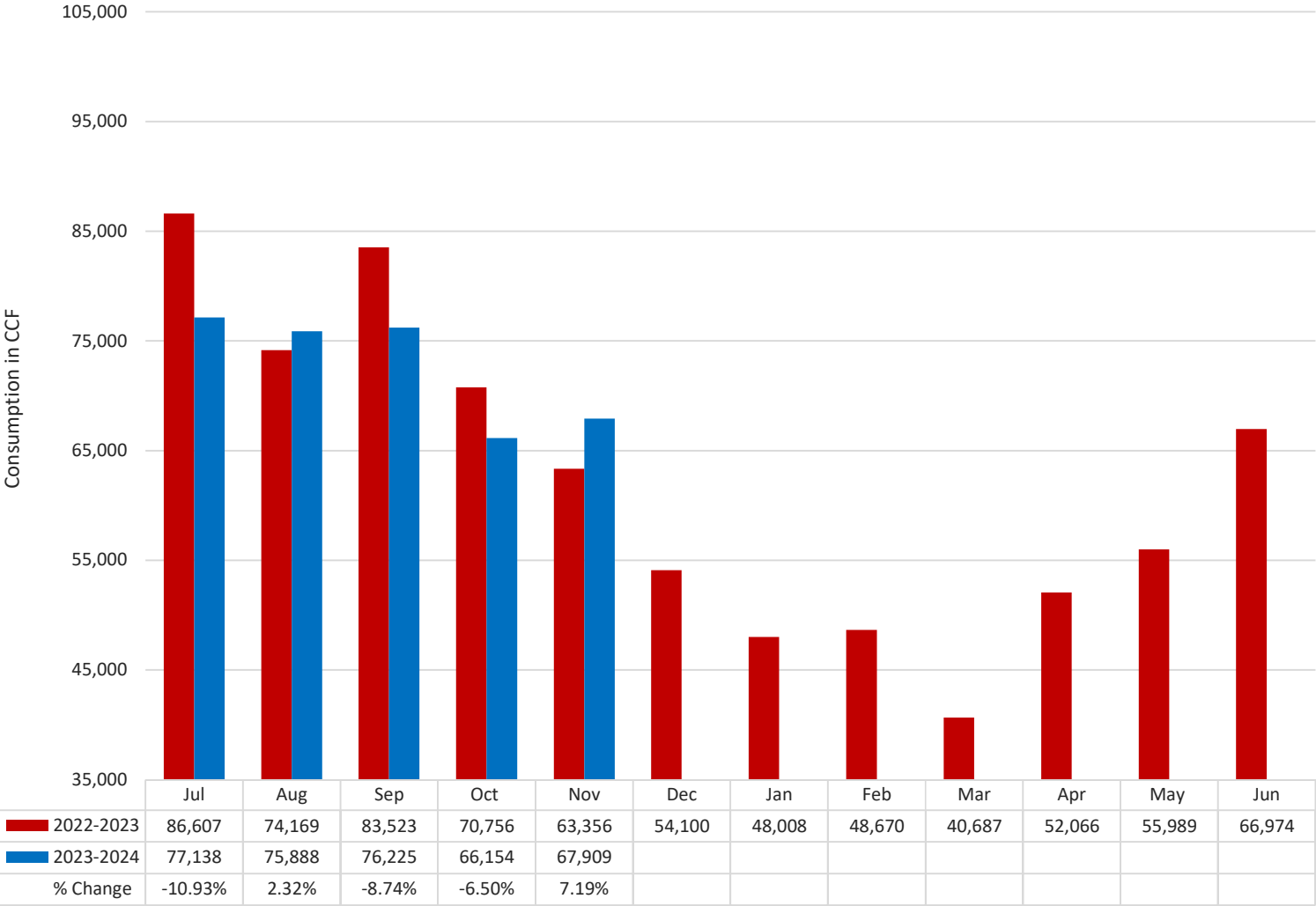


Tier IV Fiscal YTD Consumption

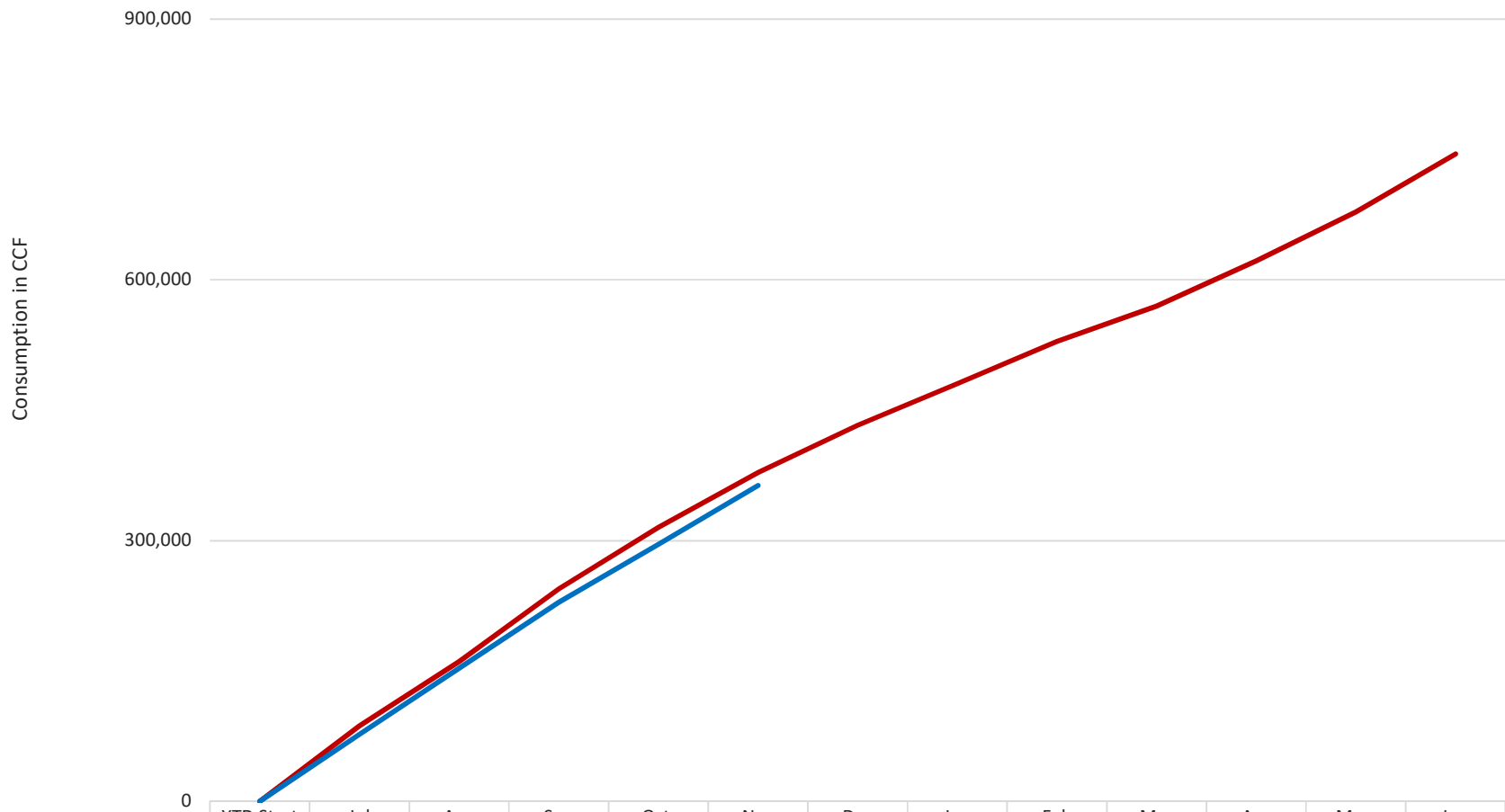




Single Family Residents Consumption

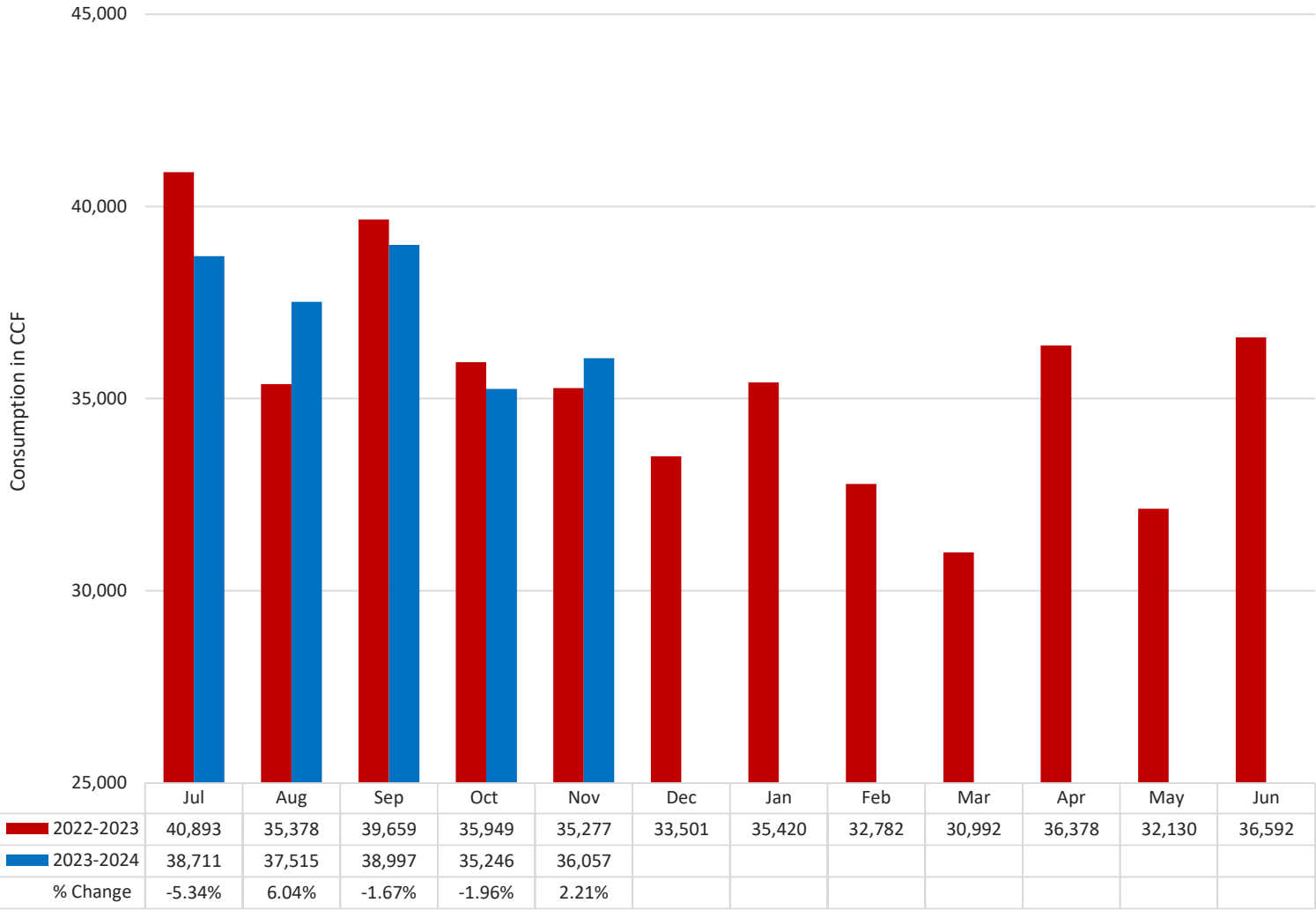


## Single Family Residents YTD Consumption

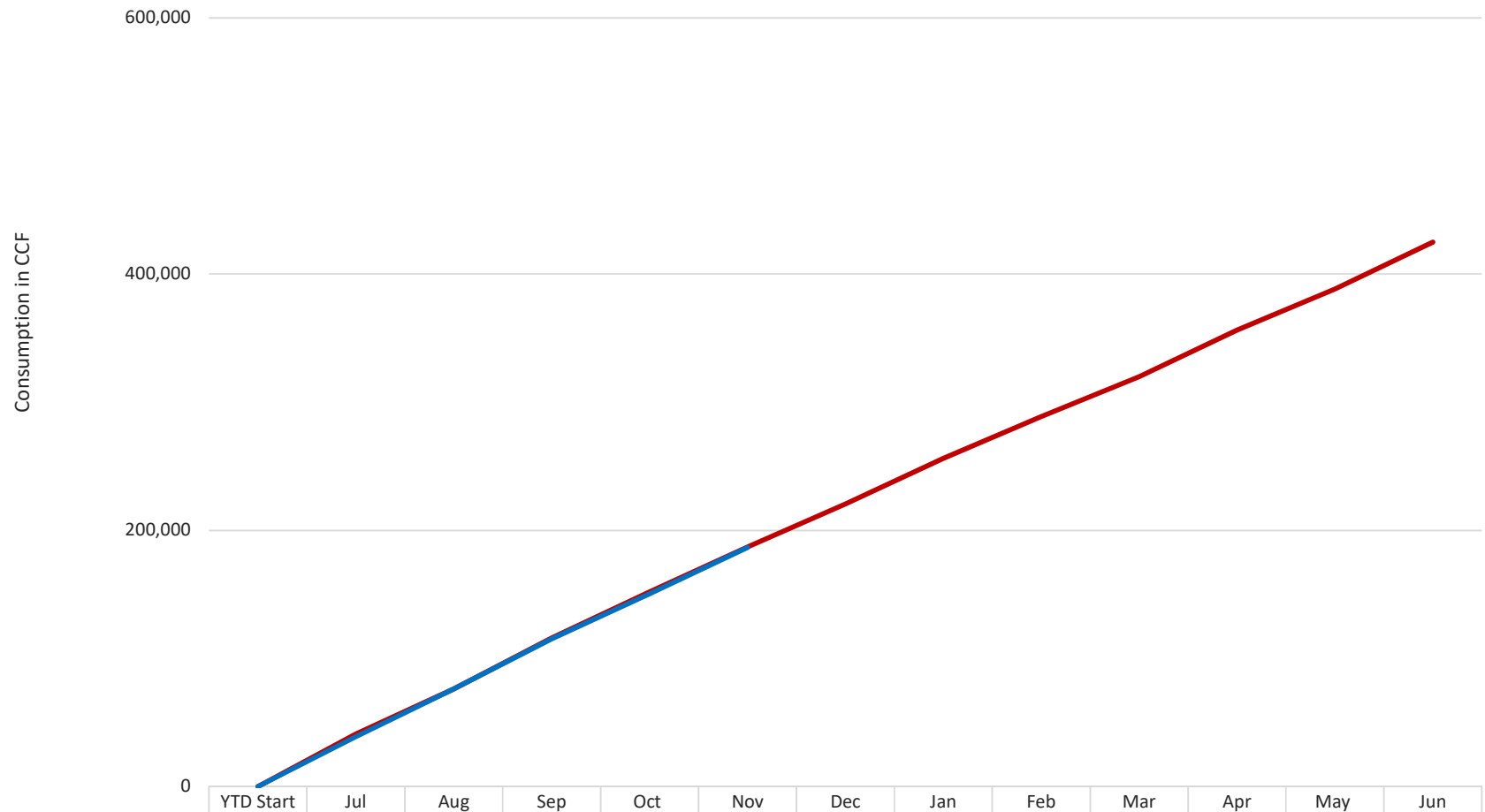


	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2022-2023	0	86,607	160,776	244,299	315,055	378,411	432,511	480,519	529,189	569,876	621,942	677,931	744,905
2023-2024	0	77,138	153,026	229,251	295,405	363,314							
% Change		-10.93%	-4.82%	-6.16%	-6.24%	-3.99%							

