

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

June 16, 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, June 16, 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
BRIAN LOCHRIE	CommunicationsLab
SARINA SRIBOONLUE	Arcadis
KEVIN RICE	Member, Citizens Advisory Committee
KEN VECCHIARELLI	Golden State Water Company
ART VALENZUELA	City of Tustin
JUSTIN GLOVER	CommunicationsLab
DAVID CORDERO	CommunicationsLab

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

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

**4. Consent Calendar.**

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously, the consent calendar actions were adopted as follows.

- A. Minutes: "THAT THE MINUTES OF THE MAY 10 AND MAY 19, 2016 MEETINGS BE APPROVED AS SUBMITTED"
- B. General Manager's Report: "THAT THE GENERAL MANAGER'S REPORT BE RECEIVED AND FILED"

- C. 2016 Consumer Confidence Report: "THAT THE 2016 WATER QUALITY REPORT BE RECEIVED AND FILED AND POSTED BY THE GENERAL MANAGER AS REQUIRED"
- D. Orange County Sanitation District Capital Facilities Capacity Charge Agreement: "THAT THE AGREEMENT WITH OCSD FOR COLLECTION OF OCSD SEWER CAPITAL FACILITIES CAPACITY CHARGES BE APPROVED AND THAT THE GENERAL MANAGER BE AUTHORIZED TO EXECUTE THE AGREEMENT ON BEHALF OF THE DISTRICT, SUBJECT TO NONSUBSTANTIVE CHANGES"
- E. California Special Districts Association (CSDA) Election: "PROVIDE DIRECTION TO THE PRESIDENT OF THE BOARD TO CAST THE DISTRICT'S VOTE FOR BILL NELSON AS CANDIDATE FOR THE CSDA BOARD REGION 6 (SEAT A) REPRESENTATIVE"

5. **Updated Urban Water Management Plan – Public Hearing.**

A. Hearing on Updated Urban Water Management Plan. President DAVERT declared the hearing on the proposed 2015 updated Urban Water Management Plan (UWMP) to be open. He asked for the staff report.

Ms. OHLUND introduced SARINA SRIBOONLUE of Arcadis, who made a powerpoint presentation on the proposed UWMP. Ms. SRIBOONLUE reviewed the major elements of the UWMP, including reliability over 25 years and water shortage contingency plan. She described significant changes from the 2010 plan, including the SBX7 ("20 X 2020" state conservation mandate) verification tool, population calculation tool, demand management measures and water loss reporting. She said that based on the planning assumptions, EOCWD is projected to have sufficient supplies under the hydrologic scenarios defined in the UWMP. She described the contingency planning for 50% reduction/supply interruption, adding that relative to drought, there is an assumption of local conservation together with MWD reliability.

President DAVERT asked the Secretary if all requirements for notice had been met. Ms. ARNESON reported that notice was published on June 1 and June 8, 2016 in the *Orange County Register* and presented an affidavit of publication.

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously, the affidavit of publication as presented to the Board was received and filed.

Ms. ARNESON briefly explained that the purpose of the hearing was to permit interested persons to comment upon the proposed amendments to the UWMP.

Public comment was invited. There were no written comments and there was no one present who wished to comment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the hearing was closed and Resolution No. 767 was adopted entitled "Resolution of the Board Of Directors of the East Orange County Water District Adopting Updated Urban Water Management Plan."

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

A. Retail Zone Water Supply Reliability. Ms. OHLUND reported that under the current regulatory framework, local agencies must self-certify their reduction targets as calculated under specified "stress test" assumptions of dry years. She noted that the District had also provided a certification to the wholesale system's retailers as required, reliant on MWD and MWDOC certifications. With respect to the Retail Zone, Ms. OHLUND said that although MWD and MWDOC have certified that they are reliable for the 3-year assumptions, it is also known that the State's reservoirs are not full, State Water Project allocations have remained significantly reduced, and these and other indicators point to a structural supply problem, and staff believes it would be prudent for the District to base its Retail Zone planning on a 15% reduction. She noted that staff had consulted with the Citizens Advisory Committee who were supportive of that recommendation. President DAVERT said in his view it would not be responsible to use a 0% reduction, noting that MWD/ MWDOC's certifications incorporated 15% reduction assumptions, and 15% should be more easily attainable having just come from a 36% reduction mandate. Revisions to the text of the proposed resolution were discussed, including the substitution of "shall" for "encouraged to."

