

MINUTES OF MEETING
BOARD OF DIRECTORS, ORANGE COUNTY WATER DISTRICT
February 3, 2016, 5:30 p.m.

President Green called to order the February 3, 2016 regular meeting of the Orange County Water District Board of Directors at 5:30 p.m. in the Boardroom at the District office. Following the Pledge of Allegiance to the Flag, the Secretary called the roll and reported a quorum as follows.

Directors

Philip Anthony
Denis Bilodeau (not in attendance)
Jordan Brandman
Shawn Dewane
Jan Flory
Cathy Green
Dina Nguyen
Roman Reyna (arrived 5:45 p.m.)
Stephen Sheldon
Roger Yoh

Staff

Michael Markus, General Manager
Joel Kuperberg, General Counsel
Janice Durant, District Secretary
Judy-Rae Karlsen, Assistant District Secretary
Andre Casasola, Bruce Dosier, Bill Dunivin,
Randy Fick, Mark Greening, John Kennedy,
Kevin O'Toole, Sandy Scott-Roberts,
Ben Smith, Nira Yamachika

VISITOR PARTICIPATION

Big Canyon Country Club representative Larry Tucker suggested the Board ask for major-user input when discussing Green Acres water and requested written notice in advance of any such discussions.

CONSENT CALENDAR

Director Brandman abstained on the portion of Item No. 1, *Cash Disbursements*, (see below), and Directors Green and Flory voted "No" on Item No. 4, *Amendment to Lease with Corona Recreation*. The Consent Calendar was then approved upon motion by Director Anthony, seconded by Director Dewane and carried [8-0] as follows.

Ayes: Anthony, Brandman, Dewane, Flory, Green, Nguyen, Sheldon, Yoh
Abstain: Brandman (Item No. 1, items relating to Townsend Public Affairs)
Noes: Flory, Green (Item No. 4, Corona Recreation Lease)
Absent: Bilodeau, Reyna

1. Approval of Cash Disbursements

Director Brandman abstained on the items on the Cash Disbursements relating to Townsend Public Affairs, stating he received some non-FPPC related contributions from them, and, that if he had received the advice he had with regard to FEC personal contributions, he would have abstained on January 6 and will do so going forward.

MOTION NO. 16-14
APPROVING CASH DISBURSEMENTS

Payment of bills for the period January 14, 2016 through January 27, 2016 in the total amount of \$6,861,383.74 is ratified and approved.

2. Minutes of Board of Directors Meeting held January 6, 2016

MOTION NO. 16-15
APPROVING MINUTES OF BOARD OF DIRECTORS MEETING

The minutes of Board of Directors meeting held January 6, 2016 are hereby approved as presented.

ITEMS RECOMMENDED FOR APPROVAL AT PROPERTY MANAGEMENT COMMITTEE MEETING HELD JANUARY 22

3. Easement to Southern California Gas Company to Relocate Gas Line at OCWD’s Santa Ana Reservoir Site

RESOLUTION NO. 16-2-11
AUTHORIZING NEGOTIATING TERMS OF EASEMENT DEED TO RELOCATE GAS PIPELINE AT SANTA ANA RESERVOIR SITE

RESOLVED, that the General Manager is authorized to negotiate the terms of the Easement Deed and execute the Grant of Easement deed to Southern California Gas Company to relocate a gas pipeline at the District’s Santa Ana’s South Station Reservoir site.

4. Amendment to Lease Agreement with Corona Recreation, Inc.

RESOLUTION NO. 16-2-12
APPROVING AMENDMENT TO LEASE WITH CORONA RECREATION FOR FISHING CONCESSION AT ANAHEIM LAKE

WHEREAS, pursuant to Resolution No. 06-9-123 adopted September 20, 2006, as subsequently amended, OCWD approved a Lease with Corona Recreation, Inc. for operation of a fishing concession at Warner Basin and Anaheim Lake for a term of 10-years through September 30, 2016; and

WHEREAS, the Property Management Committee of this Board has presented and recommended Amendment Five to such Lease to exclude the sale of goods sold at Lessee’s cost to Lessee’s employees from Gross Receipts;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby approve the aforementioned Amendment Five to the Lease with Corona Recreation as outlined herein; and, upon approval as to form by District General Counsel, its execution by the District’s officers is authorized.

