

BOARD OF DIRECTORS

October 15, 2018

Douglass S. Davert
President

Richard B. Bell
Vice President

John Dulebohn
Director

Seymour (Sy) Everett
Director

John L. Sears
Director

Lisa Ohlund
General Manager

**Board of Directors
East Orange County Water District
185 N. McPherson Road
Orange, CA 92869**

Dear Members of the Board:

Please be advised that the regular meeting/workshop of the Board of Directors of the East Orange County Water District will be held on **Thursday, October 18, 2018, at 5:00 p.m.** in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Enclosed please find the agenda for the meeting.

Sincerely,

EAST ORANGE COUNTY WATER DISTRICT


By: **Jeff Hoskinson**
District Secretary

JAH:ad
Enclosures
cc: Mailing List

AGENDA

MEETING OF THE
EAST ORANGE COUNTY WATER DISTRICT (EOCWD)

WORKSHOP

Thursday,
October 18, 2018
185 N. McPherson Road, Orange, California

5:00 p.m.

1. Call Meeting to Order; Pledge of Allegiance – Director Bell
2. Public Communications to the Board
3. Addition of Items Arising After Posting of Agenda Requiring Immediate Action
(Requires 2/3 vote or unanimous vote if less than 2/3 of members are present)

Recommended Motion: “THAT IT BE DETERMINED THAT THE NEED TO TAKE IMMEDIATE ACTION ON [SPECIFY ITEM(S)] CAME TO THE DISTRICT’S ATTENTION AFTER POSTING OF THE AGENDA AND THAT SUCH ITEM(S) BE ADDED TO THE AGENDA”

4. Consent Calendar (all matters listed are recommended for enactment without discussion by a single motion; a member of the Board may request that any item be removed for discussion)

Recommended Motion: “THAT THE CONSENT CALENDAR ACTIONS BE ADOPTED AS FOLLOWS:”

- A. Minutes (Exhibit “A”): “THAT THE MINUTES OF THE SEPTEMBER 20, 2018 REGULAR MEETING OF THE BOARD BE APPROVED AS SUBMITTED.”
5. Operation, Management and Construction Matters
 - A. Conference and Meeting Request – Attendance at City of Orange Mayor’s Breakfast (Exhibit “B”)

Recommended Motion: “THAT THE BOARD AUTHORIZE THE ATTENDANCE OF BOARD MEMBERS _____ TO THE CITY OF ORANGE MAYOR’S BREAKFAST.”

- B. Vista del Lago Septic-to-Sewer Project Status Report and Request to Approve Reimbursement Agreement (Exhibit “C”)

Recommended Motion: “THAT THE BOARD APPROVE THE REIMBURSEMENT AGREEMENT AS PROPOSED AND AUTHORIZE THE GENERAL MANAGER AND LEGAL COUNSEL TO TAKE ACTION AS APPROPRIATE TO FINALIZE AND EXECUTE, INCLUDING AUTHORITY TO MAKE NECESSARY NON-SUBSTANTIVE MODIFICATIONS.”

6. Workshop Matters

- A. Wholesale Zone Law Demand Update and Discussion (Exhibit “D”)

Recommended Motion: THAT THE BOARD PROVIDE DIRECTION TO THE GENERAL MANAGER, IF AND AS APPROPRIATE, RELATIVE TO WHOLESALE ZONE LAW DEMAND ISSUES.

- B. Future Septic-to-Sewer Conversions – Challenges and Issues (Exhibit “E”)

Recommended Motion: THAT THE BOARD PROVIDE DIRECTION TO THE GENERAL MANAGER, IF AND AS APPROPRIATE, RELATIVE TO FUTURE SEPTIC-TO-SEWER CONVERSIONS.

- C. Permanent Water Conservation Regulations – Water Code § 10609 *et seq.*/SB 606 Review and Discussion (Exhibit “F”)

Recommended Motion: THAT THE BOARD PROVIDE DIRECTION TO THE GENERAL MANAGER, IF AND AS APPROPRIATE, RELATIVE TO IMPLEMENTATION OF WATER CONSERVATION MEASURES

- D. Administration and Operations Facilities Program – Review and Discussion (Exhibit “G”)

Recommended Motion: THAT THE BOARD PROVIDE DIRECTION TO THE GENERAL MANAGER, IF AND AS APPROPRIATE, RELATIVE TO THE ADMINISTRATION AND OPERATIONS FACILITIES PROGRAM.

7. Adjournment

The scheduled date of the next Regular Meeting of the Board of Directors is November 15, 2018, at 5:00 p.m., in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the East Orange County Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board are available for public inspection in the District's office, 185 N. McPherson Road, Orange, California ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available at the reception desk of the District Office during business hours at the same time as they are distributed to the Board members, except that if such writings are distributed less than one hour prior to, or during, the meeting, they will be available in the meeting room of the District Office.

Disability-related accommodations: The East Orange County Water District Board of Directors meeting room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.) please contact Sylvia Prado in the District Office at (714) 538-5815 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternative format upon written request to Sylvia Prado in the District Office, at least seventy-two (72) hours prior to the scheduled meeting.

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

September 20, 2018

1. Call to Order. A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by President DOUGLASS DAVERT, Director, at 5:00 p.m. on Thursday, September 20, 2018, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California, with Director JOHN SEARS leading the Pledge of Allegiance. JEFF HOSKINSON, Secretary, recorded the minutes of the meeting.

