

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

March 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, March 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
JOSE DIAZ	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 responded to questions concerning the West Well treatments to control heterotrophic plate counts, the status of the County's planning for Baja Panorama surfacing, and the Metropolitan Water District/ San Diego County Water Authority litigation and settlement efforts regarding Metropolitan's rate structure.

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 February 17, 2011 were approved as corrected.

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

A. **Water Conservation Report.** Ms. OHLUND reported that the tables in the agenda reflected January results, the most recent information from MWDOC. She invited the Board's attention to a table added per Director BELL's suggestion to show wholesale water sales by retailer. It was the consensus that the Finance Committee evaluate this in considering whether the current cost recovery structure is adequate.

7. **Financial Matters.**

A. **Schedule of Disbursements.** The Board reviewed schedules of disbursements in the following amounts: \$154,514.57 from Wholesale and Retail Operating Funds, \$22,485.36 from the Chapman Avenue Account, \$2,475.66 for Directors' payroll, and \$32,929.23 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. **Budget/Water Rates – Revenue Requirements and Retail Rate Increases.** Ms. OHLUND presented and reviewed information concerning water sales; reserves; possible measures for minimizing rate increases, including deferral of capital expenditures and reserve funding, and reduction of salary and benefit expense; a comparison of three options for meter charge ratio adjustments ((1) no change, (2) one-time change to AWWA structure, and (3) gradual transition to AWWA structure over three years) with associated impact on commodity charges, and sought the Board's direction as to the preferred approach to be used in the preparation of a rate study. Director BELL said he believed a gradual transition in the meter charge structure was best. Director CHAPMAN said he didn't feel the cost reduction measures were appropriate and it was not prudent to defer necessary capital expenditures and allow the

system to deteriorate. It was the consensus that Ms. OHLUND use option (1) in the preparation of the study, and that a workshop meeting be held.

E. Water Budget Billing System Implementation. Ms. OHLUND reported that the new billing format has been completed, and staff training is in progress. She said she had received some customer inquiries and she would provide information to the Board on the inquiries and the responses that had been given to the customers.

8. Miscellaneous Matters.

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

B. Directors' Reports on Meetings Attended. None.

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

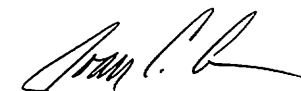
Open session was resumed. No action was reported from the closed session.

11. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 6:00 p.m., to Thursday, March 24, 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