

MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS OF  
EAST ORANGE COUNTY WATER DISTRICT

June 20, 2013

1. **Call to Order.** A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by WILLIAM VANDERWERFF, President of the Board of Directors, at 5:00 p.m. on Thursday, June 20, 2013, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. JOAN ARNESON, Secretary, recorded the minutes of the meeting (the minutes with respect to Items 10(A) and 11 were recorded by General Manager OHLUND).

The following Directors were present: RICHARD BARRETT, RICHARD BELL, DOUGLASS DAVERT, JOHN DULEBOHN and WILLIAM VANDERWERFF.

Also present were:

LISA OHLUND	General Manager
JOAN ARNESON	District Secretary and Legal Counsel
DOUG CHAPMAN	Former Director
DENIS BILODEAU	Orange County Water District/ City of Orange
ROB HANFORD	Golden State Water Company

Ms. OHLUND noted that also in attendance at his evening's meeting was a member of the local scout troop here to observe and learn about local agencies.

2. **Public Communications to the Board.** None.
3. **Items Arising After Posting of Agenda.** None.
4. **General Manager's Report.**

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously, the General Manager's Report was received and filed.

5. **Minutes.**

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously, the minutes of the meeting of May 16, 2013 were approved as submitted.

6. **Operation, Management and Construction Matters.**

A. **Temporary Employees.**

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously, a temporary full-time Distribution Worker I position was approved for up to a six-month period and the part-time Office Assistant position was increased for up to a four-month period, at a budgeted cost of \$30,000.

B. **Closure of Administrative Office For Termite Tenting.** Ms. OHLUND reported that in order to treat the recently discovered termite infestation, the most efficient schedule would be to close the office on July 5.

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously, the closing of the District Administrative Office on July 5 was approved.

C. **Annual Water Quality Report.** Director DULEBOHN noted that the annual reports are now permitted to be made via website posting. Ms. OHLUND said this year's report would be mailed but going forward it would be the intention to use online posting.

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously, the annual water quality report was received and filed.

D. **AlertOC.** Ms. OHLUND said the MOU would extend the current program. The new MOU has been presented as a one-year extension but contains a termination date of June 30, 2017. Ms. OHLUND said she would obtain clarification, and it was the consensus that the MOU be approved for either term.

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously, the "MOU Between the County of Orange and Participants For Use of Countywide Mass Notification System"

(extending term of participation as offered by the County) was approved and the General Manager was authorized to execute the MOU on behalf of the District.

E. Water System Hydraulic Model. Ms. OHLUND reported on the completion of the model and credited the Loyola Marymount team with saving the District a significant amount for the model preparation.

F. Water Demand Status Report. Ms. OHLUND said demand was at about 2009 levels but she expected it to rise as the summer progresses.

## 7. Financial Matters.

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$531,410.62 from Wholesale and Retail Operating Funds, \$0 from the Chapman Avenue Account (closed), \$2,440.69 for directors payroll, and \$53,091.00 for employees payroll.

B. Investment Activity.

C. Financial Statements (April 30).

On behalf of the Finance Committee, Director DULEBOHN recommended approval of the schedule of disbursements, ratification and approval of the investment schedules and receipt and filing of the financial statements.

### ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the schedules of disbursements were approved as submitted, the schedules of investments were ratified and approved, and the financial statements were received and filed.

D. Uncollectible Accounts.

### ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the writeoff of uncollectible retail accounts and collection in accordance with adopted procedures was authorized.

E. 2013-14 Budgets. Ms. OHLUND provided a powerpoint presentation, summarizing the current position of the retail revenues and expenditures, several cost savings and other improvements, and the portion of the budget that is reliant on the 1% ad valorem property tax revenues. She reviewed the third set of the scheduled rate increases approved in the Proposition 218 hearing process held in 2011. In the retail expenditures, she noted cost increases in water, wages and benefits, adding that reduction in the employer paid portion of the employee PERS contribution is under consideration, as well as other cost reductions. Ms.