Multi Family Residents Consumption

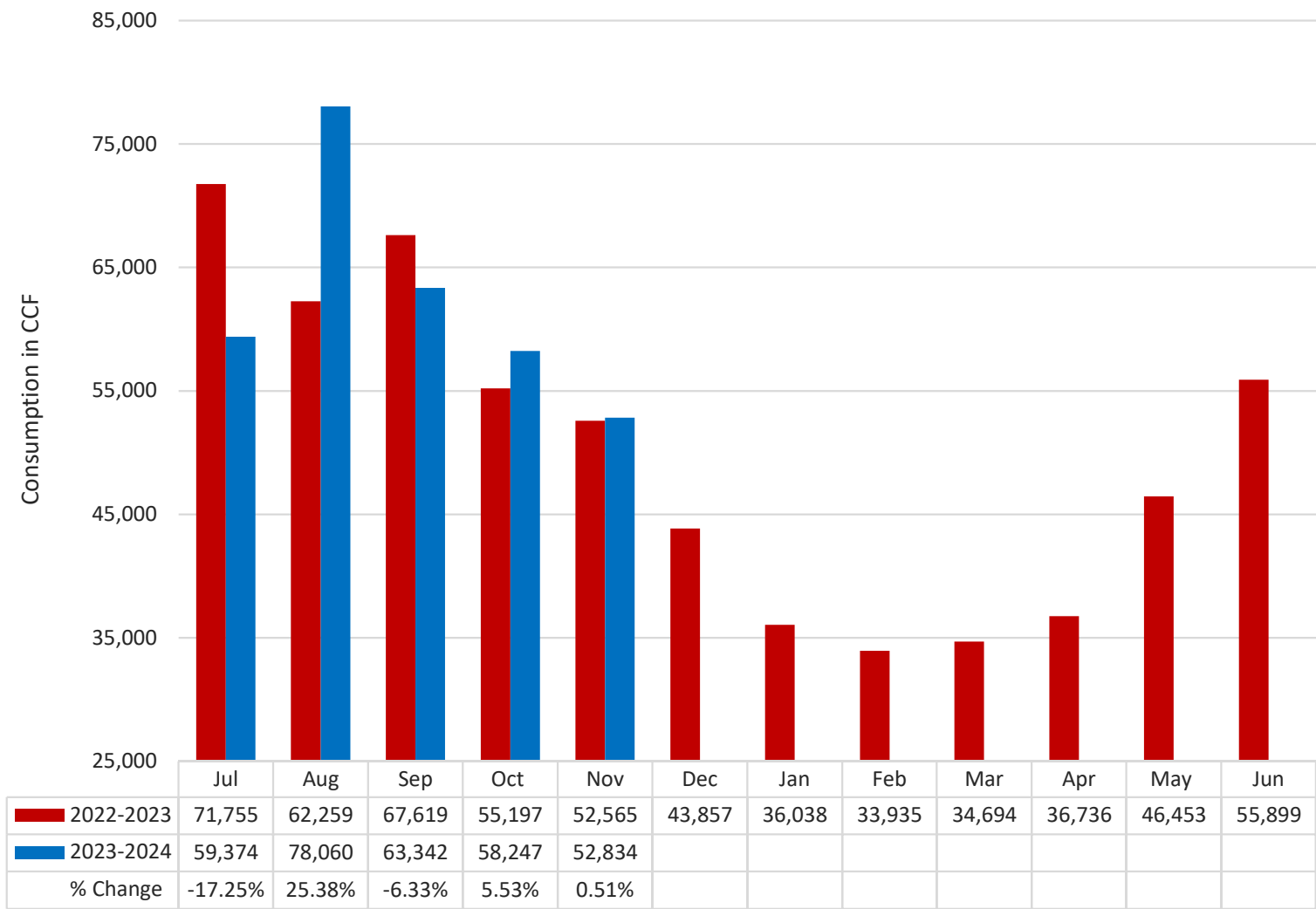


## Multi Family Residents YTD Consumption



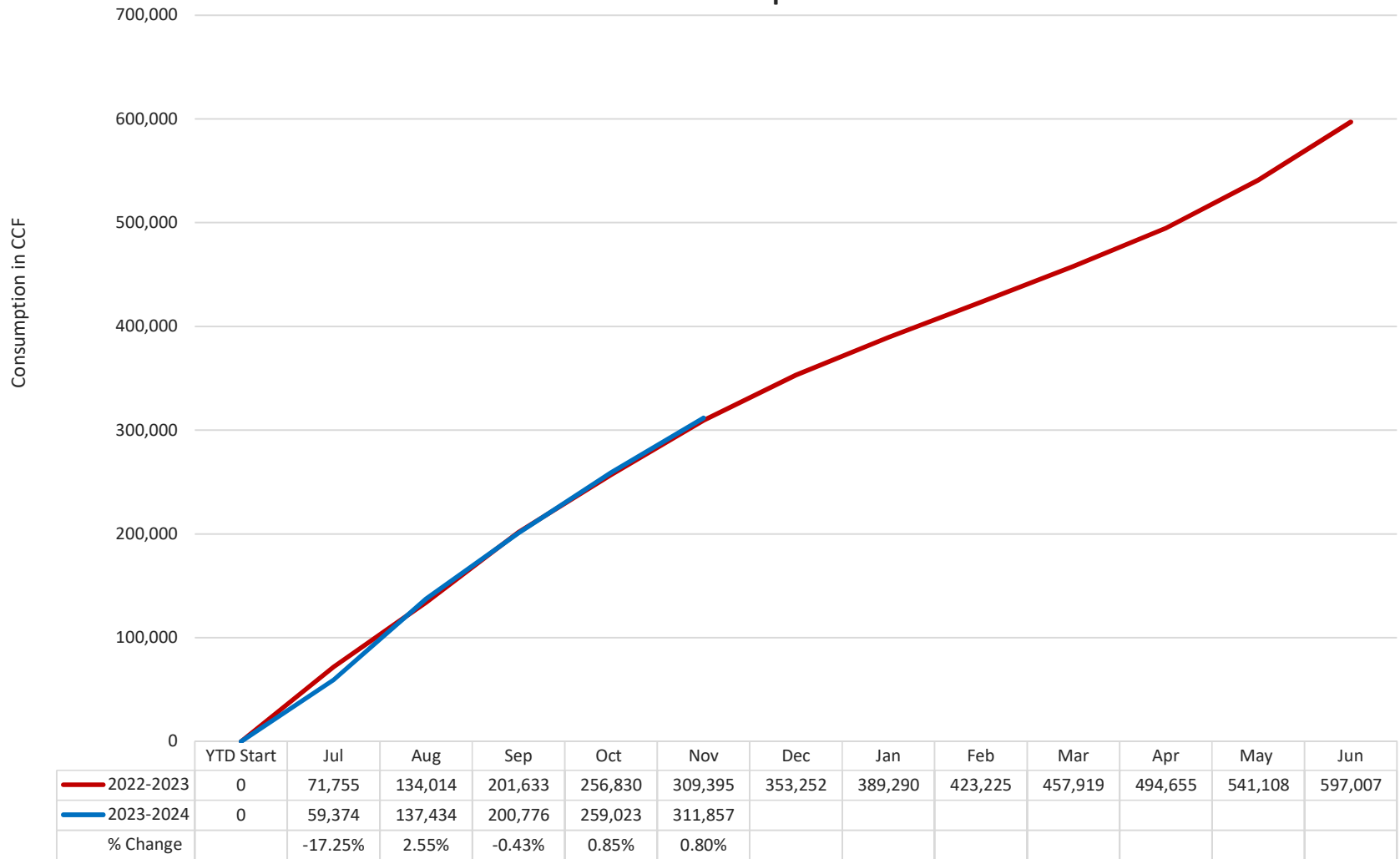
	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2022-2023	0	40,893	76,271	115,930	151,879	187,156	220,657	256,077	288,859	319,851	356,229	388,359	424,951
2023-2024	0	38,711	76,226	115,223	150,469	186,526							
% Change		-5.34%	-0.06%	-0.61%	-0.93%	-0.34%							

Laguna Woods Village Consumption (Excluding Dedicated Irrigation)

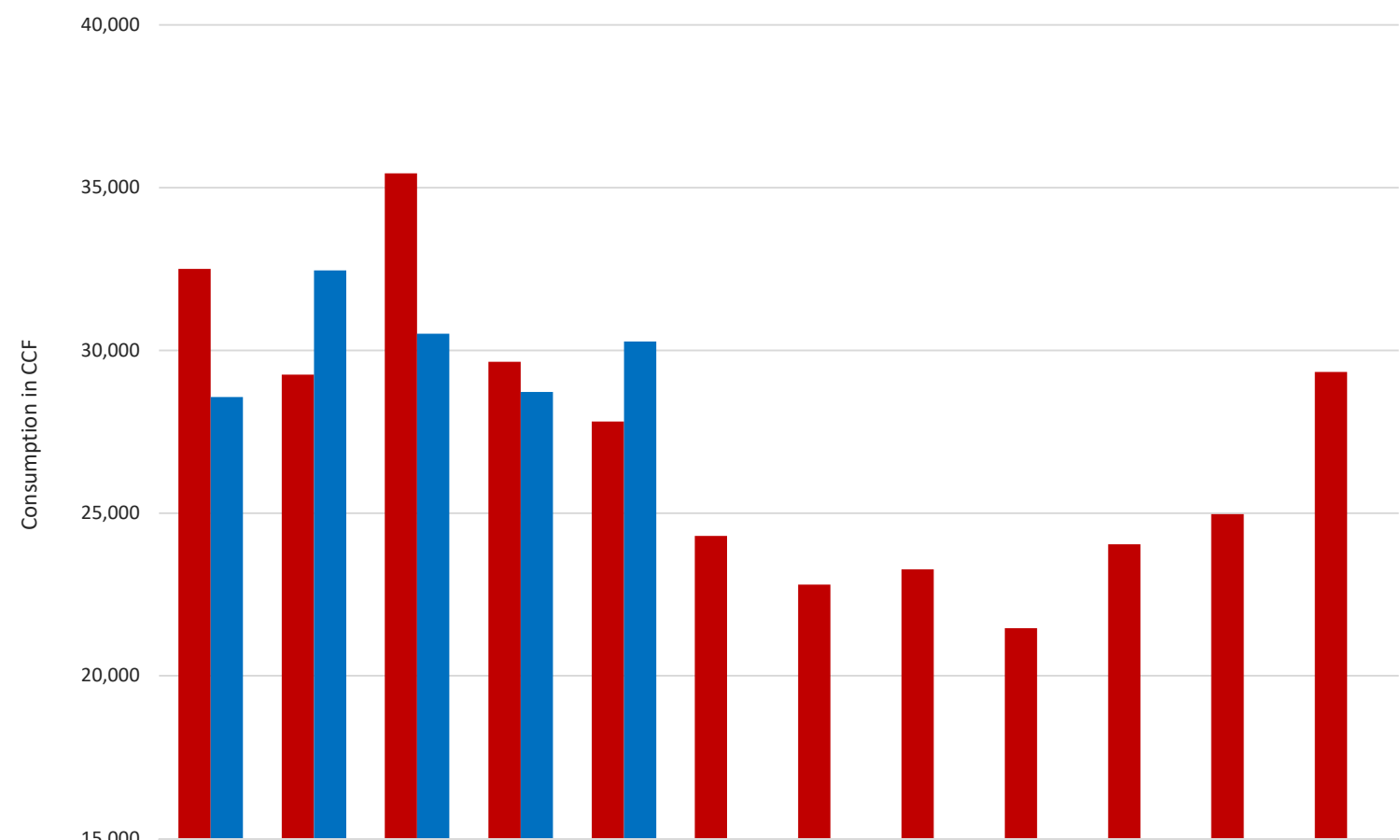




## Laguna Woods Village (Excluding Dedicated Irrigation) YTD Consumption

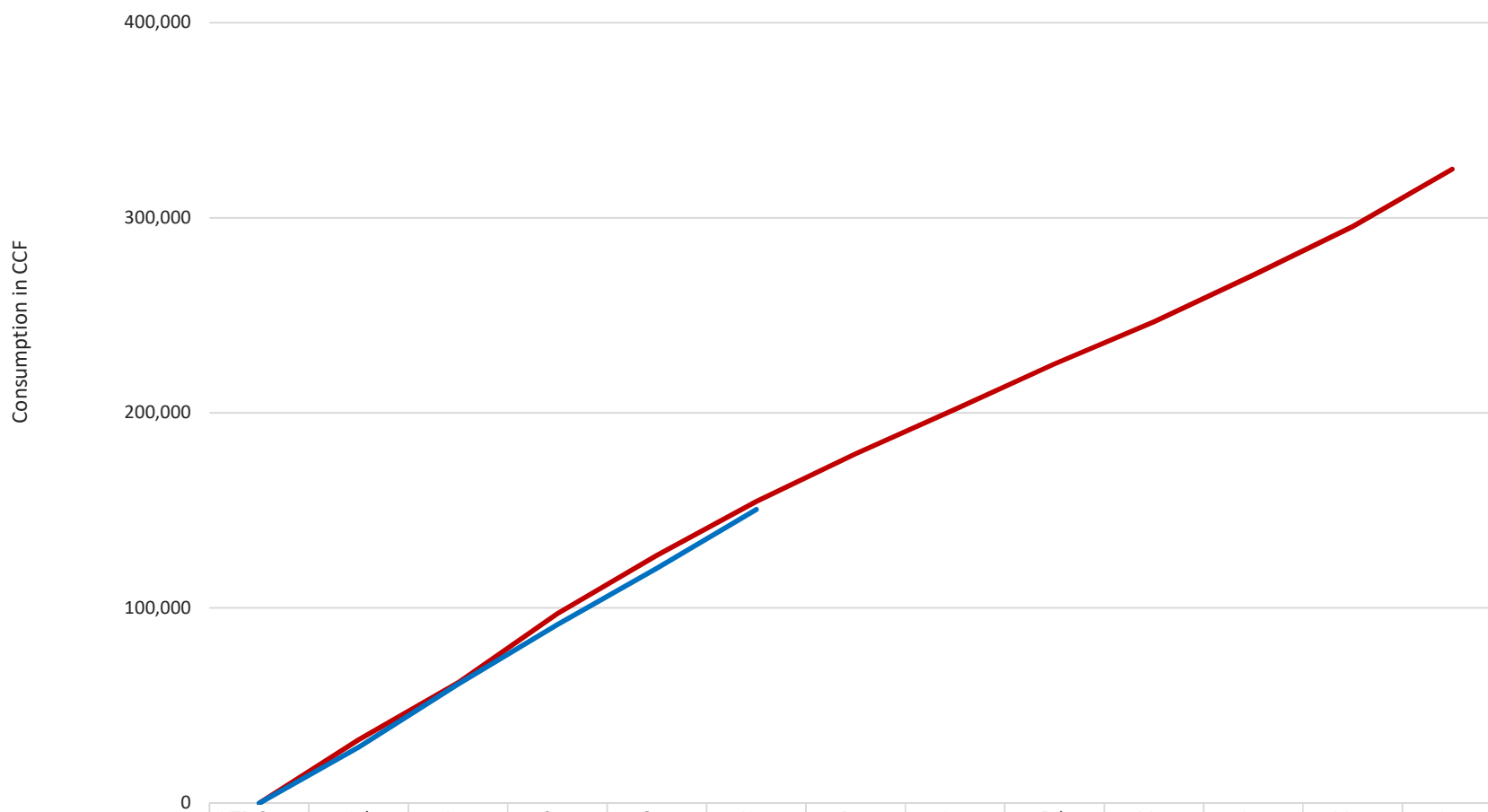


Commercial Consumption



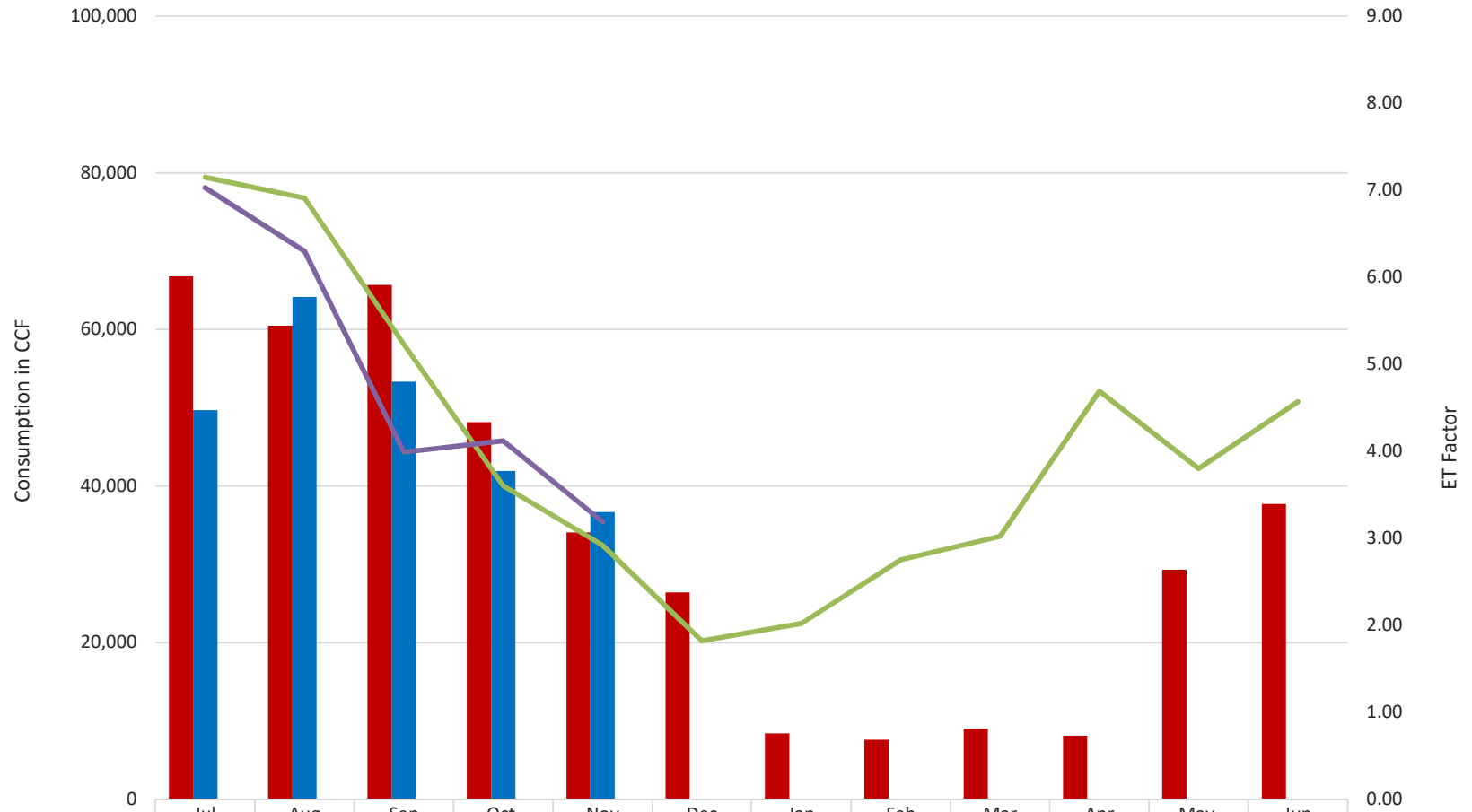
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2022-2023	32,509	29,263	35,438	29,659	27,823	24,307	22,802	23,280	21,469	24,043	24,968	29,341
2023-2024	28,574	32,456	30,520	28,727	30,275							
% Change	-12.10%	10.91%	-13.88%	-3.14%	8.81%							