5. Decertification Process for the Caltrans’ Imperial Highway Properties in Anaheim

MOTION NO. 16-16
AUTHORIZING PAYMENT TO CALTRANS FOR THE BALANCE OF WORK DUE ON THE DECERTIFICATION PROJECT FOR THE IMPERIAL HIGHWAY PROPERTIES

Payment of \$16,441 is authorized to CalTrans for the balance of work due on the decertification project for the Imperial Highway Properties.

6. Retirement Plan Investment Line-Up Review and Red Flag Fund Review

MOTION NO. 16-17

APPROVING FUND CHANGES TO 401(A) MONEY PURCHASE RETIREMENT PLAN INVESTMENT PORTFOLIO AND THE 457(B) DEFERRED COMPENSATION PLAN

The following actions for the 401(a) Money Purchase Retirement Plan investment portfolio and the 457(b) Deferred Compensation Plan investment portfolio are hereby approved:

401 (A) PORTFOLIO FUNDS	ACTION	SYMBOL
Dreyfus Opportunistic Midcap Value I	Red Flag	DVLIX
Fidelity Advisor New Insights A	Red Flag	FNIAX
457 (B) PORTFOLIO FUNDS	ACTION	SYMBOL
Putnam Equity Spectrum Y	Remove	PYSYX
American Century Legacy Multi Cap Inv	Add Fund Map PYSYX funds	ACMNX

Director Reyna arrived at 5:45 p.m. during the following presentation.

WORKSHOP

7. Proposed Poseidon Resources City of Huntington Beach Ocean Desalination Project Distribution Options Workshop

Executive Director John Kennedy stated that staff has investigated different options for OCWD distribution of desalinated ocean water from the proposed Poseidon desalination facility in the City of Huntington Beach. Principal Engineer Sandy Scott-Roberts presented eight options for distributing the Poseidon water ranging in price from \$107 million to \$305 million which included building new pipelines, injection wells, and pump stations from Huntington Beach to Anaheim, selling water directly to water producers and South Orange County water agencies, and distributing the water under Poseidon’s original distribution plan. Mr. Kennedy reviewed the impact on the Replenishment Assessment and the Basin Pumping Percentage of selling water to the local Groundwater Producers and recharging water into the basin. He stated staff intends to schedule workshops with the Board this spring to determine the optimum distribution plan for the Poseidon project.

The following individuals then addressed the Board:

Expressing **opposition** to the proposed project (due to costs, environmental impacts, the need to wait gauge the success of the Carlsbad project, and issues associated with OCWD partnering with a private, for-profit company):

- Orange County Coastkeeper representative Ray Heimstra
- Dr. Mikel Hogan
- Huntington Beach resident Scott Smith
- Orange County resident Mary Joe Baretich
- Surfrider Foundation representative Joe Geever
- Resident Terry Hoffman
- R4D4 representative Milt Dardis
- Orange County resident Josh McIntosh
- Debbie Cook

R4D4 representative Glen Hoffman
 Merle Mosieri
 Kelly Rowe

Expressing **support** for the proposed project (due to the need to increase water supply reliability):
 Santa Ana resident Carl Benninger.

Offering **comments** on the proposed project:

Irvine Ranch Water District (IRWD) General Manager Paul Cook distributed a letter to the Board dated February 3 regarding “Water Quality Impacts Associated with Distribution of Water from Proposed Seawater Desalination Project.” He expressed concerns over recharge of desalinated water into the basin, noting it would significantly increase the salt load and impact the quality of the groundwater. He also requested that staff provide IRWD and other interested groundwater agencies with the opportunity to discuss proposals for distribution of the desalinated water, water quality impacts, and other IRWD concerns.

IRWD Director Peer Swan echoed the remarks made by Paul Cook with regard to the desalinated water quality being injected into the basin. He noted there is a cap of \$20 million on State Revolving Fund loans and that the 65,000 acre feet (af) commitment to MWD is actually 650,000 af over a 10-year period, noting that is the minimum amount OCWD needs to take but it can take more than that amount when it’s available at a third of the cost of the Poseidon project. He stressed that the Board committed to study alternatives.

