

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

June 15, 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 5:15 p.m. on Thursday, June 15, 2017, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. JEFF HOSKINSON, Interim Secretary, recorded the minutes of the meeting.

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
JEFF HOSKINSON	Interim District Secretary and Legal Counsel
BILL EVEREST	Consultant
NICHOLAS J. ARHONTES	Consultant
PAUL NGUYEN	Chase Merritt
JUSTIN GLOVER	CommunicationsLab
JOHN LEWIS	Lewis Consulting Group
KEN VECCHIARELLI	Golden State Water Company

2. Public Communications to the Board. None.

3. Items Arising After Posting of Agenda. None.

4. Consent Calendar.

ACTION TAKEN:

President DAVERT recommended that Item 4G be pulled for discussion. Upon a motion by SEARS, seconded by EVERETT, which carried unanimously, the remaining calendar actions were adopted as follows.

- A. Minutes: THE MINUTES OF THE NOVEMBER 17, 2016, FEBRUARY 16, 2017, and MAY 18, 2017 MEETINGS WERE APPROVED AS SUBMITTED;
- B. General Manager's Report: THE GENERAL MANAGER'S REPORT WAS RECEIVED AND FILED;

- C. Acceptance of 11.5 MG Reservoir Corrosion Protection Project: THE BOARD ACCEPTED THE 11.5 MG RESERVOIR CORROSION PROTECTION PROJECT, AND AUTHORIZED STAFF TO RECORD A NOTICE OF COMPLETION;
- D. 2017 Water Quality Report: THE REPORT WAS RECEIVED AND FILED, AND THE GENERAL MANAGER DIRECTED TO POST AS REQUIRED;
- E. Changes to ISDOC By-Laws: THE BOARD APPROVED THE CHANGES TO THE ISDOC BYLAWS AS PRESENTED; and
- F. California Special Districts Association ("CSDA") Election: THE BOARD PROVIDED DIRECTION TO THE PRESIDENT OF THE BOARD TO CAST THE DISTRICT'S VOTE FOR ARLENE SCHAFFER AS CANDIDATE FOR THE CSDA BOARD REGION 6 (SEAT C) REPRESENTATIVE.

Relative to Pulled Items:

G. Operation, Maintenance, and Financial Management of Orange County 800 Megahertz (MHz) Countywide Coordinated Communications System. General Manager OHLUND presented discussion relative to Item 4G. A brief discussion occurred as to this item and it was suggested to purchase four (4) more radios at a cost of \$400 per radio.

ACTION TAKEN:

Upon an amended action, a motion made by DULEBOHN, seconded by SEARS, which carried unanimously, THE BOARD APPROVED AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE AND DELIVER, RELATIVE TO THE OPERATION, MAINTENANCE, AND FINANCIAL MANAGEMENT OF ORANGE COUNTY 800 MEGAHERTZ (MHZ) COUNTYWIDE COORDINATED COMMUNICATION SYSTEM: (1) THE 2004 JOINT AGREEMENT; (2) THE 2015 AMENDMENT TO THE JOINT AGREEMENT; AND (3) THE NEW PARTICIPATING AGENCY RIDER TO THE AGREEMENT, AND AUTHORIZED THE PURCHASE OF FOUR ADDITIONAL RADIOS.

5. Operation, Management and Construction Matters

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

B. Amendment No. 5 to Contract with Communications Lab for Community Outreach Services for the period July 1, 2017, through June 30, 2020. Ms. OHLUND said that Communications Lab provided valuable assistance to staff. Director BELL indicated that this was money well spent.

Ken VECCHIARELLI asked if wholesale zone was paying for outreach services and said that outreach services were not needed in wholesale zones, as retailers were also providing such outreach, and expressed concerns that customers were paying multiple times at

different levels for outreach. Ms. OHLUND indicated that outreach maintains Facebook and Twitter accounts.

ACTION TAKEN:

Upon a motion by EVERETT, seconded by BELL, which carried unanimously, Amendment No. 5 to the contract with CommunicationsLab was approved, providing for community outreach services in a not-to-exceed amount of \$285,000 for the time period of July 1, 2017 to June 30, 2020.

C. Amendment No. 1 to Contract with William Everest Consulting Services. Ms. OHLUND said that Mr. EVEREST was also a very valuable member of the team.

ACTION TAKEN:

Upon a motion by BELL, seconded by SEARS, which carried unanimously, Amendment No. 1 to the contract with William Everest Consulting Services for provision of engineering consulting services, in a not-to-exceed amount of \$60,000 for the time period of July 1, 2017 to June 30, 2018.

E. General Manager Performance Review Process.

ACTION TAKEN:

Upon a motion by SEARS, seconded by BELL, which carried unanimously, the General Manager performance process was approved as presented.