## Commercial YTD Consumption



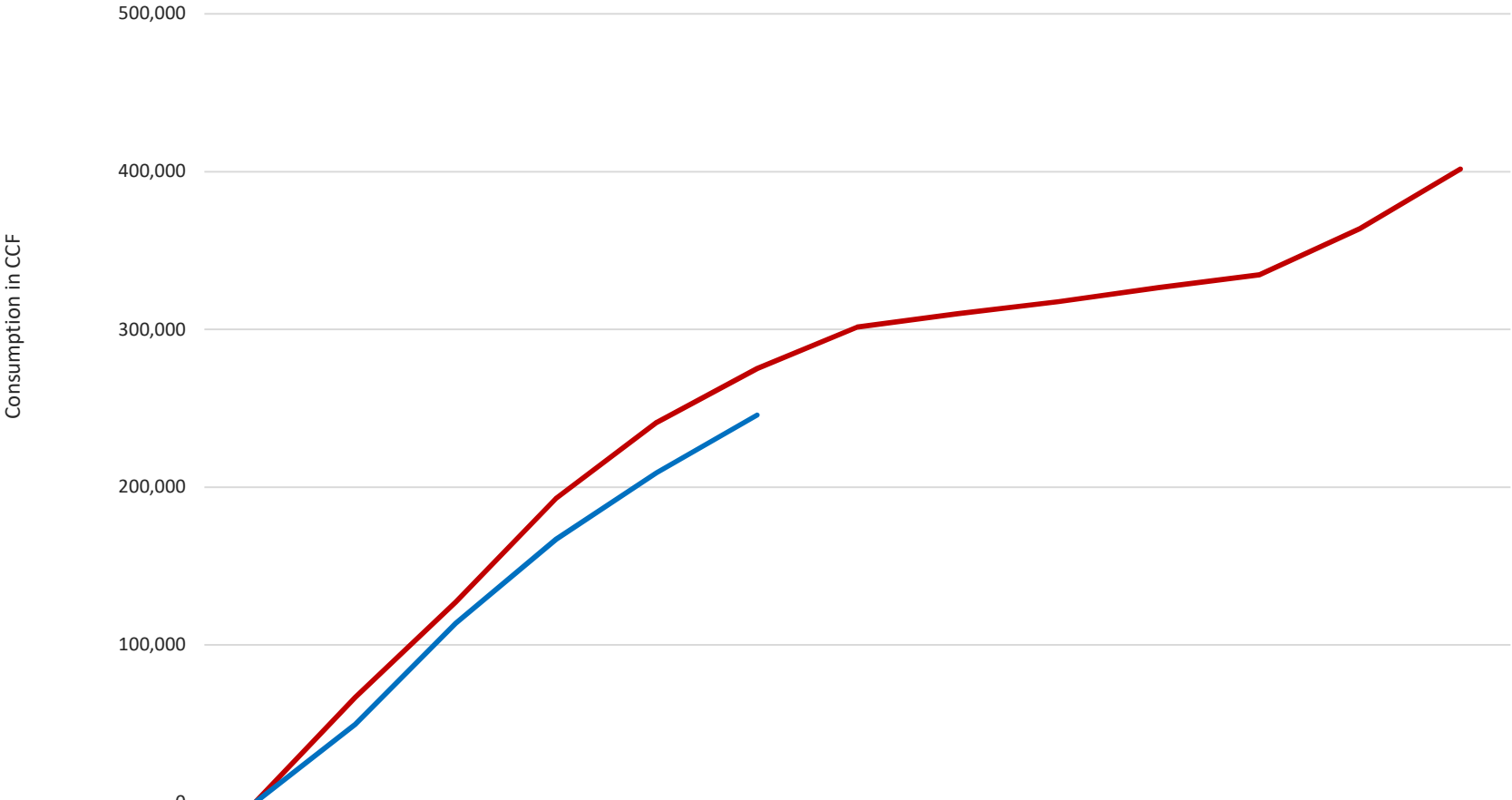
	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2022-2023	0	32,509	61,772	97,210	126,869	154,692	178,999	201,801	225,081	246,550	270,593	295,561	324,902
2023-2024	0	28,574	61,030	91,550	120,277	150,552							
% Change		-12.10%	-1.20%	-5.82%	-5.20%	-2.68%							

### Dedicated Irrigation Consumption (including LWV)



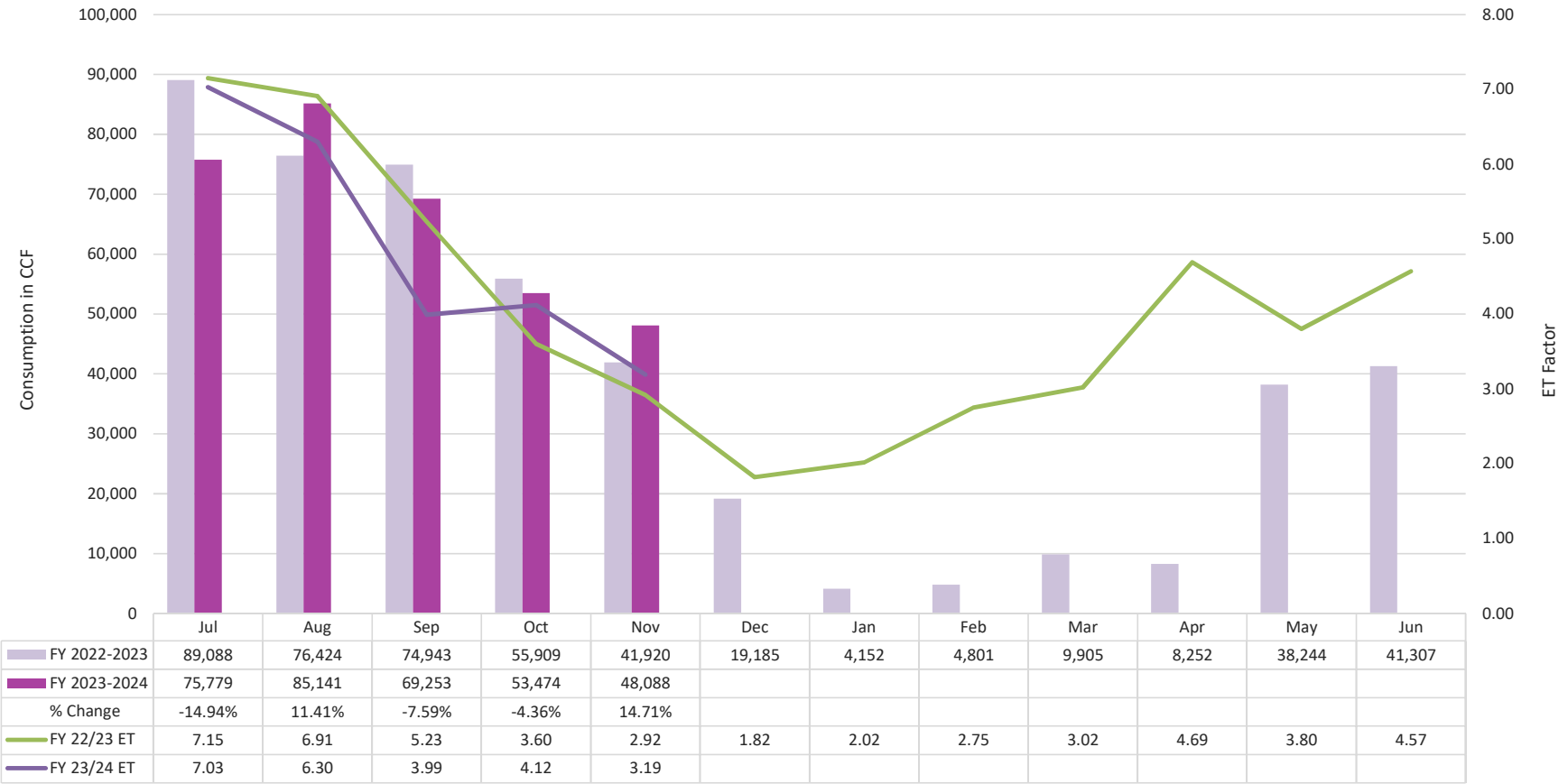
2022-2023	66,782	60,477	65,678	48,152	34,035	26,411	8,412	7,564	8,982	8,084	29,310	37,715
2023-2024	49,690	64,132	53,334	41,917	36,675							
% Change	-25.59%	6.04%	-18.79%	-12.95%	7.76%							
22/23 ET	7.15	6.91	5.23	3.60	2.92	1.82	2.02	2.75	3.02	4.69	3.80	4.57
23/24 ET	7.03	6.30	3.99	4.12	3.19							

Dedicated Irrigation Consumption (including LWV)  
YTD Consumption



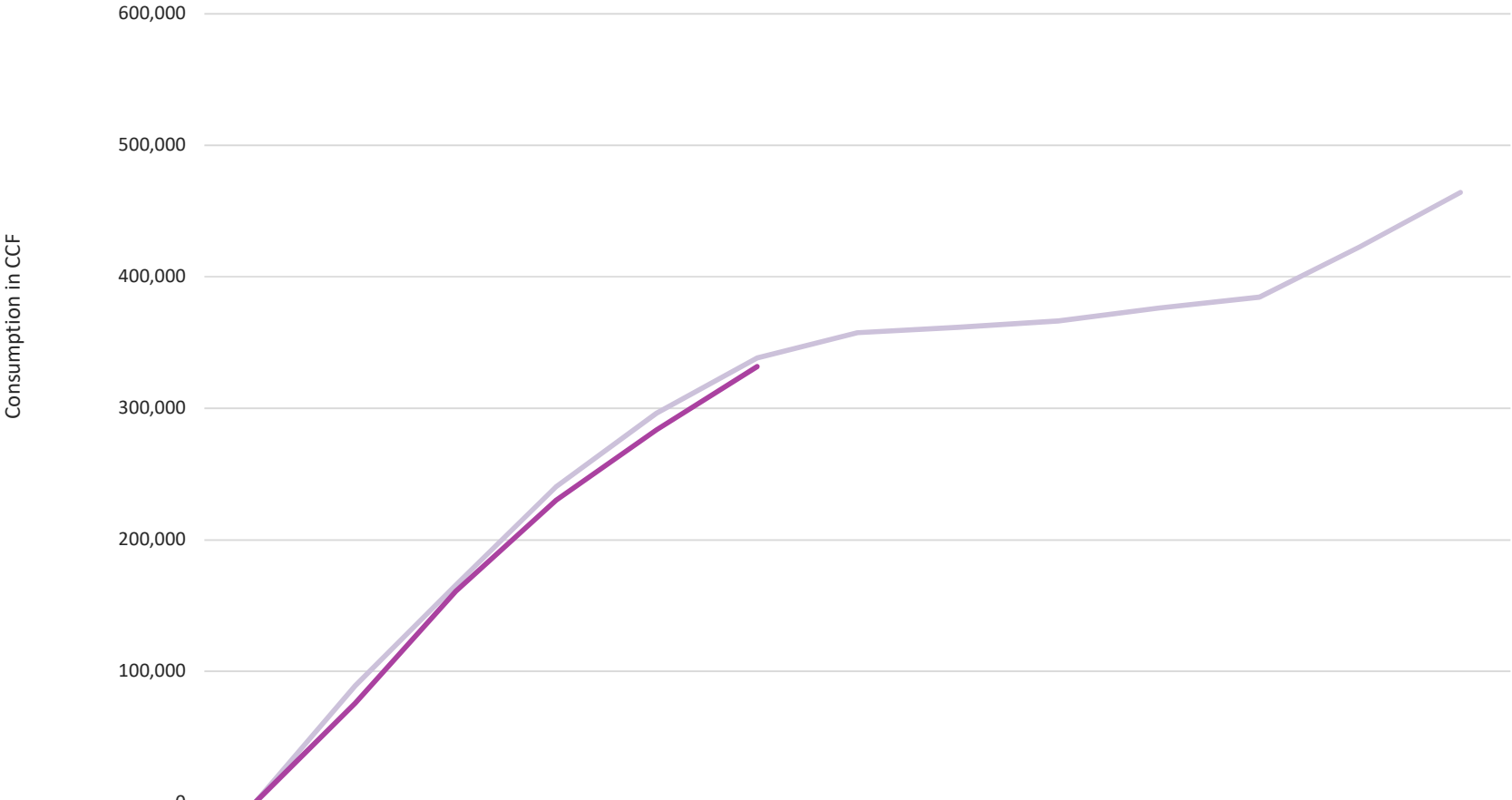
	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2022-2023	0	66,782	127,259	192,937	241,089	275,124	301,535	309,947	317,511	326,493	334,577	363,887	401,602
2023-2024	0	49,690	113,822	167,156	209,073	245,748							
% Change		-25.59%	-10.56%	-13.36%	-13.28%	-10.68%							

Recycled Water Consumption



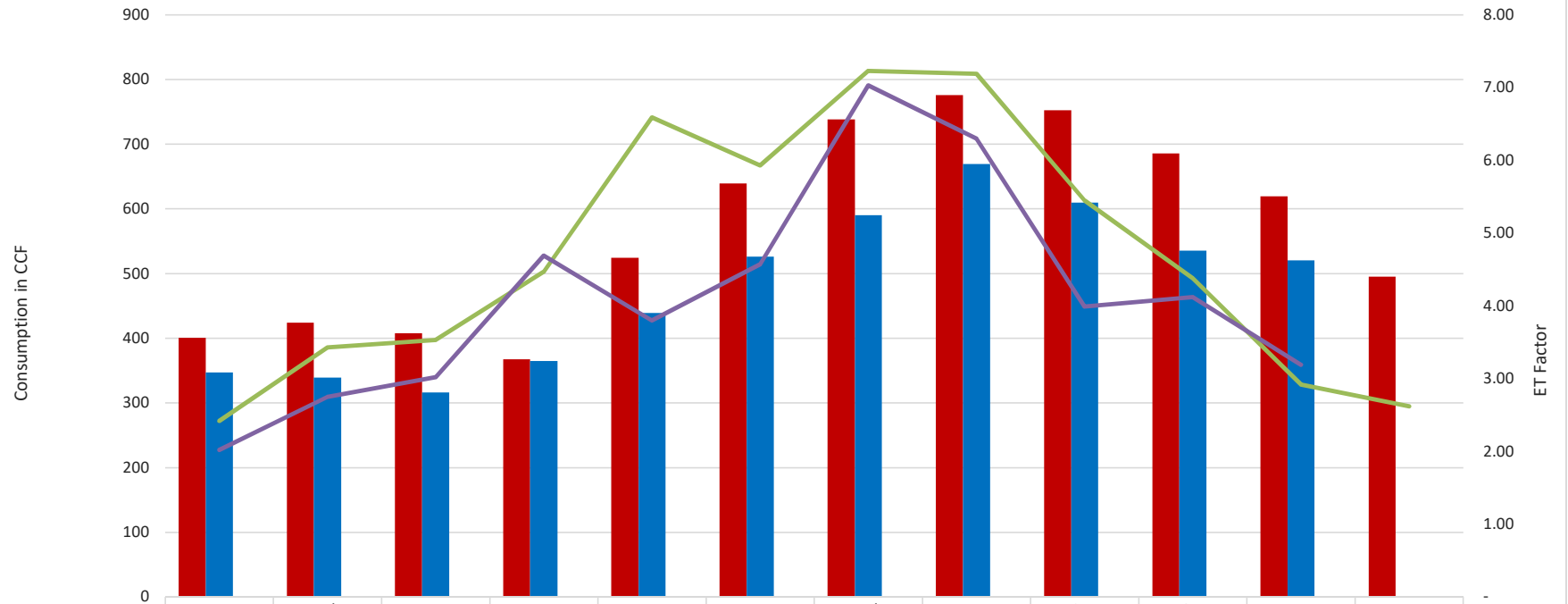


Recycled Water YTD Consumption



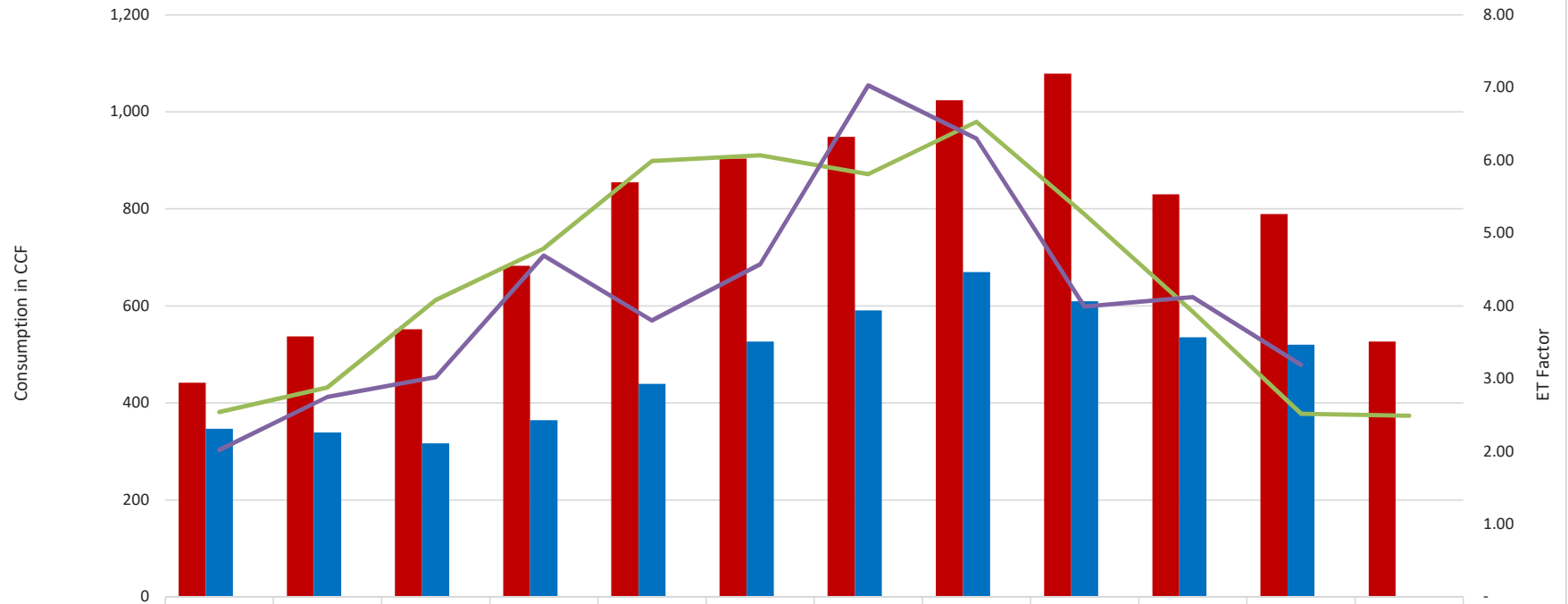
	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2022-2023	0	89,088	165,512	240,455	296,364	338,284	357,469	361,621	366,422	376,327	384,579	422,823	464,130
2023-2024	0	75,779	160,920	230,173	283,647	331,735							
% Change		-14.94%	-2.77%	-4.28%	-4.29%	-1.94%							

ETWD Customer Consumption vs 2020 (Potable AF)