The following Directors were present: RICHARD BELL, DOUGLASS DAVERT, JOHN DULEBOHN, and JOHN SEARS. Director SEYMOUR EVERETT was absent for the commencement of the meeting, but joined the meeting at the time indicated in the minutes below. Also present were:

LISA OHLUND	General Manager
SYLVIA PRADO	District Administrative Assistant
JERRY MENDZER	Operations Manager
JULIAN DE LA O SOLIS	East Orange County Water District
JEFF HOSKINSON	District Secretary and Legal Counsel
GEORGE MURDOCH	Public
STEVEN ANDREWS	Steven Andrews Engineering
NICK ARHONTES	Consultant
JOHN LEWIS	Lewis Consulting
TOM BROZ	Citizens Advisory Panel

2. Public Communications to the Board. None.

3. Items Arising After Posting of Agenda. Ms. Ohlund brought one item to the attention of the Board, that came to the District's attention after the posting of the agenda and that would require action before the Board's next regular meeting. Specifically, Ms. Ohlund indicated that the District received notice of the Municipal Water District of Orange County's 2018 Water Policy Forum and Dinner, to be held on October 11, 2018, and requested that the forum and dinner be added to the agenda under Item 7B relative to Conference and Meeting Requests.

ACTION TAKEN:

The Board, on a motion by SEARS, seconded by BELL, which carried unanimously among those members present, determined that the MWDOC 2018 Policy Forum and Dinner came to the District's attention after the posting of the agenda, that immediate action was necessary as the forum and dinner will occur before the next regularly scheduled meeting of the Board, and that the item would be added to Agenda Item 7(B).

4. Consent Calendar.

At the request of the General Manager and Legal Counsel, Item 4(G) was pulled from the consent calendar to be heard separately. The Board, on a motion by BELL, seconded by SEARS, adopted the balance of the Consent Calendar by unanimous vote of those members present the consent calendar items as follows:

- A. Minutes: THE MINUTES OF THE AUGUST 16, 2018 REGULAR MEETING OF THE BOARD WERE APPROVED AS SUBMITTED.
- B. General Manager's Report: THE GENERAL MANAGER'S REPORT WAS RECEIVED AND FILED.
- C. Conflict of Interest Code – Biennial Review 2018: THE BOARD APPROVED RESOLUTION NO. 837, ENTITLED “RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT ADOPTING A CONFLICT OF INTEREST CODE WHICH SUPERSEDES ALL PRIOR CONFLICT OF INTEREST CODES AND AMENDMENTS PREVIOUSLY ADOPTED.”
- D. Request to Join SustainOC as a Government Member: THE BOARD APPROVED THE DISTRICT JOINING SUSTAINOC AS A GOVERNMENT MEMBER AND AUTHORIZED THE TRANSFER OF CONTINGENCY FUNDS IN THE AMOUNT OF \$330 FROM THE WHOLESALE ZONE, \$330 FROM THE RETAIL ZONE, and \$340 FOR THE ID1 ZONE FOR MEMBERSHIP DUES.
- E. Request to Amend Wholesale Zone and Retail Zone Capital Improvement Budget: THE BOARD APPROVED AN AMENDMENT TO THE WHOLESALE ZONE BUDGET (“WHOLESALE BUDGET”) AND RETAIL ZONE CAPITAL IMPROVEMENT BUDGET (“RETAIL BUDGET”) TO INCREASE BUDGET FOR 2019 DODGE DIESEL TRUCK WITH SERVICE BODY AND CRANE, SHELVING, AND POWERED LIFT GATE BY \$10,000, DIVIDED AS \$4,500 TO THE WHOLESALE BUDGET AND \$5,500 TO THE RETAIL BUDGET.
- F. INTRODUCTION OF NEW EMPLOYEES: Information only

With respect to Item 4(G), which was pulled from the Consent Calendar for separate consideration:

G. Modification of Employer Payment of Employee Contribution to Public Employees' Retirement System: Mr. Hoskinson indicated that Section 1 of the proposed Resolution No. 838 inadvertently indicated an effective date of November 27, 2018, as opposed to November 5, 2018, as intended.

ACTION TAKEN:

The Board, on a motion by SEARS, seconded by BELL, which carried unanimously among those members present, approved Resolution No. 838 entitled, "RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT MODIFYING EMPLOYER PAYMENT OF EMPLOYEE CONTRIBUTION TO PUBLIC EMPLOYEES' RETIREMENT SYSTEM," with an amendment to Section 1 to reflect an effective date of November 5, 2018.

5. Operation, Management and Construction Matters.

A. Administrative and Operations Facility Improvement Status Report: Ms. Ohlund made a brief presentation on the status of the Administrative and Operations Facility Project status in design.

ACTION TAKEN:

None. Information only.

B. Request for Special Workshop Board Meeting In-Lieu of Regular Board Meeting on October 18, 2018. Ms. Ohlund made a brief presentation, as to those items referenced in the Board packet that would be special topics on the proposed Workshop meeting.

ACTION TAKEN:

The Board, on motion by SEARS, seconded by BELL, which carried unanimously among those members present, approved the scheduling of a Special Workshop meeting on October 18, 2018, at 5:00 p.m., in-lieu of the Regular Meeting on the same date, with staff to provide the necessary notice.

C. Vista del Lago Septic to Sewer Status Report and Acceptance of Easement: Ms. Ohlund presented the item, explaining that Vista del Lago residents were looking at starting construction next month. One of the necessary steps was the granting of an easement to the District over Carol Way, in which residents will lose portions of their property where they will not be permitted to encroach.

ACTION TAKEN:

The Board, on motion by SEARS, seconded by DULEBOHN, which carried unanimously among those members present, received and filed the status report on the Vista del Lago homeowners, and authorized staff to accept and record an easement from Vista del Lago homeowners for those portions of the sewer system underlying Carol Way.

6. Financial Matters.

- A. Approval of schedules of disbursements.
- B. Report on investments/ratification of investment activity.
- C. Receipt and filing of financial statements (July 31, 2018).

