

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

January 21, 2016

1. **Call to Order.** A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by DOUGLASS DAVERT, President of the Board of Directors, at 5:00 p.m. on Thursday, January 21, 2016, 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 following Directors were present: RICHARD BELL, DOUGLASS DAVERT, JOHN DULEBOHN, SEYMOUR EVERETT and JOHN SEARS. Also present were:

LISA OHLUND	General Manager
JERRY MENDZER	Maintenance & Operations Superintendent
SYLVIA PRADO	District Administrative Assistant
JOAN ARNESON	District Secretary and Legal Counsel
BILL EVEREST	District Consultant
ART VALENZUELA	City of Tustin
GRAHAM JUBY	Carollo Engineers
DAVID BARANOWSKI	Carollo Engineers

2. **Public Communications to the Board.** President DAVERT welcomed Director SEARS, appointed at last evening's meeting. Director SEARS expressed appreciation for the appointment process.

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

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

B. **Peters Canyon Treatment Plant Financial Feasibility Study.** DAVID BARANOWSKI of Carollo Engineers provided an overview of the financial feasibility study, including the development of a financial model, engineering and financial inputs, key variables and assumptions, and the comparison of five scenarios including baseline, worst case, best case and two intermediate variations. He showed graphic comparisons of the scenarios with the projected MWD rate. Mr. VALENZUELA inquired whether high operation and maintenance costs were evaluated, and Ms. OHLUND responded that a full-time operator was included as a conservative estimation. Director BELL noted that all of the agencies on the SAC line except EOCWD have developed treatment facilities for cost and/or reliability reasons; but there are also quality considerations that differ between the Colorado supply and the MWD blended supply. Ms. OHLUND said that in order for the project to be recommended to the Board it must compare favorably with MWD water cost, and there will be greater clarity on this

once MWD has completed its budget process. She added that staff will look for grant funding opportunities.

4. **General Manager's Report.** Ms. OHLUND said she had no additions to the written 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 December 17, 2015 were approved as submitted.

6. **Organizational Matters.**

Updating of Account Signature Authorizations. Ms. OHLUND said the three proposed resolutions were a housekeeping item necessary to maintain the District's day-to-day financial activities.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution Nos. 763, 764 and 765 were adopted, entitled, respectively:

"Resolution of the Board of Directors of the East Orange County Water District Authorizing Signatures for All Accounts, Authorizing Selection of Depositories, and Rescinding Prior Resolution;"

"Resolution of the Board of Directors of the East Orange County Water District Regarding Designation of Officers Authorized To Order Sale, Assignment, Transfer, and/or Delivery of District Investment Securities (Raymond James Financial Services, Inc., Account), and Rescinding Prior Resolution;" and

"Resolution of the Board of Directors of the East Orange County Water District Regarding Designation of Officers Authorized To Order Deposit and Withdrawal of District Funds In and From the Local Agency Investment Fund."

Committee Reorganization. The elimination of the Operations & Personnel Committee, and consolidation of operations with Engineering and personnel with Finance was discussed. Director BELL said he had proposed in committee that the committee meetings be noticed as Board meetings so that other members can participate if desired; he added that by

stipulating that only the committee members will receive the per-diem compensation and by having staff prepare minutes, the additional cost could be limited. Ms. OHLUND said this will increase the level of work for the small staff. President DAVERT said that if participation is the concern, the Board meetings should be lengthened or increased, but if information is the concern, the Committees could be asked for more information from the discussions at their meetings. It was the consensus as suggested by Ms. OHLUND that the ad hoc Investment Committee's function be handled by the Finance Committee.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, it was determined that the Operations & Personnel Committee will be reorganized, with operations to be consolidated with the Engineering Committee and personnel to be consolidated with the Finance Committee.

President DAVERT requested that each of the Directors indicate their interests in committee assignments.

7. Operation, Management and Construction Matters.

A. Municipal Water District of Orange County (MWDOC) Water Loss Program. Director BELL stated that he would not participate in this discussion due to his part-time services for MWDOC. Ms. OHLUND recommended approval, stating that the State's loss reporting requirements are expected to affect future infrastructure decisions and a good baseline will be important for the District.

ACTION TAKEN:

Upon a motion duly made, seconded and carried 4-0-1 (BELL abstaining), the fiscal year 2015/16 capital improvement budget was amended to add \$20,000 to Account No. 7900-100-1 and \$25,000 to Account No. 7900-100-2, the contract with MWDOC for water loss control services, in the not-to-exceed amount of \$45,000, was approved and the General Manager was authorized to execute the contract.

B. Water Quality Briefing. Ms. OHLUND said that there were good lessons for all water agencies in the Flint, Michigan water contamination crisis, and as requested by Director EVERETT she provided a brief history and summary of that situation. Mr. MENDZER reported on lead and copper rule testing in the District, explaining that although the District's system does not have lead piping, there may be lead in customers' plumbing which generally is a problem only if a home is vacated for a period. He said permissible lead content has been reduced to zero in customer service connection parts, and thus will be gradually eliminated as those are phased out.

8. Financial Matters.

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$638,350.17 from Wholesale and Retail Operating Funds, \$2,330.21 for directors' payroll, and \$45,836.32 for employees' payroll.

B. Investment Activity. Schedules of investments were presented.

C. Financial Statements (December 31). The financial statements were presented.

On behalf of the Finance Committee, Director DULEBOHN recommended approval of the schedule of disbursements and 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.

9. Miscellaneous Matters.

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

B. Directors' Reports on Meetings Attended. None.

C. Authorization of Conference and Meeting Attendance. Ms. OHLUND reported that the MWDOC dinner will feature as a speaker SWRCB's chair Felicia Marcus.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Director BELL and if additional accommodations can be obtained, Director SEARS, were authorized to attend the February 10-12 Urban Water Institute Annual Conference.

D. Orange County Sanitation District #7 Local Sewer Service Reorganization – Status Report. Ms. OHLUND reported that she had no information to add to her written status report.

E. Water Demand Status Report. Ms. OHLUND reported that sales are at an historical low.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the Water Demand Status Report was received and filed.

F. Drought Response Report. Ms. OHLUND discussed the State Water Resources Control Board staff's consideration of adjusting future reduction targets to give credit for programs like the Groundwater Replenishment System.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the Drought Response Report was received and filed.

10. Informational Items.

A. General Interest Publications. Included was *Channel 4 Southern California* – 'Exceptional' Drought Improves Only 2 Percent After California Storms.

11. Closed Session. President DAVERT announced that the Board would meet in closed sessions listed in the agenda as follows: **(A)** conference with labor negotiators (Govt. Code §54957.6) – agency designated representatives: Directors Bell and Dulebohn – unrepresented employees: Superintendent; Management Analyst; Administrative Assistant; Water Distribution Operator III; Water Distribution Operator II; Water Distribution Operator I; Part-Time Office Assistant.

OPEN SESSION

Open session was resumed, with all Directors present. No action was reported from the closed session.

12. Adjournment. Ms. OHLUND recommended that the next meeting include a workshop session at 4:00 p.m.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 7:00 p.m., to Thursday, February 18, 2016, at 4:00 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