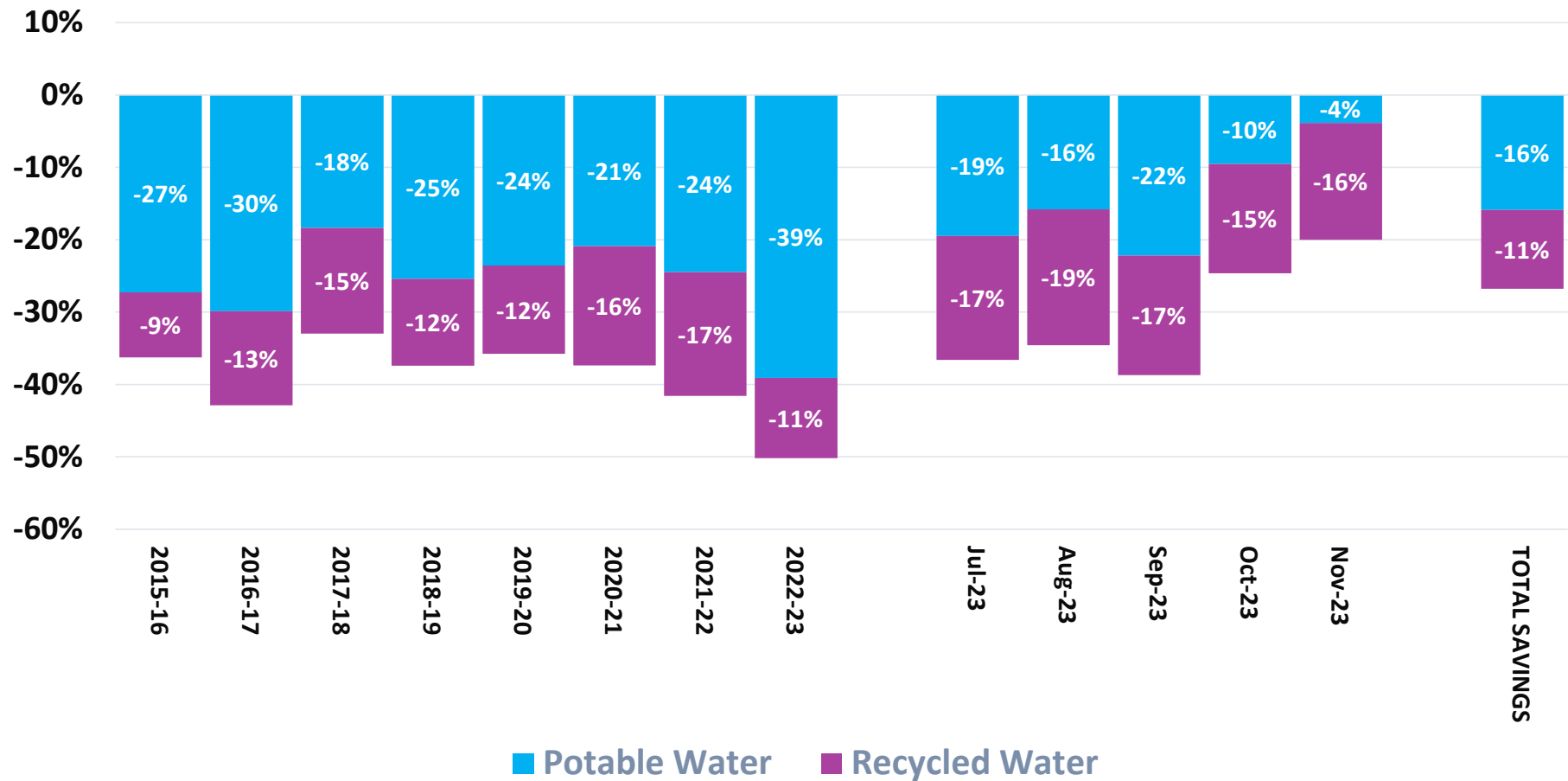
2020 Potable	400.80	423.80	407.54	367.77	524.43	639.41	738.29	775.67	752.37	685.68	619.43	495.20
2023 Potable	347.16	339.52	316.36	364.69	439.04	526.49	590.30	669.34	609.69	535.33	520.22	
Potable % Change	-13.38%	-19.89%	-22.37%	-0.84%	-16.28%	-17.66%	-20.05%	-13.71%	-18.96%	-21.93%	-16.02%	
2020 ET	2.42	3.43	3.53	4.47	6.59	5.93	7.23	7.19	5.45	4.38	2.92	2.62
2023 ET	2.02	2.75	3.02	4.69	3.80	4.57	7.03	6.30	3.99	4.12	3.19	

ETWD Customer Consumption vs 2013 (Potable AF)



2013 Potable	441.82	537.37	551.75	682.75	855.14	903.87	948.61	1023.72	1079.11	830.36	789.23	526.37
2023 Potable	347.16	339.52	316.36	364.69	439.04	526.49	590.30	669.34	609.69	535.33	520.22	
Potable % Change	-21.43%	-36.82%	-42.66%	-46.59%	-48.66%	-41.75%	-37.77%	-34.62%	-43.50%	-35.53%	-34.09%	
2013 ET	2.54	2.88	4.08	4.79	5.99	6.07	5.81	6.53	5.26	3.92	2.52	2.49
2023 ET	2.02	2.75	3.02	4.69	3.80	4.57	7.03	6.30	3.99	4.12	3.19	

# ETWD WATER USAGE COMPARED TO 2013



I hereby certify that the following Agenda was posted at least 72 hours prior to the time of the Board Meeting so noticed below at the usual agenda posting location of the South Orange County Wastewater Authority (SOCWA) and at [www.socwa.com](http://www.socwa.com).



Danita Hirsh, Assistant Secretary  
SOCWA and the Board of Directors thereof

*Regular Meeting of The  
South Orange County Wastewater Authority  
Board of Directors*

December 7, 2023  
8:30 a.m.

PHYSICAL MEETING LOCATION:  
South Orange County Wastewater Authority  
34156 Del Obispo Street  
Dana Point, CA 92629

THE BOARD OF DIRECTORS MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS, PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5452 AT LEAST SEVENTY-TWO (72) HOURS PRIOR TO THE SCHEDULED MEETING TO REQUEST SUCH ACCOMMODATIONS. THIS AGENDA CAN BE OBTAINED IN ALTERNATE FORMAT UPON REQUEST TO THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY'S SECRETARY AT LEAST SEVENTY-TWO (72) HOURS PRIOR TO THE SCHEDULED MEETING. MEMBERS OF THE PUBLIC HAVE THE OPTION TO PARTICIPATE IN AND MAY JOIN THE MEETING REMOTELY VIA VIDEO CONFERENCE FOR VISUAL INFORMATION ONLY (USE ZOOM LINK BELOW) AND BY TELECONFERENCE FOR AUDIO PARTICIPATION (USE PHONE NUMBERS BELOW). THIS IS A PHONE-CALL MEETING AND NOT A WEB-CAST MEETING, SO PLEASE REFER TO AGENDA MATERIALS AS POSTED ON THE WEBSITE AT [WWW.SOCWA.COM](http://WWW.SOCWA.COM). ON YOUR REQUEST, EVERY EFFORT WILL BE MADE TO ACCOMMODATE PARTICIPATION. FOR PARTIES PARTICIPATING REMOTELY, PUBLIC COMMENTS WILL BE TAKEN DURING THE MEETING FOR ORAL COMMUNICATION IN ADDITION TO PUBLIC COMMENTS RECEIVED BY PARTIES PARTICIPATING IN PERSON. COMMENTS MAY BE SUBMITTED PRIOR TO THE MEETING VIA EMAIL TO ASSISTANT SECRETARY DANITA HIRSH AT [DHIRSH@SOCWA.COM](mailto:DHIRSH@SOCWA.COM) WITH THE SUBJECT LINE "REQUEST TO PROVIDE PUBLIC COMMENT." IN THE EMAIL, PLEASE INCLUDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER YOU WILL BE CALLING FROM SO THAT THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. THOSE MAKING PUBLIC COMMENT REQUESTS REMOTELY VIA TELEPHONE IN REAL-TIME WILL BE ASKED TO PROVIDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER THAT YOU ARE CALLING FROM SO THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. ONCE THE MEETING HAS COMMENCED, THE CHAIR WILL INVITE YOU TO SPEAK AND ASK THE COORDINATOR TO UN-MUTE YOUR LINE AT THE APPROPRIATE TIME.

AGENDA ATTACHMENTS AND OTHER WRITINGS THAT ARE DISCLOSABLE PUBLIC RECORDS DISTRIBUTED TO ALL, OR A MAJORITY OF, THE MEMBERS OF THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY BOARD OF DIRECTORS IN CONNECTION WITH A MATTER SUBJECT FOR DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE BOARD OF DIRECTORS ARE AVAILABLE FOR PUBLIC INSPECTION IN THE AUTHORITY ADMINISTRATIVE OFFICE LOCATED AT 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE") OR BY PHONE REQUEST MADE TO THE AUTHORITY OFFICE AT 949-234-5452. IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS OF THE BOARD OF DIRECTORS LESS THAN SEVENTY-TWO (72) HOURS PRIOR TO THE MEETING, THEY WILL BE AVAILABLE IN THE RECEPTION AREA OF THE AUTHORITY OFFICE AT THE SAME TIME AS THEY ARE DISTRIBUTED TO THE BOARD OF DIRECTORS AND SENT TO ANY REMOTE PARTICIPANTS REQUESTING EMAIL DELIVERY OR POSTED ON SOCWA'S WEBSITE. IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IN THE MEETING ROOM OR IMMEDIATELY UPON VERBAL REQUEST TO BE DELIVERED VIA EMAIL TO REQUESTING PARTIES PARTICIPATING REMOTELY.

**THE PUBLIC MAY PARTICIPATE REMOTELY BY VIRTUAL MEANS. FOR AUDIO OF MEETING USE THE CALL IN PHONE NUMBERS BELOW AND FOR VIDEO USE THE ZOOM LINK BELOW.**

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<https://socwa.zoom.us/>

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Passcode: 158390

Dial by your location:

+1 669 900 6833 US (San Jose)      +1 253 215 8782 US (Tacoma)  
+1 346 248 7799 US (Houston)      +1 312 626 6799 US (Chicago)

Find your local number: <https://socwa.zoom.us/j/keiD83gLP4>

South Orange County Wastewater Authority  
Board of Directors Meeting  
December 7, 2023

Agenda

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ORAL COMMUNICATIONS

*Members of the public may address the board regarding an item on the agenda or may reserve this opportunity during the meeting at the time the item is discussed by the board. There will be a three-minute limit for public comments.*

4. APPROVAL OF BOARD MEMBER REQUEST FOR REMOTE PARTICIPATION

ACTION      Board Discussion/Direction and Action.

PAGE NO

5. CONSENT CALENDAR

- A. Minutes of Board of Directors ..... 1

1. Board of Directors Special Meeting of October 24, 2023
2. Board of Directors Regular Meeting of November 2, 2023

ACTION      The Board will be requested to approve the subject Minutes.

- B. Minutes of Engineering Committee ..... 9

1. Engineering Committee Meeting of September 14, 2023
2. Engineering Committee *Unofficial* Meeting of October 12, 2023

ACTION      The Board will be requested to receive and file the subject Minutes.

- C. Minutes of Finance Committee ..... 15

- Finance Committee Meeting of September 19, 2023

ACTION      The Board will be requested to receive and file the subject Minutes.

- D. Financial Reports for the Month of August and September 2023 ..... 18

- The financial reports included are as follows:
  - a. Summary of Disbursements (Exhibit A);
  - b. Schedule of Funds Available for Reinvestment (Exhibit B)
    - Local Agency Investment Fund (LAIF)
  - c. Schedule of Cash and Investments (Exhibit C)
  - d. Capital Schedule (Exhibit D)
    - Capital Projects – Graph (Exhibit D-1)
  - e. Budget vs. Actual Expenses:



South Orange County Wastewater Authority  
Board of Directors Meeting  
December 7, 2023

Agenda

PAGE NO

- Operations and Environmental Summary (Exhibit E-1)
- Operations and Environmental by PC (E-1.2)
- Residual Engineering, after transfer to Capital (Exhibit E-2)
- Administration (Exhibit E-3)
- Information Technology (IT) (Exhibit E-4)

ACTION      The Finance Committee recommends that the Board of Directors (i) receive and file the August and September 2023 Financial Reports, (ii) ratify the August 2023 disbursement for the period from August 1, 2023, through August 31, 2023, totaling \$2,550,498, (iii) ratify the September 2023 disbursement for the period from September 1, 2023, through September 30, 2023, totaling \$2,109,054

E. Annual Comprehensive Financial Report (ACFR) for Fiscal Years ended June 30, 2023, And 2022 (Under Separate Cover) ..... 39

- Independent Auditors Presentation by The Pun Group

ACTION      The Finance Committee recommends forwarding to the Board of Directors for consideration to receive and file the Annual Comprehensive Financial Report (ACFR), including the Independent Auditors Report for Fiscal Years ended June 30, 2023, and 2022.

F. Final Use Audit FY 2022-23 Budget vs. Actual (Under Separate Cover)..... 59

ACTION      The Finance Committee recommends that the Board of Directors approve the FY 2022-23 Use Audit.

G. Fiscal Year 2022-23 Updated Supplemental Financial Statements..... 60

ACTION      The Finance Committee recommends forwarding to the Board of Directors for consideration to receive and file the Supplemental Financial Statements for Fiscal Year ended June 30, 2023.

H. Operations Report (October) ..... 77

1. Monthly Operational Report
2. SOCWA Ocean Outfall Discharges by Agency
3. Quarterly Report on Key Operational Expenses
4. Beach Ocean Monitoring Report
5. Recycled Water Report
6. Pretreatment Report (November/December)

ACTION      The Board will be requested to receive and file subject reports as submitted.

## Agenda

South Orange County Wastewater Authority  
Board of Directors Meeting  
December 7, 2023

Agenda

PAGE NO

7. GENERAL MANAGER'S REPORT

A. SJCOO Tentative Order R9-2024-0005 Comment Letter ..... 134

ACTION      Staff requests submitting the attached letter of support of the  
SJCOO Tentative Order R9-2024-0005.

B. Amendment No. 5 – Acquisition for Use, Operation, Maintenance, and Expansion  
of Sewage Treatment Plant of City of San Juan Capistrano by South East Regional  
Reclamation Authority For and On Behalf of Project Committee No. 2  
[Project Committee No. 2]..... 137

ACTION      PC 2 Board Discussion/Direction and Action.

C. Approval of the Q3 through Q4 Project Committee 2 (PC2) Operations and Maintenance  
Budget and Capital Expenditures Budget [Project Committee 2] ..... 140

ACTION      Staff recommends that the PC2 Board approve the Q3 through  
Q4 Project Committee 2 Operations and Maintenance Budget  
(inclusive of Environmental Compliance, Safety, IT, UAL, and  
OPEB) as proposed and PC 2 Capital Expenditures Budget  
(inclusive of large capital, non-capital/misc. engineering, and small  
capital).

D. Discussion on the SCWD/SMWD Proposal Framework.....

- PC 15 Update carryover from October 24 Board Meeting
- PC 17 Discussion of ownership and operation transfer
- SMWD/SCWD Update [PC 2]

ACTION      Board Discussion/Direction and Action.

E. General Counsel's Update.....

D. JPA Revision Process (Standing item)

ACTION      Information Item

E. Acting General Manager's Report..... 141

ACTION      Board Discussion/Direction and Action.

F. Upcoming Meetings Schedule: .....

- December 7, 2023 – Board of Directors Regular Meeting
- December 14, 2023 – Engineering Committee Meeting
- December 19, 2023 – Finance Committee Meeting
- *January 4, 2024 – Board of Directors Regular Meeting*

ACTION      Information Item.

South Orange County Wastewater Authority  
Board of Directors Meeting  
December 7, 2023

Agenda

8. OTHER MATTERS

Determine the need to take action on the following item(s) introduced by the Acting General Manager/Director of Operations, which arose after the posted agenda. [Adoption of this action requires a two-thirds vote of the Board, or if less than two-thirds are present a unanimous vote.]

ADJOURNMENT

THE NEXT SOCWA BOARD MEETING  
JANUARY 4, 2023

**NOTICE OF REGULAR MEETING  
OF THE  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY  
ENGINEERING COMMITTEE**

**December 14, 2023  
8:30 a.m.**

NOTICE IS HEREBY GIVEN that a Regular Meeting of the South Orange County Wastewater Authority (SOCWA) Engineering Committee was called to be held on **December 14, 2023, at 8:30 a.m.** SOCWA staff will be present and conducting the meeting at the SOCWA Administrative Office located at 34156 Del Obispo Street, Dana Point, California.

THE SOCWA MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS, PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5452 AT LEAST SEVENTY-TWO (72) HOURS PRIOR TO THE SCHEDULED MEETING TO REQUEST SUCH ACCOMMODATIONS. THIS AGENDA CAN BE OBTAINED IN ALTERNATE FORMAT UPON REQUEST TO THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY'S SECRETARY AT LEAST SEVENTY-TWO (72) HOURS PRIOR TO THE SCHEDULED MEETING. MEMBERS OF THE PUBLIC HAVE THE OPTION TO PARTICIPATE IN AND MAY JOIN THE MEETING REMOTELY VIA VIDEO CONFERENCE FOR VISUAL INFORMATION ONLY (USE ZOOM LINK BELOW) AND BY TELECONFERENCE FOR AUDIO PARTICIPATION (USE PHONE NUMBERS BELOW). THIS IS A PHONE-CALL MEETING AND NOT A WEB-CAST MEETING, SO PLEASE REFER TO AGENDA MATERIALS AS POSTED ON THE WEBSITE AT [WWW.SOCWA.COM](http://WWW.SOCWA.COM). ON YOUR REQUEST, EVERY EFFORT WILL BE MADE TO ACCOMMODATE PARTICIPATION. FOR PARTIES PARTICIPATING REMOTELY, PUBLIC COMMENTS WILL BE TAKEN DURING THE MEETING FOR ORAL COMMUNICATION IN ADDITION TO PUBLIC COMMENTS RECEIVED BY PARTIES PARTICIPATING IN PERSON. COMMENTS MAY BE SUBMITTED PRIOR TO THE MEETING VIA EMAIL TO ASSISTANT SECRETARY DANITA HIRSH AT [DHIRSH@SOCWA.COM](mailto:DHIRSH@SOCWA.COM) WITH THE SUBJECT LINE "REQUEST TO PROVIDE PUBLIC COMMENT." IN THE EMAIL, PLEASE INCLUDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER YOU WILL BE CALLING FROM SO THAT THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. THOSE MAKING PUBLIC COMMENT REQUESTS REMOTELY VIA TELEPHONE IN REAL-TIME WILL BE ASKED TO PROVIDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER THAT YOU ARE CALLING FROM SO THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. ONCE THE MEETING HAS COMMENCED, THE CHAIR WILL INVITE YOU TO SPEAK AND ASK THE COORDINATOR TO UN-MUTE YOUR LINE AT THE APPROPRIATE TIME.