OHLUND then reviewed a five-year historical comparison of revenues to expenses, and budgeted capital expenditures.

For the wholesale system, Ms. OHLUND presented budgetary accomplishments for the past fiscal year, and a similar structural concern as in the retail in the degree of reliance on the 1% ad valorem property tax revenues. She reviewed cost increases, proposed new reserve and readiness to serve fees, increases and reductions in expenses, capital expenditures and a five-year historical comparison of revenues to expenses. She said an over-allocation of wage and benefit cost to the Retail Zone will be adjusted. Director BELL asked if this is primarily attributable to the 6 MG reservoir site, and Ms. OHLUND responded that this was the case due to added security, and although a five-year average is used for the allocation an additional adjustment would be needed.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution Nos. 719 and 720 were adopted, entitled: "Resolution of the Board of Directors of East Orange County Water District Adopting Operating Budget and Making Determination Relative To Appropriations Subject To Limitation For 2013/2014 Fiscal Year (Overall District);" and

"Resolution of the Board of Directors of East Orange County Water District Adopting Operating Budget and Making Determination Relative To Appropriations Subject To Limitation For 2013/2014 Fiscal Year (Retail Zone)."

F. Wholesale Rates. Ms. ARNESON noted that the wholesale rates are now shown in an exhibit to the resolution, and the resolution text has been revised to include the new reserve and readiness to serve charges.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution No. 721 was adopted, entitled: "Resolution of the Board of Directors of East Orange County Water District Establishing Rates For Sale of Water On A Wholesale Basis Within the District."

G. Retail Rates. The rates as outlined in the discussion of the budget were presented.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution No. 722 was adopted, entitled: "Resolution of the Board of Directors of East Orange County Water District Adopting Changes To Rates For the Sale Of Water On A Retail Basis Within The District."

G. LAFCO Fiscal Trends. Ms. OHLUND reviewed the Local Agency Formation Commission (LAFCO) fiscal trends analysis and shared services program, and said this program will become an important early warning of agencies in fiscal difficulty. She said EOCWD's

condition is good and the District received a commendation for its shared services arrangement with Serrano Water District. She said she had received an inquiry from a Northern California district interested in pursuing a similar arrangement.

**8. Miscellaneous Matters.**

A. SmarTimer Agreement With MWDOC. Ms. OHLUND said this will renew the existing program, which has replaced several irrigation timers annually.

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously, the agreement with Municipal Water District of Orange County to renew participation in the weather-based irrigation timer (Smart Timer) rebate program for residential and commercial properties was approved.

B. Request to Destroy Records; Equipment and Material Surplus Declaration Request. Director DULEBOHN asked whether any of the items are required to be auctioned, and Ms. OHLUND said she had inquired with the County and the items are considered too small or their value is considered too low; she said listing online should provide accurate pricing.

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously, the request to destroy listed records was approved and the assets included in the list as presented were declared surplus and staff was directed to dispose of said items in an environmentally and fiscally responsible manner.

C. June 2013 Customer Newsletter. Suggestion to include the District's logo and corrections were noted.

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously, the General Manager was authorized and directed to distribute the newsletter as revised.

D. Reports from Committees and Representatives to Organizations. None.

E. Directors' Reports on Meetings Attended. Director DAVERT and Director BELL reported on their attendance at the Water Summit.

**9. Informational Items.** None.

**10. Closed Session.** President VANDERWERFF announced that the Board would meet in the following closed session as listed in the agenda: (A) conference with special legal counsel –

anticipated litigation – initiation of litigation pursuant to Government Code Section 54956.9(d)(4) (two potential cases). Ms. ARNESON was excused and left the meeting prior to the closed session.

OPEN SESSION

Open session was resumed. No action was reported from the closed session.

**11. Adjournment.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 6:28 p.m., the next regular meeting date and time being Thursday, July 18, 2013, at 5:00 p.m., to be held in the Offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Respectfully submitted,



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Joan C. Arneson