ACTION TAKEN:

The Board, on motion by SEARS, seconded by DULEBOHN, which carried unanimously among those Board members present, (1) approved the schedules of disbursements as submitted; (2) ratified and approved the schedule of investments, as presented; and (3) received and filed the financial statements.

7. Miscellaneous Matters.

**** Agenda Item 7(D) was heard before Item 7(A)**

D. Legislative and Outreach Report: John Lewis made a brief presentation on various items, including the recent Local Agency Formation Commission of Orange County ("OC-LAFCO"), Board of Supervisor Santa Ana River watershed-related issues, and Orange County election predictions.

**** Director EVERETT joined the meeting at 5:22pm, during Agenda Item 7(D)**

President DAVERT commented on OC-LAFCO issues, including his position that OC-LAFCO should not be picking sides in the potential City of San Juan Capistrano water merger, but should simply be providing information so that the City and its constituents can make their own determination.

Ms. OHLUND briefly commented on Townsends' legislative report, including status of SB 998 and impacts of SB 901, inclusive of threatened power outages.

A. Wholesale and Retail Water Usage Report – July 2018. Ms. Ohlund briefly comments on second month of uptick in water use, with District remaining near 10 percent below 2013 numbers, as opposed to its 15 percent target during drought restrictions and 20 percent decreased based on actual use during drought restrictions.

ACTION TAKEN:

Upon motion by BELL, seconded by DULEBOHN, which carried unanimously, the Board received and filed the wholesale and retail water usage report.

B. Conference and Meeting Requests.

ACTION TAKEN:

Upon motion by SEARS, seconded by DULEBOHN, which carried unanimously, the Board authorized: (1) Director DULEBOHN to attend the ACWA Region 10 Program; (2) the full Board and Ms. Ohlund to attend both the Southern California Water Coalition dinner and the MWDOC Water Policy Forum and Dinner; and (3) Directors BELL, SEARS, the General Manager, and Board Member-Appointee George Murdoch to attend the ACWA Fall Conference.

C. Director's Reports on Meetings Attended at District Expense (Govt. Code § 53232.3.) and Director's Comments. Director SEARS indicated his attendance the Urban Water Institute ("UWI") conference and a Water Advisory of Orange County meeting of September 7, 2018. Director DULEBOHN also attended the UWI conference.

8. Informational Items

A. General interest publications. No comments.

9. Closed Session

A. Conference with Labor Negotiators (Government Code § 54957.6).
Agency Designated Representatives: Board of Directors
Unrepresented Employees: General Manager

B. Open session: The Board, in closed session on Item 9(A), voted unanimously, on motion by EVERETT, seconded by SEARS, to increase the General Manager's base salary to \$214,500 per year, effective in the next pay period.

10. Adjournment.

ACTION TAKEN:

The meeting was adjourned at 6:08 p.m., to a regular meeting to be held as a Workshop on October 18, 2018, at 5:00 p.m., at the Offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Respectfully submitted,

Jeff Hoskinson



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
Subject: **CONFERENCE & MEETING REQUEST**
DATE: OCTOBER 18, 2018

BACKGROUND

Pursuant to District Resolution No. 658, prior authorization for Board Member conference/meeting attendance and travel is required. There is one upcoming event that Board Members may wish to attend:

- Orange Mayor's Prayer Breakfast – Thursday, October 25, 2018; 7:30-9:00 a.m. DoubleTree Hotel, 100 City Drive, Orange. \$35/person

FINANCIAL IMPACT

Funds are available in Account #'s 5222-10, 5222-20 and 5222-30.

RECOMMENDATION

The Board authorize attendance at this meeting as they desire.



Mayor Teresa Smith
orange, california

October 5, 2018

Ms. Lisa Ohlund
General Manager
EOCWD
185 N McPherson Rd
Orange, CA 92869

Dear Ms. Ohlund,

I am pleased to invite you to the 2018 Orange Mayor's Prayer Breakfast. The Christian Business Men's Connection (CBMC) has sponsored this event in Orange for 47 years, making this the longest standing Mayor's Prayer Breakfast in Orange County. This Breakfast has become an annual tradition of music and inspiration where citizens join religious and corporate leaders in the spirit of fellowship and prayer. Please find enclosed information on the Prayer Breakfast event which will be held on Thursday, October 25, 2018 at 7:30 a.m. at the Doubletree Hotel, 100 The City Drive, in Orange.

This year's keynote speaker is Phil Downer, an author, lawyer and a former Marine Combat Veteran from Vietnam. He is a popular national speaker on leadership, core values and truths he has learned that have transformed his life. He served as one of the senior partners in a 50-attorney law firm having offices in Atlanta, Washington, Dallas, and San Diego. In addition to his legal work, he has written and lectured on the topics of devotion in marriage and family as well as trial practice and litigation. I hope you will join us to hear the inspiring story of how his life was transformed from broken to fulfilled.

If you plan to attend this event, please register at oc.cbmc.com or you can email for more information la-oc@cbmc.com. I look forward to seeing you at this beautiful gathering!

Blessings,

Teresa "Tita" Smith

Teresa "Tita" Smith, MSW, LCSW
Mayor

Enclosure: CBMC Event Flyer

Mayor Teresa "Tita" Smith • Orange, California

Be part of something **SPECIAL**

**ORANGE
CBMC**

MAYOR'S PRAYER BREAKFAST



October 25th, 2018

with Keynote Speaker



PHIL DOWNER – Author, CEO, Attorney

Phil Downer is a popular national speaker on leadership, core values and truths he has learned that have transformed his life. He is an author, lawyer and a former Marine Machine Gunner, Combat Veteran from Viet Nam.

Phil Downer served as one of the senior partners in a 50-attorney law firm having offices in Atlanta, Washington, Dallas, and San Diego. In addition to his trial practice, he has written and lectured extensively on the topic of trial practice and litigation, and co-authored the book, Condominium and Homeowner Association Litigation.

