

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

March 20, 2014

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, March 20, 2014, 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 BELL, DOUGLASS DAVERT, JOHN DULEBOHN, SEYMOUR EVERETT and WILLIAM VANDERWERFF.

Also present were:

LISA OHLUND	General Manager
JERRY MENDZER	Maintenance & Operations Superintendent
JOAN ARNESON	District Secretary and Legal Counsel (by telephone)
DOUG CHAPMAN	Former Director
ROB HANFORD	Golden State Water Company
PETER ECCLESTEN	GHD
KAREN IGAR	District Engineer
KEVIN HUNT	Hunt Resource Strategies
BOB ARMSTRONG	MWH
CINDY MILLER	RBF Consulting

2. **Public Communications to the Board.** None.

3. **Items Arising After Posting of Agenda.** None.

4. **General Manager's Report.** In response to question from President VANDERWERFF, Ms. OHLUND elaborated on the item regarding the LAFCO consideration of the OCSD San 7 sewer service, stating that although EOCWD staff does not agree, LAFCO has determined it is

required to conduct a municipal services review (MSR), and staff plans to provide cooperation and assistance to expedite this process.

ACTION TAKEN:

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

5. **Minutes.** Ms. OHLUND clarified her reference (February 27, Item 6B) to the establishment of a penalty tier, explaining that if MWD is in an allocation, they will set a higher price for the over-allocation use, which will equate to the penalty-tier price that needs to be passed through.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the minutes of the meetings of February 26 and February 27, 2014 were approved as submitted.

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

A. **OC-70 Emergency Backup Power Electrical Transfer Switch.** Director BELL recused himself from participation in the consideration of this item in light of his employment with MWDOC. Ms. OHLUND reported that MWDOC and MWD have entered into an extension of their temporary amendment to service connection agreement through 2014, and it is necessary for MWDOC and EOCWD to enter into a parallel temporary amendment. She added that these amendments will "toll" the resolution of the issue of whether MWD is contractually obligated to pay for the associated costs as part of its obligations arising from the right to lower the OC-70 HG, so that the facilities can be installed in advance of anticipated critical power interruptions this summer.

ACTION TAKEN:

Upon a motion duly made, seconded and carried (4-0-1, BELL abstaining), the Temporary Amendment To Service Connection Agreement, Allen-McColloch Pipeline, OC-70 (Formerly DI-o8) Between East Orange County Water District And Municipal Water District Of Orange County, was approved substantially in the form presented to the meeting.

B. **Water Treatment Plant Replacement Criteria Study.** Ms. IGAR reported that in committee discussion it was concluded that further definition was needed in regard to cost factors and customer demand, and staff received direction to request proposals for the study of the replacement criteria.

Mr. HUNT provided a presentation of the study. He summarized a 20-year projection of the Metropolitan Water District Treatment Surcharge. Mr. HUNT then described the study's analysis of each of the retail agencies' projections of their demands, with ranges, averages and the study's conclusions as to the most likely demands; the difficulties posed in plant-sizing by

the retail agencies' peaking on the EOCWD wholesale system; value of reliability; Irvine Lake/ alternative source water; Metropolitan outage scenarios; EOCWD reliability, supply and system risks; water quality considerations; and conclusions. Mr. HUNT responded to questions. It was suggested that risk analysis should include risks other than earthquake such as fire, that more in-depth analysis is needed on cost and sizing, and that siting should also be studied.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the replacement criteria study was received and filed.

C. Master Plan and Treatment Plant Reconstruction Feasibility Study. Ms. OHLUND said that budget revisions would be necessary to cover the interrelated items of the master plan efforts and the plant reconstruction feasibility study.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the budget for the Wholesale and Retail Zone Master Plan Updates and the Wholesale Water Treatment Plant Reconstruction Feasibility Study were increased from \$395,000 to \$500,000, and staff was directed to solicit proposals for the treatment plant reconstruction feasibility study from prequalified engineering firms.

D. Water Demand Status Report. Ms. OHLUND said the reports are showing increased demand.

7. Financial Matters.

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$654,119.44 from Wholesale and Retail Operating Funds, \$2,307.27 for directors payroll, and \$34,156.20 for employees payroll. On behalf of the Finance Committee, Director DULEBOHN recommended approval.

B. Investment Activity. On behalf of the Finance Committee, Director DULEBOHN recommended approval of the investment schedules.

C. Financial Statements (January 31). On behalf of the Finance Committee, Director DULEBOHN recommended 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.

8. Miscellaneous Matters.

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

B. Directors' Reports on Meetings Attended. Director DULEBOHN reported that he would be attending a State Water Project inspection tour.

C. Election of Vice President. President VANDERWERFF said that with Director Barrett's resignation from the Board, it was necessary to elect a new Vice President, and he nominated Director DAVERT. There were no other nominations.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Director DAVERT was elected Vice President.

D. Committee/ Designated Representative Assignments. President VANDERWERFF said that the new assignments transferred the assignments previously held by Director Barrett to Director EVERETT, and he also replaced himself on the Telecommunications Facility Committee with Director EVERETT.

E. Authorization of Conference Attendance. Ms. OHLUND reported that MWDOC is requesting the designation of one representative who will sit "at the table" for the District at the upcoming Elected Officials Forum; others may also be in attendance. President VANDERWERFF suggested this would be a good occasion to introduce Director EVERETT to local water officials.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Directors DAVERT, EVERETT and VANDERWERFF along with the General Manager were authorized to attend the April MWDOC Elected Officials Forum, and that President VANDERWERFF be designated as the District's representative.

9. Informational Items.

A. General Interest Publications. Included were *Orange County Register* articles on district elected officials' stipend compensation; *Los Angeles Times* and *Maven's Notebook* articles on a recent Ninth Circuit Court of Appeals ruling reversing a District Court decision and upholding Delta smelt protection; and a *Sacramento Bee* article on a recent State court of appeal ruling that entry onto private properties for purposes of environmental investigations in regard to the Delta tunnel project is constitutionally prohibited without just compensation.

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

litigation – initiation of litigation pursuant to Government Code § 54956.9(d)(4) (one potential case). Ms. ARNESON was excused and left the meeting prior to this closed session.

OPEN SESSION

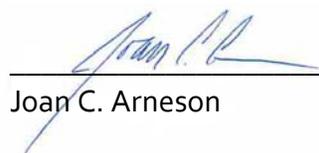
Open session was resumed. No action was reported from the closed session.

11. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 6:48 p.m., the next regular meeting date and time being Thursday, April 17, 2014, 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,



Joan C. Arneson