

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

September 15, 2016

1. Call to Order. A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by DOUGLASS DAVERT, President of the Board of Directors, at 5:00 p.m. on Thursday, September 15, 2016, 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 (General Manager OHLUND recorded the minutes for Item 10A).

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

LISA OHLUND	General Manager
JERRY MENDZER	Maintenance & Operations Superintendent
SYLVIA PRADO	District Administrative Assistant
JOAN ARNESON	District Secretary and Legal Counsel (by telephone)
BILL VANDERWERFF	Former Member of the Board
SANJAY GAUR	Raftelis Consulting Group
JUSTIN GLOVE	CommunicationsLab
KEVIN RICE	Citizens Advisory Committee
DAVID GREENWALD	Citizens Advisory Committee
BILL EVEREST	Consultant
NICHOLAS J. ARHONTES	Consultant
JOHN LEWIS	Lewis Consulting
MARK THOMAS	Lemon Heights Group
LILLY MCBEE	District resident

2. Public Communications to the Board. MARK THOMAS said he represented 10 homeowners with septic tanks who have been seeking to connect to the sewer for several years. He said they had worked with OCSD and were supportive of the EOCWD sewer transfer. He said the group met with President DAVERT and Ms. OHLUND and understands basically what is needed, and are looking for more detailed instructions. President DAVERT said that in accordance with the Brown Act a discussion of this will need to be placed on a future agenda.

3. Items Arising After Posting of Agenda. None.

5. Adoption of Retail Water Rates – Public Hearing. President DAVERT declared this to be the date, time and place set for the hearing on the proposed Retail Zone water service rate increases and declared the hearing to be open. He asked the Secretary if all requirements for notice had been met. Ms. ARNESON stated that the notices were mailed on July 26, 2016, and presented an affidavit of mailing.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the affidavit of mailing as presented to the Board was received and filed.

Ms. ARNESON briefly explained that the purpose of the hearing, under the California Constitution ("Proposition 218") was to permit the property owners or lessees as applicable to comment upon or present objections to the proposed rate increases.

General Manager OHLUND made an introductory presentation using powerpoint slides. She reviewed the history of the two operating divisions, wholesale and retail, the upgrading of the Retail Zone to standard since taking it over without reserves and other background for the rate study. SANJAY GAUR followed with a presentation of the Rate Study. He described the components of drought-driven sales reduction and pass-through increases. Mr. GAUR said the District's rates remain below reserve targets. He then detailed the components of the cost of service, and the allocation between fixed and variable charges, and showed the current bill versus the proposed increases. He said proposed drought rates were also recommended for flexibility in case they are necessary. In response to a question, Ms. ARNESON explained that the proposed rates for the remaining years will need to be acted upon by the Board, and there will be notice to the customers but a hearing process won't be required. President DAVERT added that the adopted levels are maximums.

Ms. OHLUND said in response to a question from Mr. VANDERWERFF that although the District's rates are not likely to be in the lowest 10% this time, some agencies have yet to undergo increase actions. She said that to the extent information is comparable, the proposed rates appear competitive with other Orange County retailers as noted.

President DAVERT reported that ten written protests were received.

ACTION TAKEN:

Upon motions duly made, seconded and carried unanimously, the hearing was closed and Resolution No. 783 was adopted, entitled "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," adopting the increases as proposed.

President DAVERT thanked those in attendance.

4. Consent Calendar.ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the consent calendar actions were adopted as follows.

