

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

April 17, 2014

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, April 17, 2014, 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 minutes with respect to Items 10(A) and 11 were recorded by General Manager OHLUND).

The following Directors were present: RICHARD BELL, DOUGLASS DAVERT, JOHN DULEBOHN, SEYMOUR EVERETT and WILLIAM VANDERWERFF.

Also present were:

LISA OHLUND	General Manager
JERRY MENDZER	Maintenance & Operations Superintendent
JOAN ARNESON	District Secretary and Legal Counsel (by telephone)
DOUG CHAPMAN	Former Director
ROB HANFORD	Golden State Water Company
JIM FISLER	Mesa Consolidated Water District/ LAFCO seat candidate
JOHN WITHERS	Irvine Ranch Water District/ LAFCO seat candidate
RICK FRESCHI	Serrano Water District/ LAFCO seat candidate
ART VALENZUELA	City of Tustin

2. Public Communications to the Board. Candidates JIM FISLER and RICK FRESCHI for the alternate special district seat on LAFCO and candidate JOHN WITHERS for the regular seat addressed the Board concerning their interests and qualifications. Mr. FISLER said he did not advocate involuntary reorganization. Mr. WITHERS said he favored making the municipal services review process less burdensome, and in response to a question from President VANDERWERFF, said county islands and south county cities would be top LAFCO issues in the next 5 years. Mr. FRESCHI said his private sector experience would give him a good skill set for the LAFCO seat and he would represent districts actively and with passion.

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

4. **General Manager's Report.** In response to question from President VANDERWERFF, Ms. OHLUND elaborated on the item regarding the East Well repair cost recovery. She is looking at cathodic protection in the system, and will be discussing it with the retailers at an upcoming meeting and then bringing it to the Board.

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 March 20, 2014 were approved as submitted.

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

A. **Orange County Sanitation District #7.** Ms. OHLUND said she had nothing to add to her written report in the agenda. She said the preparation of the metes and bounds description was awaiting base map information from the County Surveyor.

B. **Office Manager Retirement.** Ms. OHLUND said Denise Dobson's will be difficult to replace following her upcoming retirement, and said she will be working with the Operations & Personnel Committee to add an administrative position and how to best fill the positions.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the Operations & Personnel committee was authorized to work with the Manager to review and recommend modifications to District organizational structure and to approve such changes as are within the existing budget.

C. **Orange County Water District Request to Oppose AB 2712.** Ms. OHLUND reported that AB 2712 proposes to insert a level of state agency involvement in OCWD's authority to conduct basin cleanup. In recent litigation, it was ruled that OCWD cannot secure cleanup cost from responsible parties before the cost is actually incurred. This resulted in objection of the Orange County Business Council and the current legislative proposal. Directors commented that OCWD's handling of the litigation brought this on, but the proposal was nevertheless punitive. Director EVERETT commented that the motion would put EOCWD fully behind OCWD. It was questioned whether there was a way to edit the draft letter to back

OCWD's opposition only. After further discussion, it was the consensus to take no action on the request, and entertain any reconsideration that OCWD might request.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, it was determined that no action be taken on the request.

D. Water Demand Status Report. Ms. OHLUND recapped the demand trends and contributing factors over the last few years, including rainfall, economic recession, District outreach programs.

7. Financial Matters.

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$491,380.30 from Wholesale and Retail Operating Funds, \$3,436.84 for directors' payroll, and \$33,744.75 for employees' payroll. On behalf of the Finance Committee, Director DAVERT recommended approval.

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

C. Financial Statements (January 31). On behalf of the Finance Committee, Director DAVERT recommended 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 submitted, the schedules of investments were ratified and approved, and the financial statements were received and filed.

D. Expenditure Authorization and Purchasing Policy. Ms. OHLUND reported that the revised policy will be a restructuring of and increase in certain delegations of authority to make purchases and enter into contracts.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution No. 733 was adopted, entitled: "Resolution of the Board of Directors of the East Orange County Water District Adopting Expenditure Approval and Purchasing Policy."

