

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

September 21, 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, Director, at 5:03 p.m. on Thursday, September 21, 2017, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. JEFF HOSKINSON, 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	District Secretary and Legal Counsel
NICHOLAS J. ARHONTES	Consultant
JOHN LEWIS	Lewis Consulting Group
ART VALENZUELA	City of Tustin
MARK THOMAS	Lemon Heights

2. Public Communications to the Board. Art Valenzuela, of behalf of the City of Tustin ("Tustin"), requested that the District consider waiving a late fee charged to Tustin due to late billing from the Municipal Water District of Orange County ("MWDOC").

3. Items Arising After Posting of Agenda. The Board, on motion by DAVERT, seconded by EVERETT, voted unanimously to add an Item 4.5(A) to the agenda, to consider a waiver of fee request from the City of Tustin and Golden State Water Company due to late billing from MWDOC, on the grounds the item came to the District's attention following the posting of the agenda and otherwise required immediate action.

4. Consent Calendar.

ACTION TAKEN:

Upon a motion by SEARS, seconded by DULEBOHN, which carried unanimously, the Board adopted the consent calendar actions were adopted as follows:

- A. Minutes: THE MINUTES OF THE August 17, 2017 REGULAR MEETING OF THE BOARD WERE APPROVED AS SUBMITTED;
- B. General Manager's Report: THE GENERAL MANAGER'S REPORT WAS RECEIVED AND FILED;

- C. Peters Canyon (6 MG) Reservoir Roof Maintenance Project: THE BOARD RECEIVED AND FILED THE UPDATE.

4.5 Item Added to the Agenda.

A. Waiver of Late Fees for City of Tustin and Golden State Water Company. The Board heard and considered a late fee waiver request from the Tustin and Golden State Water Company, incurred due to a late receipt of billing from MWDOC of the July 2017 bill for in-lieu water. The fee to Tustin was in the amount of \$1,900, and to Golden State Water Company in the amount of \$1,300. MWDOC was not timely in submitting its bill to the District, such that the District, in turn, was delayed in submitting the bill to Tustin. Ms. OHLUND indicated that the same situation occurred with respect to Golden State Water Company.

ACTION TAKEN:

Upon a motion by BELL, seconded by EVERETT, which carried unanimously, the Board authorized the waiver of the discussed late fees as to Tustin and the Golden State Water Company for the July 2017 billing from MWDOC.

5. Operation, Management and Construction Matters.

A. Crawford Canyon Road – Damage to District Facilities and Report of Sewer Spill. Ms. OHLUND discussed sewer spill apparently resulting from work of a County of Orange contractor working repaving Crawford Canyon Road allowing asphalt and concrete to fall into a manhole and block sewer facilities. The District's investigation is on-going.

ACTION TAKEN: No action taken.

B. Award of Contract to AKM Engineering for Septic System Subarea Master Plan and ID 1 Capital Improvement Program Budget Amendment. Ms. OHLUND discussed how the Septic System Subarea Master Plan preparation fit into the scope and obligation of the District to move forward with the conversion of septic users to sewer within the ID1 service area. Ms. OHLUND discussed how there is no database of who the septic users are, and thus far, the District has identified between 600 and 650 users, and is about 400 sites away from knowing the total within the District. In addition, there is State legislation that will impact sewer systems, including allowances for garage conversions and "Granny Flat" construction to be connected to existing connections (if sufficient capacity) without the collection of additional fees.

Ms. OHLUND indicated that AKM's report would be look at a particular subarea, to identify who and what to serve, in order to estimate the needed capacity for such service of converted septic systems. The study would be funded from portions of the property tax revenues collected from the septic user's parcels. Ms. OHLUND reminded that the District has committed to move forward with septic user conversion to Orange County LAFCO, as a condition of taking over such sewer service.

Director BELL added that the Engineering and Operations Committee reviewed this item, and recommended moving forward. Director SEARS inquired relative to the "Granny Flats."

Mark Thomas, on behalf of the Vista del Lago Homeowners Association, spoke to the Board, stressing the important of this overall project to 12 homeowners within the Vista del Lago HOA. They have three failing septic systems, and time is of the essence to fund the conversion. The HOA already has a designed mainline, approved by Orange County Sanitation District ("OCSD"). The HOA members may have to move forward with conversion, and seek reimbursement from the financing at a later date.

Ms. OHLUND discussed that a meeting for interested landowners would be held in October, and based on subsequent discussion among the Board, October 24, 2017, was the identified date to proceed with such meeting.

