



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

December 19, 2019

1. **Call to Order.** A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by JOHN SEARS, Board Director, at 5:01 p.m. on Thursday, December 19, 2019, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California, with Director 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, GEORGE MURDOCH, and JOHN SEARS.

Also present were:

LISA OHLUND	General Manager
SYLVIA PRADO	District Administrative Assistant
JERRY MENDZER	Operations Manager
JEFF SMYTH	Engineering Manager
JULIAN DE LA O SOLIS	District Staff
JEFF HOSKINSON	District Secretary and Legal Counsel
STEVEN ANDREWS	Steven Andrews Engineering
JOHN LEWIS	Lewis Consulting
JONATHAN FOSTER	Davis Farr LLP

2. **Public Communications to the Board.** None.

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

4. **Consent Calendar.**

The Board, on motion from SEARS, seconded by DULEBOHN, approved the Consent Calendar items by unanimous vote as follows:

- A. Minutes: THE MINUTES OF THE NOVEMBER 21, 2019 REGULAR MEETING OF THE BOARD WERE APPROVED AS SUBMITTED;
- B. General Manager's Report: THE GENERAL MANAGER'S REPORT WAS RECEIVED AND FILED;
- C. Ratification and Support of Director George Murdoch as ACWA Board Member/Membership Committee Chair: THE BOARD ADOPTED RESOLUTION NO. 866 ENTITLED, "RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT RATIFYING AND AFFIRMING PARTICIPATION OF DIRECTOR GEORGE MURDOCH AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES BOARD OF DIRECTORS";

- D. Revisions to Sewer Standard Specifications and Increase to Plan Check Deposit – Resolution No. 867: THE BOARD ADOPTED RESOLUTION NO. 867 ENTITLED, ‘RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT ADOPTING REVISED STANDARD SEWER SPECIFICATIONS;
- E. Per- and Poly-Fluoroalkyl Substances (“PFAS”) Status Report: THE BOARD RECEIVED AND FILED THE REPORT; and
- F. Annual Backflow Testing Program Modifications and Fee Setting – Resolution No 868: THE BOARD ADOPTED RESOLUTION NO. 868 ENTITLED, ‘RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT ESTABLISHING A SERVICE CHARGE FOR ANNUAL BACKFLOW TESTING PROGRAM.”

**** NOTE: The Board heard Agenda Item No. 6(D) before its consideration of the balance of the agenda.**

6. Financial Matters.

D. Fiscal Year 2018/2019 Audit Presentation: Jonathan Foster of Davis Farr, LLP, presented the audit, providing initially that the review resulted in a clean opinion, with the audit performed per Government Auditing standards. Mr. Foster then provided an overview of the report, as presented to the Board, with a summary of the balance sheet and operating results. Mr. Foster also highlighted that the net pension liability decreased, and that the CalPERS contribution had gone up—and every year will exponentially.

General Manager Lisa Ohlund pointed out, out of the total unrestricted net position of \$57.8 million, \$8.9 million of the unrestricted funds were from the wholesale zone, \$4.9 million from the retail zone, and the sewer zone (ID1) is \$44 million of that total. Ms. Ohlund thanked Mr. Foster and his staff for their thoroughness and the courtesies shown to District staff in completing the audit.

ACTION TAKEN:

The Board, on motion by SEARS, seconded by MURDOCH, unanimously accepted the Audited June 30, 2019 Financial Statements.

**** NOTE: The Board heard the balance of the agenda in order until indicated otherwise.**

5. Operation, Management and Construction Matters.

A. **Consideration of Naming New Well Site in Honor of Former Director and President William L. VanderWerff – Resolution No. 869**

ACTION TAKEN:

The Board, on motion from SEARS, seconded by BELL, approved Resolution No. 869 entitled, “RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT TO NAME A NEW DISTRICT WELL IN HONOR OF WILLIAM L. VANDERWERFF.”

B. Wholesale Water Quality Policy – Resolution No. 870: Ms. Ohlund presented the item, indicating that after the posting of the agenda she had received additional communication from the City of Tustin and transmitted it to the Board. Ms. Ohlund reminded the Board that the District’s water quality concerns are not only during low demand periods, but at all times while operating the Wholesale Zone. Ms. Ohlund highlighted two of the highest concerns: the increasing age of the water in the system which leads to low disinfection residuals and higher nitrite levels unless relieved by flushing and, 2) the current lack of notice associated with the taking of water from the Wholesale system, which could lead to inadvertent delivery of stagnant water

Ms. Ohlund noted that the majority of the Policy recommendation had been discussed at the Engineering and Operations Committee meeting and at a meeting with the Wholesale Zone Agencies. The Policy is based upon the results and recommendations from the extensive Sedaru Water Quality Report. Two additional recommendations were being made, which arose after the meeting with the Committee and the Agencies: 1) that the Operations Manager would put together, at minimum, a weekly water quality report relaying results to each Wholesale Zone member agency; and 2) the member agencies would, in turn, provide the District with four hours notice when taking water from a connection that had been off for more than 1.5 days. Such time would provide the District with time to sample and flush the system, if necessary.

