

MINUTES OF ADJOURNED REGULAR MEETING
BOARD OF DIRECTORS, ORANGE COUNTY WATER DISTRICT
May 24, 2017, 5:30 p.m.

President Bilodeau called to order the May 24, 2017 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 Assistant District Secretary called the roll and reported a quorum as follows.

Directors

Philip Anthony
Denis Bilodeau
Shawn Dewane
Cathy Green
Dina Nguyen (arrived 5:35 p.m.)
Vicente Sarmiento
Stephen Sheldon (arrived 5:35 p.m.)
James Vanderbilt
Bruce Whitaker
Roger Yoh

Staff

Mike Markus, General Manager
Joel Kuperberg, General Counsel
Christina Fuller, Assistant District Secretary

VISITOR PARTICIPATION

There were no persons wishing to address the Board at tonight's meeting.

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Anthony, seconded by Director Green and carried [8-0] as follows:

Ayes: Anthony, Bilodeau, Dewane, Green, Sarmiento, Vanderbilt, Whitaker, Yoh
Absent: Nguyen, Sheldon

1. Approval of Cash Disbursements

MOTION NO. 17-68
APPROVING CASH DISBURSEMENTS

Payment of bills for the period April 20, 2017 through May 17, 2017 in the total amount of \$7,497,455.08 is ratified and approved.

2. Approval of Minutes of Board Meeting

MOTION NO. 17-69
APPROVING MINUTES OF BOARD MEETING

The minutes of the Board of Directors meeting held April 19, 2017 are approved as presented.

3. ACWA Region 10 Nominations

RESOLUTION NO. 17-5-66
PLACING FULL SUPPORT IN THE NOMINATION OF CATHY GREEN AS ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 10 BOARD CHAIR

WHEREAS, the Board of Directors of the Orange County Water District does encourage and support the participation of its members in the affairs of the Association of California Water Agencies (ACWA); and

WHEREAS, Orange County Water District Director Cathy Green is currently serving as a member of the ACWA Region 10 Board;

WHEREAS, Cathy Green has indicated a desire to serve as Chair of ACWA Region 10;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby resolve as follows:

Section 1: The Orange County Water District does hereby place its full and unreserved support in the nomination of Cathy Green for the position of ACWA Region 10 Chair.

Section 2: The Orange County Water District does hereby determine that the expenses attendant with the service of Cathy Green in ACWA Region 10 shall be borne by the Orange County Water District.

RESOLUTION NO. 17-5-67
SUPPORTING THE NOMINATION OF JAMES ATKINSON
AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 10 BOARD MEMBER

WHEREAS, the Board of Directors of the Orange County Water District does encourage and support the participation of its members in the affairs of the Association of California Water Agencies (ACWA); and

WHEREAS, Mesa Water District Director James Atkinson has indicated a desire to serve as a Board member of ACWA Region 10;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby place its full and unreserved support in the nomination of James Atkinson for the position of ACWA Region 10 Board member.

RESOLUTION NO. 17-5-68
SUPPORTING THE NOMINATION OF CHARLES GIBSON
AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
REGION 10 BOARD MEMBER

WHEREAS, the Board of Directors of the Orange County Water District does encourage and support the participation of its members in the affairs of the Association of California Water Agencies (ACWA); and

WHEREAS, Santa Margarita Water District Director Charles Gibson has indicated a desire to serve as a Board member of ACWA Region 10;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby place its full and unreserved support in the nomination of Charles Gibson for the position of ACWA Region 10 Board member.

4. Amendment to State Revolving Fund Loan Agreement-Reimbursement Resolution for Alamitos Barrier Improvement Project
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RESOLUTION NO. 17-5-69
STATING OCWD INTENTION TO REIMBURSE ITSELF FOR EXPENDITURES PAID
PRIOR TO ISSUANCE OF OBLIGATIONS OR APPROVAL BY
STATE WATER BOARD OF THE PROJECT FUNDS
FOR THE ALAMITOS BARRIER IMPROVEMENT PROJECT

WHEREAS, the Orange County Water District (the "Agency") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "Project"); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (State Water Board); and

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations, the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"), and

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the Agency desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Agency; and

WHEREAS, the Agency has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, THE AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1: The Agency hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

Section 2: The reasonably expected maximum principal amount of the Project Funds is \$14,500,000.

Section 3: This resolution is being adopted no later than 60 days after the date on which the Agency will expend moneys for the portion of the Project costs to be reimbursed with Project Funds.

