

5-10-16

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

May 10, 2016

1. **Call to Order.** An Adjourned 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 4:00 p.m. on Tuesday, May 10, 2016, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. JOAN ARNESON, Secretary, recorded the minutes of the meeting.

The following Directors were present: RICHARD BELL, DOUGLASS DAVERT, JOHN DULEBOHN and SEYMOUR EVERETT.

Also present were:

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| LISA OHLUND | General Manager |
| SYLVIA PRADO | District Administrative Assistant |
| JOAN ARNESON | District Secretary and Legal Counsel |
| SANJAY GAUR | Raftelis Financial Consultants, Inc. |
| ROBERT BAEHNER | City of Orange |
| KEVIN RICE | Citizens Advisory Committee |
| ANDREW GANAHL | Citizens Advisory Committee |

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

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

4. **Workshops – Rates and Charges.**

A. **Capacity Charges.** Mr. GAUR recommended a buy-in approach as preferable to an incremental approach for calculation of capacity charges. He reviewed these approaches. He also recommended indexing the charges to the ENR construction cost index, and an approach for giving credit for existing use in redevelopment permits.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, staff was directed to prepare agenda items to amend the rules and regulations for wholesale service zone connection charges, amend related policies, and establish revised wholesale and retail connection charges.

B. **Wholesale Rates and Charges.** Mr. GAUR reviewed the methodology for determining MWD and MWD OC readiness-to-serve charges. EOCWD uses a three-year average to allocate these. He said the first option (recommended) would be to use peak month as identified by MWD/MWD OC, and the second option would be to use individual peak month. It was the consensus that option 1 would be the most fair. Mr. GAUR then reviewed the wholesale 10-year operating plan including projected fund balances versus target reserves.

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ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, staff was directed to prepare agenda items to establish rates and charges for sale of water on a wholesale basis within the district and amend procedures for allocation and collection of pass-through charges.

C. Retail Rates and Charges. Mr. GAUR reviewed the retail 10-year operating plan including projected fund balances versus target reserves. He then outlined the cost of service methodology. Tiers were discussed, and it was noted that during the state mandated cutback the District was able to achieve the target with customer outreach. Ms. OHLUND reviewed the recommended proposed increases, including integration of AWWA meter charge methodology. She recommended increases in October, 2016 and thereafter in February 2018 and February of the next succeeding 3 years. Mr. GAUR described the methodology for imposing drought charges.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, staff was directed to prepare agenda items to approve the District's proposed retail rates and charges adjustments and initiate the process for notice and hearing to consider adoption of such rates and charges.

5. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 5:20 p.m., the next regular meeting being Thursday, May 19, 2016, 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,

Joan C. Arneson on behalf of
Joan Arneson