

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

February 17, 2011

**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, February 17, 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, RICHARD BELL, 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
FRED ADJARIAN	City of Orange
KARL SECKEL	Municipal Water District of Orange County

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

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

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

A. MWDOC and Member Agencies Agreement. Director BELL said that as he is an employee of MWDOC, he would recuse himself from this item and he left the meeting room. KARL SECKEL, MWDOC Assistant General Manager, was recognized and commented on the proposed agreement among MWDOC and its contracting agencies regarding budget, activities, charges and other issues. He said although the short five-year term of the agreement was not as MWDOC would prefer, and in that regard he agreed with the observations in the EOCWD General Manager's memorandum in the agenda package, it would be good to get this behind us and the five-year "truce" would be an opportunity to work further on resolving the issues. A principal feature of the agreement is a realignment of how MWDOC provides and recovers the cost of its services.

Director BARRETT said that he had for years expressed concern about MWDOC's being an agency looking for something to do. Mr. SECKEL responded that with the increasing complexity and instability of water supply and delivery issues in California, MWDOC's vigilance in protecting Orange County's interests brings more dollars in savings back to Orange County than the cost to operate MWDOC. Director BARRETT said he appreciated that value and service, but questioned whether it requires that large of a staff to perform it. Mr. SECKEL responded that new MWDOC Board members who came from retail agencies were often of that same view but were surprised to learn what MWDOC does and how it functions.

In response to Director CHAPMAN, Mr. SECKEL explained the budget adoption process in the agreement. Ms. OHLUND noted that the member agency managers have been diligent in critically reviewing MWDOC's budget each year and pushing back, and MWDOC has similarly forced a line by line review of Metropolitan Water District's budget. Other provisions of the agreement on Metropolitan Director selection, core and choice services, and transition to fixed per-connection charges were also discussed. President VANDERWERFF asked what the impact of this would be on EOCWD, and Mr. SECKEL said if the MWDOC charges were shifted 100% to per-connection today, EOCWD would see an increase of about \$2400 per year. Ms. OHLUND said this equated to about \$2 per connection but did not account for the reduction in what OCWD pays that would in turn reduce OCWD's replenishment assessment. Mr. SECKEL said the MWDOC water use efficiency program cost will also go up.

Director DULEBOHN said since imported water led to this issue, MWDOC should seek local sources. Mr. SECKEL agreed but said that was also a divisive issue as agencies who have done a lot for themselves in that regard object to paying as much of MWDOC's increased costs to develop those sources. He responded to questions on the status of the Poseidon Huntington Beach desalination project.

It was the consensus that a letter of transmittal should be drafted to accompany the executed agreement to MWDOC, expressing the District's concerns with the short duration and the lack of a process to restore stability to the MWDOC and member agency relationships.

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously, the draft agreement was approved in principle, and staff was directed to bring the agreement back to the next meeting with a proposed letter of transmittal.

Director BELL rejoined the meeting.

**4. General Manager's Report.** Ms. OHLUND said the District had coordinated with its retailers and was prepared for next week's Diemer Plant shutdown by Metropolitan. She responded to questions on the proposed McPherson electric access gate. Mr. MENDZER reported on the investigation of a customer water quality complaint and said he determined the likely cause to be a tankless water heater not fitted with a filter.

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 January 20, 2011 were approved as submitted.

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

B. **Storm Damage.** Ms. OHLUND reported that a recent meeting with County representatives was productive. She said that with regard to Baja Panorama Road, the County has confirmed that the County has accepted Baja Panorama, probably to be used as an emergency access only, and will be reviewing what needs to be done to protect the District's pipeline, and specifically at how to address drainage on the unpaved segment. Director CHAPMAN suggested she make the County aware of the extra hydrant laterals where hydrants had been covered with sloughing material and were removed, in case they want to restore them. Ms. OHLUND reported that another issue will be to determine responsibility for maintenance on the 6MG reservoir site access easement, as the County now owns the underlying fee title. She also reported on rodent control efforts to address the hillside slumping at the site.

C. **Crawford Canyon/Barrett Lane Pipeline Replacement.** Ms. OHLUND reported that the County's delay in its repaving project presents a window for the District to make needed replacements of pipeline segments. Since reviewing it with the Operations Committee, staff has identified some additional segments. She said she was seeking design proposals and would be bringing that back to the Board. An expedited construction bidding process using qualified bidders from the recent Newport Marcy Barrett project is also contemplated. Director BARRETT requested that District Engineer Harvey Gobas be involved to provide oversight. Ms. OHLUND said Mr. Gobas said he would be available to do so. Mr. BELL expressed concern that the design firm needs appropriate experience to handle large lines like these. Ms. OHLUND noted that slurry backfill will be used to avoid the need for compaction of native material and expedite the timetable.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, staff was authorized to solicit engineering proposals for the proposed pipeline replacement work.

D. **Water Conservation Report.** Ms. OHLUND said the District's conservation effort was successful, but unfortunately reduced sales are a concern that must be addressed in budgeting.

**7. Financial Matters.**

A. Schedule of Disbursements. The Board reviewed schedules of disbursements in the following amounts: \$51,461.59 from Wholesale and Retail Operating Funds, \$0 from the Chapman Avenue Account, \$2,251.54 for Directors' payroll, and \$33,810.03 for employees' payroll.

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.

ACTION TAKEN:

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

C. Financial Statements. On behalf of the Finance Committee, Director CHAPMAN recommended approval.

ACTION TAKEN:

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

D. Budget/Water Rates. Director CHAPMAN said the Finance Committee was proposing a Board workshop to go over the budget and revenue requirements, and to discuss methodology for rate increases. It was the consensus that this be scheduled for March 3, 2011.

E. Investment Policy. A resolution to update the existing investment policy was presented.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution No. 690 was adopted, entitled "Resolution of the Board of Directors of the East Orange County Water District Approving Investment Policy and Authorizing the Treasurer To Invest Funds."

**8. Miscellaneous Matters.**

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

B. Directors' Reports on Meetings Attended. None.

D. February 2011 Newsletter.

ACTION TAKEN:

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

9. Informational Items. None.

10. Closed Sessions. President VANDERWERFF announced that the Board would meet in closed session, as follows: (A) conference with real property negotiators (Government Code Section 54956.8) – property: premises leased for telecommunications at 9312 Jamboree Road, Orange; negotiating parties: AT & T /New Cingular; agency negotiators: Director VanderWerff and General Manager Ohlund; under negotiation: price and terms of lease amendment

OPEN SESSION

Open session was resumed. No action was reported from the closed session.

11. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 6:55 p.m., to Thursday, March 3, 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,



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Joan C. Arneson