Section 4: Each Agency expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

Section 5: To the best of our knowledge, this Agency is not aware of the previous adoption of official intents by the Agency that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

Section 6: This resolution is adopted as official intent of the Agency in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

Section 7: All the recitals in this Resolution are true and correct and this Agency so finds, determines and represents.

ITEMS RECOMMENDED FOR APPROVAL AT COMMUNICATION AND LEGISLATIVE LIAISON COMMITTEE MEETING HELD MAY 4, 2017

5. State Legislative Update

MOTION NO. 17-70
ADOPTING POSITIONS ON STATE LEGISLATION

The following positions on State Legislation are hereby adopted:

Item	Position
AB 1668 (Friedman) Governor Budget Trailer Bill –Water Management Planning	Oppose
AB 1669 (Friedman) Governor Budget Trailer Bill – Water Conservation Standards and Use Reporting	Oppose
AB 1427 (Eggman) Water: Underground Storage as a Beneficial Use	Oppose unless amended

6. Dedication of Burris Basin Pump Station

MOTION NO. 17-71
SCHEDULING BURRIS BASIN PUMP STATION DEDICATION

Staff is directed to schedule the Dedication of the Burris Basin Pump Station for July 13, 2017; and to include the following on the guest list: State elected officials, local elected officials-mayors and city council, water producers, OCWD executive management.

ITEMS RECOMMENDED FOR APPROVAL AT WATER ISSUES COMMITTEE MEETING
HELD MAY 17, 2017

7. Agreement for Purchase of Microfiltration (MF) Modules

RESOLUTION NO. 17-5-70
APPROVING AGREEMENT FOR PURCHASE OF MICROFILTRATION (MF) MODULES

RESOLVED, that the purchase of 3,440 Microfiltration Modules from Evoqua Water Technologies is authorized for an amount not to exceed \$2,731,639.

8. Emergency Modification of Green Acres Project Pipeline Along Arlington Drive

RESOLUTION NO. 17-5-71
APPROVING AGREEMENTS FOR EMERGENCY MODIFICATION OF GREEN ACRES
PROJECT PIPELINE ALONG ARLINGTON DRIVE

WHEREAS, the District staff has activated an emergency response contractor to locate segments of the Green Acres Project (GAP) pipeline along Arlington Drive in the City of Costa Mesa to accommodate the City's construction of the Arlington Drive Bioswale and Dry Weather Diversion Project;

WHEREAS, in connection with such Project, the Water Issues Committee of this Board has recommended ratification/issuance of agreements for on call emergency work;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby approve as follows:

Section 1: A Work Order with W.A Rasic Construction Company, Inc. for emergency response to locate the existing GAP pipeline for an amount not to exceed \$12,000 is hereby ratified.

Section 2: The General Manager is authorized to issue an emergency work order to one of the District's on-call pipeline contractors for GAP pipeline relocation work in an amount not to exceed \$833,000

9. Notice Inviting Bids for Santiago Pipeline 66-Inch Butterfly Valve Replacement Project

MOTION NO. 17-72
AUTHORIZING PUBLICATION OF NOTICE INVITING BIDS FOR SANTIAGO
PIPELINE 66-INCH BUTTERFLY VALVE REPLACEMENT PROJECT

Publication of a Notice Inviting Bids for Contract No. SC-2017-1 Santiago Pipeline 66-Inch Butterfly Valve Replacement Project is hereby authorized.

10. Resolutions Authorizing Proposition 1 Funding Agreements with SWRCB

RESOLUTION 17-5-72
AUTHORIZING ENTERING INTO A FUNDING AGREEMENT WITH THE STATE WATER
RESOURCES CONTROL BOARD AND AUTHORIZING AND DESIGNATING A
REPRESENTATIVE FOR THE NORTH BASIN
REMEDIAL INVESTIGATION & FEASIBILITY STUDY PROJECT

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Orange County Water District (OCWD) as follows:

Mr. Michael R. Markus, The OCWD General Manager is hereby authorized and directed to sign and file, for and on behalf of the OCWD, a Financial Assistance Application for a funding agreement with the State Water Resources Control Board for the Project.

This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a funding agreement from the State Water Resources Control Board and any amendments or changes thereto.

This Authorized Representative, or his/her designee, is designated to represent the Entity in carrying out the Entity's responsibilities under the funding agreement, including certifying disbursement requests on behalf of the Entity and compliance with applicable state and federal laws.