AGENDA ATTACHMENTS AND OTHER WRITINGS THAT ARE DISCLOSABLE PUBLIC RECORDS DISTRIBUTED TO ALL, OR A MAJORITY OF, THE MEMBERS OF THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY ENGINEERING COMMITTEE IN CONNECTION WITH A MATTER SUBJECT FOR DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE ENGINEERING COMMITTEE ARE AVAILABLE FOR PUBLIC INSPECTION IN THE AUTHORITY ADMINISTRATIVE OFFICE LOCATED AT 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE") OR BY PHONE REQUEST MADE TO THE AUTHORITY OFFICE AT 949-234-5452. IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS OF THE ENGINEERING COMMITTEE LESS THAN SEVENTY-TWO (72) HOURS PRIOR TO THE MEETING, THEY WILL BE AVAILABLE IN THE RECEPTION AREA OF THE AUTHORITY OFFICE AT THE SAME TIME AS THEY ARE DISTRIBUTED TO THE ENGINEERING COMMITTEE AND SENT TO ANY REMOTE PARTICIPANTS REQUESTING EMAIL DELIVERY OR POSTED ON SOCWA'S WEBSITE. IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IN THE MEETING ROOM OR IMMEDIATELY UPON VERBAL REQUEST TO BE DELIVERED VIA EMAIL TO REQUESTING PARTIES PARTICIPATING REMOTELY.

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Find your local number: <https://socwa.zoom.us/j/kshlmrshd>

## AGENDA

1. Call Meeting to Order
2. Public Comments

*THOSE WISHING TO ADDRESS THE ENGINEERING COMMITTEE ON ANY ITEM LISTED ON THE AGENDA WILL BE REQUESTED TO IDENTIFY AT THE OPENING OF THE MEETING AND PRIOR TO THE CLOSE OF THE MEETING. THE AUTHORITY REQUESTS THAT YOU STATE YOUR NAME WHEN MAKING THE REQUEST IN ORDER THAT YOUR NAME MAY BE CALLED TO SPEAK ON THE ITEM OF INTEREST. THE CHAIR OF THE MEETING WILL RECOGNIZE SPEAKERS FOR COMMENT AND GENERAL MEETING DECORUM SHOULD BE OBSERVED IN ORDER THAT SPEAKERS ARE NOT TALKING OVER EACH OTHER DURING THE CALL.*

## PAGE NO.

3. Approval of Minutes..... 1
  - Engineering Committee Minutes of November 9, 2023

**Recommended Action:** Staff requests that the Engineering Committee approve the subject Minutes as submitted.

4. Operations Report..... 5

**Recommended Action:** Information Item.

5. JBL Package B Project Verbal Update [Project Committee 2] .....

**Recommended Action:** Information Item.

6. Capital Improvement Construction Projects Progress Report (November)  
[Project Committees 2, 15, 17, & 24] ..... 6

**Recommended Action:** Information Item.

7. Contract Award for MCC-M, Switchgear Circuit Breaker, and Portable Generator  
Connection Pre-Procurement [Project Committees 2] ..... 16

**Recommended Action:** Staff recommends that the Engineering Committee recommend that the PC 2 Board approve the contract to Pacific Parts & Controls for a total of \$250,244, including a 25% contingency for the JBL MCC-M, switchgear circuit breaker, and portable generator connection pre-procurement.



8. J. B. Latham Treatment Plant Effluent Pump Station and Energy Building Design Contract [Project Committees 2].....22

**Recommended Action:** Staff recommends that the Engineering Committee recommend that the PC 2 Board approve the contract to Carollo Engineers for a total of \$175,516 for the JBL Effluent Pump Station and Energy Building improvements.

Adjournment

I hereby certify that the foregoing Notice was personally emailed or mailed to each member of the SOCWA Engineering Committee at least 72 hours prior to the scheduled time of the Regular Meeting referred to above.

I hereby certify that the foregoing Notice was posted at least 72 hours prior to the time of the above-referenced Engineering Committee meeting at the usual agenda posting location of the South Orange County Wastewater Authority and at [www.socwa.com](http://www.socwa.com).

Dated this 7th day of December 2023.



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Danita Hirsh, Assistant Secretary  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Jointly with the  
**PLANNING & OPERATIONS COMMITTEE**  
December 4, 2023, 8:30 a.m.

**This meeting will be held in person at 18700 Ward Street, Fountain Valley, California, 92708 (Conference Room 101). As a convenience for the public, the meeting may also be accessed by Zoom Webinar and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the Zoom component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.**

**Computer Audio: You can join the Zoom meeting by clicking on the following link:**

<https://zoom.us/j/8828665300>

**Telephone Audio:** (669) 900 9128 fees may apply  
(877) 853 5247 Toll-free  
**Webinar ID:** 882 866 5300#

**P&O Committee:**

Director McVicker, Chair  
Director Nederhood  
Director Seckel

Staff: H.De La Torre, J. Berg, V. Osborn,  
T. Dubuque, D. Micalizzi, H. Baez,  
M. Baum-Haley, C. Busslinger,  
T. Baca

Ex Officio Member: Director Yoo Schneider

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MWDOC Committee meetings are noticed and held as joint meetings of the Committee and the entire Board of Directors and all members of the Board of Directors may attend and participate in the discussion. Each Committee has designated Committee members, and other members of the Board are designated alternate committee members. If less than a quorum of the full Board is in attendance, the Board meeting will be adjourned for lack of a quorum and the meeting will proceed as a meeting of the Committee with those Committee members and alternate members in attendance acting as the Committee.

**ROLL CALL**

**PUBLIC COMMENTS** - Public comments on agenda items and items under the jurisdiction of the Committee should be made at this time.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED** - Determine there is a need to take immediate action on item(s) and that the need for action came to the attention of the District subsequent to the posting of the Agenda. (Requires a unanimous vote of the Committee)

**ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING** -- Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Web site, accessible at <http://www.mwdoc.com>.

**ACTION ITEMS**

1. EXTENSION OF FEDERAL LEGISLATIVE ADVOCACY CONTRACT WITH NATIONAL RESOURCE RESULTS (NRR)
2. EXTENSION OF STATE LEGISLATIVE ADVOCACY CONTRACT WITH SYRUS DEVERS ADVOCACY (SDA)

**DISCUSSION ITEMS**

3. OC WATER SUMMIT
  - a. 2023 Water Summit Recap
  - b. Review Purpose, Audience, and Structure of OC Water Summit

**INFORMATION ITEMS** (The following items are for informational purposes only – background information is included in the packet. Discussion is not necessary unless requested by a Director.)

4. PUBLIC AFFAIRS HIGHLIGHTS
5. DEPARTMENT ACTIVITIES REPORTS
  - a. Ongoing MWDOC Reliability and Engineering/Planning Projects
  - b. WEROC
  - c. Water Use Efficiency Projects
  - d. Public and Government Affairs
6. REVIEW OF ISSUES RELATED TO PLANNING OR ENGINEERING PROJECTS, WEROC, WATER USE EFFICIENCY, FACILITY AND EQUIPMENT MAINTENANCE, WATER STORAGE, WATER QUALITY, CONJUNCTIVE USE PROGRAMS, EDUCATION, PUBLIC AFFAIRS PROGRAMS AND EVENTS, PUBLIC INFORMATION PROJECTS, PUBLIC INFORMATION CONSULTANTS, DISTRICT FACILITIES, and MEMBER-AGENCY RELATIONS

**CLOSED SESSION**

7. CONFERENCE WITH LABOR NEGOTIATORS  
Agency Representative: Legal Counsel, Joe Byrne  
Unrepresented Employee: General Manager

**ADJOURNMENT**

**NOTE:** At the discretion of the Committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated, and may be subject to action by the Committee. On those items designated for Board action, the Committee reviews the items and makes a recommendation for final action to the full Board of Directors; final action will be taken by the Board of Directors. Agendas for Committee and Board meetings may be obtained from the District Secretary. Members of the public are advised that the Board consideration process includes consideration of each agenda item by one or more Committees indicated on the Board Action Sheet. Attendance at Committee meetings and the Board meeting considering an item consequently is advised.

Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.

WORKSHOP MEETING OF THE  
BOARD OF DIRECTORS WITH MET DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
18700 Ward Street, Conference Room 101, Fountain Valley, California  
December 6, 2023, 8:30 a.m.

**This meeting will be held in person at 18700 Ward Street, Fountain Valley, California, 92708 (Conference Room 101). As a convenience for the public, the meeting may also be accessed by Zoom Webinar and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the Zoom component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.**

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## AGENDA

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### PLEDGE OF ALLEGIANCE

### ROLL CALL

### PUBLIC PARTICIPATION/COMMENTS

At this time members of the public will be given an opportunity to address the Board concerning items within the subject matter jurisdiction of the Board. Members of the public may also address the Board about a particular Agenda item at the time it is considered by the Board and before action is taken.

The Board requests, but does not require, that members of the public who want to address the Board complete a voluntary "Request to be Heard" form available from the Board Secretary prior to the meeting.

### ITEMS RECEIVED TOO LATE TO BE AGENDIZED

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

### ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

Pursuant to Government Code Section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Web site, accessible at <http://www.mwdoc.com>.

**NEXT RESOLUTION NO. 2143**

### PRESENTATION/DISCUSSION ITEMS

#### **1. PRESENTATION BY METROPOLITAN STAFF ON THE PURE WATER SOUTHERN CALIFORNIA COST RECOVERY ALTERNATIVES**

*Recommendation: Review and discuss the information presented.*

**2. LEGISLATIVE ACTIVITIES**

- a. Federal Legislative Report (NRR)
- b. State Legislative Report (SDA)
- c. Legal and Regulatory Report (Ackerman)
- d. County Legislative Report (Whittingham)

*Recommendation: Review and discuss the information presented.*

**3. QUESTIONS OR INPUT ON MET ISSUES FROM THE MEMBER AGENCIES/MET DIRECTOR REPORTS REGARDING MET COMMITTEE PARTICIPATION**

*Recommendation: Receive input and discuss the information presented.*

**INFORMATION ITEMS**

**4. MET ITEMS CRITICAL TO ORANGE COUNTY** (The following items are for informational purposes only – a write up on each item is included in the packet. Discussion is not necessary unless requested by a Director).

- a. MET's Finance and Rate Issue
- b. MET's Water Supply Condition Update
- c. MET's Water Quality Update
- d. Colorado River Issues
- e. Delta Conveyance Activities and State Water Project Issues

*Recommendation: Review and discuss the information presented.*

**5. METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS**

- a. Summary regarding November MET Board Meeting
- b. Review items of significance for MET Board and Committee Agendas

*Recommendation: Review and discuss the information presented.*

**CLOSED SESSION**

**6. CONFERENCE WITH LABOR NEGOTIATORS**

Agency Representative: Legal Counsel, Joe Byrne  
Unrepresented Employee: General Manager

**OPEN SESSION**

**7. CONSIDER APPROVAL OF GENERAL MANAGER CONTRACT**

## **ADJOURNMENT**

Note: Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodations should make the request with adequate time before the meeting for the District to provide the requested accommodations.



MEETING OF THE BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Jointly with the  
**ADMINISTRATION & FINANCE COMMITTEE**  
December 13, 2023, 8:30 a.m.

**This meeting will be held in person at 18700 Ward Street, Fountain Valley, California, 92708 (Conference Room 101). As a convenience for the public, the meeting may also be accessed by Zoom Webinar and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the Zoom component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.**

**Computer Audio:** You can join the Zoom meeting by clicking on the following link:  
<https://zoom.us/j/8828665300>

**Telephone Audio:** (669) 900 9128 fees may apply  
(877) 853 5247 Toll-free  
**Webinar ID:** 882 866 5300#

**A&F Committee:**  
Director Dick, Chair  
Director Thomas  
Director Crane

Staff: H. De La Torre, C. Harris,  
H. Chumpitazi, M. Baum-Haley,  
K. Davanaugh

Ex Officio Member: Director Yoo Schneider

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MWDOC Committee meetings are noticed and held as joint meetings of the Committee and the entire Board of Directors and all members of the Board of Directors may attend and participate in the discussion. Each Committee has designated Committee members, and other members of the Board are designated alternate committee members. If less than a quorum of the full Board is in attendance, the Board meeting will be adjourned for lack of a quorum and the meeting will proceed as a meeting of the Committee with those Committee members and alternate members in attendance acting as the Committee.

## **ROLL CALL**

**PUBLIC COMMENTS** - Public comments on agenda items and items under the jurisdiction of the Committee should be made at this time.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED** - Determine there is a need to take immediate action on item(s) and that the need for action came to the attention of the District subsequent to the posting of the Agenda. (Requires a unanimous vote of the Committee)

**ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING** -- Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Web site, accessible at <http://www.mwdoc.com>.

## **PROPOSED BOARD CONSENT CALENDAR ITEMS**

1. TREASURER'S REPORT
  - a. Revenue/Cash Receipt Report – November 2023
  - b. Disbursement Approval Report for the month of December 2023
  - c. Disbursement Ratification Report for the month of November 2023
  - d. GM Approved Disbursement Report for the month of November 2023
  - e. Consolidated Summary of Cash and Investment – October 2023

- f. OPEB and Pension Trust Fund statement
- 2. FINANCIAL REPORT
  - a. Combined Financial Statements and Budget Comparative for the Period Ending October 31, 2023
  - b. FY 2022-23 Audit Report and Presentation regarding Audit Report

**ACTION ITEM**

- 3. AUTHORIZATION TO CONTRACT WITH LA DESIGN STUDIO FOR WEBSITE UPDATES

**DISCUSSION ITEMS**

- 4. FY 2024-25 BUDGET

**INFORMATION ITEMS – (THE FOLLOWING ITEMS ARE FOR INFORMATIONAL PURPOSES ONLY – BACKGROUND INFORMATION IS INCLUDED IN THE PACKET. DISCUSSION IS NOT NECESSARY UNLESS REQUESTED BY A DIRECTOR.)**

- 5. DEPARTMENT ACTIVITIES REPORTS
  - a. Administration
  - b. Finance and Information Technology
- 6. MONTHLY WATER USAGE DATA AND WATER SUPPLY INFORMATION

**OTHER ITEMS**

- 7. REVIEW ISSUES REGARDING DISTRICT ORGANIZATION, PERSONNEL MATTERS, EMPLOYEE BENEFITS FINANCE AND INSURANCE

**ADJOURNMENT**

**NOTE:** At the discretion of the Committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated, and may be subject to action by the Committee. On those items designated for Board action, the Committee reviews the items and makes a recommendation for final action to the full Board of Directors; final action will be taken by the Board of Directors. Agendas for Committee and Board meetings may be obtained from the District Secretary. Members of the public are advised that the Board consideration process includes consideration of each agenda item by one or more Committees indicated on the Board Action Sheet. Attendance at Committee meetings and the Board meeting considering an item consequently is advised.

Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.

## **LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY**

### **REGULAR MEETING AGENDA**

**Wednesday, December 13, 2023  
8:15 a.m.**

**County Administrative North (CAN)  
First Floor Multipurpose Room 101  
400 W. Civic Center Drive, Santa Ana, CA 92701**

***Any member of the public may request to speak on any agenda item at the time the Commission is considering the item.***

**1. CALL THE MEETING TO ORDER**

**2. PLEDGE OF ALLEGIANCE**

**3. ROLL CALL**

**4. ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATION**

**(Communications received after agenda distribution for agendized items.)**

**5. PUBLIC COMMENT**

This is an opportunity for members of the public to address the Commission on items not on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken by the Commission on off-agenda items unless authorized by law.

**6. CONSENT CALENDAR**

**a.) November 8, 2023 – Regular Commission Meeting Minutes**

The Commission will consider approval of the November 8, 2023 meeting minutes.

**7. PUBLIC HEARING**

No public hearing items scheduled.

## **8. COMMISSION DISCUSSION AND ACTION**

### **a.) Adoption of a Resolution Approving the Fourth Amendment to Memorandum of Agreement for the Position of Executive Officer with Carolyn Emery**

The Commission will consider adopting a resolution approving the Fourth Amendment to Memorandum of Agreement for the Position of Executive Officer.

### **b.) Appointment of 2024 OC LAFCO Officers**

The Commission will conduct appointments of the Commission Chair and Vice Chair for 2024.

## **9. COMMISSIONER COMMENTS**

This is an opportunity for Commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission. No discussion or action may occur or be taken except to place the item on a future agenda if approved by the Commission majority.

## **10. EXECUTIVE OFFICER'S REPORT**

Executive Officer's announcement of upcoming events and a brief report on activities of the Executive Officer since the last meeting.

## **11. INFORMATIONAL ITEMS & ANNOUNCEMENTS**

No informational items and announcements scheduled.

## **12. CLOSED SESSION**

No closed session items scheduled.

## **13. ADJOURNMENT OF REGULAR COMMISSION MEETING**

The next Regular Commission Meeting will be held on Wednesday, January 10, 2024, at 8:15 a.m. at the County Administrative North (CAN), First Floor Multipurpose Room 101, 400 W. Civic Center Drive, Santa Ana, CA 92701.

#### **PUBLIC PARTICIPATION:**

The Local Agency Formation Commission of Orange County welcomes your participation. The public may share general comments or comments on agenda items through the following options:

- 1) **In-person** comments may be provided during the general comment period on off-agenda items and during the hearing of a specific agenda item. In accordance with the OC LAFCO guidelines, each speaker's comments may not exceed three (3) minutes for the respective item. If you have documents for the Commission, please bring 15 copies and submit to the Commission Clerk for distribution.
- 2) **Written** general comments or comments on specific agenda items may be submitted by email to the Commission Clerk at [ccarter-benjamin@oclafco.org](mailto:ccarter-benjamin@oclafco.org). Comments received no less than twenty-four (24) hours prior to the regular meeting will be distributed to the Commission and included in the record.

