

## AGENDA

### SANTA MARGARITA WATER DISTRICT

### SPECIAL BOARD MEETING

NOVEMBER 12, 2013

3:00-5:00 P.M., BOARD ROOM, DISTRICT OFFICE

26111 ANTONIO PARKWAY, RANCHO SANTA MARGARITA, CALIFORNIA

#### **Meeting Agendas may include information or action items on other topics.**

*Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Joyce Crosthwaite, Secretary, Board of Directors, at (949) 459-6507 at least 48 hours before the meeting if possible.*

#### **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 26111 Antonio Parkway, Rancho Santa Margarita, California 92688, 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.smwd.com>.

#### **1. PUBLIC FORUM**

*Persons wishing to address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request To Be Heard" forms are available at the entrance to the Board Room. Comments are limited to three minutes, unless further time is granted by the Presiding Officer. Please submit the form to the Recording Secretary prior to the beginning of the meeting.*

*Those wishing to address the Board of Directors on any item listed on the Agenda should submit a "Request To Be Heard" form to the Recording Secretary before the Presiding Officer announces that agenda item. Your name will be called to speak at that time.*

President, Sandra F. Jacobs  
Vice-President, Betty Olson  
Treasurer, Charley Wilson  
Engineering Chair, Charles T. Gibson  
Director, Justin McCusker  
General Manager, Daniel R. Feronis

**2. CONSENT CALENDAR ITEMS**

- 2.1 Consideration and Action on Approval of the October 21, 2013 Special Board Meeting Minutes ..... **Page 3**

**Staff Recommendation:** Approve the October 21, 2013 Special Board Meeting minutes.

**3. WORKSHOP**

- 3.1 Discussion of Water, Recycled Water and Wastewater Rate Study

Workshop Presenters:

Sanjay Gaur, Raftelis Financial Consultants, Project Manager  
With 16 years of public-sector consulting experience, Mr. Gaur has worked extensively providing rate structure design, cost of service studies, financial analysis, cost benefit analysis, connection/development fee studies, conservation studies and demand forecasting. He is considered one of the leading experts in the development of conservation rate structures, which is demonstrated by his experience, publications and speaking engagements. His experience spans the West Coast with the majority of projects in California. Mr. Gaur is active in a number of utility-related associations. He is a member of the American Water Works Association's (AWWA) Rates and Charges Committee. He is also a frequent speaker at National and California conferences, including AWWA, Utility Management Conference, Association of California Water Agencies, and California Society of Municipal Finance Officers. Mr. Gaur has an MS from the University of California Santa-Cruz and an MPA from Harvard University.

**Staff Recommendation:** Information item only; provide direction as appropriate.

- 3.2 Update on Potential 2014 Rate Pass – Through.

## Special Board Meeting Minutes

<b>Meeting attendees:</b>	Director Sandra F. Jacobs Director Betty Olson Director Charley Wilson Director Charles T. Gibson Director Justin McCusker  Dan Ferons                      General Manager/SMWD Joyce Crosthwaite              Secretary to the Board/SMWD Kristin Griffith                      Director of Finance/SMWD Rich Kisse                              Operations Manager/SMWD Don Bunts                              Chief Engineer/SMWD Scott Smith                              Best Best & Kreiger/General Counsel Kelly Radvansky                      Office Specialist/Recording Secretary/SMWD Beth Geldert                              Customer Relations Manager/SMWD Kathleen Springer                      Human Resources Manager/SMWD Chris Blackwood                      PFM Asset Management Richard Babbe                              PFM Asset Management Brian Thomas                              PFM Asset Management		
<b>Absent:</b>	None		
<b>Date:</b>	October 21, 2013		
<b>Time:</b>	3:04 p.m.		
<b>Agenda Item 1. Public Forum</b> <i>There were no requests to speak on any non-agenda items.</i>	<b>Board Action:</b>	<b>Follow-up:</b>	<b>Staff Responsible:</b>
<b>Agenda Item 2.1 Discussion of (1) Economic Forecast for Public Utilities; (2) Investment Options for the District; and (3) Discussion of District’s Investment Policy.</b> <i>Chris Blackwood began the discussion with a brief review of the investment and economic environment, current economic conditions, GDP, and labor market conditions. Before turning the discussion over to Richard Babbe, Mr. Blackwood ended with a review of federal reserves.</i> <i>Mr. Babbe said that in the near term, interest rates are going to be low and longer term rates are going to go up but it is unknown when. Mr. Babbe reviewed the California Government Code regulating the District’s investment options. Director Olson requested an investment risk versus benefit table. Brian Thomas spoke briefly about the District’s possible longer term investments. In closing the discussion Mr. Ferons said</i>		Provide an investment risk versus benefit table; provide additional information on District funds and possible longer term investments.	Kristin Griffith

<p><b>Agenda Item 2.1 (continued)</b>  <i>that District staff will bring back additional information on District funds as related to potential five to ten year investments.</i></p>			
<p><b>Agenda Item 2.2 Discussion on Operating Reserve Policy.</b>  <i>Mr. Ferons stated there will be a discussion on the direction of the District's Reserve Policy at a future Board meeting.</i></p>			
<p><i>Director Jacobs adjourned the meeting at 5:09 p.m. in recognition of the twenty-eight years of service Mr. Ferons has dedicated to the District.</i></p>			