D. Consideration of Bids for Alexander Lane/Stroller Project. Based on a discussion of bids for the project, the Engineering and Operations Committee had recommended deferring the project, pending a review of alternatives. General Manager OHLUND discussed that the Retail Zone could not afford the \$150,000 overage over and above the engineer's estimate for the Project. The Board conducted a brief discussion on alternative options.

ACTION TAKEN:

Upon a motion BELL, seconded by DULEBOHN, which carried unanimously, the Board rejected all bids for the Alexander Lane/Stoller Project, and directed staff to investigate alternative recommendations for future Board consideration.

A. Development Requirement Protest – Fisher Lane (APN 393-091-38). Ms. OHLUND made a presentation on this issue including a brief history and overview of the dispute and background of the protest, as well as the status of discussions the Orange County Fire Authority ("OCFA"). Ultimately, the issue revolves around EOCWD system requirements that call for the developer, Mr. PAUL NGUYEN, to install a fire hydrant. Ms. OHLUND discussed that it was the recommendation of staff to retain the hydrant requirement.

Mr. NGUYEN provided a memorandum regarding his response as well as a list of California Fire Authority classification of the areas. Mr. NGUYEN reported that OCFA indicated that no fire hydrant would be required for his property, in light of distances and his fire sprinkler system. Mr. NGUYEN stated that on three occasions, fire trucks had visited the property and made that determination.

President DAVERT discussed the OCFA history, and that OCFA requirements presented minimum standards, and that EOCWD was permitted to disagree. Mr. DAVERT stated that it was ultimately EOCWD's responsibility to set the standards for its water system, and cited the lack of effectiveness of sprinklers for hillside brush fires. Mr. DAVERT also cited the narrow driveway, and lack of turnaround, and EOCWD's policies that each developer must pay its way, and that EOCWD's rate payers should not have to pay to meet the burden caused by this development. Mr. DAVERT also noted that OCFA standards were universal, and did not take into account the specifics of a project or property.

Director BELL discussed the fire history in this area, and the need for fire protection, as a basis for supporting the Staff recommendation.

Director EVERETT noted his respect for OCFA, but also the need for EOCWD to promote infrastructure supporting public safety, and the dangerous precedent that would occur by removing safety features.

Director DULEBOHN made comments and concerns about where the fire hydrant fit within the capital improvement projects, and age of the pipeline, and whether the fire hydrant was of a beneficial use for more than the single property. Mr. MENDZER responded that the pipeline is an 8-inch line in good condition.

Discussions occurred relative to miscommunications surrounding property relative to OCSD Sewer Line, and reimbursement agreements.

Mr. NGUYEN responded with comments relative to his ingress and egress easement, and lack of easement for fire hydrant. Ms. OHLUND raised EOCWD's blanket easement for water facilities.

Director SEARS commended that he preferred the hydrant, and cited that 150 feet was a long distance.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the Board voted to uphold the determination of the General Manager, and denied the Customer Appeal.

6. Financial Matters.

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$355,603.62 from Wholesale and Retail Bills, \$1,022.68 for directors' payroll, and \$59,532.83 for employees' payroll.

B. Investment Activity. Schedules of investments were presented.

C. Financial Statements (April 30, 2017). The financial statements were presented.

ACTION TAKEN:

Upon a motion by SEARS, seconded by DULEBOHN, which carried unanimously, the schedules of disbursements were approved as corrected, the schedules of investments were ratified and approved, and the financial statements were received and filed.

D. Proposed Sewer Capacity Fees. Ms. OHLUND reported that following on Raftelis' presentation made to the Board on May 18, 2017, relative to the sewer capacity charges, a resolution has been prepared for the Board's consideration.

ACTION TAKEN:

Upon a motion by DAVERT, seconded by DULEBOHN, which carried unanimously, Resolution No. 798 was adopted, entitled "Resolution of the Board of Directors of East Orange County Water District Determining Compliance with Procedural Requirements, Making Findings, Establishing Sewer Capacity Charge, Amending the Rules and Regulations of the East Orange County Water District and Taking Related Actions."

E. Proposed Fats, Oils and Grease Fee. Ms. OHLUND reported that following up on Raftelis' presentation made to the Board at the May 18, 2017 meeting relative to the study and process for developing the fats, oils and grease permit fee, a resolution has been prepared for the Board's consideration.

ACTION TAKEN:

Upon a motion by DULEBOHN, seconded by EVERETT, which carried unanimously, Resolution No. 799 was adopted, entitled "Resolution of the Board of Directors of East Orange County Water District Amending and Adopting Fats, Oils and Grease Permit Fee in Accordance with District Ordinance No. 2016-02."

F. 2017-2018 Budgets (Wholesale, Retail, Retail Capital Projects, and Sewer Systems). Ms. OHLUND reviewed the wholesale and retail budgets. She presented a broad overview in a PowerPoint presentation which showed improvement over the last year. Ms. OHLUND reported a reduction in the Retail Zone of 25-27%, compared to the budgeted 18%. It is anticipated that structural conservation, which is now permanent, will be a 15% reduction over prior usage.