The City of Tustin, in the letter to the District, expressed concerns over the financial impacts of the Policy, as well as problems created by the four hour notice requirements as they operate their system on a pressure automatic mode—when there is a drop in pressure, the valves automatically open and the City of Tustin takes water. The District’s concern is that if the water has been stagnant, the water taken automatically may be below water quality standards. The City of Tustin does not ask for a delay in implementing the policy, but rather requests a whole new policy.

Ms. Ohlund indicated that no responses were received from any other Wholesale customers, that the issue has been extensively studied and discussed for several years, and that she would meet with Tustin without delay and further refinement could occur, however; the issue of water quality was too important to delay any further.

President DAVERT commented that the lack of comment from other agencies, other than the City of Tustin, is notable. Mr. DAVERT expressed his concern that the City of Tustin



desires for others to share in the cost of flushed water. Mr. DAVERT supported Ms. Ohlund's recommendation.

Vice-President BELL commented that the new policy is critical to maintain safety. Mr. BELL commented that the letter confirmed that the City of Tustin utilizes the Wholesale System as a reservoir—and because of this, the system has to be ready to serve at any time. Mr. BELL noted that the District is mandated to protect public health, and agreed that the General Manager meeting with the City of Tustin is important to resolve their concerns.

Director DULEBOHN commented that the City of Tustin appeared to be putting financial needs in front of health. President DAVERT reiterated Vice-President BELL's reservoir comment.

Ms. OHLUND noted again that, the City of Tustin's late response was in part due to the last minute change of requiring notice to take water.

ACTION TAKEN:

The Board, on motion by BELL, seconded by DULEBOHN, unanimously approved Resolution No. 870 entitled, "Resolution of the Board of Directors of the East Orange County Water District Adopting Policy and Procedures Relating to Water Quality Requirements at Wholesale Service Connections."

C. Award of Contract to Premier Tank, Inc., for Construction of new Vista Panorama Reservoir. Ms. Ohlund presented the item, providing an initial description of the Project, including that it involves carefully placing 1,000 plates inside the existing historic reservoir, and that it is a difficult and time consuming job. Director SEARS indicated he had asked had the opportunity to meet the contractor at a meeting held with the nearby property owners and discuss their experience with this type of work, and was comfortable with their responses.

ACTION TAKEN:

On Motion by BELL, seconded SEARS, the Board unanimously approved the award of a contract to Premier Tank, Inc., for the construction of the new Vista Panorama Reservoir Tank in an amount not-to-exceed \$360,000.00.

D. Approval of Contract with Metropolitan Water District of Southern California ("MWDOC") for America's Water Infrastructure Act ("AWIA") Risk and Resiliency Assessment Services. Ms. Ohlund presented the item, indicating that the District had looked at several options to perform this work, including discussions with Mesa Water District relative to its similar efforts. Ultimately, the District would like to move forward with at minimum Phase II with the MWDOC group, and thus is asking for approval along with a letter agreement with MWDOC that allows the District to elect not to participate in Phase 3.

ACTION TAKEN:

On motion by BELL, seconded by MURDOCH, the Board unanimously approved the award of a contract, as presented, to MWDOC for AWIA Risk and Resiliency



Assessment Services in an amount not-to-exceed \$83,662.00, with the execution of a letter agreement allowing the District to opt-out of Phase 3 if desired.

E. Revisions to Residential Water Service – Water Shutoff Protection Act (SB 998) Policy and Corresponding Revisions to the Retail Zone Rules and Regulations Due to Such Requirements – Resolution No. 871. Ms. Ohlund presented an overview of item, indicating that it included some clean-up revisions to the SB 998 Policy adopted at the November 21, 2019 Meeting and a modification of the District’s Rules and Regulations consistent with the new SB 998 Policy.

ACTION TAKEN:

On motion by DULEBOHN, seconded by SEARS, the Board unanimously adopted Resolution No. 871 entitled, “Adopting A Policy Implementing The Water Shutoff Protection Act Relative To Residential Water Service And Revising The Retail Zone Rules And Regulations.”