Phil received a Bachelor of Business Administration from Southern Methodist University in 1972, and a Juris Doctor from Emory University School of Law in 1975.



Please join Mayor Teresa “Tita” Smith
7:30am - 9:00am at the DoubleTree

RESERVATIONS REQUIRED – EARLY RESERVATIONS RECEIVE PREFERRED TABLES

Organization, Company & Individual Sponsorships Available

- Contact me about becoming a Corporate Event Sponsor – \$1000 - \$5,000
- Contact me about becoming a Table Sponsor – \$500 (sponsorships tax deductible)
- Reserve _____ tables of 10 at \$350 each
- Reserve _____ seats together at \$35 each

Name/Company: _____

Email Address: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Phone number: _____

Make checks payable to “Orange Mayor’s Prayer Breakfast” and mail to
CBMC Orange County Metro Office

2130 East 4th Street, Suite 125, Santa Ana, CA 92705

Tickets will be mailed to you. After October 10th tickets must be picked up at
CBMC O.C. Metro Office. Fully funded by sponsorships and ticket sales.

DoubleTree Hotel

100 City Drive

Orange, CA 92705

For information,

please call 714-973-8099 or
email LA-OC@CBMC.com



Register online

oc.cbmc.com/oc-events

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: VISTA DEL LAGO SEPTIC2SEWER PROJECT STATUS REPORT & REQUEST TO APPROVE SEWER EASEMENT
DATE: OCTOBER 18, 2018

BACKGROUND

Activities since September 20, 2018 include:

Limited Liability Corporation (LLC): The formation of Carol Way Sewer Extension, LLC has been completed.

Design: The engineered plans have been completed and approved by the District; at the time of the Board Meeting, they will have been submitted to the County of Orange for final permit processing.

Easement: The final documentation for the easement has been obtained; it is expected that by the time of the meeting, the Easement document will be in the process of execution by all parties (including the “orphan” parcel).

Construction: Construction is now estimated to begin by early November. A forty-day (40) construction period is anticipated, which would put construction completion in mid-to-late January.

Reimbursement Agreement: The District has prepared the attached reimbursement agreement in the event that the remaining property owner (Thunig) on Carroll Way requests to connect to the sewer system within the next 15 years. In the event this occurs, the nine VDL property owners would be refunded a proportionate share of the financed costs of connection. The costs for permit fees, lateral connection and septic tank abandonment are fees paid individually and not subject to reimbursement.

Only the current VDL property owners would be eligible for this reimbursement; subsequent property owners would not be eligible. This requirement was included by the District to reduce the administrative burden of keeping track of the property owners over the next 15 years, and reducing the District’s potential liability in the event a reimbursement does occur and finding eligible parties, their heirs or assigns, proves difficult.

It is recommended that the General Manager be given authority to execute the attached agreement subject to minor changes/corrections.

FINANCIAL IMPACT

No actual district funds are involved in this transaction; there is a small amount of district labor costs in preparing the reimbursement checks if needed.

RECOMMENDATION

The Board approve the draft reimbursement agreement as presented, subject to minor modifications if necessary.

Recording Requested by and
Return to:

East Orange County Water DISTRICT
Attn: General Manager
185 North McPherson Road
Orange, California 92869

APN: 502-341-11, -12, -13, -14, -15, -22, -23, & -24 &
502-342-01

Space above this line for Recorder's Use
No recording fee per Gov't Code 6103

**REIMBURSEMENT AGREEMENT BETWEEN
THE EAST ORANGE COUNTY WATER DISTRICT
AND VISTA DEL LAGO HOMEOWNERS
FOR THE CONSTRUCTION OF SEWER FACILITIES**

THIS AGREEMENT ("AGREEMENT") is made and entered into this ___ day of July, 2018, by and between the **EAST ORANGE COUNTY WATER DISTRICT** ("DISTRICT"), a county water district organized under and existing pursuant to Division 12 of the California Water Code, and **MARK A. THOMAS** and **ALYSSA A. LUTZ**, as individuals; **JOHN SAMUEL FREY, JR.** and **SANDRA LU FREY**, as individuals and as Trustees of the Frey Family Living Trust dated May 7, 1997; **YANGHO YOON** and **YOU JEONG HONG**, as individuals; **DAREN O. ZUMBERGE**, as an individual and as a Trustee of the Daren O. Zumberge Family Trust dated February 25, 2014; **ANTHONY N. CLENSHAW** and **JANET M. CLENSHAW**, as individuals; **DARRELL L. KNUDSON** and **LORNA E. KNUDSON**, as individuals; **GERALD L. TYLER** and **KIMBERLY J. TYLER**, as individuals; **WILLIAM H. METZGER** and **KATHERINE I. METZGER**, as individuals; and **LEASON F. POMEROY III** and **MARLENE A. POMEROY**, as individuals and as co-trustees of the Pomeroy Family Trust dated September 25, 1979 ("PARTICIPATING OWNERS"). The DISTRICT and PARTICIPATING OWNERS may be referred to herein individually as "Party," or collectively as "Parties."

