

MINUTES OF BOARD OF DIRECTORS MEETING
ADMINISTRATION AND FINANCE ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
February 15, 2018 @ 8:00 a.m.

Director Dewane called the Administration and Finance Issues Committee to order in Conference Room C-2 in Fountain Valley, CA. The Assistant District Secretary called the roll and reported a quorum of the Committee as follows.

Committee Members

Shawn Dewane
Bruce Whitaker
Roger Yoh (absent)
Dina Nguyen (absent)
Cathy Green

OCWD staff

Mike Markus - General Manager
Randy Fick - CFO/Treasurer
Christina Fuller - Assistant District Secretary

Alternates

Steve Sheldon (absent)
Philip Anthony (absent)
Vicente Sarmiento
James Vanderbilt (absent)
Denis Bilodeau

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Whitaker, seconded by Director Green and carried [3-0].

Yes- Dewane, Whitaker, Green

1. Minutes of Previous Meeting

The minutes of the Administration/Finance Issues Committee meeting held January 11, 2018 were approved as presented.

2. Monthly Cash Control Report

Recommended by Committee for approval at February 21 Board meeting: Receive and file Summary Cash and Cash Equivalents Control Reports dated January 31, 2018.

3. Investment Portfolio Holdings Reports

Recommended by Committee for approval at February 21 Board meeting: Receive and File the Investment Portfolio Holdings Reports dated January 31, 2018.

4. Add Funds for GASB Actuarial Study

Recommended by Committee for approval at February 21 Board meeting: Authorize the addition of \$13,500 to the Human Resources General Fund budget for Government Accounting Standards Board Actuarial Study.

5. Participation in 2018 Orange County Science Fair

Recommended by Committee for approval at February 21 Board meeting: Authorize financial participation in the amount of \$3,000 for water-related student projects at the 2018 Orange County Science and Engineering Fair.

6. Agreement to White Nelson Diehl Evans LLP for Agreed-Upon Procedures in Addition to the Annual Audit

Recommended by Committee for approval at February 21 Board meeting: Authorize execution of Agreement to White Nelson Diehl Evans, LLP for an amount not to exceed \$14,900 plus all out-of-pocket expenditures to provide consulting services for the Agreed Upon Procedures in addition to the annual audit.

7. Emergency Response Plan Update

Recommended by Committee for approval at February 21 Board meeting: Authorize issuance of an Agreement to Claris Strategy Consulting Services for an amount not to exceed \$62,900.

8. On-Call Environmental Services Agreement with Environmental Advisors

Recommended by Committee for approval at February 21 Board meeting: Authorize termination of Agreement No. 0864 with Environmental Advisors and execution of a new agreement with the same terms and conditions with Sagecrest Planning+Environmental for on-call environmental services.

9. Purchase John Deere 300 GLC Excavator from Coastline Equipment

Recommended by Committee for approval at February 21 Board meeting: Authorize issuance of Purchase Order to Coastline Equipment for \$394,460 for purchase of a John Deere 300 GLC Super Long Reach Excavator and placement of TL-32 on the surplus equipment list.

10. IBM Maximo Software Subscription and Support Renewal

Recommended by Committee for approval at February 21 Board meeting: Authorize issuance of Purchase Order to IBM Maximo for Software Subscription and Support renewal in the amount of \$59,800 for system updates commencing April 1, 2018 through March 31, 2019.

11. Application Resolution for Water Infrastructure Finance and Innovation Act Loan for the Groundwater Replenishment System Final Expansion Project

Recommended by Committee for approval at February 21 Board meeting: 1) Adopt resolution to submit an Environmental Protection Agency Water Infrastructure Finance and Innovation Act loan application for the partial funding of the Groundwater Replenishment System Final Expansion Project; and 2) Authorize payment of loan application fee and Environmental Protection Agency consultant costs to the Environmental Protection Agency in the amount not to exceed \$450,000; and 3) Authorize payment for District consultants not to exceed \$260,000 based on representation of timing of the transaction made by the Environmental Protection Agency.

MATTERS FOR CONSIDERATION

12. Recent California Supreme Court Ruling, City of Ventura Vs United Water Conservation District – Replenishment Assessment and Additional Replenishment Assessment

OCWD General Counsel Joel Kuperberg reviewed the Replenishment Assessment (RA) and Additional Replenishment Assessment (ARA) history. He stated a majority vote of six members of the Board is required to set the RA, which must occur annually in the month of April. He reported that a recent California Supreme Court ruling regarding the setting of groundwater pumping rates in a dispute between the City of Ventura and the United Water Conservation District has clarified that groundwater rates such as the District's RA and ARA must comply with Proposition 26. He advised that Proposition 26 was passed in 2010 as a constitutional amendment that established a definition of what constitutes a local tax.

Mr. Kuperberg stated that by setting the RA and ARA at the same amount, agricultural groundwater production is effectively paying half the cost for groundwater as compared to the Groundwater Producers. He stated that since the District needs to comply with Proposition 26, staff now recommends setting the RA at an amount to fully fund the District's activities, and not imposing the ARA beginning in FY2018-19. He advised that with this rate structure, all District customers would pay the same amount for groundwater.

The following individuals addressed the Board:

Orange County Produce representative AG Kawamura requested the Board consider the value of agriculture to the community when determining the elimination of the agricultural exemption for a replenishment assessment rate.

Orange County Farm Bureau Executive Director Casey Anderson requested the Board carefully consider the benefits that come from agriculture and also the significant financial hardship it would impose on farms before committing to a single rate for all water users.

**Upon motion by Director Dewane, seconded by Director Sarmiento and carried [4-1] with Director Green voting "no", the Committee recommended that the Board defer any action on this item to the March 15 Administration and Finance Issues Committee meeting.
*Yes- Dewane, Whitaker, Sarmiento, Bilodeau/ No-Green***

13. Budget to Actual Report for Second Quarter FY 2017–18

Due to time constraints, this item was deferred to the next Administration and Finance Issues Committee meeting.

14. Ratio Analysis - Second Quarter FY 2017-2018

Due to time constraints, this item was deferred to the next Administration and Finance Issues Committee meeting.

INFORMATIONAL ITEMS

15. Risk & Safety Department Update

Staff was requested to agendaize this item for a future Administration and Finance Issues Committee meeting.

16. Monthly Cash Disbursements Report

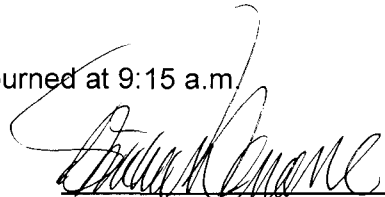
There was no verbal report on this item.

ITEMS TO BE AGENDIZED ON CONSENT CALENDAR AT THE FEBRUARY 21 BOARD MEETING

It was agreed that Item Nos. 2-11 be agendized on the Consent Calendar at the February 21 Board meeting.

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:15 a.m.



Shawn Dewane, Chair