Pursuant to Government Code Section 54957.5, public records that relate to open session agenda items that are distributed to a majority of the Commission less than seventy-two (72) hours prior to the meeting will be made available to the public on the OC LAFCO website at [www.oclafco.org](http://www.oclafco.org).

State law requires that a participant in an OC LAFCO proceeding who has a financial interest in a decision and who has made a campaign contribution of more than \$250 to any commissioner in the past year must disclose the contribution. If you are affected, please notify the Commission's staff before the hearing.

#### **AMERICANS WITH DISABILITIES ACT (ADA)**

All regular meeting agendas and associated reports are available at [www.oclafco.org](http://www.oclafco.org). Any person with a disability under the Americans with Disabilities Act (ADA) may receive a copy of the agenda or associated reports upon request. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services, to participate in a public meeting. Requests for copies of meeting documents and accommodations shall be made with OC LAFCO staff at (714) 640-5100 at least three business days prior to the respective meeting.



Placentia, CA  
at sunset

## Where Does the Time Go?

As we near the close of Year 2023, the Commission has experienced plentiful progress throughout the year with many goals achieved and future objectives off to a really good start. To learn more, check out this edition of *The Pulse*, featuring highlights of the activities of the latter half of fiscal year 22/23 and a push-off into a new fiscal cycle. Another way to catch up on OC LAFCO's latest news is by visiting us at [www.oclafco.org](http://www.oclafco.org). We hope you enjoy the read!



## Commissioner Activity

### Board Appointment

In June 2023, **Commissioner Bruce Whitaker** was seated as the OC LAFCO Regular City Member. Appointed by the City Selection Committee, which is comprised of the 34 city mayors, Commissioner Whitaker brings many years of experience to the Commission. He has served with the City of Fullerton as a council member since 2010 and a board director with the Orange County Water District in his most recent appointment since



**Commissioner Whitaker**

2021. Commissioner Whitaker's public participation also includes other regional boards, including the Santa Ana Watershed Project Authority.



FALL EDITION



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- 6 Agency Spotlight
- 7 Reflections from Chair Doug Davert



## Commissioner Carol Moore Shares Thoughts on Attending Her First CALAFCO Conference

“The conference opened very early the first morning with a mobile workshop held at the host county’s modest-sized airport. The Monterey Airport is within an airport district that is under the jurisdiction of Monterey LAFCO. The District staff provided small group tours of airport operations as well as presentations regarding issues involved with needed airport expansion and the corresponding challenges. The airport is a product of less planning and more happenstance.

Returning later that morning and over the following days, we had the opportunity to interact with conference attendees from other regions and learn about the different interests and challenges of other LAFCOs. During one of the conference sessions, two very different Counties were featured. Resolving the same issue in a rural milieu can be quite different from puzzling out a resolution in an urban setting. Their issues were as dissimilar as their answers, confirming one-size does not fit all.



Commissioner Moore

As a newbie to LAFCO, my takeaways from the conference were positive on several levels; with the representatives from the various LAFCOs, with the respective discussions, and with the absence of any apparent ideology. I’d also note that our county is well-represented by [Commissioner Derek McGregor](#) who serves on the CALAFCO Board, and OC LAFCO is not sitting on the sidelines.”



## In Memoriam of Dr. Allan Bernstein

OC LAFCO acknowledges the dedicated service of

[Dr. Allan Bernstein](#),

fondly known as “Doc,” who sadly passed away this past Spring. In addition to serving on the Tustin City Council and other Orange County regional boards,

Dr. Bernstein’s commitment to public service included serving on OC LAFCO as the City Member from 2014 to 2020. During his tenure as a Commissioner,



Allan was a key contributor to the Commission’s approval of several key jurisdictional changes and MSRs. He is remembered most for the experience and civic

engagement he brought to his role as a Commissioner, and OC LAFCO expresses our appreciation and honors his service to the Commission.

# Agency Report Card


The accomplishments of the Commission during the past fiscal cycle included the completion of key milestones of the agency's Three-Year Strategic Plan, processing of applications for annexations and reorganizations, conducting of multiple MSRs, and enhancements to varying components of the Commission's ongoing communication plan. The report card below provides an overview of the agency's performance during the previous fiscal year and a glimpse of OC LAFCO's activities during the beginning of fiscal year 23/24. To summarize the Commission's work, an agency report card has been developed. Here is how the agency is doing...

## OC LAFCO FY 2022-2023 REPORT CARD

PROJECT OR ACTIVITY	DESCRIPTION	HOW DID WE DO?
Legislative Mandates	<p>The Commission is required to process applications for changes of organization and a reorganization and to conduct MSRs at least once every five years in accordance with State law and local policy. Over the past year, the following mandates were completed:</p> <ul style="list-style-type: none"><li>● Processed three city and district annexations and a reorganization.</li><li>● Conducted MSRs and sphere reviews for the Southwest and West MSR regions.</li><li>● Began MSRs focused on vector control services and wide array of municipal services provided in the Central Region of the County.</li></ul>	<p>Commission action facilitated more logical boundaries and the efficient delivery, financing, and review of municipal services.</p>
Optimizing External Communication	<p>Continued enhancement of communication tools and vehicles for the following:</p> <ul style="list-style-type: none"><li>● OC LAFCO Website</li><li>● Agency and Community Resources</li><li>● Commission Policy and Procedures</li><li>● Information and Educational Resources</li></ul>	<p>Completed the following resource enhancements:</p> <ul style="list-style-type: none"><li>● Improvements to website to support more user-friendly and educational experience involving OC LAFCO digital resources.</li><li>● Utilized improved fiscal indicators for MSRs and informing agencies of fiscal health.</li><li>● Adoption of Limited English Proficiency Services Policy and Guidelines to enhance agency's communication with LEP individuals on key projects and activities.</li></ul>
Legislative Engagement	<p>Proactive monitoring and statewide participation in legislative efforts that affect or may potentially affect LAFCOs.</p>	<ul style="list-style-type: none"><li>● Adopted positions of support, oppose and watch on legislation of LAFCO interest.</li><li>● Enhanced legislative policy to facilitate engagement of OC LAFCO stakeholders and groups on legislative efforts and proposed legislation of LAFCO interest.</li></ul>
Internal Efficiencies	<p>Implementation of administrative policies and procedures that promote cost-effective and efficient Commission operations.</p>	<ul style="list-style-type: none"><li>● Maintained projects, activities and resources within approved budget levels.</li><li>● Maintained investment portfolio that exceeded projected investment earnings that may be used for the Commission's retirement costs.</li><li>● Received an Unqualified Opinion from independent auditor for fiscal year audited financial statements.</li><li>● Established a Health Care Reimbursement benefit to facilitate future staff retention and competitive recruitment opportunities.</li></ul>

CONTINUED 



A wide-angle photograph of the Huntington Beach Pier extending into the ocean at sunset. The sky is a mix of orange, pink, and blue, with clouds catching the low light. The pier is silhouetted against the bright horizon, with its iconic lifeguard tower visible on the right. Waves are breaking on the sandy beach in the foreground.

Huntington  
Beach, CA

➤ AGENCY REPORT CARD

## Legislative Affairs

On October 14, the legislative session came to an end with [Governor Newsom](#) signing eight bills monitored by OC LAFCO. During the session, the Commission adopted positions of support and oppose on four of the bills, while maintaining a watch position on the others. The 2024 legislative session is set to begin next month, and OC LAFCO staff will be participating in a legislative meeting on January 12, 2024 to discuss expectations for the new session.

In concert with the Strategic Plan, during the latter part of fiscal year 22/23, the Commission formed a legislative ad hoc committee charged with developing guidelines on how and when to engage external organizations on key legislative efforts and bills of potential impact to LAFCOs.

## Engaging and Informing through MSRs

OC LAFCO municipal service reviews (MSRs) are not intended to be bound piles of pages that sit on a bookshelf. Often a multi-year process, MSRs are prepared by the Commission to engage our local agencies and inform Orange County communities on how municipal services are delivered and sustained throughout the County. OC LAFCO, in concert with a five-year MSR schedule adopted by the Commission, prepares, on average, two to three studies each year. For the current cycle that began in 2020, the Commission has completed MSRs for 31 cities and special districts. Completion of these MSRs represents a significant accomplishment, and the Orange County Mosquito and Vector Control District and Central Region MSRs are underway. While the District's MSR will focus on the provision of vector control services countywide, the Central Region MSR will review multiple cities (Anaheim, Irvine, Orange, Santa Ana, Tustin, and Villa Park) and special districts (East Orange County Water District, Irvine Ranch Water District, Serrano Water District, and Silverado-Modjeska Parks and Recreation District). An RFP to assist in the preparation of the MSR has been published with an expectation that the MSR will be completed by end of Summer.

A circular inset photograph showing a street scene in Tustin, California. A large, leafy tree is in the foreground, partially obscuring a brick building. A street sign for "El Camino Real" is visible. The scene is brightly lit, suggesting daytime.

Tustin, CA



# The Coming of 2024

With the arrival of the new year, there are several anticipated projects and activities on the horizon for OC LAFCO. Read on to learn more about a few of the key ones.

## Website Under Construction

Over the past several months, OC LAFCO consultant Chase Design has collaborated with Commission staff and worked diligently to improve existing features and add new ones to the agency's website. Once completed, expect to see improved navigation and translation additions and the launching of the highly-anticipated and enhanced Fiscal Indicators Program and a linked source specifically dedicated to our Municipal Services Dashboard. Be sure to keep on the lookout as our new website additions may arrive just in time for Christmas!

## And the Story Goes...

Want to learn more about OC LAFCO's planning and regulatory authority, mandates, and resources? An opportunity to learn about the Commission's key responsibilities is coming soon to an in-person session or computer monitor near you. To make this happen, OC LAFCO staff has begun exploring content and platforms to better engage interested parties in learning all about the Commission's role in Orange County. More details on the session with the current placeholder title of "OC LAFCO 101" will be provided by early Spring. Don't miss out by staying in touch on this opportunity through our website at [www.oclafco.org](http://www.oclafco.org) or contacting the OC LAFCO office at (714) 640-5100.

## Unincorporated Area Profiles Get a New Look

A key resource for cities interested in exploring potential annexation of an unincorporated area within their sphere of influence is the area profile. Unincorporated area profiles were developed by OC LAFCO to assist in collaborative discussions involving cities, the County, and OC LAFCO on annexation. The profiles include

demographic and financial information for each of the County's 23 remaining unincorporated areas. Through the Commission's contractual arrangement with the Center for Demographic Research (CDR) at Cal State Fullerton, the demographics include the area population, land use, and current municipal service providers. The profile's financial data is provided by the County of Orange. Additionally, profiles for the County's disadvantaged unincorporated areas and South Orange County are currently under development. The agency website will become home to all profiles in part to completion of the new website improvements. Cities or residents interested in exploring annexation or learning more about unincorporated areas may visit us at [oclafco.org/how/county-unincorporated-areas](http://oclafco.org/how/county-unincorporated-areas) or call the OC LAFCO office.

Mission in  
San Juan  
Capistrano



# Agency Spotlight

Long and busy days seem to be the norm for **IRWD's General Manager Paul Cook** as he promptly arrived on screen for a late afternoon web chat with **Executive Officer Carolyn Emery**. With the expected eagerness of a 30-year water professional to dialogue about water, Paul jumped right in with his perspectives on the state of water affairs, experiences with OC LAFCO, and added excitement in speaking about the District. Read on to learn more about the exchange.

**As General Manager of the largest retail water purveyor in Orange County and the eighth largest in the State, how would you generally characterize the state of water affairs today in California?**

**Cook:** California water agencies have done a good job at providing and ensuring the delivery of reliable, safe, and affordable water to residents throughout the State. However, events such as climate change and communicating to the public the importance of being more efficient and the costs and efforts that go into providing water service have had some impacts on that. I believe water agencies need to proactively respond to these events. We also need to design systems to account for California's drier and wetter years and act on diversifying supply opportunities, such as recycled water. Acting with urgency now is key.

**With that, how important is the role of cities and special districts, as not-for-profit public agencies, in providing a critical resource such as water to the public?**

**Cook:** As public agencies that provide water service, cities and special districts play an important role. We are public stewards whose mission is to serve the people. This means not treating water as a commodity but rather facilitating the provision of a very important and limited resource to the public.

**Over the past several years, IRWD has been involved in numerous annexations, reorganizations and five district consolidations. Can you share as General Manager, generally, what were the goals of the District when these efforts were undertaken, in particular consolidation, as that's a complex and can be a contentious process as well?**

**Cook:** With each consolidation that IRWD undertook, it is important to note that the District was approached by other districts seeking potential consolidation with IRWD to enhance current areas for their customers. IRWD's standard response when approached

about consolidation or other complex boundary changes is to encourage agencies to engage interest from others through a request for proposals process, through which their expectations can be communicated in a transparent manner. Specifically, our goals of engagement include not taking on opportunities that would put our existing customers at a disadvantage, evaluating potential consolidation from the lens of what would be mutually beneficial to the customers of IRWD and current customers of the other agency, fiscal prudence, and addressing and responding to the unknowns of all affected parties and customers. In short, IRWD's goals in working through past and future consolidations or annexations to the District are to facilitate an increase in services, lower rates, improved operations, better efficiencies and robust community outreach.

**Given you have been through multiple LAFCO processes that have included working with staff and interaction with the Commission, can you share general but candid perspectives regarding LAFCO's role, both locally and statewide?**

**Cook:** LAFCO's role is very important. From IRWD's experience, OC LAFCO creates a forum for the conducting of an impartial analysis by the Commission to ensure the most efficient provision of municipal services by a local agency. As an objective party, OC LAFCO conducts this data-driven responsibility in a transparent manner that provides a platform for agency and public input and collaboration.

**Your agency has also experienced multiple MSR processes, and another one for the District is on the horizon. What has been your experience with this process, and do you believe MSRs bring value to our agencies and the public? How can OC LAFCO improve the process?**

**Cook:** MSRs are valuable and provide an opportunity for OC LAFCO to check in with agencies on how they are delivering services to residents and customers. MSRs allow OC LAFCO to conduct this process in an objective and transparent manner driven by data collected from the agencies. Other outlets for a process like this are just not out there. So, if not LAFCO, then who could facilitate this process and service to the public?

As for improving the process, one area is for OC LAFCO to set and communicate clearer timelines for the MSR process, establish expectations and address the unknowns of the process with agencies and other interested parties, and identify methods to promote understanding and purpose of MSRs.

**In your leadership role as General Manager of IRWD, what are you most proud of?**

**Cook:** IRWD has a legacy of strong systems, innovation, and collaboration, and I am most proud of our 95 percent water resiliency, diversified water supply, environmental stewardship, and the efficiency of our customers. The District has the lowest water rates in Orange County and ranks high in customer satisfaction and all of this was accomplished by the great team of people at IRWD.



Michelson  
Water  
Recycling Plant

General  
Manager  
Paul Cook



**Paul Cook** has been with IRWD since 2004, first serving as Assistant General Manager then as General Manager starting in 2011. A registered civil engineer, Paul has over 30 years with water and wastewater systems, and as the District's General Manager is responsible for the implementation of board policies and decision-making and supervision of the day-to-day operations and staff. With its headquarters located in the City of Irvine, IRWD provides retail water and sewer service to nearly 600,000 customers across multiple cities in Central Orange County.



## REFLECTIONS FROM

# Chair Doug Davert



I began my tenure as the Commission Chair in 2021 after serving in the Vice Chair role during two prior years. At that time, being in its second year of existence,

COVID-19 was a frequently used reference, and like other

local governments, OC LAFCO was required to respond and adapt to its circumstances. This included conducting our regular meetings by teleconference, closure of our offices at times with staff working remotely, and some project applications were placed on a temporary pause. However, as the second year of my tenure began, things began to transition to a new normal, and as an organization, we charged forward. In 2022, we reevaluated our core objectives by refreshing the agency's mission statement and adopted a Three-Year Strategic Plan. The Plan, which is through 2025, includes a robust work

plan that contains key goals focused on making OC LAFCO more effective and efficient. This includes succession planning, proactive legislative engagement, enhancing communication with our stakeholders, and improving our process for conducting municipal service reviews. Each area is intended to support the maintaining of sufficient staffing and resources to meet the Commission's responsibilities and requirements.

As I near the end of my Chairmanship with OC LAFCO, I am proud of the many accomplishments of this Commission and staff, including establishing an interactive website that is the gateway to OC LAFCO information and resources for our local agencies and Orange County communities and completing MSRs and approving boundary changes that support logical boundaries and enhance service delivery in our County. I'd like to personally thank the Commission for its confidence in my leadership over the past two years and look forward to continuing to work with the board and staff on the projects and activities in OC LAFCO's future.

For questions on this publication, you may contact the OC LAFCO office at **714.640.5100**.  
We invite you to also visit our website at **[oclafco.org](https://www.oclafco.org)**.





## Executive Committee Meeting

Tuesday, December 5, 2023

7:30 a.m.

### Mailing Address

P.O. Box 20895  
Fountain Valley, CA 92728

### Meeting Location

MWDOC/OCWD  
18700 Ward Street  
Fountain Valley, CA 92708

(714) 963-3058  
(714) 964-5930 fax

<https://isdoc.specialdistrict.org/>

### Executive Committee

**President**  
**Hon. Greg Mills**  
*Serrano Water District*

**1<sup>st</sup> Vice President**  
**Hon. Bob McVicker**  
*Municipal Water District  
Orange County*

**2<sup>nd</sup> Vice President**  
**Hon. Paul Mesmer**  
*Surfside Colony Community  
Services District*

**3<sup>rd</sup> Vice President**  
**Hon. Scott Nelson**  
*Placentia Library District*

**Secretary**  
*Vacant*

**Treasurer**  
**Hon. Sandra Jacobs**  
*Santa Margarita Water District*

**Immediate Past President**  
**Hon. Mark Monin**  
*El Toro Water District*

### Staff Administration

**Heather Baez**  
*Municipal Water District of Orange  
County*

**Tina Dubuque**  
*Municipal Water District of Orange  
County*

The next meeting of the ISDOC Executive Committee will be via teleconference only.  
The MWDOC/OCWD offices are closed to the public. Please use the information below to access the meeting.

