

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

June 21, 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 5:05 p.m. on Thursday, June 21, 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, 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
DAVE WOLFE	District Resident
JOSE DIAZ	City of Orange

2. Public Communications to the Board. DAVE WOLFE, a resident of View Ridge Drive, discussed the concern which has been raised by the District with regard to possible slope movement in the vicinity of the District's pipeline in View Ridge. He reviewed some historical background information about the road put together by the residents, findings of a geologist they had retained and photographs. He said the County has collected storm flow at the upper end of the road and directed it via a v-ditch down the road to Miriam Place. He also noted that their geologist had found that in the valve enclosure in the vicinity of the leaning wall, there was moist sediment built up and covering the valve. Mr. WOLFE said that in the spirit of cooperation and to put the matter behind us, the neighbors are planning to have a contractor replace the leaning wall with a lower wall, and patch and complete their biennial slurry coating of the road, and concurrently would like the District to consider sealing or moving the valve. The Board members discussed looking into the feasibility of options for the valve that might be coordinated with the neighbors' work. They thanked Mr. WOLFE for coming to the meeting.

3. Items Arising After Posting of Agenda. None.

4. **General Manager's Report.** Director BARRETT asked about how the Peters Canyon Reservoir roof corrosion would be addressed and the status of the treatment plant evaluation. Ms. OHLUND responded that a preliminary inspection of the reservoir had been made and staff was awaiting a written report from the consultant. With regard to the treatment plant, she said she was conducting some preliminary research at committee's direction to see if there may be feasible avenues that could be further studied, for increasing reliability and cost savings for the benefit of the wholesale system.

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 May 17, 2012, were approved as submitted.

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

A. **AlertOC 2012/2013 Extension.** Ms. OHLUND recommended the one-year, no cost extension of the District's participation in the AlertOC program.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the "MOU Between the County of Orange and Participants For Use Of Countywide Mass Notification System" (extending term of participation for the period July 1, 2012 to June 30, 2013) was approved and the General Manager was authorized to execute the MOU on behalf of the District.

B. **Wholesale Meter Replacement Program.** Ms. OHLUND said that to help eliminate the source of unaccounted for water, she would recommend that the remaining 9 propeller meters be replaced with magnetic flow meters. She presented bids for McCrometer Ultra Mag meters, which would be installed by staff.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, a contract for replacement meters was awarded to Golden Meter Services on its proposal submitted in the amount of \$38,597.13.

C. Part-Time Office Assistant Position. Ms. OHLUND recommended extension of the position through the next fiscal year.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the continuation of the Part-Time Office Assistant position for the period from July 1, 2012 through June 30, 2013, at an estimated cost of \$12,700, was approved.

D. Water Demand Status Report. Ms. OHLUND said demand is expected to rise this summer, but not as high as it has been historically.

7. Financial Matters.

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$356,630.18 from Wholesale and Retail Operating Funds, \$0 from the Chapman Avenue Account, \$3,372.56 for directors' payroll, and \$38,706.80 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 (April 30). 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. Investment Management. Ms. OHLUND said she was continuing to address specific details in preparation for implementation of the Board's retention of Dewane Investment Strategies as directed by the Board, and expected to bring this to the next meeting for action.

E. 2012-13 Budgets. Ms. OHLUND reported that the budgets had been reviewed in detail by the Finance Committee. She made a PowerPoint presentation, summarizing the wholesale revenues and expenditures for operations and capital improvements. With the recent completion of the system model, she said the betterment and replacement project can go forward this year for both the wholesale and retail systems. She reviewed the retail operating revenues and expenditures, and the capital improvement budget. President VANDERWERFF suggested that the vehicle purchase amount be increased to cover a new vehicle, divided between the wholesale and retail budgets, and it was the consensus that this revision be made.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution Nos. 703 and 704 were adopted, entitled: "Resolution of the Board of Directors of East Orange County Water District Adopting Operating Budget and Making Determination Relative To Appropriations Subject To Limitation For 2012/2013 Fiscal Year (Overall District);" and

"Resolution of the Board of Directors of East Orange County Water District Adopting Operating Budget and Making Determination Relative To Appropriations Subject To Limitation For 2012/2013 Fiscal Year (Retail Zone)."

F. Wholesale and Retail Rates. Ms. OHLUND noted that due to lower than expected water cost increases, the retail commodity rate was proposed to be increased to \$2.40 rather than the \$2.46 approved for 2012-2013 during last year's hearing process.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution Nos. 705 and 706 were adopted, entitled: "Resolution of the Board of Directors of East Orange County Water District Establishing Rates For Sale of Water On A Wholesale Basis Within the District;" and

"Resolution of the Board of Directors of East Orange County Water District Adopting Changes To Rates For the Sale Of Water On A Retail Basis Within The District."

8. Miscellaneous Matters.

A. Tablet Computer Policy and Allowance. Demonstration tablet devices had been set up for the Board members during tonight's meeting to refer to the meeting agenda.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution No. 707 was adopted, entitled "Resolution of the Board of Directors of the East Orange County Water District Adopting Policy On Use Of and Allowances For Tablet Computer Devices"

B. Annual Water Quality Report.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the annual water quality report was received and filed.

C. Response to Grand Jury Report, "Dragging Special Districts From the Shadows." Ms. OHLUND said she and President VANDERWERFF had attended a presentation at the ISDOC meeting on the grand jury process. Director BARRETT commended President VANDERWERFF and Ms. OHLUND on the draft response, and suggested Ms. OHLUND request someone to read it from an outside perspective.

D. June 2012 Customer Newsletter. Ms. OHLUND distributed a revised draft. Suggestions were made for the notification of the retail rate increase with an amount lower than the increase previously authorized.

ACTION TAKEN:

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

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

F. Directors' Reports on Meetings Attended. None.

9. Informational Items. None. President VANDERWERFF invited Mr. DIAZ to introduce himself, and Mr. DIAZ provided his background and experience prior to his recently joining the Water Department for the City of Orange.

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

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 7:40 p.m., the next regular meeting date and time being Thursday, July 19, 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