ACTION TAKEN:

Upon a motion by SEARS, seconded by BELL, which carried unanimously, Resolution Nos. 800, 801 and 802 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 2017/2018 Fiscal Year (Overall District)"; "Resolution of the Board of Directors of East Orange County Water District Adopting Operating and Capital Projects Budgets and Making Determination Relative To Appropriations Subject To Limitation For 2017/2018 Fiscal Year (Retail Zone)"; and "Resolution of the Board of Directors of the East Orange County Water District Adopting Operating and Capital Projects Budgets and Making Determination Relative to Appropriations Subject to Limitation for 2017/2018 and 2018/2018 Fiscal Years (Improvement District 1)."

G. Wholesale Rates and Charges. Ms. OHLUND said the resolution would adopt the recommended wholesale commodity, pass-through and fixed charges as described in the preceding budget item.

ACTION TAKEN:

Upon a motion by SEARS, seconded by EVERETT, which carried unanimously, Resolution No. 803 was adopted, entitled "Resolution of the Board of Directors of East Orange County Water District Establishing Rates and Charges For Sale of Water On a Wholesale Basis Within the District."

H. Wholesale and Retail Capacity Charges. Ms. OHLUND said the resolutions would implement the recommended wholesale and retail capacity charges as previously reviewed with the Board.

ACTION TAKEN:

Upon a motion by BELL, seconded by DULEBOHN, which carried unanimously, Resolution Nos. 804 and 805 were adopted, entitled: "Resolution of the Board of Directors of the East Orange County Water District Establishing Connection and Capacity Charges for the Wholesale Service Zone Within the District" and "Resolution of the Board of Directors of the East Orange County Water District Adopting Changes To Non-Water Delivery Charges For Retail Service."

I. Authorization of Sanitary Sewer Service Charges for Fiscal Years 2017/2018 and 2018/2019. Ms. OHLUND said the resolution would implement the recommended sanitary sewer charges as previously reviewed with the Board.

ACTION TAKEN:

Upon a motion by SEARS, seconded by DULEBOHN, which carried unanimously, Resolution No. 806 was adopted, entitled "Resolution of the Board of Directors of East Orange

County Water District Authorizing Certain Sanitary Sewer Charges and Directing the County Tax Collector to Include Sanitary Sewer Service Charges on the Fiscal Year 2017/2018 and 2018/2019 Property Tax Bills.”

7. Miscellaneous Matters.

A. Wholesale and Retail Water Usage Report.

ACTION TAKEN:

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

B. Director’s Comments.

Director SEARS commended on WACO presentation on the formation of the Salton Sea. Director BELL commended on seismic impacts of Salton Sea.

Director DULEBOHN commented on general concerns relative to EOCWD system requirements on developers.

President DAVERT commented on the Septic Conversion Presentation in May, and mentioned that he had spoken with Supervisor Spitzer regarding the conversions. Also references an OCFA Open House he attended. Mentioned that he would be attending the OC Water Summit.

Director EVERETT discussed arborist risk management , and inspection with GPS data to benefit in finding system issues. Data overlays of trees in City with system.

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

D. Directors’ Reports on Meetings Attended.

Director SEARS reported on the WACO meeting, which included topics on the State Water Board, and 1951 Water Shed/Groundwater Pumping rights.

President DAVERT discussed now serving as the ISDOC Executive Secretary, and that Ms. OHLUND would be providing administrative support.

E. Regional/State Issues. John LEWIS provided an update on certain regional/State issues, including: (1) May water/drought polling; (2) LAFCO budget, and discusses relative to new funding formulas to address issues in disparity for smaller districts; and (3) County efforts to deal with homeless in Santa Ana River area and with certain flood control projects.

8. **Closed Sessions.** President DAVERT announced that the Board would meet in closed sessions listed in the agenda as follows:

(A) conference with labor negotiators (Government Code Section 54957.6), agency designated representatives: General Manager, Lisa Ohlund; Unrepresented Employees: Operations Manager, Administrative Assistant, Water Distribution Operator II, Water Distribution Operator I, Wastewater Collection Operator I;

(B) 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; and

(C) 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 dismissed and not present for this discussion.

OPEN SESSION

Open session was resumed, with Directors BELL, DAVERT, EVERETT and SEARS present. It was announced that no reportable action was taken in closed session, except that with respect to Item 8A, upon a motion by BELL, seconded by SEARS, which carried unanimously, the Board approved the salary ranges and salary and merit increases effective July 1, 2017 were approved as presented for Fiscal Year 2017/2018, as Exhibit X.

11. **Adjournment.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned, with the next regular meeting date and time being Thursday, July 20, 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,



Jeff Hoskinson