F. Accessory Dwelling Unit (ADU) Legislation Presentation – Assembly Bills 68 and 881 and Senate Bill 13. General Counsel Jeff Hoskinson provided the Board with a brief presentation an overview and Assembly Bills 68 and 881 and Senate Bill 13, and the modifications relative to Accessory Dwelling Units (ADUs). Ms. Ohlund indicated that as a result of the State of California’s efforts relative to ADUs and affordable housing, the District’s 2015 and 2018 master plans are now obsolete, and she is currently budgeting for updates.

ACTION TAKEN:

No Action Taken. Information Only.

G. Proposed Changes to the Employee Handbook. Ms. Ohlund presented the item, indicating that it had been reviewed with the Finance Committee. The first part relates to employees are bumping up against the vacation limits, such that this policy will now require that they take at least 80 hours of vacation annually before excess vacation leave accrual payoff. The second part allows “holiday leave” time to be used in the calculation of overtime pay eligibility, so that employees working overtime in a week with a holiday are not penalized for the holiday in the overtime pay calculations; General Manager Ohlund noted that this is a common policy at other agencies.

ACTION TAKEN:

The Board, on motion by SEARS, seconded by BELL, unanimously approved the Revised Employee Handbook, as presented.

6. Financial Matters.

A. Approval of schedules of disbursements.

B. Report on investments/ratification of investment activity.

C. **Receipt and filing of financial statements (October 31, 2019).**

ACTION TAKEN:

On motion by DULEBOHN, seconded by MURDOCH, the Board unanimously: (1) approved the schedules of disbursements, as amended and submitted before the Board; (2) ratified and approved the schedule of investments, as presented; and (3) received and filed the financial statements.

7. **Miscellaneous Matters.**

A. **Wholesale and Retail Water Usage Report – November 2019:** Ms. Ohlund indicated that no flushing was required, and that November was warmer and drier, so demand was higher.

ACTION TAKEN:

On motion by SEARS, seconded by MURDOCH, the Board unanimously received and filed the wholesale and retail water usage report.

B. **Director's Reports on Meetings Attended at District Expense (Govt. Code § 53232.3.) and Director's Comments.** Director SEARS reported attendance at: (1) a Carl DeMaio Fundraiser, candidate for the 50th Congressional District, to replace Duncan Hunter on December 2, 2019; (2) the Foothill Community Association Board Meetings on December 5, 2019; (3) Supervisor Don Wagner's December 11, 2019 Christmas Open House at the Civic Center; and the District's Finance and Administration Committee Meeting on December 13, 2019.

Director MURDOCH attended the Association of California Water Agencies ("ACWA") Conference on December 3 through December 5, 2019. Mr. MURDOCH reported that at ACWA, Steve LeMar had been elected ACWA Board President, and Pamela Tobin had won Vice-President from a floor nomination, winning by 10 votes—each to serve a two-year term. Mr. MURDOCH noted that in the appointment of Chairs, he had been asked to chair the Membership Committee, which included a position on the Statewide Board.

Director DULEBOHN had nothing to report.

President DAVERT indicated he was on the road with LAFCO duties, attending meetings relative to the MSRs. Mr. DAVERT also attended the City of Tustin Tree Lighting, as well as a Metropolitan Water District of Southern California ("MET") infrastructure tour of Diamond Valley, Mathews Reservoir, and the Diemer Plant.

D. **Monthly Legislative & Outreach Report:** John Lewis of Lewis Consulting indicated that he had nothing new to add to his report, and made brief comment relative to the Orange County Board of Supervisors races—with the primary being held in March.

8. **Informational Items.**

A. **General interest publications.** Ms. Ohlund indicated that while MET and San Diego have been working actively to resolve that dispute, water wars have begun elsewhere in the state under SGMA, including currently in the Central Valley and Modesto.

9. Closed Session

- A. Closed Conference with Legal Counsel – Anticipated Litigation - Initiation of Litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9: *AT&T and T-Mobile Communications (Vista Panorama)*
- B. Closed Conference with Legal Counsel – Anticipated Litigation - Initiation of Litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9: *CCATT LLC & Crown Castle MU & AT&T*
- C. Closed Conference with Legal Counsel – Anticipated Litigation - Initiation of Litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9: two matters.
- D. Open session:
 - i. Relative to Item 9(A), the Board reported that, by unanimous vote, the Board delegated discretion to the General Manager to initiate litigation relative to the AT&T / T-Mobile Communications matter, and take other related actions;
 - ii. Relative to Item 9(C), the Board, by unanimous vote of all of its members, increased authority to the General Manager to resolve and offset insurance and/or litigation with involved parties;
 - iii. The Board took no other reportable action.

10. Adjournment.

ACTION TAKEN:

The meeting was adjourned at 6:49 p.m. to a regular meeting to be held at 5:00 p.m. on Thursday, January 16, 2020, at the Offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Respectfully submitted,



Jeff Hoskinson