RESOLUTION NO. 17-5-73
AUTHORIZING ENTERING INTO A FUNDING AGREEMENT WITH THE STATE WATER
RESOURCES CONTROL BOARD AND AUTHORIZING AND DESIGNATING A
REPRESENTATIVE FOR THE NORTH BASIN EW-1 CONSTRUCTION PROJECT

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Orange County Water District (OCWD) as follows:

Mr. Michael R. Markus, The OCWD General Manager is hereby authorized and directed to sign and file, for and on behalf of the OCWD, a Financial Assistance Application for a funding agreement with the State Water Resources Control Board for the Project.

This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a funding agreement from the State Water Resources Control Board and any amendments or changes thereto.

This Authorized Representative, or his/her designee, is designated to represent the Entity in carrying out the Entity’s responsibilities under the funding agreement, including certifying disbursement requests on behalf of the Entity and compliance with applicable state and federal laws.

RESOLUTION NO: 17-5-74
AUTHORIZING ENTERING INTO A FUNDING AGREEMENT WITH THE STATE WATER
RESOURCES CONTROL BOARD AND AUTHORIZING AND DESIGNATING A
REPRESENTATIVE FOR THE SOUTH BASIN
REMEDIAL INVESTIGATION & FEASIBILITY STUDY PROJECT

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Orange County Water District (OCWD), as follows:

Mr. Michael R. Markus, The OCWD General Manager is hereby authorized and directed to sign and file, for and on behalf of the OCWD, a Financial Assistance Application for a funding agreement with the State Water Resources Control Board for the Project.

This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a funding agreement from the State Water Resources Control Board and any amendments or changes thereto.

This Authorized Representative, or his/her designee, is designated to represent the Entity in carrying out the Entity’s responsibilities under the funding agreement, including certifying disbursement requests on behalf of the Entity and compliance with applicable state and federal laws.

- 11. Project Funding Contract with Water Research Foundation and University of California Riverside on Advanced Treatment by UV/Chloramine Advanced Oxidation

RESOLUTION NO. 17-5-75
APPROVING PROJECT FUNDING CONTRACT WITH WATER RESEARCH FOUNDATION
AND UNIVERSITY OF CALIFORNIA RIVERSIDE ON ADVANCED TREATMENT BY
UV/CHLORAMINE ADVANCED OXIDATION

RESOLVED, that Multi Funded Research Agreement No. 04699 with the Water Research Foundation and University of California, Riverside in Support of the Project, “Kinetics Modeling and Experimental Investigations of Chloramine Photolysis in Ultraviolet-Driven Advanced Water Treatment” is approved; and, upon approval as to form by District General Counsel, its execution by the District officers is authorized.

12. Agreement to W.A. Rasic Construction for Green Acres Project Blow-Off Box Replacement

RESOLUTION NO. 17-5-76
APPROVING AGREEMENT TO W.A. RASIC CONSTRUCTION FOR GREEN ACRES
PROJECT BLOW-OFF BOX REPLACEMENT

RESOLVED, that issuance of an Agreement is authorized to W.A. Rasic Construction for Replacement of GAP Blow-Off Enclosure Boxes for an amount not to exceed \$39,800; and, upon approval as to form by District General Counsel, its execution by the District officers is authorized.

13. Contract No. SAR-2014-1: Imperial Headgates and Weir Pond Rehabilitation: Notice of Completion to Pacific Hydrotech Corp. and Change Orders 11-15

RESOLUTION NO. 17-5-77
ACCEPTING COMPLETION OF CONTRACT NO. SAR-2014-1, IMPERIAL HEADGATES AND
WEIR POND REHABILITATION (PACIFIC HYDROTECH CORP.)

WHEREAS, the District staff has submitted its report that Pacific Hydrotech Corp. has completed work under Contract No. SAR-2014-1, Imperial Headgates and Weir Pond Rehabilitation; and

WHEREAS, staff has advised of issuance of Change Orders No. 11-15 to such Contract for a total amount of \$143,443; and

WHEREAS, staff has recommended that the District accept completion of said work and that a Notice of Completion be filed for recordation and the balance of payment be made, pursuant to the terms and conditions of such contract;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby resolve as follows:

Section 1: Issuance of Change Orders No. 11-15 to such Contract is hereby ratified and work under such Contract is accepted as complete, and the District staff is authorized and directed to execute a Notice of Completion and record said Notice in the Office of the County Recorder.