RECITALS:

A. PARTICIPATING OWNERS own certain real property located on Carol Way, Vista del Lago, and East Lemon Heights Drive in the unincorporated area of Orange County, California, commonly known as North Tustin, with such real properties being specifically defined as including:

<u>Current Property Owner</u>	<u>APN</u>	<u>Address</u>
Samuel & Sandra Frey	502-341-11	11241 CAROL WAY
Yangho Yoon & You Jeong Hong	502-341-12	11251 CAROL WAY
Mark Thomas & Alyssa Lutz	502-341-13	11291 VISTA DEL LAGO

Owners Continued on Next Page

<u>Current Property Owner</u>	<u>APN</u>	<u>Address</u>
Daren O. Zumberge	502-341-14	11241 VISTA DEL LAGO
Anthony & Janet Clenshaw	502-341-15	11211 VISTA DEL LAGO
Darrell & Lorna Knudson	502-341-22	11191 VISTA DEL LAGO
Kimberly J. Tyler & Gerald L. Tyler	502-341-23	11181 VISTA DEL LAGO
William & Katherine Metzger	502-341-24	11171 VISTA DEL LAGO
Leason & Marlene Pomeroy	502-342-01	11222 VISTA DEL LAGO

The aforementioned properties shall hereinafter be referred to collectively herein as the “PARTICIPATING PROPERTIES.” The legal descriptions of the aforementioned properties are included in Exhibit “A,” which is attached hereto and incorporated herein by this reference.

B. The PARTICIPATING PROPERTIES are all currently served by individually owned and operated septic systems, but desire to convert to a connection to the DISTRICT’s sanitary sewer system (“SEWER SYSTEM”). The PARTICIPATING PROPERTIES are all located within the boundaries and service area of the SEWER SYSTEM.

C. The PARTICIPATING OWNERS are planning to finance the construction of a sewer system in order to connect their homes to the DISTRICT’S SEWER SYSTEM through the assessment of a special tax under the Mello-Roos Community Facilities Act of 1982 against the PARTICIPATING PROPERTIES. The sewer system to be constructed would include an approximate 1,000 feet of 8-inch vitrified clay mainline sewer pipe extending from the western terminus of Carol Way, at or near 11251 Carol Way, extending east and south to the intersection with Vista del Lago, then east-northeast on Vista del Lago following the curve south to East Lemon Heights Drive, then southwest on East Lemon Heights Drive to DISTRICT’s existing sewer manhole located just north of 2171 East Lemon Heights Drive in that roadway (“VISTA DEL LAGO SEWER SYSTEM”). The VISTA DEL LAGO SEWER SYSTEM is further depicted in Exhibit “B” to this AGREEMENT, which is incorporated herein by this reference.

D. PARTICIPATING OWNERS are required to construct the VISTA DEL LAGO SEWER SYSTEM in accordance with the provisions of the DISTRICT’s Standard Specifications and Standard Drawings and the DISTRICT’s Rules and Regulations.

E. The VISTA DEL LAGO SEWER SYSTEM will include, along with private laterals that will be owned and maintained by the PARTICIPATING OWNERS, individually as to their respective properties, certain public facilities that will be owned and maintained by the DISTRICT (“DISTRICT FACILITIES”), once accepted by the DISTRICT. The DISTRICT FACILITIES are described in Exhibit “C”, attached hereto and incorporated herein by this reference, and are to be designed, constructed, and dedicated to the DISTRICT (as noted above), and which thereafter will be owned and operated by the DISTRICT, and utilized to serve one future new customer, beyond simply PARTICIPATING PROPERTIES.

F. The DISTRICT FACILITIES may be utilized by the DISTRICT to provide service to property other than the PARTICIPATING PROPERTIES (“FUTURE CONNECTION”) for which the PARTICIPATING OWNERS have requested of the DISTRICT to be reimbursed as to a proportionate portion of the cost of the design, construction and dedication of such DISTRICT FACILITIES upon the collection of certain fees and charges of the DISTRICT. The only FUTURE CONNECTION contemplated by this AGREEMENT shall be 11211 Carol Way (APN: 502-341-27), as it is the only real property that will be permitted to connect into the DISTRICT FACILITIES at this location.

G. The DISTRICT may enter into an agreement to reimburse a person, partnership, company, corporation or agency who finances, constructs, and dedicates facilities that benefit the lands of other persons, and that such reimbursement may be made from the fees paid to the DISTRICT by such other persons, identified herein as the FUTURE CONNECTION.

H. The PARTICIPATING OWNERS have agreed to design, construct, and dedicate the DISTRICT FACILITIES upon the terms and conditions hereof, and DISTRICT has agreed to reimburse the PARTICIPATING OWNERS, as provided herein, for a portion of the costs incurred by the PARTICIPATING OWNERS in constructing the DISTRICT FACILITIES upon the terms and conditions hereof. For purposes of this AGREEMENT, any and all reimbursement shall be associated with, and payable to, the PARTICIPATING OWNERS, as set forth and signatory to this Agreement, and shall not be due or payable to any other party, including, but not limited to, subsequent owners of any of the PARTICIPATING PROPERTIES or any heirs, successors, or assigns of any of the PARTICIPATION OWNERS.

I. The PARTICIPATING OWNERS acknowledge and agree that the purpose and intent of this AGREEMENT is to provide a mechanism whereby the FUTURE CONNECTION will bear an equal share of the costs of the construction of the DISTRICT FACILITIES, rather than for the PARTICIPATING OWNERS to profit from this AGREEMENT or the construction of the DISTRICT FACILITIES. It is not intended that PARTICIPATING OWNERS will be reimbursed for any of their private laterals, or other components of the VISTA DEL LAGO SEWER SYSTEM, other than those portions included as the DISTRICT FACILITIES.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS SET FORTH BELOW THE PARTIES HERETO AGREE AS FOLLOWS:

Section 1. Recitals. The recitals in this AGREEMENT are expressly incorporated and made a part herein by this reference.

Section 2. Intention.

(a) PARTICIPATING OWNERS shall complete the DISTRICT FACILITIES, including design, construction and dedication of the DISTRICT FACILITIES, and all incidental appurtenances thereto, as described on Exhibit C pursuant to the terms and conditions set forth herein.

