

MINUTES OF BOARD OF DIRECTORS MEETING
ADMINISTRATION AND FINANCE ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
March 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
Cathy Green

OCWD staff

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

Alternates

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

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Green, seconded by Director Nguyen and carried [5-0].

Yes- Dewane, Whitaker, Nguyen, Green, Sheldon

1. Minutes of Previous Meeting

The minutes of the Administration/Finance Issues Committee meeting held February 15, 2018 were approved as presented.

2. Monthly Cash Control Report

Recommended by Committee for approval at March 21 Board meeting: Receive and file Summary Cash and Cash Equivalents Control Reports dated February 28, 2018.

3. Investment Portfolio Holdings Reports

Recommended by Committee for approval at March 21 Board meeting: Receive and File the Investment Portfolio Holdings Reports dated February 28, 2018.

4. Agreement with Utiliquest for Underground Service Alert (USA) Services

Recommended by Committee for approval at March 21 Board meeting: Authorize issuance of a Service Agreement with Utiliquest for an amount not to exceed \$77,000 per year for a period of three years to provide underground service alert monitoring services with an option to renew for an additional period of two years under the same terms and conditions.

5. Amendment to Memorandum of Understanding with California State University, Fullerton (CSUF) Auxiliary Services Corporation for the Continued Operation of The Center for Demographic Research

Recommended by Committee for approval at March 21 Board meeting: 1) Approve and authorize execution of Amendment No. 1 to Memorandum of Understanding with California State University, Fullerton Auxiliary Services Corporation for the Continued Operation of the Center for Demographic Research renewing commitment to annual financial sponsorship for the period of July 1, 2018 - June 30, 2019; and 2) Authorize payment in the amount of \$47,044.26 to California State University Fullerton Auxiliary Services Corporation, to be invoiced on a quarterly basis.

6. Limited-Term Employment Agreement for Postdoctoral Research Associate

Recommended by Committee for approval at March 21 Board meeting: Approve and authorize execution of Limited-Term Employment Agreement for Postdoctoral Research Associate Ricardo Medina for a one-year period commencing April 2, 2018.

7. Purchase Konica Minolta C287 Bizhub Color Copier/Scanner/Fax

Recommended by Committee for approval at March 21 Board meeting: Authorize purchase of a Konica Minolta C287 Bizhub in the amount of \$7,041(includes sales tax, delivery and set-up) and authorize surplus of the existing copier.

8. Surplus of Equipment RT-37, Vehicle A-63, Miscellaneous Furniture and Computer Hardware

Recommended by Committee for approval at March 21 Board meeting: Declare items on Surplus List as of 3/6/18 surplus and authorize the sale and disposal thereof.

9. Purchase of One Online Turbidity Analyzer for the Groundwater Replenishment System

Recommended by Committee for approval at March 21 Board meeting: Authorize issuance of a purchase order in the amount of \$8,248 to Hach for the purchase of one turbidity analyzer.

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

Recommended by Committee for approval at March 21 Board meeting: Receive and file the Budget to Actual Report for Second Quarter of Fiscal Year 2017-18 ending December 31, 2017.

MATTERS FOR CONSIDERATION

11. Setting FY2018-19 the Replenishment Assessment and Additional Replenishment Assessment

Executive Director John Kennedy reminded the Committee of the Replenishment Assessment (RA) and Additional Replenishment Assessment (ARA) history. He reviewed the two types of agricultural users and recalled that Groundwater Producers serving groundwater to agricultural users have historically only been charged the RA for the amount of water delivered to these customers. He stated after reviewing this practice along with Sections 27 and 27.1 of the District Act, legal counsel recommends that the District also charge the Additional Replenishment Assessment to Producers who sell groundwater to agricultural users.

Orange County Produce representative AG Kawamura and Orange County Farm Bureau Executive Director Casey Anderson thanked the Committee for recognizing the contribution of farmers.

Upon motion by Director Whitaker, seconded by Director Sheldon and carried [5-0], the Committee recommended that the Board at its March 21 Board meeting: Beginning with fiscal year 2018-19, require Producers providing groundwater to agricultural customers to pay the Additional Replenishment Assessment in addition to the Replenishment Assessment.

