

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

October 20, 2011

1. Call to Order. A Special 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 3:00 p.m. on Thursday, October 20, 2011, 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
JERRY MENDZER	Maintenance & Operations Superintendent
JOAN ARNESON	District Secretary and Legal Counsel
ROB HANFORD	Golden State Water Company
KIMBERLY McALLEN	City of Tustin

2. Public Communications to the Board. None.

3. Items Arising After Posting of Agenda. None.

4. General Manager's Report. Ms. OHLUND reported on the recent presentation she was invited to provide at the Foothill Communities Association meeting, on statewide supply issues and the general factors currently affecting water supplies and water rates for most water agencies. Director BARRETT said it was an excellent presentation. In response to a question from Director CHAPMAN, Ms. OHLUND elaborated on the discussion of investing as a hedge against increased operating costs in the recent Utility Finance Officers Meeting described in her report.

ACTION TAKEN:

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

5. Minutes.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Bell absent), the minutes of the meeting of September 15, 2011 were approved as submitted.

6. Operation, Management and Construction Matters.

A. Construction Projects.

(1) 2011 Distribution System Improvements. Ms. OHLUND reported on the completion of the work, and provided a construction cost comparison (cost per lineal foot) showing that the 2011 project compared favorably with the 2010 Newport/Marcy/Barrett project (\$254.49 versus \$425.40). She commended Mr. MENDZER, whose knowledge of the system made it possible to complete the projects very efficiently and resolve items that might have otherwise delayed the schedule.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Bell absent), final contract amounts of \$289,389 and \$284,040.72 were approved for the 2011 Retail Zone System Improvements Phase I and Phase II contracts, respectively, the projects were accepted as complete, the General Manager was authorized to file notices of completion, and payment of the retentions following expiration of the period set forth in the contracts was authorized.

(2) Baja Panorama 8-Inch Line Relocation. Ms. OHLUND reported that as a result of the reliance on the County's survey at a point that was not over the pipeline, the initial determination of the pipeline segment needing to be lowered was inaccurate, and it was subsequently discovered that portions of the pipeline were at an appropriate depth and did not require relocation. She said as a protective measure it was requested that the slurry backfill be colored blue to signal the attention of the grading contractor and future contractors excavating in the pipe vicinity.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Bell absent), the final contract amount of \$13,868 was approved, the project was accepted as complete, the General Manager was authorized to file a notice of completion, payment of the retention following expiration of the period set forth in the contract was authorized, and staff was authorized to file a claim with the County for reimbursement of engineering and construction cost not to exceed \$40,000.

B. Valve Raising – County Repavement Program. Ms. OHLUND reported that it is necessary to retain a contractor to raise affected valves to grade as the County paving crew completes the new pavement. She recommended award to the low bidder, Champion Paving.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Bell absent), a contract to adjust utility covers to grade in concert with pavement rehabilitation work was awarded to Champion Paving, in the amount of \$30,502.

C. Water Demand Status Report. Ms. OHLUND discussed the report and noted that when the in-lieu program concluded, imported water demand declined.

7. Financial Matters.

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$798,250.52 from Wholesale and Retail Operating Funds, \$0 from the Chapman Avenue Account, \$2,315.92 for Directors' payroll, and \$35,870.76 for employees' payroll. On behalf of the Finance Committee, Director CHAPMAN recommended approval.

ACTION TAKEN:

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

C. Financial Statements (August 31). Ms. OHLUND noted that the current revenue position will improve when property tax disbursements for this year begin in December.

ACTION TAKEN:

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

D. Investment Program. President VANDERWERFF said this item would be continued as Director BELL was unable to be at this afternoon's meeting and the matter should be deferred for a full Board.

E. Budget Adjustment. Ms. OHLUND said that due to increases in costs that the state has shifted to local agencies for Department of Public Health and Regional Water Quality Control Board permitting (LAFCO cost has also been shifted but isn't increasing from last year), permitting cost will be over budget by \$13,000. She recommended budget transfers and creation of new consolidated budget accounts for the permitting costs.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Bell absent), the creation of separate retail and wholesale accounts for permitting was approved, and appropriations and transfers to those accounts of the existing budgeted permitting and LAFCO amounts totaling \$25,000 supplemented by transfers from the retail and wholesale contingency funds of \$7,500, each, were approved as presented.

8. Miscellaneous Matters.

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

B. Directors' Reports on Meetings Attended. Director DULEBOHN reported that he and Ms. OHLUND attended the quarterly ISDOC meeting which included a presentation by John Lewis on redistricting. Ms. OHLUND said Neil McCormick of California Special Districts Association spoke on newly chaptered legislation.

C. Revision of Personnel Policy. Ms. OHLUND summarized the changes, which include changes required by CalPERS; conforming changes regarding current practices on lunch hours, compensatory time, overtime, and leave balances reporting; and formatting cleanup.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Bell absent), Resolution No. 699 was adopted, entitled "Resolution of the Board of Directors of the East Orange County Water District Rescinding Resolution No. 687 and Adopting Revised Personnel Policy."

D. Authorization of Conference Attendance.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Bell absent), General Manager OHLUND and any Directors wishing to attend were authorized to attend the ACWA Fall Conference.

9. **Informational Items.** None. President VANDERWERFF invited Ms. ALLEN to introduce herself and she said she was a staff analyst with the City of Tustin and was attending tonight's meeting to observe and learn.

10. **Closed Session.** President VANDERWERFF announced that the Board would meet in closed session, as follows: (A) conference with legal counsel – anticipated litigation – significant exposure to litigation (Government Code Section 54956.9(b)) – one potential case.

OPEN SESSION

No action was reported from the closed session.

11. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Bell absent), the meeting was adjourned at 5:15 p.m., the next regular meeting date and time being Thursday, November 17, 2011, 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