(b) The estimated cost of the DISTRICT FACILITIES is described on Exhibit “D”, which is attached hereto and herein incorporated (“COST OF FACILITIES”). The COST OF FACILITIES shall not include costs other than those associated with the construction of the

DISTRICT FACILITIES, and shall exclude any costs associated with connection fees paid to the District or the Orange County Sanitation District (“OCSD”), and any costs associated with private lateral connections and septic tank abandonment.

Section 3. Design, Construction and Dedication of the Facilities. The PARTICIPATING OWNERS have designed, constructed, and dedicated to the DISTRICT the DISTRICT FACILITIES pursuant to the DISTRICT’s Standard Specifications and Standard Drawings and the DISTRICT’s Rules and Regulations and those plans and specifications approved by the DISTRICT. All costs of the design, construction, installation and dedication of the DISTRICT FACILITIES shall be the sole liability and cost of the PARTICIPATING OWNERS, and may be subject to reimbursement under the terms of this AGREEMENT.

Section 4. Construction Costs. PARTICIPATING OWNERS have provided, as is set forth in Exhibit D, a complete listing of costs for the design, financing, construction, installation and dedication of the DISTRICT FACILITIES for which reimbursement is expected pursuant to Section 6 hereof, defined as the COST OF FACILITIES herein.

Section 5. Reimbursements.

(a) The DISTRICT agrees, upon the following terms and conditions, to reimburse the PARTICIPATING OWNERS, as defined herein and signatory to this Agreement, and only the PARTICIPATING OWNERS, for the cost of the DISTRICT FACILITIES as follows: when that real property, for structures existing at the time this AGREEMENT, located at 11211 Carol Way (APN: 502-341-27) (“REIMBURSEMENT AREA”) seeks to tie sewer improvements into, and are thus will be served and benefited by, the DISTRICT FACILITIES, such FUTURE CONNECTION will pay a percentage share of the COSTS OF FACILITIES calculated by dividing the COSTS OF FACILITIES by the total number of PARTICIPATING PROPERTIES plus the FUTURE CONNECTION (“REIMBURSEMENT FEES”), to the extent such properties tie into the DISTRICT FACILITIES. In this particular instance, with only one potential FUTURE CONNECTION, reimbursement would be calculated under the aforementioned formula by dividing the COST OF FACILITIES by 10.

The applicable REIMBURSEMENT FEES shall be added to, and included as, part of the LOCAL SEWER SYSTEM CAPACITY CHARGE charged for new sewer connections, and due in conjunction with the Local Capital Facilities Capacity Charge for new sewer connections. The REIMBURSEMENT FEES collected by the DISTRICT will be divided up in equal portions with respect to the PARTICIPATING PROPERTIES and thereafter allocated to each of the PARTICIPATING OWNERS with respect to their property ownership at the time of entering into this AGREEMENT. Such reimbursement shall be limited to the DISTRICT FACILITIES identified herein, as designated by the Parties hereto in Exhibit C. No interest shall accrue, or be owing, on any reimbursement amount paid hereunder. Within 90 days of receipt of such fees, the DISTRICT will forward the reimbursement portion to the PARTICIPATING OWNERS, with each PARTICIPATING PROPERTY to receive equal shares of such reimbursement, distributed equally as between the PARTICIPATING OWNERS identified herein as owning each particular PARTICIPATING PROPERTY.

(b) If after written notice and lack of objection from PARTICIPATING OWNERS, or any of them, the DISTRICT is unable to make reimbursement to any of the PARTICIPATING

OWNERS within three (3) months after receipt of the REIMBURSEMENT FEE(S), the collected REIMBURSEMENT FEE(S) shall be held by the DISTRICT in any manner deemed appropriate by the DISTRICT. If a claim for such held reimbursement is made thereafter by a PARTICIPATING OWNER not receiving payment within the period of time specified in Section 6(c) hereof, DISTRICT shall pay such reimbursement within ninety (90) days of such claim. If no valid claim is made within such time period, any unpaid PARTICIPATING OWNERS shall not be entitled to reimbursement.

(c) Notwithstanding any provision herein to the contrary, the terms of this Section 6 shall terminate, without further action by any Party hereto, upon fifteen (15) years from the date of completion of work on the DISTRICT FACILITIES. Thereafter, all REIMBURSEMENT FEES collected by, or paid to, the DISTRICT after such time period shall not be subject to reimbursement to the PARTICIPATING OWNERS.

(d) Notwithstanding any provision herein to the contrary, in the event of a failure to forward reimbursement due hereunder, any remedies of the PARTICIPATING OWNERS as against the DISTRICT shall be solely limited to the amount of such reimbursement obligation, as set forth above. With respect to any claim for money damages under this AGREEMENT by a PARTICIPATING OWNER, such claims shall be subject to the claim requirements set forth in Part 3 (commencing with Section 900) of Division 3.6 of Title 1 of the California Government Code, with the sole exception of claims for reimbursement funds actually collected and held by the DISTRICT pursuant to Section 6(b) of this AGREEMENT.

(e) Nothing in this AGREEMENT shall require, or provide for, reimbursement to the PARTICIPATING OWNERS for those portions of the VISTA DEL LAGO SEWER FACILITIES that connect each of the individual properties to the DISTRICT FACILITIES, including, but not limited to, any and all privately owned sewer laterals and appurtenances. Each PARTICIPATING PROPERTY and FUTURE CONNECTION shall be responsible for permitting, designing, constructing, installing, maintaining, and operating their own private sewer laterals and any appurtenances, including, but not limited to, pumps extension lines, and tie-ins to the sewer system.

