

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

May 18, 2017

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, May 18, 2017, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. JEFFREY HOSKINSON, Interim Secretary, recorded the minutes of the meeting.

The following Directors were present: RICHARD BELL, DOUGLASS DAVERT, JOHN DULEBOHN, and JOHN SEARS. Director SEYMOUR EVERETT arrived following action on the CONSENT CALENDAR, as stated below. Also present were:

LISA OHLUND	General Manager
JERRY MENDZER	Operations Manager
SYLVIA PRADO	District Administrative Assistant
JEFF HOSKINSON	Interim District Secretary and Legal Counsel
NICHOAS J. ARHONTES	Consultant
JOHN LEWIS	Lewis Consulting
FRANK CAHILL	RCE Consulting
ED MEANS	Means Consulting
SANJA GAUR	Raftelis
KHANH PHAN	Raftelis
FRANK EDER	Lemon Heights Estates
PAUL NGUYEN	Fisher Lane

2. Public Communications to the Board.

MR. PAUL NGUYEN, of Chase Merritt and Fisher Lane, commented to the Board relative to frustrations with the hydrant requirement imposed by the DISTRICT relative to his property, and displeasure with District requirements in excess of Fire Code requirements. Mr. NGUYEN requested better communication from the DISTRICT as to its requirements, and contended that his appeal should have been on the agenda, but was now scheduled for next month. President DAVERT acknowledged briefly the DISTRICT's concerns over fire danger.

3. Items Arising After Posting of Agenda. None.

4. Consent Calendar.

ACTION TAKEN:

President DAVERT pulled Item 4C for discussion. Upon a motion by SEARS, seconded by DULEBOHN, which carried 4-0-1, with Directors BELL, DULEBOHN, DAVERT, and SEARS voting in favor, and Director EVERETT absent, the balance of the consent calendar actions were adopted as follows:

- A. Minutes: "THE MINUTES OF THE MARCH 25, 2017 AND APRIL 20, 2017 MEETINGS WERE APPROVED AS SUBMITTED";
- B. General Manager's Report: "THE GENERAL MANAGER'S REPORT WAS RECEIVED AND FILED";
- D. Multi-Agency Rate and Water Usage Research Initiative: "THE REPORT WAS RECEIVED";
- E. Resolution No. 797 Supporting President DAVERT's Candidacy for Independent Special Districts of Orange County ("ISDOC") Secretary: "RESOLUTION NO. 797, ENTITLED: 'RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT IN SUPPORT OF DOUGLASS S. DAVERT FOR SECRETARY, INDEPENDENT SPECIAL DISTRICTS OF ORANGE COUNTY,' WAS ADOPTED";
- F. Board Meeting Schedule – Request to Cancel September 21, 2017 Board Meeting. "THE BOARD DETERMINED TO CANCEL THE SEPTEMBER 21, 2017 REGULAR MEETING OF THE BOARD."

President DAVERT presented discussion relative to Item 4C, relative to the Septic System Conversion Information Meeting to be held on Tuesday, May 23, 2017, and discussed that due to a desire of a quorum of Board members to attend, that the meeting should be noticed as a special meeting by the General Manager and/or District Secretary.

C. Septic System Conversion Informational Meeting update/status report: On motion by BELL, seconded by SEARS, which carried 4-0-1, with Directors BELL, DULEBOHN, DAVERT, and SEARS voting in favor, and Director EVERETT absent, "THE REPORT WAS RECEIVED, AND THE GENERAL MANAGER AND/OR DISTRICT SECRETARY WHERE DIRECTED TO GIVE NOTICE OF THE SPECIAL MEETING."

At the pleasure of the Board, and to accommodate those present, Items 6D, 6E, and 5B were heard before Item 5A, in that order.

At this time Director EVERETT joined the meeting, at approximately 5:15 pm.

6. Financial Matters (Items D and E Only)

D. Proposed Sewer Capacity Fees. SANJA GAUR and KHANH PHAN of Raftelis made a presentation to the Board relative to the study and process for developing the sewer capacity fee.

E. Proposed Fats, Oils & Grease Fee. SANJA GAUR and KHANH PHAN of Raftelis made a presentation to the Board relative to the study and process for developing the fats, oils, and grease fee.