Poseidon representative Scott Maloni stated the Coastal Commission is scheduled to make a decision on the Coastal Development Permit in May. With regard to the Carlsbad plant, He stated 3 billion gallons have been produced and delivered to the San Diego County Water Authority, and that the Water Authority has requested the capacity be ramped up to the plant maximum. He encouraged the Board to invite the San Diego County Water Authority staff to give a status update on the Carlsbad project to the Board.

Board discussion: The Board discussed the options for distributing Poseidon water and determined that options to build new injection wells for groundwater recharge are not feasible due to cost and water quality concerns. Director Anthony noted that desalinated water is legally potable and should go to a directly to a user. The Board also discussed the legal impacts of selling the water outside of the basin, and projections that show water demand decreasing. Director Flory stressed the need to study alternatives and urged the Board to wait two years to assess the Carlsbad operation. Following discussion, the Board took the following action.

MOTION NO. 16-18

DIRECTING STAFF TO MOVE FORWARD WITH CERTAIN OPTIONS WITH REGARD TO THE PROPOSED POSEIDON DESALINATION PROJECT

Upon motion by Director Nguyen, seconded by Director Anthony and carried [9-0], staff was directed to investigate the feasibility of moving forward with the following options with regard to the proposed Poseidon Desalination Project, and report back to the Board at its meeting on March 2:

Options:

- 1D Wells, Talbert Barrier, Burris Booster PS, Burris Outlet, and necessary pipelines
- 2A Zero New Injection Wells, Talbert Barrier, Burris Booster PS, Burris Outlet, and pipelines/turnouts to sell directly to NB & HB
- 2B Zero New Injection Wells, Talbert Barrier, and pipelines/turnouts to sell directly to NB, HB, SB, FV, GG, GSW
- 3 Zero New Injection Wells, Talbert Barrier, and pipelines/turnouts to sell directly to NB, HB, SB, FV, GG, GSW, and South County Agencies
- 4 All water distributed to Producers (no recharge)

Ayes: Anthony, Brandman, Dewane, Flory, Green, Nguyen, Reyna, Sheldon, Yoh

Absent: Bilodeau

INFORMATIONAL ITEMS

A. Santa Ana Watershed Project Authority Activities

Director Anthony noted that the SAWPA Commission toured the Orange County Sanitation District at its last meeting.

B. Groundwater Remediation Monthly Status Update

Director of Special Projects Bill Hunt updated the Board on the January 26 meeting with US EPA invitation letter recipients. He stated the OCWD response is due to the EPA on February 15. He also provided the Board with an update on the EW-1 project, and reported that the Orange County Sanitation District has completed their local limits update for industrial discharges to the sewer and significantly revised the Total Toxic Organic requirement possibly allowing OCWD to send contaminated groundwater into the sanitary sewer without pre-treatment.

C. Committee/Conference/Meeting Reports

The Board reported on the following Committee meetings and noted the Action Agendas were included in tonight's Board packet.

January 22 – Property Management Committee

January 26 – Retirement Committee

January 27 – Joint Planning Committee

VERBAL REPORTS

President Green advised that she was a moderator at the Verdex Exchange Conference in Los Angeles, and recently attended the ACWA Board meeting in Sacramento. General Manager Mike Markus stated the State Water Quality Control Board adopted the modifications to the emergency rate drought regulations, noting that they included a credit for sustainable water supplies up to an 8% reduction which would bring all Groundwater Producers into compliance.

ADJOURNMENT TO CLOSED SESSION

The Board adjourned to Closed Session at 9:06 p.m. as follows:

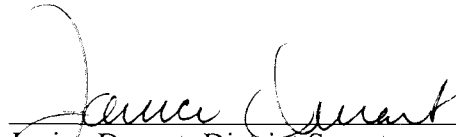
- CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
[Government Code Section 54956.9(a)] – One Case:
OCWD v. Northrop Corporation, et al (North Basin VOC Litigation) Superior Court Case
No. 04CC00715

RECONVENE IN OPEN SESSION

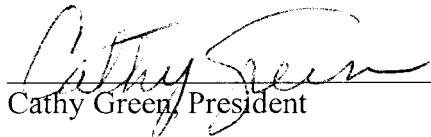
The Board reconvened in Open Session at 9:33 p.m. whereupon General Counsel Kuperberg advised that no reportable action took place in Closed Session.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 9:33 p.m.



Janice Durant, District Secretary



Cathy Green, President