Section 7. Notices. Any notice, demand request, consent, approval or communication that any party desires or is required to give to any other party hereunder shall be in writing, postage prepaid and addressed to each other party at the following addresses or at such other address as may have been specified by notifying the other parties of the change of address:

To DISTRICT:

East Orange County Water District
185 N. McPherson Rd.
Orange, CA 92869-3720
Attn: General Manager

To PARTICIPATING OWNERS:

Samuel and Sandra Frey
11241 Carol Way
Santa Ana, CA 92705

Yangho Yoon and You Jeong Hong
11251 Carol Way
Santa Ana, CA 92705

Mark Thomas and Alyssa Lutz
11291 Vista del Lago
Santa Ana, CA 92705

Daren O. Zumberge
11241 Vista del Lago
Santa Ana, CA 92705

Anthony and Janet Clenshaw
11211 Vista del Lago
Santa Ana, CA 92705

Darrell and Lorna Knudson
P.O. Box 1001
Tustin, CA 92781

Kimberly Tyler & Gerald Tyler
11181 Vista del Lago
Santa Ana, CA 92705

William and Katherine Metzger
11171 Vista del Lago
Santa Ana, CA 92705

Leason and Marlene Pomeroy
11222 Vista del Lago
Santa Ana, CA 92705

It shall be the obligation of the respective PARTICIPATING OWNERS to provide notice to the DISTRICT of any changes in the aforementioned notice addresses. The DISTRICT shall be under no obligation to take any actions to further locate a PARTICIPATING OWNER at any location other than the aforementioned addresses, and, even if a PARTICIPATING OWNER has provided notice to the DISTRICT of an alternative address, it shall be the obligation of each PARTICIPATING OWNER no longer residing at an above address to periodically contact the DISTRICT and confirm no reimbursement funds are being held for payment to them.

Section 8. Remedies. In addition to any rights or remedies the Parties may have, either Party to this AGREEMENT may institute legal action to cure, correct or remedy any default under this AGREEMENT and to enforce any covenant or term herein, or to enjoin any threatened or attempted violation, including suits or declaratory relief, specific performance, relief in the nature of mandamus and actions for damages. All of the remedies described above shall be cumulative of one another, and the exercise of any one or more of the remedies shall not constitute a waiver or election with respect to any other available remedy. In the event of a dispute between the PARTICIPATING OWNERS, or owners of PARTICIPATING PROPERTIES, or anyone claiming entitlement to any, or a portion of, reimbursement funds that the DISTRICT is seeking to pay, the DISTRICT's sole obligation shall be to interplead such funds with the Orange County Superior Court so as to permit the disputing parties to litigate their respective entitlements amongst themselves.

Section 9. Limitation on Liability.

(a) The DISTRICT shall not be liable to the PARTICIPATING OWNERS or otherwise under this AGREEMENT, in the event the DISTRICT is not legally able to collect the REIMBURSEMENT FEE(S) from the FUTURE CONNECTION, nor shall the DISTRICT be liable for any negligent or intentional failure to collect the REIMBURSEMENT FEE(S), except when such failure is the result of actual fraud, corruption, or actual malice on the part of the DISTRICT, or its board of directors, officers, employees, or agents.

(b). In the event of a legal challenge to the enforceability of such reimbursement, the DISTRICT shall, in the sole and exclusive discretion of its Board of Directors, be entitled to determine the merits of such litigation and either elect to prosecute or defend such action, or otherwise resolve the matter, including the right to deny collection of the REIMBURSEMENT FEE; except that the PARTICIPATING OWNERS shall have the right to individually, or collectively, pursue collection of unpaid REIMBURSEMENT FEES by way of an assignment of the DISTRICT's rights of collection from the FUTURE CONNECTION, or otherwise undertake or tender a defense to, or on behalf of, the DISTRICT, as a real parties-in-interest or otherwise, in matters relating to the collection of the REIMBURSEMENT FEE(S), provided that any PARTICIPATING OWNER(S) undertaking any such efforts (1) fully fund such actions, and (2) agree to indemnify, defend, and hold harmless the DISTRICT, as well as its Board of Directors, officers, officials, employees, contractors, and consultants, from and against any and all liabilities, losses, damages, expenses, costs (including reasonable attorney fees and costs), of every nature arising from said litigation.

Section 10. Indemnification. To the maximum extent permitted by law, PARTICIPATING OWNERS and, as applicable, their officers, employees, agents, and representatives shall, joint and severally, indemnify, defend, and hold DISTRICT, together with agents, officers, employees and representatives, harmless from and against any and all assertions, claims, loss, liability, actions, damage, cost (including, but not limited to, attorney fees and costs of litigation), or injury to the person, property, or interest of any person whether or not a party hereto, that may arise or are asserted or determined to have arisen from or been caused by any negligent or intentional act or omission of PARTICIPATING OWNERS in connection with the DISTRICT FACILITIES, including but not limited to their construction, installation, development or dedication to the DISTRICT save and except to the extent such assertions, claims, loss, liability, damages or injury is determined by a court of competent jurisdiction to be

proximately caused in whole or in part by any act, omission or negligence of DISTRICT, its officers, agents, employees or engineers, or by any act or omission for which DISTRICT, its officers, agents, employees or engineers are liable without fault. In connection with PARTICIPATING OWNERS' obligations of indemnification set forth herein, PARTICIPATING OWNERS shall, joint and severally, provide DISTRICT's legal defense with counsel of DISTRICT's choice, or at DISTRICT's option, pay reasonable attorneys' fees incurred by DISTRICT for such defense. This provision shall survive the termination or expiration of this Agreement.

Section 11. Severability. If any part of this AGREEMENT is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this AGREEMENT shall not be affected thereby and shall be given effect to the fullest extent possible. The terms and provisions of this AGREEMENT shall be construed in accordance with the laws of the State of California.

Section 12. Successors and Assigns. This AGREEMENT shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto.