ACTION TAKEN:

The Board, on a motion from BELL, with a second by DULEBOHN, which carried unanimously, directed staff to prepare agenda items to establish the sewer capacity fee and the fats, oil, and grease fee.

5. Operation, Management and Construction Matters.

B. Draft Updated Strategic Plan. Mr. ED MEANS of Means Consulting presented relative to the updated 2017 Strategic Plan.

ACTION TAKEN:

The Board, on a motion from SEARS, with a second by BELL, which carried unanimously, approved the draft Updated Strategic Plan as presented.

The remainder of the Agenda items were taken in order, commencing with Item 5A.

A. Water Bill Protest – 12606 Vista Panorama. The Board was presented with a written appeal and supporting documentation within the agenda package. President DAVERT indicated that this matter had been continued, at the property owner's request, from the last meeting, and confirmed that pictures e-mailed by the property owner were not openable by staff, and that the property owner had not, though requested, delivered hard copies to the District. Ms. OHLUND provided background on the appeal, and the District's understanding of the underlying landowner-tenant dispute, and the property owner's responsibility for service since December 2015 pursuant to the District's Rules and Regulations. President DAVERT discussed and presented substantial litigation that had been involved on the property. The Board discussed that the \$500 fine under the Rules and Regulations could have been assessed as a daily fine, but rather had been imposed only as a single fine. The property owner was not present.

ACTION TAKEN:

The Board, on motion by Director DAVERT, seconded by Sears, which carried unanimously, upheld the determination of the General Manager relative to the imposition of the \$500 water meter tampering fine, \$328.26 in costs in materials and labor associated with the meter valve replacement, and \$1,196.59 in unpaid monthly capital and basic service fees unpaid from December 2015 through February 2017, for a total as of February 2017 of \$2,024.85.

C. Lemon Hills Luxury Estates – Easement Encroachment and Quitclaim Agreement. Ms. OHLUND and President DAVERT discussed background as to District's existing easements over Lots 4 and 15 of the Lemon Hills Luxury Estates development, and the nature of the developer's encroachment request. Mr. FRANK EDER of LEMON HILL LUXURY ESTATES, LLC., was present and provided comments to the Board.

ACTION TAKEN:

The Board, on motion by BELL, seconded by DULEBOHN, unanimously approved the agreement entitled, "Conditions and Restrictions for Easement Encroachment," with authority delegated to the General Manager to finalize the exhibits in a manner consistent with the agreement and suitable for recording with the Orange County Recorder.

D. Cancellation of Contract for Circula Panorama Pressure Reducing Valve ("PRV") Installation with JA Salazar Construction Co., and Award of Contract for Such Work to Doty Bros. Equipment Company, dba Doty Brothers Construction Company. Ms. OHLUND presented on the issues arising in connection with the JA Salazar Construction Co. contract, and the request from JA Salazar to abandon the existing contract, and either pursue a fixed fee agreement for such work, or increase the Not-To-Exceed amounts for the previously approved contract. Ms. OHLUND also provided details of a proposal from Doty Brothers Construction Company to perform the requested work on a time and material basis.

ACTION TAKEN:

The Board, on motion by DULEBOHN, seconded by BELL, unanimously approved the termination of the time and material contract awarded to JA Salazar Construction Company for the Circula Panorama Pressure Release Valve work, and awarded the contract for such work to Doty Brothers Equipment Company, doing business as Doty Brothers Construction Company, for a Not-To-Exceed Amount of \$41,856.

E. Crawford Canyon Pipeline Relocation Project – Award of Contract to Doty Bros. Equipment Company, dba Doty Brothers Construction Company.

ACTION TAKEN:

The Board, on motion by BELL, seconded by DULEBOHN, unanimously approved a budget for the Crawford Canyon Pipeline Relocation Project of \$210,000, and the award of a contract to Doty Brothers Equipment Company, doing business as Doty Brothers Construction Company, in a Not-To-Exceed Amount Of \$180,000.