8. Miscellaneous Matters.

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

B. Directors' Reports on Meetings Attended. Director DAVERT reported that he attended the MWD State Water Project tour.

C. Form 806 Changes – Compensated Committee/Designated Representative Assignments. Ms. OHLUND said this form was required to be filed and posted on the District's website.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the form was approved for filing and posting.

D. Authorization of Conference Attendance. Ms. OHLUND reported that the Water Summit is a valuable event for a relatively minor cost.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, all Directors interested in attending, along with the General Manager, were authorized to attend the May 16 Water Summit.

9. Informational Items.

A. General Interest Publications. Included were *Sacramento Bee* article on depletion of San Joaquin Valley groundwater stores; *San Francisco Gate* article on storage and the drought; *Los Angeles Times* article on Senate approval of homeowner drought relief measure; and a *Santa Barbara Independent* article on federal action to stop state water transfers; and U.S. Water Alliance release on the EPA award of the 2014 U.S. Water Prize to Orange County Sanitation District and Orange County Water District.

10. Closed Session. President VANDERWERFF announced that the Board would meet in a closed session listed in the agenda as follows: **(A)** conference with legal counsel – anticipated litigation – initiation of litigation pursuant to Government Code § 54956.9(d)(4) (one potential case). Ms. ARNESON was excused and left the meeting prior to this closed session.

OPEN SESSION

Open session was resumed. No action was reported from the closed session. Ms. ARNESON rejoined the meeting (telephonically) for the next closed session.

President VANDERWERFF then announced that the Board would meet in the following closed session as listed in the agenda: **(B)** conference with real property negotiators (Government Code Section 54956.8) – property: premises leased for telecommunications at 9312 Jamboree Road, Orange; negotiating parties: Crown Castle MU LLC; agency negotiators: Director VanderWerff and General Manager Ohlund; under negotiation: price and terms of payment (lease amendment).

OPEN SESSION

Open session was resumed. It was reported that on a unanimous vote the Board approved the Fourth Amendment to the Lease, providing for modifications to site improvements, premises parcel reconfigurations and other related changes. Ms. ARNESON and Ms. OHLUND were excused for the next closed session.

President VANDERWERFF then announced that the Board would meet in the following closed session as listed in the agenda: (C) conference with labor negotiators (Government Code Section 54957.6), Agency designated representatives: Directors Bell and VanderWerff, Unrepresented employee: General Manager.

OPEN SESSION

Open session was resumed. No action was reported from the closed session. Ms. ARNESON (telephonically) and Ms. OHLUND rejoined the meeting for the balance of the meeting.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the following modifications were approved to the agreement for the General Manager's employment: 1) an increase to an annual salary for 2014 in the amount of \$115,000, and 2) a \$5,000 annual allowance to be used at the General Manager's discretion for educational and training opportunities and participation in professional organizations.

Director DAVERT noted that it was the intention of the Board to revisit the above action when the District's provision of sewer service is activated.

11. Independent Special District Selection Committee – Election of LAFCO Special District and Alternate. Ms. ARNESON said it was necessary to update the District's existing resolution delegating authority to alternate representatives to the ISDSC in the absence of the President.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution No. 734 was adopted, entitled: "Resolution of the Board of Directors of the East Orange County Water District Appointing Alternate Representatives To Independent Special District Selection Committee."

Following discussion of the statements by the candidates earlier in the meeting, it was the consensus to allow the EOCWD representative to vote in his discretion.

ACTION TAKEN:

Upon the motion duly made, seconded and carried unanimously on a roll call vote, the President or alternate attending in his place was authorized to use his discretion in casting the District's votes in the election of the special district representatives to LAFCO.

12. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 7:20 p.m., the next regular meeting date and time being Thursday, April 17, 2014, 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