Section 13. Entire Agreement. This AGREEMENT contains the entire agreement between the Parties with respect to the matters provided for herein, and may be amended only by subsequent written agreement signed on behalf of both Parties.

Section 14. Captions. The captions to Sections used herein are for convenience purposes only and are not part of this AGREEMENT.

Section 15. Amendments. This AGREEMENT may be amended or modified only in writing executed by the authorized representative(s) of each of the Parties hereto.

Section 16. Waiver. The failure of any Party hereto to insist on compliance within any of the terms, covenants or conditions of this AGREEMENT by any other party hereto, shall not be deemed a waiver of such terms, covenants or conditions of this AGREEMENT by such other party, nor shall any waiver constitute a relinquishment of any other right or power for all or any other times.

Section 17. Cooperation and Execution of Documents. The Parties hereto agree to complete and execute any further or additional documents which may be necessary to complete or further the terms of this AGREEMENT.

Section 18. Exhibits. The following exhibits attached hereto are incorporated into this AGREEMENT by reference.

<u>Exhibit</u>	<u>Description</u>
“A”	PARTICIPATING PROPERTIES Legal Descriptions
“B”	Depiction of VISTA DEL LAGO SEWER SYSTEM
“C”	Depiction of the DISTRICT FACILITIES
“D”	COSTS OF FACILITIES

Section 19. Authority. The signatories hereto represent that they have been appropriately authorized to enter into this AGREEMENT on behalf of the party for whom they sign.

Section 20. Execution in Counterparts. This AGREEMENT may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this AGREEMENT on the day and year first above written.

EAST ORANGE COUNTY WATER DISTRICT

By: _____
Lisa Ohlund, General Manager

(signatures continued on following page)

PARTICIPATING OWNERS

By: _____
Mark Thomas

By: _____
Alyssa Lutz

By: _____
Yangho Yoon

By: _____
You Jeong Hong

By: _____
Samuel Frey, individually and as Trustee
of the Frey Family Living Trust

By: _____
Sandra Frey, individually and as Trustee
of the Frey Family Living Trust

By: _____
Daren O. Zumberge, individually and as
Trustee of the Daren O. Zumberge
Family Trust

By: _____
Darrell Knudson

By: _____
Lorna Knudson

By: _____
Anthony Clenshaw

By: _____
Janet Clenshaw

By: _____
William Metzger

By: _____
Katherine Metzger

By: _____
Leason Pomeroy, individually and as Co-
Trustee of the Pomeroy Family Trust

By: _____
Marlene Pomeroy, individually and as
Co-Trustee of the Pomeroy Family Trust

By: _____
Kimberly Tyler

By: _____
Gerald Tyler

EXHIBITS TO ATTACH

- EXHIBIT A - Legal Descriptions of PARTICIPATING PROPERTIES.
- EXHIBIT B - Depiction of VISTA DEL LAGO SEWER SYSTEM
- EXHIBIT C - Description of the DISTRICT FACILITIES
- EXHIBIT D - COSTS OF FACILITIES

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: WHOLESALE ZONE WATER QUALITY ISSUES – LOW DEMAND FUNDING PROGRAM - UPDATE
DATE: OCTOBER 18, 2018

BACKGROUND

An historical review of the Low Demand Water Quality Issue, a summary of the issues and proposed options for review and discussion by the Board, will be presented at the Workshop.

FINANCIAL IMPACT

A discussion of the financial impacts associated with these issues will be included in the presentation.

RECOMMENDATION

This item is for review and discussion with the Board.

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: FUTURE SEPTIC2SEWER CONVERSIONS – CHALLENGES & ISSUES
DATE: OCTOBER 18, 2018

BACKGROUND

Staff has been working with AKM Engineering on the Septic System Sub-Area Master Plan over the past year. This study has raised some policy-level questions that staff would like to review with the Board to provide clear direction for future connections to the system, to fortify the existing sewer system and to enable refinement of the Sub-Area Master Plan.

FINANCIAL IMPACT

A discussion of the potential financial impacts associated with these issues will be included in the presentation.

RECOMMENDATION

This item is for review and discussion with the Board.

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
**SUBJECT: PERMANENT WATER CONSERVATION REGULATIONS (CWC §10609) –
STATUS REPORT AND PRELIMINARY IMPLEMENTATION PLAN**
DATE: OCTOBER 18, 2018

BACKGROUND

On May 31, 2018 Governor Brown signed SB606 and AB1668, two legislative bills that will have long-term, far-reaching effects on urban water suppliers over the next decade. This legislation is now codified in the California Water Code as Section 10609.

Staff will provide a presentation to the Board reviewing the current requirements of and implementation timeline for §10609, as well as the District's implementation and outreach plan.

FINANCIAL IMPACT

A discussion of the potential financial impacts associated with these issues will be included in the presentation.

RECOMMENDATION

This item is for review and discussion with the Board.



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: ADMINISTRATION & OPERATIONS FACILITIES PROGRAM
DATE: OCTOBER 18, 2018

BACKGROUND

Included in the District's FY 18/19 Capital Improvement Program is the retention of an architectural firm and preliminary funding to prepare long-term site plans for the District's properties at 185 and 210 N. McPherson. These site plans include planning for not only the District's long-term water and sewer operations and maintenance functions, but also include siting and construction of a new administration building.

As noted at last month's Board Meeting, an architectural firm, GPA (Gillis+Panichapan Architects, Inc.) have been retained by the District to begin this process. Mr. Jack Panichapan will be present at the meeting to review some of the historical projects that GPA has designed for other public agency clients, and also to discuss some of the constraints facing the District as we move forward with this project.

FINANCIAL IMPACT

A discussion of some of the potential financial impacts associated with these issues will be included in the presentation.

RECOMMENDATION

This item is for review and discussion with the Board.