F. Wholesale Zone Remote Metering Contract – Ayyeka. Ms. OHLUND presented the item. Director BELL indicated that the Engineering Committee has reviewed the matter, and supported the recommendation. Director DULEBOHN agreed.

ACTION TAKEN:

The Board, on a motion duly brought and seconded, unanimously approved the Wholesale Zone Remote Metering Contract with Ayyeka in the amount of \$32,295.

G. Sewer Master Plan/Condition Assessment – Increase to AKM Contract. Ms. OHLUND presented this item, and the background for the need for the increase to the AKM Contract. Ms. OHLUND strongly recommended approval of the contract, with the Engineering Committee's concurrence.

ACTION TAKEN:

The Board, on a motion by BELL, seconded by SEARS, approved an increase in the amount in the amount of \$45,360 to the AKM Contract for the Sewer Master Plan/Condition Assessment.

6. Financial Matters (Continued).

A. Schedules of Disbursements. Schedules of disbursements in the following amounts were presented: \$464,131.64 from Wholesale and Retail Bills, \$1,587.85 for director's payroll, and \$57,403.88 for employee's payroll.

B. Report on Investments/Ratification of Investment Activity. Report made on investment activity.

C. Receipt and Filing of Financial Statements (March 31, 2017).

ACTION TAKEN:

Upon a motion duly made SEARS, and seconded by DAVERT, which carried unanimously, (1) the schedules of disbursements were approved as submitted, (2) the

schedules of investments were ratified and approved, and (3) the financial statements were received and filed.

7. Miscellaneous Matters.

A. Wholesale and Retail Water Usage.

ACTION TAKEN:

Upon a motion by BELL, seconded by SEARS, which carried unanimously, the wholesale and retail water usage report was received and filed.

B. Reports from Committees and Representatives to Organizations. Director SEARS reported his attendance at WACO, where issues relative to the Colorado Rivers and Metropolitan Water District of Southern California were discussed, including the balance of the basin and an update on the basin status. President DAVERT and DIRECTOR DULOBOHN, along with Ms. OHLUND, reported attendance at the MWDOC Budget Meeting. President DAVERT also reported attendance at ISDOC and the ISDOC Executive Committee meeting, and his application to serve as Secretary to the Executive Committee.

C. Travels and Meeting Request. The Board members discussed the intention for all five Board members and Ms. OHLUND to attend the Orange County Water Summit. The Board also discussed Director SEARS attendance at UWI in San Diego.

D. Directors' Reports on Meetings Attended. See 5B above.

E. Directors' Comments. Director SEARS discussed Golden State Water Company water bill he received, and the 16 % increase to the end user water costs. Commented on Ojai settlement, and selling of Golden State Water Company system to Casitas Municipal Water District in the Ojai matter.

F. Regional/State Issues. None

8. Informational Items.

A. General Interest Publications. Included were: "Metropolitan: A Tradition of Sound Spending," from MWD, May 5, 2017; "Metropolitan Takes Region Off Water Alert, But Maintains Call For Voluntary Water Saving," MWD, May 9, 2017; and Memorandum: Preliminary Findings Concerning Candidate Physical Factors Potentially Contributing to Damage of the Service and Emergency Spillways at Oroville Dam, from May 5, 2017, from the Findings of the Oroville Dam Spillway Incident Forensic Investigation Team.

9. Closed Session

The Board convened into Closed Session to discuss:

A. Closed Conference with Legal Counsel – Anticipated Litigation - Initiation of Litigation pursuant to paragraph (3) of subdivision (d) of Government Code Section 54956.9: one potential case

B. Closed session – 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-WMCJC. Mr. HOSKINSON was excused from Closed Session before this closed session item.

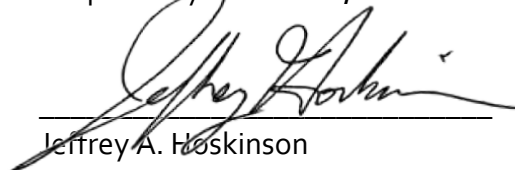
Open session: The Board reconvened into Open Session, and reported no reportable action.

10. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 7:13 p.m., the next regular meeting date and time being June 15, 2017, 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,



Jeffrey A. Hoskinson