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the water reliability certification was approved and Resolution No. 768 was adopted as revised, entitled: "Resolution of the Board of Directors of the East Orange County Water District Declaring Water Conservation Level 1 to Be In Effect and Authorizing Implementation (Rescinding Level 2)."

B. West Well Rehabilitation/Installation of Water Lubricated Pump. Director BELL reported that the Operations & Engineering Committee recommended approval of the recommended action.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the contract for the West Well Rehabilitation Improvements was awarded to General Pump Company, for the total bid price of \$56,950.

C. Amendment to CommunicationsLab Contract for Outreach Assistance, Drought and Sewer Transfer. Ms. OHLUND said that Communications Lab provided valuable assistance to staff.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Amendment No. 4 to the contract with CommunicationsLab was approved, providing for community outreach services in an amount not-to-exceed \$95,000 for the period June 1, 2016 to May 31, 2017, and the General Manager was authorized to execute the amendment.

D. William Everest Consulting Services. Ms. OHLUND said that Mr. EVEREST was also a very valuable member of the team.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Amendment No. 1 to the contract with William Everest Consulting Services for provision of engineering consulting services, in the not-to-exceed amount of \$90,000 for the period July 1, 2016 to June 30, 2017, was approved and the General Manager was authorized to execute the amendment.

E. Sedaru Sewer System Asset Management/Computerized Maintenance Management Software/ID Modeling. Ms. OHLUND recommended that this effort begin now rather than at start-up, for example, to give the District rapid access to Improvement District No. 1 historic operational data in the event of a spill. Ms. Ohlund said the data input will proceed now so as to be completed by August 1, and after that debugging and testing will be completed.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, a contract for Phase 1 Implementation, in the not-to-exceed amount of \$38,750, was approved and the General Manager was authorized to execute the contract.

F. Summer 2016 Operations Plan. Ms. OHLUND reported on an outage this past Sunday.

**7. Financial Matters.**

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$400,453.48 from Wholesale and Retail Operating Funds, \$1,291.80 for directors' payroll, and \$42,758.44 for employees' payroll.

B. Investment Activity. Schedules of investments were presented.

C. Financial Statements (April 30). The financial statements were presented.

President DAVERT reported that the Finance Committee 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 corrected, the schedules of investments were ratified and approved, and the financial statements were received and filed.

D. 2016-17 Budgets. Ms. OHLUND reviewed the wholesale and retail budgets. She presented a broad overview, including a 6/30 loss that will show for the Retail Zone and will also occur in 2016-17 until a proposed October rate increase; reduced sales; reduced shared overhead and labor with local sewer coming on; correction of wholesale structural deficit through funded depreciation; MWD's per acre foot increase and fixed charge decreases; OCWD replenishment assessment increase; EOCWD's wholesale fixed charge increases of 11%; comparisons to current year; and completed and projected capital improvement projects, wholesale and retail. A retail rate increase of 11% for this year and 10% for each of the following four years is anticipated to be proposed.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution Nos. 769 and 770 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 2016/2017 Fiscal Year (Overall District)" and "Resolution of the Board of Directors of East Orange County Water District Adopting Operating and Capital Projects Budgets and Making Determination Relative To Appropriations Subject To Limitation For 2016/2017 Fiscal Year (Retail Zone)."

