

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

June 18, 2015

An Adjourned 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 4:00 p.m. on Thursday, June 18, 2015, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. JOAN ARNESON, District Secretary, recorded the minutes of the meeting.

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

LISA OHLUND	General Manager
SYLVIA PRADO	District Administrative Assistant
JOAN ARNESON	District Secretary and Legal Counsel
JOSE DIAZ	City of Orange
ART VALENZUELA	City of Tustin
WILLIAM DUL	Resident
BILL EVEREST	Consultant
SANJAY GAUR	Raftelis Financial Consultants, Inc.

**Water Rate Study – First Review Session.** Ms. OHLUND provided an overview, noting that the District authorized a study of wholesale and retail rates and connection fees. She explained that in tonight’s session the requirements and methodology would be reviewed.

SANJAY GAUR discussed the development of a financial plan, the use of annual rate increases versus drought surcharges, and the targeted amount to provide six months’ operating plus one year of capital spending, including debt. Projected expenditures for the wholesale system were discussed; Ms. OHLUND listed the 6 MG reservoir roof and other items.

Mr. VALENZUELA discussed the financial the impact to Tustin. Ms. OHLUND said she would recommend that the budget be adopted at tonight’s meeting, but that action on wholesale rates be deferred to July so that the retail agencies would have an opportunity to review the analysis and make comments.

Next Mr. GAUR discussed the retail financial planning process. Capital expenses of \$5 million have been identified by Carollo for 2016 – 2018, needed for reliability improvements. Mr. GAUR said EOCWD’s cost increases are projected to be 3.5%, and the remainder of the projected increases are pass-through costs of MWDOC and OCWD. These can be handled by pass-through increases, which Ms. OHLUND noted the District had not traditionally done. He said for retail, the guideline would be ten months’ operating plus one year of capital spending, including debt. He showed projections of future year reserves, with and without the drought effect. Mr. GAUR posed the policy question of whether the Board preferred reserves (stabilization) generated by a rate increase or a surcharge, or a combination of both.

Mr. GAUR concluded the session with a review of connection fee methodology. A buy-in approach would look at the net asset value of the system. He also described hybrid approaches. The connection fees would be allocated according to meter size ratios.

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 5:40 p.m., to the regular meeting.

Respectfully submitted,



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Joan C. Arneson