

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
AND THE
FINANCE & INSURANCE COMMITTEE MEETING

January 20, 2025

At approximately 7:30 a.m. President Gaskins called the regular meeting to order.

Director Monin led the Pledge of Allegiance to the flag.

Committee Members MARK MONIN, MIKE GASKINS, KAY HAVENS, KATHRYN FRESHLEY, and WYATT McCLEAN participated.

Also participating were DENNIS P. CAFFERTY, General Manager, VISHAV SHARMA, CFO, SCOTT HOPKINS, Operations Superintendent, JUDY CIMORELL, Director of Human Resources, GILBERT J. GRANITO, General Counsel, MIKE MIAZGA, IT Manager (Zoom), SHERRI SEITZ, Public Affairs Manager, RORY HARNISCH, Senior Engineer, VICKI TANIOUS, Senior Accountant (Zoom), VU CHU, Water Use Efficiency Analyst (Zoom), Garth Botha, PUMP STATIONS FOREMAN (8:10 a.m.), CAROL MOORE, Laguna Woods City Council Member (Zoom), JANET FORDUNSKI, City of Laguna Woods (Zoom), and MARISOL MELENDEZ, Recording Secretary.

Determination of a Quorum

Roll Call:

Director McClean	Present
Director Havens	Present
Director Monin	Present
Vice President Freshley	Present
President Gaskins	Present

Five Board members are present at the meeting and therefore a quorum has been determined.

Oral Communications/Public Comment

There were no comments.

Items Too Late to be Agendized

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

Finance and Insurance Committee Meeting

At approximately 7:32 a.m. Director Havens called the Finance and Insurance Committee meeting to order.

Consent Calendar

Director Havens asked for a Motion.

Motion: Director Monin made a motion, seconded by President Gaskins to approve the Consent Calendar.

Roll Call Vote:

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

Financial Information Items

Financial Statements and Report

Mr. Cafferty addressed the separation of the Financial Report from the action item for approving expenses over a certain value. He explained that the Financial Report intends to convey all the financial information, including statements, reserves, 401(k) details from the previous month. Mr. Sharma stated that he included language to summarize the balance sheet, income statement, and the District's current position in terms of revenue expenses. He added that the District is within budget for both revenues and expenses, and the report includes detailed line items.

Fiscal Year 2025-26 Budget Process Update

Mr. Cafferty reported that staff is making good progress on the budget for adoption in June. Drafts have been completed for most departments. He mentioned that the electrical budget is currently under budget, potentially reducing the impact compared to previous years. A key decision upcoming is the Proposition 218 Notice related to the operations and maintenance charges for water and sewer. This notice, which follows the Proposition 218 guidelines established a few years ago for a three-year period, is based on the CPI. The most recent CPI for December was 3.4%, with the 2024 annual average at 3.1%. The District will assess if these figures are adequate for the District's revenue needs. A notice will also be issued for the commodity rate, similar to last year. The Capital charge will remain as previously approved with a 25% increase, which will be included in the 30-day customer notice, but it will not require additional approval under Proposition 218.

Reverse Cyclic Program

Mr. Cafferty provided an update following the Board's approval to participate in the program. The District has entered into an agreement with MWDOC and has received the requested 1000 acre feet allocation. Mr. Sharma added that staff will consult with the new auditors on how to appropriately display the allocation on the balance sheet.

Financial Action Items

Director's Compensation

Mr. Cafferty explained the package contains a survey of Director compensation from several neighboring agencies. He noted that the last increase in the District's Director compensation occurred seven years ago, and the Board has the option to increase the stipend by up to 5% per year. If the Board wishes to consider an increase, staff would need direction to schedule a Public Hearing notice, which could take place next month, along with additional newspaper notices. If approved, the increase would take effect 60 days after the adoption of the new ordinance.

Director Monin expressed support for the increase, citing the significant number of hours spent per month. Vice President Freshley opposed the increase, referencing size comparisons with other agencies. President Gaskins supported the increase and acknowledged that while the District is on the smaller size, it has been seven years since the last increase.

Director Havens asked for a Motion.

Motion: Director Monin made a motion, seconded by President Gaskins to direct staff to publish a legal notice of a public hearing for consideration of adopting an Ordinance increasing the Directors compensation from \$219.00 per day to \$240.90 per day.

Roll Call Vote:

Director McClean	aye
Director Havens	aye
Director Monin	aye
Vice President Freshley	no
President Gaskins	aye

Quarterly Insurance Report

Ms. Cimorell reported on the quarterly insurance report for Q2 of 2024-25. She noted that there were a couple of preventable accidents, and the District's Safety Compliance Coordinator has assigned a defensive driving training to staff. Additionally, the Safety Compliance Coordinator is working with JPIA to obtain certification in ergonomic assessments.

Director Havens asked for a Motion.

Motion: Director Monin made a motion, seconded by Vice President Freshley to receive and file the Quarterly Insurance Report for the period of October 1, 2024 through December 31, 2024.

Roll Call Vote:

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

Financial Package - Authorization to Approve Payment of Bills for the Month Ending January 20, 2025

Mr. Cafferty explained that this action approves checks in excess of \$50,000.00. He reminded the Board that a few months ago, they approved an increase in the General Manager's authority to \$75,000.00. He asked if the Board preferred to continue seeing checks over \$50,000 or the newly approved \$75,000 amount. The Board agreed to review checks over \$75,000 in the payment summary report.

Vice President Freshley inquired whether the Financial Package could include a list of all checks issued to vendors. Mr. Cafferty stated that the monthly check register will be incorporated into the financial statements and will also be included as an information item in the report.

Director Havens asked for a Motion.

Motion: Director Monin made a motion, seconded by President Gaskins to approve, ratify and confirm payment of those bills as set forth in the Payment Summary for the month ending January 20, 2025.

Roll Call Vote:

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

Professional Auditing Services Contract

Mr. Cafferty explained that an RFP was sent to five firms, and two responded. The District typically rotates auditing firms every five years. Staff is recommending LSL, LLP, with whom Mr. Sharma has prior experience. Director Monin inquired about LSL, LLP's background and experience. Mr. Sharma responded that LSL, LLP is a mid-level local firm specializing in Special Districts, particularly in the water industry.

Director Havens asked for a Motion.

Motion: President Gaskins made a motion, seconded by Vice President Freshley that the Board of Directors authorize the District's General Manager to enter into a contract with LSL, LLP in the amount of \$127,680.00 for Professional Auditing Services for the 2024-25, 2025-26 and 2026-27 fiscal years.

Comments Regarding Non-Agenda FIC Items

There were no comments.

Adjournment

There being no further business the Finance and Insurance Committee meeting was closed at approximately 8:12 a.m.

Respectfully submitted



MARISOL MELENDEZ
Recording Secretary

APPROVED:



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



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