

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

October 18, 2012

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, October 18, 2012, 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 BARRETT, DOUGLAS CHAPMAN, JOHN DULEBOHN and WILLIAM VANDERWERFF.

Also present were:

LISA OHLUND	General Manager
JOAN ARNESON	District Secretary and Legal Counsel
RICK BRADY	Brady Engineering
SEAN SUDOL	Brady Engineering
GREG HEIERTZ	Irvine Ranch Water District

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

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

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

A. **Peters Canyon (6 MG) Reservoir Roof.** Mr. BRADY made a presentation of the study prepared by Brady Engineering. He discussed short-term improvements, including installation of a structural diaphragm over the roof surface as would be required under current seismic code requirements, bolt tightening and replacement of non-conforming hardware, installation of drag-strut hardware per the original plans, and rescreening and replacement of weather sealant. He also reviewed long term recommendations including insulation of the roof with a spray-on polyurethane foam (samples of the foam were shown), which he felt would be a less expensive way to resolve the corrosion from the improper screws, and construction of a wind screen to prevent a recurrence of the wind damage in 1996. Director DULEBOHN suggested that consideration be given to accommodation of solar panels which could provide power in the event the District pursues the treatment plant (next item, below).

President VANDERWERFF felt that consideration should be given to the chain link fence with deflecting slats as a short-term wind protection fix.

Proceeding in phases was discussed. Directors BARRETT and CHAPMAN expressed the view that the proposed improvements should be reviewed by Harvey Gobas as the District's Engineer. Director BELL said Mr. Gobas' comments could be requested, as the phases are evaluated. He proposed the staff recommendation be adopted. Director CHAPMAN asked that this be modified to include Mr. Gobas' review. President VANDERWERFF suggested that this be done as a subsequent step.

ACTION TAKEN:

Upon a motion duly made, seconded and carried 4-1 (Chapman voting no), staff was directed to return to the Engineering Committee with a proposal from Brady Engineering for design and implementation of immediate recommendations and to prepare a schedule for design and implementation of long-term improvements.

B. Peters Canyon Treatment Plant Feasibility. Mr. SUDOL made a powerpoint presentation on the feasibility study prepared by Brady Engineering. He said that the study finding was that the package membrane filtration system warranted further study based on an estimated breakeven at 5- 9 years with \$1.4 million annual water cost savings after that. Ms. OHLUND noted that this was a very cursory overview, just to assess whether there is a feasible option for further exploration. Mr. SUDOL reviewed the history of the plant and the scope of the feasibility analysis, including cost for demolition of the old plant and abatement of hazardous materials from the demolition, and site configuration and constraints. A conventional treatment plant will not fit in the available footprint. Technology comparable to IRWD's Baker Plant which is now at 90% design and will use the same untreated source, was reviewed but would also not fit the footprint and is relatively expensive. Mr. HEIERTZ noted that a significant cost is solids disposal. Comparable package plant technologies were also investigated, including GE, Siemens, and CENTROL. Mr. SUDOL also reviewed a 20 year financing with unrefined assumptions, and the resultant payback analysis.

Director CHAPMAN said he was in favor of pursuing the idea but questioned why MWD's treatment cost would create such a large differential, and Ms. OHLUND said it was her understanding that the use of ozone drives that cost. Director BARRETT recalled that a similar proposal several years ago to IRWD was not feasible, and Mr. HEIERTZ said his recollection was that a lower cost of Irvine Lake water was assumed, and MWD's treatment surcharge was then much lower. Ms. OHLUND said staff would like to explore working with IRWD, taking advantage of their experience from the ongoing development of the Baker Plant. Mr. HEIERTZ said IRWD would be interested in exploring a joint project at the Peters Canyon site. He said IRWD is interested in diversification of its supplies, but because it has other supplies it would likely be a small participant. Ms. OHLUND noted that EOCWD's retailers' interest will be explored.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, staff was directed to prepare a plan for engineering and financial requirements and institutional arrangements to implement a new potable water treatment system at the Peters Canyon site, for further review by Operations & Personnel Committee and the Board Of Directors.

4. **General Manager's Report.** Ms. OHLUND responded to questions concerning the evaluation of the noise and vibration from the East Well.

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 September 20, 2012, were approved as submitted.

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

C. **Joint Study With Serrano Water District.** President VANDERWERFF reported that he and Ms. OHLUND met with representatives of Serrano Water District and LAFCO to continue discussions of shared services and consolidation opportunities. He said the issues are similar to those discussed previously, and SWD will continue their review and report back to EOCWD, probably in a few months.

D. **Water Demand Status Report.** Ms. OHLUND said demand is trending at about the past four year average, and conservation demand reduction appears to be firm.

7. **Financial Matters.**

A. **Schedule of Disbursements.** Schedules of disbursements in the following amounts were presented: \$714,895.52 from Wholesale and Retail Operating Funds, \$0 from the Chapman Avenue Account (closed), \$2,297.58 for directors' payroll, and \$34,788.19 for employees' payroll. On behalf of the Finance Committee, Director CHAPMAN recommended approval.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the schedules of disbursements were approved as submitted.

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

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the schedules of investments were ratified and approved.

C. Financial Statements (August 31). On behalf of the Finance Committee, Director CHAPMAN recommended receipt and filing of the financial statements.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the financial statements were received and filed.

D. Local Agency Investment Fund – Modification of Authorizations. Ms. OHLUND said the Office Manager is needed as an additional District representative authorized to order deposits and withdrawals. She explained that. She reviewed the current transfer procedure and request form which requires two Directors' signatures, replacing the previous procedure using checks to move between funds. Director BELL asked that a space be added to the form for the date and signature of the person who made the transfer, and that Ms. OHLUND receive the forms and provide them to Ms. Mackall for all transfers during the month.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution No. 709 was adopted, entitled: "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," and the Board directed that all such transfers be made in accordance with the District's funds transfer procedures.

8. Miscellaneous Matters.

A. Independent Special Districts of Orange County Executive Committee. Following discussion, Director BARRETT agreed to act as alternative representative in lieu of Director BELL.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Director DULEBOHN and Director BARRETT were designated as representative and alternate representative, respectively, and the District's votes were authorized to be cast as deemed appropriate in the voting representative's discretion.

B. October 2012 Customer Newsletter. Ms. OHLUND presented a draft of the newsletter.

ACTION TAKEN:

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

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

D. Directors' Reports on Meetings Attended. None.

9. Informational Items. None.

10. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 7:40 p.m., the next regular meeting date and time being Thursday, November 15, 2012, 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