Join Zoom Meeting

<https://us06web.zoom.us/j/3840960436>

Dial by your location  
669 900 9128 US (San Jose)  
877 853 5247 US Toll-free  
888 788 0099 US Toll-free

## AGENDA

### **I. Welcome, Introductions**

[Please mute yourself when not speaking. Please raise hand on Zoom if you have a question or comment.]

### **II. Approval of Minutes**

- Approval of Minutes: 11/7/2023

### **III. Public Comments on items not on the agenda**

### **IV. New Business**

- “Associate Member Day” exhibit in 2024

### **V. Old Business**

- ISDOC “unofficial” annual audit and results

### **VI. Treasurer’s Report – Director Jacobs**

- Report of accounts

### **VII. CSDA Report – Director Schafer or Chris Palmer**

- Receive, discuss and file the CSDA Report

### **VIII. LAFCO Report – Director Fisler**

- Receive, discuss and file the LAFCO report

### **IX. ACWA Report – Director Jacobs**

- Receive, discuss and file the ACWA report

**X. OCCOG Report – Director Scheafer**

- Receive, discuss and file OCCOG report

**XI. California Association of Sanitation Agencies (CASA) Report – OCSD Representative**

- Receive, discuss and file the CASA report

**XII. Subcommittee Reports**

- Programs – Director McVicker
- Membership - Director Mesmer
- Legislative – Trustee Nelson

**XIII. Adjourn**



**Executive Committee Meeting  
(Virtual Meeting via Zoom)**  
Tuesday, November 7, 2023, 7:30 a.m.

**MEETING MINUTES**

**I. WELCOME:**

1<sup>st</sup> Vice President McVicker called the meeting to order at 7:30 a.m. and welcomed all attendees.

**DIRECTORS PRESENT:**

Bob McVicker	1 <sup>st</sup> Vice President	Municipal Water District of Orange County (MWDOC)
Paul Mesmer	2nd Vice President	Surfside Colony Community Services District (SCCS)
Scott Nelson	3 <sup>rd</sup> Vice President	Placentia Library District (PLD)
Vacant	Secretary	
Saundra F. Jacobs	Treasurer	Santa Margarita Water District (SMWD)
Mark Monin	Immediate Past President	El Toro Water District (ETWD)

**DIRECTORS ABSENT:**

Greg Mills	President	Serrano Water District (SWD)
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**SUPPORT STAFF PRESENT:**

Heather Baez	MWDOC
Sharon Brimer	Recording Secretary

**OTHERS PRESENT:**

Art Perry	
Dylan Baranowski	iPaySmart
Ed Mandich	Trabuco Canyon Water District (TCWD)
Gavin Centeno	Orange County Local Agency Formation Commission (OC LAFCO)
Jeanette Contreras	Placentia Library District
Jim Fisler	Mesa Water District (MWD)
John Livas	Smart Energy Water (SEW)
John Withers	Irvine Ranch Water District (IRWD)
Larry Dick	MWDOC
Mike Scheafer	Costa Mesa Sanitary District (CMSD)
Stacy Taylor	MWD
Stephen Faessel	Orange County Sanitation District (OCSD)

**II. MEETING MINUTES:**

- Approval of Minutes: September 28, 2023, Quarterly, October 3, 2023, Executive Session.

**MOTION:**

Motion by Director Monin, second Director Mesmer, to approve the meeting minutes of the September 28, 2023, Quarterly Meeting as corrected, and the October 3, 2023, Executive Committee meeting. The motion passed unanimously.

**III. PUBLIC COMMENTS:**

There were no public comments, and 1<sup>st</sup> Vice President McVicker proceeded with the meeting.

**IV. NEW BUSINESS:**

- ISDOC Quarterly and Executive Committee Proposed Meeting Dates

Heather Baez reviewed the proposed 2024 meeting dates and noted that the January 25, 2024, Quarterly Meeting will be conducted via Zoom.

**MOTION:**

Motion by Director Monin, second Director Mesmer, to approve the 2024 ISDOC Alternate/Spaced Meeting Dates for the quarterly meeting and the ISDOC Executive Committee dates with May and December the 2<sup>nd</sup> Tuesday. The motion passed unanimously.

- Associate Member Addition
  - Enterprise Fleet Management, Inc., Carolen F. Drake, Account Executive, Carolen F. Drake@efleets.com

**MOTION:**

Motion by Director Mesmer, second Director Monin, to approve Enterprise Fleet Management, Inc. Carolen F. Drake, Account Executive, as an ISDOC Associate Member. The motion passed unanimously.

**V. OLD BUSINESS:**

- ISDOC Annual Audit Update and Results

Director Jacobs reported all appropriate documents have been forwarded to President Mills to conduct the audit.

- Pros and Cons of formation of 501(c)(3), follow up

A discussion ensued. It was agreed that ISDOC should not pursue setting up a 501(c)(3) in 2024. The topic will be reexamined when 2025 dues are considered.

**MOTION:**

Motion by Director Mesmer, second Director Monin, to table consideration to form a 501(c)(3) until the 2025 dues are evaluated. The motion passed unanimously.

**VI. TREASURER'S REPORT: DIRECTOR JACOBS**

Director Jacobs reported that the reconciled bank account balance on October 31, 2023, was \$8,108.24.

- Expenses \$360 for Brimer and Associates – Recording Secretary Services (two meetings, Executive Session and Quarterly meeting).
- Revenue received \$75 from MWDOC after quarterly luncheon expenses from the reservations collected.
- Orange County Council of Governments (OCCOG) dues of \$1,000 have not been paid.

Director Scheafer commented that the OCCOG dues amount should be \$500.

It was noted that the ISDOC Board of Directors is interested in inviting OCCOG Executive Director Marnie O'Brien Primmer to attend an ISDOC Executive Committee meeting to give a presentation on OCCOG and its benefits to ISDOC. The topic should be agendaized for the December Executive Committee meeting.

**VII. CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) REPORT – DIRECTOR SCHAFER OR CHRIS PALMER**

No update for this meeting

**VIII. LAFCO REPORT: DIRECTOR FISLER**

Director Fisler reported the next OC LAFCO meeting was scheduled for November 8, 2023, at 8:15 a.m. On the upcoming agenda:

- Adoption of the 2024 meeting and event calendar
- Policy and Procedures for the Initiation of Proposals by the Orange County Local Agency Formation Commission
- Orange County Employees Retirement System (OCERS) Fiscal Year 2024-25 Retirement Contribution Rates and Prepayment Program
- Update on CALAFCO efforts for the 2024 legislative session.
- Fiscal Year 2022-23 OC LACO Audited Financial Statements
- Legislative Report November 2023

**IX. ACWA REPORT: DIRECTOR JACOBS**

Director Jacobs reported:

- The ACWA Fall Conference & Expo is November 28 - 30, 2023, in Indian Wells, CA. The main keynote speakers are Yana Garcia, California Secretary for Environmental Protection, who will deliver the Wednesday opening keynote address, and Tani Cantil-Sakauye, President/CEO of the Public Policy Institute of California (PPIC) will be the keynote speaker for Thursday's luncheon.
- ACWA sent out a member alert for members to register to testify during the public hearings for the Draft Staff Report for the Sacramento/Delta Update to the Bay-Delta Plan. The deadline was November 3, 2023. The hearing dates are November 17, December 1, and December 11. A virtual meeting will be conducted for those wishing to listen to the proceedings. Contact Director Jacobs for access information.

**X. ORANGE COUNTY COUNCIL OF GOVERNMENTS (OCCOG) REPORT: DIRECTOR SCHEAFER**

Director Scheafer reported a primary topic at the last OCCOG meeting was the topic of Alternate Dwelling Units (ADUs) concept that was being proposed to help homeowners decide whether ADUs are appropriate for their property. OCCOG will be developing ADU guidelines.

There was a presentation from the South Coast Air Quality Management District. Currently, we are in a no-burn season.

**XI. CALIFORNIA ASSOCIATION OF SANITATION AGENCIES (CASA) REPORT**

There was no update for this meeting.

**XII. SUBCOMMITTEE REPORTS:**

- Programs – Director McVicker

Heather Baez said she discussed several topics with Director McVicker for the upcoming Quarterly Meeting: 1) Registrar of Voters, 2) Board of Supervisors, Don Wagner, update. 3) Clean Fleet Implementation.

A discussion ensued. It was agreed that the Board of Supervisors, Don Wagner, would be invited to the next Quarterly Meeting.

- Membership – Director Mesmer

Director Mesmer offered the ISDOC independent website is being updated with additional information. A presentation will be given at the January 2024 Executive Committee meeting on the website (<https://www.isdoc.net/>).

Legislative Update – Trustee Nelson;  
Trustee Nelson noted that the CSDA website provides a review of bills CSDA is following. There are currently 1400 bills being followed.

Stacy Taylor reported that the 'ca.gov' conversion for website and email addresses will return in 2024 for school districts and special districts. CSDA was successful in getting special districts carved out of AB 1637.

**XIII. ADJOURN:**

Director McVicker thanked the attendees and staff for their participation and assistance. The meeting was adjourned at 8:14 a.m. in remembrance of the 1942 Historic North Blimp Hangar destroyed by fire on Tuesday, November 7, 2023.

The next Quarterly Meeting is on January 25, 2024, at 11:30 a.m. and will be conducted via Zoom.

The next ISDOC Executive Committee meeting is scheduled for Tuesday, December 5, 2023, at 7:30 a.m. via Zoom.

Signed:



Bob McVicker, 1<sup>st</sup> Vice President





## Virtual Water Advisory Committee of Orange County (WACO) Meeting

Friday, December 8, 2023  
7:30 a.m. – 9:00 a.m.

### Zoom Registration:

[https://us06web.zoom.us/meeting/register/tZYtcOmgrzgvGNyWBHx6cj6bgeoh\\_uRkFTZP](https://us06web.zoom.us/meeting/register/tZYtcOmgrzgvGNyWBHx6cj6bgeoh_uRkFTZP)

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### Officers

**Chair**  
**Hon. Mark Monin**  
*El Toro Water District*

**Vice Chair**  
**Hon. Greg Mills**  
*Serrano Water District*

### Staff Contacts

**Medha Paliwal / Dani Berch**  
*Orange County Water District (OCWD)*  
(714) 378-3200  
[www.ocwd.com/news-events/events/waco](http://www.ocwd.com/news-events/events/waco)

**Heather Baez / Christina Hernandez**  
*Municipal Water District of Orange County (MWDOC)*  
(714) 963-3058  
[www.mwdoc.com/waco](http://www.mwdoc.com/waco)

## AGENDA

### Welcome & Announcements

- Mark Monin, El Toro Water District

### Reports

- Water Emergency Response of Orange County (WEROCC) – Vicki Osborn, MWDOC
- Metropolitan Water District of Southern California (MET) – Linda Ackerman, MWDOC
- Association of California Water Agencies (ACWA) – Cathy Green, OCWD

### Program

An Update on the Colorado River – What's at Stake for California?

JB Hamby  
Vice President, Imperial Irrigation District Board of Directors  
and Chairman, Colorado River Board of California

Tina Shields  
Water Department Manager, Imperial Irrigation District

### Adjourn

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### **Next WACO Meeting**

Friday, January 5, 2024 at 7:30 a.m. via Zoom

### **Next WACO Planning Committee Meeting**

Tuesday, December 19, 2023 at 7:30 a.m. via Zoom

## **DATES TO REMEMBER**

### **DECEMBER 2023/JANUARY 2024**

1. Dec 22 – 12 noon – Pres/VP/GM Meeting
2. Dec 25 – Christmas Holiday – DISTRICT OFFICE CLOSED
3. Dec 29 – DISTRICT OFFICE CLOSED
4. Jan 1 – New Years Day – DISTRICT OFFICE CLOSED
5. Jan 2 – 7:30 a.m. – ISDOC Executive Meeting
6. Jan 2 – 8:30 a.m. – MWDOC Planning/Operations Meeting
7. Jan 2 – 10:00 a.m. – RRC Meeting
8. Jan 3 – 8:30 a.m. – MWDOC/MET Directors Workshop
9. Jan 4 – 8:30 a.m. – SOCWA Board Meeting
10. Jan 5 – 7:30 a.m. – WACO
11. Jan 5 – 12 noon – Pres/VP/GM Meeting
12. Jan 9 – 7:30 a.m. – ISDOC Executive Committee
13. Jan 10 – 8:30 a.m. – MWDOC Admin/Finance Meeting
14. Jan 11 – 8:30 a.m. – SOCWA Engineering Committee
15. Jan 12 – DISTRICT OFFICE CLOSED
16. Jan 15 – 7:30 a.m. – Agenda Review
17. Jan 16 – 7:30 a.m. – WACO Planning Committee
18. Jan 16 – 10:30 a.m. – SOCWA Finance Committee
19. Jan 17 – 8:30 a.m. – MWDOC Board Meeting
20. Jan 19 – 12 noon – Pres/VP/GM Meeting
21. Jan 22 – 7:30 a.m. – Regular Engineering/Finance Committee Meetings
22. Jan 24 – 8:30 a.m. – MWDOC/OCWD Joint Meeting
23. Jan 25 – 7:30 a.m. – Regular Board Meeting

24. Jan 26 – DISTRICT OFFICE CLOSED

25. Jan 30 – 10:00 a.m. – RRC Meeting

# EL TORO WATER DISTRICT

## Glossary of Water Terms

**Accumulated overdraft:** The amount of water necessary to be replaced in the intake area of the groundwater basin to prevent the landward movement of ocean water into the fresh groundwater body.

**Acre-foot, AF:** A common water industry unit of measurement. An acre-foot is 325,851 gallons, or the amount of water needed to cover one acre with water one foot deep. An acre-foot serves annual needs of two typical California families.

**ACWA:** Association of California Water Agencies.  
A statewide group based in Sacramento that actively lobbies State and Federal Government on water issues.

**Advanced treatment:** Additional treatment processes used to clean wastewater even further following primary and secondary treatment. Also known as tertiary treatment.

**AFY:** Acre-foot per year.

**Alluvium:** A stratified bed of sand, gravel, silt, and clay deposited by flowing water.

**AMP:** Allen McCulloch pipeline.

Major pipeline transporting treated water to water districts between Yorba Linda, where it starts to El Toro Water District reservoir, where it terminates.

**Annexation:** The inclusion of land within a government agency's jurisdiction.

**Annual overdraft:** The quantity by which the production of water from the groundwater supplies during the water year exceeds the natural replenishment of such groundwater supplies during the same water year.

**Aqueduct:** A man-made canal or pipeline used to transport water.

**Aquifer:** An underground geologic formation of rock, soil or sediment that is naturally saturated with water; an aquifer stores groundwater.

**Arid:** Dry; deserts are arid places. Semi-arid places are almost as dry as a desert.

**Artesian:** An aquifer in which the water is under sufficient pressure to cause it to rise above the bottom of the overlying confining bed, if the opportunity is provided.

**Artificial recharge:** The addition of surface water to a groundwater reservoir by human activity, such as putting surface water into recharge basins. (See also: groundwater recharge and recharge basin.)

**AWWA** American Water Works Association  
Nationwide group of public and private water purveyors and related industrial suppliers.

**Base flow:** The portion of river surface flow which remains after deduction of storm flow and/or purchased imported water.

**Bay-Delta:** The Sacramento-San Joaquin Bay-Delta is a unique natural resource of local, state and national significance. The Delta is home to more than 500,000 people; contains 500,000 acres of agriculture; provides habitat for 700 native plant and animal species; provides water for more than 25 million Californians and 3 million acres of agriculture; is traversed by energy, communications and transportation facilities vital to the economic health of California; and supports a \$400 billion economy.

**BIA:** Building Industry Association.

**Biofouling:** The formation of bacterial film (biofilm) on fragile reverse osmosis membrane surfaces.

**Biosolids:** Solid organic matter recovered from a sewage treatment process and used especially as fertilizer.

**BMP:** Best Management Practice. An engineered structure or management activity, or combination of these, that eliminates or reduces adverse environmental effects.

**Brackish water:** A mixture of freshwater and saltwater.

**Brown Act:** Ralph M. Brown Act enacted by the State legislature governing all meetings of legislative bodies. Also known as the Open Meeting requirements.

**Canal:** A ditch used to move water from one location to another.

**CASA:** California Association of Sanitation Agencies The sanitation equivalent of ACWA concerned solely with issues affecting the treatment and disposal of solid waste and wastewater.

**CEQA:** California Environmental Quality Act.

**CERCLA:** Comprehensive Environmental Response, Compensation and Liability Act. This federal law establishes the Superfund program for hazardous waste sites. It provides the legal basis for the United States EPA to regulate and clean up hazardous waste sites, and if appropriate, to seek financial compensation from entities responsible for the site.

**CFS:** Cubic feet per second.

**Chloramines:** A mixture of ammonia and chlorine used to purify water.

**Clarify:** To make clear or pure by separation and elimination of suspended solid material.

**Coagulation:** The clumping together of solids so they can more easily be settled out or filtered out of water. A chemical called aluminum sulfate (alum) is generally used to aid coagulation in water treatment and reclamation.

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**Coastkeepers:** A non-profit organization dedicated to the protection and preservation of the marine habitats and watersheds of Orange County through programs of education, restoration, enforcement and advocacy.

**Colored water:** Groundwater extracted from the basin that is unsuitable for domestic use without treatment due to high color and odor exceeding drinking water standards.

**Condensation:** The process of water vapor (gas) changing into liquid water. An example of condensation can be seen in the tiny water droplets that form on the outside of a glass of iced tea as warmer air touches the cooler glass.

**Confined aquifer:** An aquifer that is bound above and below by dense layers of rock and contains water under pressure.

**Conjunctive use:** Storing imported water in a local aquifer, in conjunction with groundwater, for later retrieval and use.

**Contaminate:** To make unclean or impure by the addition of harmful substances.

**CPCFA:** California Pollution Control Financing Authority. State agency providing funds for wastewater reclamation projects.