- A. Minutes: "THAT THE MINUTES OF THE AUGUST 9 AND AUGUST 18, 2016 MEETINGS BE APPROVED AS SUBMITTED"
- B. General Manager's Report: "THAT THE GENERAL MANAGER'S REPORT BE RECEIVED AND FILED"
- C. Platinum Consulting Group Master Agreement: "THAT A MASTER AGREEMENT BE APPROVED FOR ACCOUNTING AND TREASURER SERVICES"
- D. Amendment of capital projects budget to add Alexander Lane pipeline replacement: "THAT THE RETAIL ZONE 2016-17 CAPITAL PROJECTS BUDGET BE INCREASED BY \$190,000, FROM \$429,500 TO \$619,000, FOR THE STOLLER LANE/ ALEXANDER LANE PIPELINE REPLACEMENT PROJECT"

6. Operation, Management and Construction Matters.

- A. Wastewater discharge regulations – an Ordinance of the Board of Directors of the East Orange County Water District Establishing Wastewater Discharge Regulations – Second Reading and Adoption.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, it was determined that the ordinance be read by title only, further reading of the ordinance was waived, and the ordinance was adopted.

Ms. ARNESON read the title of the ordinance.

- B. FOG Program regulations – an Ordinance of the Board of Directors of the East Orange County Water District Adopting Fats, Oils and Grease Control Regulations Applicable to Food Service Establishments – Second Reading and Adoption.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, it was determined that the ordinance be read by title only, further reading of the ordinance was waived, and the ordinance was adopted.

Ms. ARNESON read the title of the ordinance.

- C. Indefinite Quantity General Engineering Services. Ms. OHLUND reported that in addition to Mr. EVEREST's services, general water and wastewater engineering services will be needed, initially budgeted for 30-40 hours and then tapering off. She said that through a request for proposals and ranking process through the Operations & Engineering Committee, RCE was identified as the recommended candidate.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, a master agreement was awarded to RCE Engineering for ongoing general water and wastewater engineering services and a budget of \$100,000 was approved for the services.

7. Financial Matters.

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$711,536.30 from Wholesale and Retail Operating Funds, \$834.29 for directors' payroll, and \$75,702.44 for employees' payroll.

B. Investment Report/ Ratification of Investment Activity. Schedules of investments were presented.

C. Financial Statements (July 31). The financial statements were presented.

President DAVERT reported that the Finance Committee recommended approval of the schedule of disbursements and investment schedules, and 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. Budget Amendment – Improvement District 1 Capital Projects. Ms. OHLUND reported that a number of capital projects are needed, and it is hoped that some of these can be bundled for completion in a 6-9 month period. The \$950,000 estimate is from OCSD engineering staff.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the 2016-17 ID 1 capital projects budget was revised to \$1,666,100, to add \$950,000 for repairs and rehabilitation.

8. Miscellaneous Matters.

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

B. Directors' Reports on Meetings Attended. President DAVERT reported that he and Ms. OHLUND met with the group of septic system owners as mentioned under Public Communications. Director SEARS reported on his attendance of the WACO meeting, which included a presentation on heavy flood scenarios. He said the UWI conference was well done.

C. Wholesale and Retail Water Usage. Ms. OHLUND reported that Retail Zone usage was 20% below 2013 levels.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the wholesale and retail water usage report was received and filed.

9. Informational Items.

A. General Interest Publications. Included were: *The Value of Water Coalition*, "Imagine A Day Without Water," and *David Sander, Mayor, City of Rancho Cordova*, "Commentary: Local Control Critical For All California Cities."

10. Closed Sessions. President DAVERT announced that the Board would meet in closed session as listed in the agenda, as follows: **(A)** conference with Legal Counsel – existing litigation pursuant to paragraph (1) of subdivision (d) of Government Code Section 54956.9 – *Irvine Ranch Water District v. Orange County Water District*, Case No. 30-2016-00858584-CU-WM-CJC.

Following such announcement, Ms. ARNESON left the meeting.

OPEN SESSION

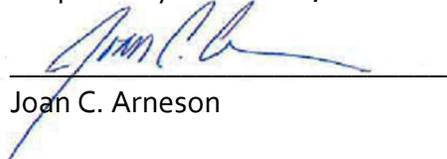
Open session was resumed, with Directors BELL, DAVERT, DULEBOHN, EVERETT and SEARS present. No action was reported from the closed session.

10. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 6:55 p.m., the next regular meeting date and time being Thursday, October 20, 2016, 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