ACTION TAKEN:

Upon a motion by DULEBOHN, seconded by BELL, which carried unanimously, the Board amended the ID1 CIP Budget by allocating a budget of \$175,760 to the ID1 Capital Improvements Budget, and awarded a contract to AKM Engineering for Septic System Subarea Master Plan in the Amount of \$150,760.

C. Award of Contract to Golden Bell Products, Inc. for Roach Control. Ms. OHLUND indicated that this was a sole-source contract, due to patented processes utilized by the Contractor. The contract was for two years, and Jerry Mendzer had negotiated the price down \$1 per manhole. Director BELL indicated support of the Engineering and Operations Committee.

ACTION TAKEN:

Upon motion by DULEBOHN, seconded by SEARS, which carried unanimously, the Board awarded a contract to Golden Bell Products, Inc., in the not-to-exceed amount of \$44,000.

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, 2017).

ACTION TAKEN:

Upon motion by SEARS, seconded by DULEBOHN, which carried unanimously among those Board members present, the Board (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.

D. Fiscal Year 2017/18 and Fiscal Year 2018/19 Budget – Revisions and Corrections. Ms. OHLUND made a brief discussion on the impacts of the delayed MWDOC credit for in-lieu water deliveries, and its impact on the monthly reports costs of water. Ms. OHLUND also reviewed the budget adjustments in the Board packet, underlying the proposed budget revisions.

ACTION TAKEN:

Upon motion by EVERETT, seconded by DULEBOHN, which carried unanimously, the Board adopted Resolution No. 813, amending the Fiscal Year 2017/18 and 2018/19 budgets.

7. Miscellaneous Matters.

A. Conference and Meeting Attendance Requests. The Board discussed an upcoming ACWA Fall Conference and Southern California Water Committee Annual Dinner.

ACTION TAKEN:

Upon motion by SEARS, seconded by BELL, which carried unanimously, the Board authorized the Board and Ms. Ohlund to attend the AWCA Fall Conference and Southern California Water Committee Annual Dinner.

B. Wholesale and Retail Water Usage Report. Ms. OHLUND made a brief comment on water usage trending upward, but nowhere near use before the drought.

ACTION TAKEN:

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

C. Director's Comments. Director SEARS discussed an upcoming Urban Water Institute ("UWI") Workshop to be held on November 8, 2017. Director DAVERT expressed appreciation to Ms. Ohlund and District staff for the level of activity, digitizing records, completing construction projects, all with a low staffing level. Director EVERETT reiterated Director DAVERT's comments, and especially thanked Jerry Mendzer and Sylvia Prado for their amazing work.

D. Director's Reports on Meetings Attended at District Expense (Govt. Code § 53232.3). Director SEARS reported attendance at UWI on August 16, 2017, Elected Officials Breakfast with Mimi Walters on August 24, 2017; WACO on September 1, 2017; and the 2-Day State Water Tour on September 9, 2017. Directors BELL, DAVERT, DULEBOHN and SEARS attended The Policy Dinner on August 30, 2017.

E. Regional/State Issues. John Lewis of Lewis Consulting Group made a presentation on various regional and State issues. Mr. Lewis indicated that LAFCO was cancelled, and the Orange County Board of Supervisors vote on the California WaterFix was pulled off the agenda, but will be brought back on the next agenda. Mr. Lewis discussed the Little Hoover Commission Report, which dealt primarily with health care agency recommendations, LAFCO recommendations, and certain recommended legislative mandates relative to transparency of government, most of which are already being done.

Ms. Ohlund discussed a few pending bills, noting that: (1) AB 1000 relative blocking the Cadiz Project was held in committee; and (2) AB 1668 (Friedman) long-term conservation bill is now a two-year bill, that will be reconsidered next year. Ms. Ohlund noted that surprisingly MWDOC and Metropolitan Water District of Southern California ("MET") switched to support AB 1668, after telling Friedman they would support amendments. The Board discussed concern over MWDOC's support of AB 1668, and suggested responses to note their concerns. Ms. Ohlund also discussed the importance of the MET Tunnels, and importance to future generations.

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

- A. Conference with Legal Counsel – Anticipated Litigation - Initiation of Litigation, held pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9: two potential cases
- B. Conference with Legal Counsel – Potential Litigation – Initiation of Litigation, held pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9 – one potential case
- C. Conference with Legal Counsel – existing litigation pursuant to paragraph (1) of subdivision (d) of Government Code Section 54956.9 – *Paul Nguyen v. East Orange County Water District*, Case No. 30-2017-00934730-CU-PT-CJC.

ACTION TAKEN:

The Board reported no reportable action was taken in Closed Session.

9. **Adjournment.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 7:09 p.m., with the next regular meeting date and time being Thursday, November 16, 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