**Crisis:**

1. **a:** The turning point for better or worse **b:** a paroxysmal attack of pain, distress, or disordered function **c:** an emotionally significant event or radical change of status in a person's life <a midlife crisis>
2. The decisive moment (as in a literary plot)
3. **a:** An unstable or crucial time or state of affairs in which a decisive change is impending; *especially* : one with the distinct possibility of a highly undesirable outcome <a financial crisis> **b:** a situation that has reached a critical phase

**CTP** Coastal Treatment Plant

**CWPCA** California Water Pollution Control Association. A 7000 member non-profit educational organization dedicated to water pollution control.

**Dam:** A barrier built across a river or stream to hold water.

**Decompose:** To separate into simpler compounds, substances or elements.

**Deep percolation:** The percolation of surface water through the ground beyond the lower limit of the root zone of plants into a groundwater aquifer.

**Degraded water:** Water within the groundwater basin that, in one characteristic or another, does not meet primary drinking water standards.

**Delta:** Where the rivers empty; an outlet from land to ocean, also where the rivers deposit sediment they carry forming landforms.



**Delta Vision:** Delta Vision is intended to identify a strategy for managing the Sacramento-San Joaquin Delta as a sustainable ecosystem that would continue to support environmental and economic functions that are critical to the people of California.

**Demineralize:** To reduce the concentrations of minerals from water by ion exchange, distillation, electro-dialysis, or reverse osmosis.

**De-nitrification:** The physical process of removing nitrate from water through reverse osmosis, microfiltration, or other means.

**Desalting (or desalination):** Removing salts from salt water by evaporation or distillation. Specific treatment processes, such as reverse osmosis or multi-stage flash distillation, to demineralize seawater or brackish (saline) waters for reuse. Also sometimes used in wastewater treatment to remove salts other pollutants.

**Desilting:** The physical process of removing suspended particles from water.

**Dilute:** To lessen the amount of a substance in water by adding more water.

**Disinfection:** Water treatment which destroys potentially harmful bacteria.

**Drainage basin:** The area of land from which water drains into a river, for example, the Sacramento River Basin, in which all land area drains into the Sacramento River. Also called catchment area, watershed, or river basin.

**Drought:** A prolonged period of below-average precipitation.

**DPHS:** California Department of Public Health Services. Regulates public water systems; oversees water recycling projects; permits water treatment devices; certifies drinking water treatment and distribution operators; supports and promotes water system security; provides support for small water systems and for improving technical, managerial, and financial (TMF) capacity; provides funding opportunities for water system improvements.

**DVL:** Diamond Valley Lake. Metropolitan's major reservoir near Hemet, in southwestern Riverside County.

**DWR:** California Department of Water Resources. Guides development/management of California's water resources; owns/operates State Water Project and other water facilities.

**Endangered Species:** A species of animal or plant threatened with extinction.

**Endangered Species Act of 1973 (ESA):** The most wide-ranging of the dozens of United States environmental laws passed in the 1970s. As stated in section 2 of the act, it was designed to protect critically imperiled species from extinction as a "consequence of economic growth and development untended by adequate concern and conservation.

**Ecosystem:** Where living and non-living things interact (coexist) in order to survive.

**Effluent:** Wastewater or other liquid, partially or completely treated or in its natural state, flowing from a treatment plant.

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**Evaporation:** The process that changes water (liquid) into water vapor (gas).

**Estuary:** Where fresh water meets salt water.

**Evapotranspiration:** The quantity of water transpired (given off), retained in plant tissues, and evaporated from plant tissues and surrounding soil surface. Quantitatively, it is expressed in terms of depth of water per unit area during a specified period of time.

**FCH** Federal Clearing House – Environmental Review/Processing

**FEMA** Federal Emergency Management Agency

**Filtration:** The process of allowing water to pass through layers of a porous material such as sand, gravel or charcoal to trap solid particles. Filtration occurs in nature when rain water soaks into the ground and it passes through hundreds of feet of sand and gravel. This same natural process of filtration is duplicated in water and wastewater treatment plants, generally using sand and coal as the filter media.

**Flocculation:** A chemical process involving addition of a coagulant to assist in the removal of turbidity in water.

**Forebay:** A reservoir or pond situated at the intake of a pumping plant or power plant to stabilize water level; also, a portion of a groundwater basin where large quantities of surface water can recharge the basin through infiltration.

**Gray water reuse:** Reuse, generally without treatment, of domestic type wastewater for toilet flushing, garden irrigation and other non-potable uses. Excludes water from toilets, kitchen sinks, dishwashers, or water used for washing diapers.

**Green Acres Project (GAP):** A 7.5 million gallons per day (MGD) water reclamation project that serves tertiary treated recycled water to irrigation and industrial users in Costa Mesa, Fountain Valley, Huntington Beach, Newport Beach, and Santa Ana.

**God Squad:** A seven-member committee that is officially called the "Endangered Species Committee". Members consist of Secretary of the Interior, the Secretary of Agriculture, the Secretary of the Army, the Chairman of the Council of Economic Advisers, the Administrator of the National Oceanic and Atmospheric Administration and one individual from the affected state. The squad was established in 1978 by an amendment to the 1973 Endangered Species Act (ESA). It has only been called into action three times to deal with proposed federal agency actions that have been determined to cause "jeopardy" to any listed species. Such actions may receive an exemption from the ESA if five members of the committee determine that the action is of regional or national significance, that the benefits of the action clearly outweigh the benefits of conserving the species and that there are no reasonable and prudent alternatives to the action.

**Groundwater:** Water that has percolated into natural, underground aquifers; water in the ground, not water puddled on the ground.

**Groundwater basin:** A groundwater reservoir defined by the overlying land surface and the underlying aquifers that contain water stored in the reservoir. Boundaries of success-ively deeper aquifers may differ and make it difficult to define the limits of the basin.

**Groundwater mining:** The withdrawal of water from an aquifer in excess of recharge over a period of time. If continued, the underground supply would eventually be exhausted or the water table could drop below economically feasible pumping lifts.

**Groundwater overdraft:** The condition of a groundwater basin in which the amount of water withdrawn by pumping exceeds the amount of water that recharges the basin over a period of years during which water supply conditions approximate average.

**Groundwater recharge:** The action of increasing groundwater storage by natural conditions or by human activity. See also: Artificial recharge.

**Ground Water Replenishment System (GWRS):** A joint project of the Orange County Water District and the Orange County Sanitation District that will provide up to 100,000 acre-feet of reclaimed water annually. The high-quality water will be used to expand an existing underground seawater intrusion barrier and to replenish the groundwater basin underlying north and central Orange County.

**Groundwater table:** The upper surface of the zone of saturation (all pores of subsoil filled with water), except where the surface is formed by an impermeable body.

**GPM:** Gallons per minute.

**Ground Water Replenishment System (GWRS):** Orange County Water District's state-of-the-art, highly advanced, waste-water treatment facility.

**Hydrologic balance:** An accounting of all water inflow to, water outflow from, and changes in water storage within a hydrologic unit over a specified period.

**Hydrologic cycle:** The process of water constantly circulating from the ocean, to the atmosphere, to the earth in a form of precipitation, and finally returning to the ocean.

**Imported water:** Water that has originated from one hydrologic region and is transferred to another hydrologic region.

**Inflatable rubber dams:** Designed to replace temporary sand levees that wash out during heavy storm flow, the dams hold back high-volume river flows and divert the water into the off-river system for percolation.

**Influent:** Water or wastewater entering a treatment plant, or a particular stage of the treatment process.

**Irrigation:** Applying water to crops, lawns or other plants using pumps, pipes, hoses, sprinklers, etc.

**JPIA** Joint Powers Insurance Authority. A group of water agencies providing self-insurance to members of the ACWA.

**LAIF** Local Agency Investment Fund. Statewide pool of surplus public agency money managed by State Treasurer.

**Leach:** To remove components from the soil by the action of water trickling through.

**MAF:** Million acre feet.

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**MCL:** Maximum contaminant level set by EPA for a regulated substance in drinking water. According to health agencies, the maximum amount of a substance that can be present in water that's safe to drink and which looks, tastes and smells good.

**MET:** Metropolitan Water District of Southern California.

**MGD:** Million gallons per day.

**Microfiltration:** A physical separation process where tiny, hollow filaments members separate particles from water.

**Microorganism:** An animal or plant of microscopic size.

**MWD:** Metropolitan Water District of Southern California.

**MWDOC:** Municipal Water District of Orange County. Intermediate wholesaler between MWD and 27 member agencies including ETWD.

**Non-point source pollution:** Pollution that is so general or covers such a wide area that no single, localized source of the pollution can be identified.

**NPDES** National Pollution Discharge Elimination System

**OCBC:** Orange County Business Council.

**OCEMA** Orange County Environmental Management Agency

**OCWD:** Orange County Water District.

**Opportunity:**

1. A favorable juncture of circumstances.
2. A good chance for advancement or progress .

**Organism:** Any individual form of life, such as a plant, animal or bacterium.

**PCM** Professional Community Management, Inc. Property Management company providing services to Laguna Woods Village and other homeowner associations.

**Perched groundwater:** Groundwater supported by a zone of material of low permeability located above an underlying main body of groundwater with which it is not hydrostatically connected.

**Percolation:** The downward movement of water through the soil or alluvium to the groundwater table.

**Permeability:** The capability of soil or other geologic formations to transmit water.

**Point source:** A specific site from which waste or polluted water is discharged into a water body, the source of which is identified. See also: non-point source.

**Potable water:** Suitable and safe for drinking.

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**PPB:** Parts per billion.

**Precipitation:** Water from the atmosphere that falls to the ground as a liquid (rain) or a solid (snow, sleet, hail).

**Primary treated water:** First major treatment in a wastewater treatment facility, usually sedimentation but not biological oxidation.

**Primary treatment:** Removing solids and floating matter from wastewater using screening, skimming and sedimentation (settling by gravity).

**Prior appropriation doctrine:** Allocates water rights to the first party who diverts water from its natural source and applies the water to beneficial use. If at some point the first appropriator fails to use the water beneficially, another person may appropriate the water and gain rights to the water. The central principle is beneficial use, not land ownership.

**Pumping Plant:** A facility that lifts water up and over hills.

**Recharge:** The physical process where water naturally percolates or sinks into a groundwater basin.

**Recharge basin:** A surface facility, often a large pond, used to increase the infiltration of surface water into a groundwater basin.

**Reclaimed wastewater:** Wastewater that becomes suitable for a specific beneficial use as a result of treatment. See also: wastewater reclamation.

**Reclamation project:** A project where water is obtained from a sanitary district or system and which undergoes additional treatment for a variety of uses, including landscape irrigation, industrial uses, and groundwater recharge.

**Recycling:** A type of reuse, usually involving running a supply of water through a closed system again and again. Legislation in 1991 legally equates the term "recycled water" to reclaimed water.

**Reservoir:** A place where water is stored until it is needed. A reservoir can be an open lake or an enclosed storage tank.

**Reverse osmosis:** (RO) A method of removing salts or other ions from water by forcing water through a semi-permeable membrane.

**RFP** Request for Proposal

**Riparian:** Of or on the banks of a stream, river, or other body of water.

**RO:** Reverse osmosis. See the listing under "reverse osmosis."

**R-O-W** Right-of-way

**Runoff:** Liquid water that travels over the surface of the Earth, moving downward due to gravity. Runoff is one way in which water that falls as precipitation returns to the ocean.

**RWQCB** Regional Water Quality Control Board. State agency regulating discharge and use of recycled water.

**Safe Drinking Water Act (SDWA):** The Safe Drinking Water Act (SDWA) was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply. The law was amended in 1986 and 1996 and requires many actions to protect drinking water and its sources: rivers, lakes, reservoirs, springs, and ground water wells. (SDWA does not regulate private wells which serve fewer than 25 individuals.) SDWA authorizes the United States Environmental Protection Agency (US EPA) to set national health-based standards for drinking water to protect against both naturally-occurring and man-made contaminants that may be found in drinking water. US EPA, states, and water systems work together to make sure that these standards are met.

**Safe yield:** The maximum quantity of water that can be withdrawn from a groundwater basin over a long period of time without developing a condition of overdraft, sometimes referred to as sustained yield.

**SAFRA** Santa Ana River Flood Protection Agency

**Salinity:** Generally, the concentration of mineral salts dissolved in water. Salinity may be measured by weight (total dissolved solids - TDS), electrical conductivity, or osmotic pressure. Where seawater is known to be the major source of salt, salinity is often used to refer to the concentration of chlorides in the water.

**SAWPA:** Santa Ana Watershed Project Authority.

**SCADA** Supervisory Control and Data Acquisition

**SCAP** Southern California Alliance of Publicly. Newly formed group of public agencies seeking reasonable regulation of sewer industry.

**SCH** State Clearing House – Environmental Review/Processing

**Seasonal storage:** A three-part program offered by Metropolitan Water District of Southern California:

**STSS (Short Term Seasonal Storage)** financially encourages agencies with local groundwater production capabilities to produce a higher percentage of their demand in the summer from their local groundwater supplies, thus shifting a portion of their demand on the MWD system from the summer to winter;

**LTSS (Long Term Seasonal Storage)** financially encourages retail agencies to take and store additional amounts of MWD water above their normal annual demands for later use; Replenishment Water provides less expensive interruptible water that is generally available and used to increase the operating yield of groundwater basins.

**Seawater intrusion:** The movement of salt water into a body of fresh water. It can occur in either surface water or groundwater basins.

**Seawater barrier:** A physical facility or method of operation designed to prevent the intrusion of salt water into a body of freshwater.

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**Secondary treatment:** The biological portion of wastewater treatment which uses the activated sludge process to further clean wastewater after primary treatment. Generally, a level of treatment that produces 85 percent removal efficiencies for biological oxygen demand and suspended solids. Usually carried out through the use of trickling filters or by the activated sludge process.

**Sedimentation:** The settling of solids in a body of water using gravity.

**Settle:** To clarify water by causing impurities/solid material to sink to a container's bottom.

**Sewer:** The system of pipes that carries wastewater from homes and businesses to a treatment plant or reclamation plant. Sewers are separate from storm drains, which is a system of drains and pipes that carry rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain water is not treated before it is discharged.

**SigAlert:** Any unplanned event that causes the closing of one lane of traffic for 30 minutes or more, as opposed to a planned event, like road construction, which is planned.

**SJBA** San Juan Basin Authority

**Sludge:** The solids that remain after wastewater treatment. This material is separated from the cleaned water, treated and composted into fertilizer. Also called biosolids.

**SOCWA** South Orange County Wastewater Authority. Regional Joint Powers Authority formed for collection and treatment of sewerage (previously known as AWMA/SERRA/SOCRA). SOCWA member agencies:

CSC – City of San Clemente

CSJC – City of San Juan Capistrano

CLB – City of Laguna Beach

ETWD – El Toro Water District

EBSD – Emerald Bay Service District

IRWD – Irvine Ranch Water District

MNWD – Moulton Niguel Water District

SCWD – South Coast Water District

SMWD – Santa Margarita Water District

TCWD – Trabuco Canyon Water District

**SRF** State Revolving Fund

**Storm Drain:** The system of pipes that carries rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain

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water is not treated before it is discharged. Storm drains are separate from sewers, which is a separate system of pipes to carry wastewater from homes and businesses to a treatment plant or reclamation plant for cleaning.

**Storm flow:** Surface flow originating from precipitation and run-off which has not percolated to an underground basin.

**SWP:** State Water Project. An aqueduct system that delivers water from northern California to central and southern California.

**SWRCB** State Water Resources Control Board

**TDS:** Total dissolved solids. A quantitative measure of the residual minerals dissolved in water that remain after evaporation of a solution. Usually expressed in milligrams per liter.

**Tertiary treatment:** The treatment of wastewater beyond the secondary or biological stage. Normally implies the removal of nutrients, such as phosphorous and nitrogen, and a high percentage of suspended solids.

**THM:** Trihalomethanes. Any of several synthetic organic compounds formed when chlorine or bromine combine with organic materials in water.

**TMA:** Too many acronyms.

**TMDL:** Total maximum daily load; A quantitative assessment of water quality problems, contributing sources, and load reductions or control actions needed to restore and protect bodies of water.

**Transpiration:** The process in which plant tissues give off water vapor to the atmosphere as an essential physiological process.

**Turbidity:** Thick or opaque with matter in suspension; muddy water.

**Ultraviolet light disinfection:** A disinfection method for water that has received either secondary or tertiary treatment used as an alternative to chlorination.

**VE** Value Engineering

**VOC:** Volatile organic compound; a chemical compound that evaporates readily at room temperature and contains carbon.

**Wastewater:** Water that has been previously used by a municipality, industry or agriculture and has suffered a loss of quality as a result.

**Water Cycle:** The continuous process of surface water (puddles, lakes, oceans) evaporating from the sun's heat to become water vapor (gas) in the atmosphere. Water condenses into clouds and then falls back to earth as rain or snow (precipitation). Some precipitation soaks into the ground (percolation) to replenish groundwater supplies in underground aquifers.

**Water rights:** A legally protected right to take possession of water occurring in a natural waterway and to divert that water for beneficial use.

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**Water-use Efficiency:** The water requirements of a particular device, fixture, appliance, process, piece of equipment, or activity.

**Water year (USGS):** The period between October 1st of one calendar year to September 30<sup>th</sup> of the following calendar year.

**Watermaster:** A court appointed person(s) that has specific responsibilities to carry out court decisions pertaining to a river system or watershed.

**Water Reclamation:** The treatment of wastewater to make it suitable for a beneficial reuse, such as landscape irrigation. Also called water recycling.

**Watershed:** The total land area that from which water drains or flows to a river, stream, lake or other body of water.

**Water table:** The top level of water stored underground.

**WEF** Water Environment Federation. Formerly – Water Pollution Control Federation (WPCF). International trade group advising members of sewage treatment techniques and their effect on the environment.

**Weir box:** A device to measure/control surface water flows in streams or between ponds.

**Wellhead treatment:** Water quality treatment of water being produced at the well site.

**Wetland:** Any area in which the water table stands near, at, or above the land surface for a portion of the year. Wetlands are characterized by plants adapted to wet soil conditions.

**Xeriscape:** Landscaping that requires minimal water.