E. Wholesale Rates and Charges. Ms. OHLUND said the resolution would adopt the recommended wholesale commodity, pass-through and fixed charges as described in the preceding budget item.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution No. 771 was adopted, entitled "Resolution of the Board of Directors of East Orange County Water District Establishing Rates and Charges For Sale of Water On a Wholesale Basis Within the District."

F. Wholesale and Retail Capacity Charges. Ms. OHLUND said the resolutions would implement the recommended wholesale and retail capacity charges as previously reviewed with the Board. She said a concern was communicated by Orange that the changes would disadvantage redevelopment, and staff has explained that the proposed methodology will give credit for existing development.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution Nos. 772, 773 and 774 were adopted, entitled: "Resolution of the Board of Directors of the East Orange County Water District Amending Rules and Regulations For Water Connection Charges (Wholesale Service Zone) and Rescinding Resolution No. 605;" "Resolution of the Board of Directors of the East Orange County Water District Establishing Connection and Capacity Charges For the Wholesale Service Zone Within the District;" and "Resolution of the Board of Directors of the East Orange County Water District Adopting Changes To Non-Water Delivery Charges For Retail Service."

G. Initiation of Notice and Hearing Process For Proposed Increases to Retail Rates and Charges. Ms. OHLUND said this process was specified by Proposition 218 and implementing laws.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the Retail Zone Rate Study was adopted, and staff was directed to give mailed notice of a hearing on September 15, 2016 to consider the proposed rate increases identified in the study.

**8. Miscellaneous Matters.**

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

B. Directors' Reports on Meetings Attended. Director SEARS reported on the WACO meeting, which included a good presentation on Delta earthquake simulations and salt water intrusion. President DAVERT reported that all Directors had attended the OC Water Summit.

C. Orange County Sanitation District #7 Local Sewer Service Reorganization – Status Report. Ms. OHLUND said she had no additions to her report.

Director DULEBOHN left the meeting at this time.

D. Wholesale and Retail Water Usage. Ms. OHLUND reported that conservation has remained at over 30%.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Dulebohn absent), the wholesale and retail water usage report and the drought report were received and filed.

E. Drought Response Report. Ms. OHLUND reported that she will evaluate inclusion of this report as part of the General Manager's report.

ACTION TAKEN:

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

**9. Informational Items.**

A. General Interest Publications. Included were: *Circle of Blue*, "Water Sector Prepares For Cyber Attacks" and *Maven's Notebook*, "Phil Isenberg with parting words of advice: 'Whether the tunnels are built or not, the underlying problems must be addressed.'"

**10. Closed Sessions.** President DAVERT announced that the Board would meet in closed sessions listed in the agenda as follows: **(A)** conference with real property negotiators (Government Code Section 54956.8), premises leased for telecommunications at 9312 Jamboree Road/9764½ Handy Creek Road, Orange, Negotiating Parties: Crown Castle MU LLC, Agency Negotiators: General Manager Ohlund, under negotiation: price and terms of payment (lease amendment); **(B)** conference with real property negotiators (Government Code Section 54956.8), premises leased for telecommunications at 9312 Jamboree Road/9764½ Handy Creek Road, Orange, Negotiating Parties: CCATT LLC, Agency Negotiators: General Manager Ohlund, under negotiation: price and terms of payment (lease amendment); **(C)** conference with labor negotiators (Government Code Section 54957.6), agency designated representatives: Directors Davert and Dulebohn; unrepresented employees: Superintendent; Administrative Assistants; Office Assistants, Water Distribution Operators.

OPEN SESSION

Open session was resumed, with Directors BELL, DAVERT, EVERETT and SEARS present. No action was reported from the closed session.

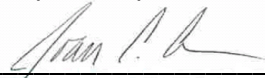
Fiscal Year 2016-17 Compensation. Upon a motion duly made, seconded and carried unanimously (Dulebohn absent), salary ranges and salary and merit increases effective July 1, 2015 were approved as presented for fiscal year 2016/2017.

**11. Adjournment.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 6:35 p.m., the next regular meeting date and time being Thursday, July 21, 2016, 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