Yes- Dewane, Whitaker, Nguyen, Green, Sheldon

12. Proposed FY 2018-19 Replenishment Assessment – Letter from Cities of Anaheim, Fullerton and Santa Ana

General Manager Mike Markus stated that the District received a letter from the cities of Anaheim, Fullerton and Santa Ana requesting that the Replenishment Assessment not be increased in FY2018-19. Mr. Markus advised that staff is exploring various options and will bring additional financial analysis and information back to the Committee.

Upon motion duly made, seconded and carried [5-0], the Committee recommended that the Board at its March 21 Board meeting: Receive and file the letter from Cities of Anaheim, Fullerton and Santa Ana.

Yes- Dewane, Whitaker, Nguyen, Green, Sheldon

13. Proposed FY 2018-19 Budget Replacement & Refurbishment (R&R) Fund Expenditure Review

CFO/Treasurer Randy Fick reminded the Committee that a replacement and refurbishment model was developed in 1998 which included District assets and used engineer's estimates for the useful life of each asset. He stated that the R&R model is capable of forecasting future costs and required revenue streams and is updated periodically with new assets or removing retired assets. He reported that actual expenditures from the fund vary each year depending upon which District assets have reached the end of their useful life and need to be replaced or which assets can have their lives extended by refurbishing them. Mr. Fick advised that the District is proposing to contribute \$16.7 million to the R&R fund in FY 2018-19, while the District will spend \$22.6 million on various replacement and refurbishment projects.

Staff members presented the following larger R&R items that are included in the proposed R&R fund:

- GWRS Pipeline Lining (\$8,000,000)
- Upper and Lower Five Coves Rehabilitation Project (\$3,021,759).
- Talbert Barrier Pipeline Improvements (\$2,525,602).
- Santiago Intertie (\$2,500,000)
- Sunset Gap Monitoring Well Replacement (BS13) (\$912,427)

Upon motion duly made, seconded and carried [5-0], the Committee recommended that the Board at its March 21 Board meeting: Receive and file the Proposed FY 2018-19 Budget Replacement & Refurbishment (R&R) Fund Expenditure Review.

Yes- Dewane, Whitaker, Nguyen, Green, Sheldon

14. Nominations for Orange County LAFCO Regular and Alternate District Member Seats

East Orange County Water District representative Doug Davert reported that the terms of office for one of the Orange County Local Agency Formation Commission (LAFCO) Regular Special District Members and the Alternate Special District Member seats expire on June 30, 2018. He stated he is seeking consideration for the OC LAFCO Regular Special District seat, currently held by Irvine Ranch Water District Director John Withers. He reported Mesa Water District Director James Fisler is seeking reappointment for OC LAFCO Alternate Special District seat.

Upon motion by Director Sheldon, seconded by Director Nguyen and carried [5-0], the Committee recommended that the Board at its March 21 Board meeting: 1) Nominate Doug Davert for OC LAFCO Regular Special District seat; 2) Nominate James Fisler for OC LAFCO Alternate Special District seat; and 3) Designate the Board President to cast OCWD's vote in the upcoming LAFCO Regular and Alternate Special Districts position.

Yes- Dewane, Whitaker, Nguyen, Green, Sheldon

15. Ratio Analysis - Second Quarter FY 2017-2018

This item was deferred to the next Administration and Finance Issues Committee meeting.

INFORMATIONAL ITEM

16. Monthly Cash Disbursements Report

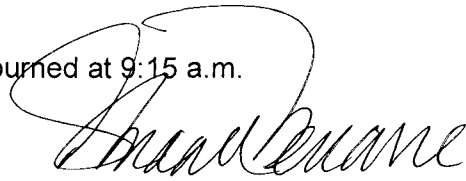
There was no verbal report on this item.

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

It was agreed that Item Nos. 2-14 be agendized on the Consent Calendar at the March 21 Board meeting.

ADJOURNMENT

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



Shawn Dewane, Chair