Section 2: Upon expiration of the interim lien period, providing no liens have been filed, payment of the balance due under such contract shall be made.

14. Award of Contract No. MBI-2017-1, Mid-Basin Injection: Centennial Park to Pacific Hydrotech, Authorize Tetra Tech Amendment, and Award Agreement to VCS Environmental

RESOLUTION NO. 17-5-78

AWARDING CONTRACT NO. MBI-2017-1, MID-BASIN INJECTION: CENTENNIAL PARK TO PACIFIC HYDROTECH; AUTHORIZING AMENDMENT TO TETRA TECH, AND AUTHORIZING AGREEMENT TO VCS ENVIRONMENTAL

WHEREAS, a Notice Inviting Bids for Contract No. MBI-2017-1, Mid-Basin Injection: Centennial Park, was published in *The Orange County Register* on March 6, 2017; and

WHEREAS, the following bids were received and opened on April 25, 2017:

Pacific Hydrotech Corp.	\$23,107,567
Kiewit Infrastructure West Company	\$24,306,550
Los Angeles Engineering, Inc.	\$25,306,745
PCL Construction, Inc.	\$26,260,227

WHEREAS, the District staff has recommended award of said contract to the lowest responsive bidder, Pacific Hydrotech Corp. in the amount of \$23,107,567; and

WHEREAS, pursuant to Resolution No. 15-6-89 adopted June 17, 2015, OCWD authorized issuance of Agreement No. 1090 to Tetra Tech, Inc. for Mid-Basin Injection: Centennial Park Project design services; and

WHEREAS, staff has recommended issuance of Amendment No. 3 to such Agreement No. 1090 with Tetra Tech, Inc. for an amount not to exceed \$131,800 for additional architectural plans, civil design, and permitting efforts required for such Project; and

WHEREAS, staff has further recommended issuance of an Agreement to VCS Environmental for archeological, paleontological, and Native American resources monitoring for such Project for an amount not to exceed \$31,520; and

WHEREAS, staff has further recommended a reduction in the total project budget from \$33,000,000 to \$29,500,000;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby resolve as follows:

Section 1: The Affidavit of Publication of Notice Inviting Bids for Contract MBI-2017-1, Mid-Basin Injection: Centennial Park is hereby received and filed.

Section 2: The lowest responsive bid of Pacific Hydrotech Corp. in the amount of \$23,107,567 is accepted and all other bids are rejected.

Section 3: Issuance of Amendment No. 3 to Agreement No. 1090 with Tetra Tech, Inc. is authorized for an amount not to exceed \$131,800 for additional architectural plans, civil design, and permitting efforts.

Section 4: Issuance of an Agreement to VCS Environmental for archeological, paleontological, and Native American resources monitoring for an amount not to exceed \$31,520.

Section 5: The total project budget is reduced from \$33,000,000 to \$29,500,000

15. Alamitos Barrier Improvement Project Injection Well Improvements: Award Contract No. AB-2016-1 to Kiewit Infrastructure West Company and Revise Project Budget

RESOLUTION NO. 17-5-79
AWARDING CONTRACT NO. AB-2016-1, ALAMITOS BARRIER
IMPROVEMENT PROJECT INJECTION WELL IMPROVEMENTS, TO
KIEWIT INFRASTRUCTURE WEST COMPANY

WHEREAS, a Notice Inviting Bids for Contract No. AB-2016-1, Alamitos Barrier Improvement Project Injection Well Improvements, was published in *The Orange County Register* on March 13, 2017; and

WHEREAS, the following bids were received and opened on May 4, 2017:

Kiewit Infrastructure West Company	\$3,550,000
Pascal & Ludwig Constructors	\$3,605,800
Environmental Construction, Inc.	\$3,681,514
Pacific Hydrotech Corporation	\$4,031,200
Mladen Buntich Construction	\$5,631,500

WHEREAS, the District staff has recommended award of said contract to the lowest responsive bidder, Kiewit Infrastructure West Company, in the amount of \$3,550,000; and

WHEREAS, staff has further recommended an increase in the Alamitos Barrier Improvement Project budget of \$498,000;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby resolve as follows:

Section 1: The Affidavit of Publication of Notice Inviting Bids for Contract No. AB- 2016-1, Alamitos Barrier Improvement Project Injection Well Improvements Contract, is received and filed.

Section 2: The lowest responsive bid of Kiewit Infrastructure West Company in the amount of \$3,550,000 is accepted and all other bids are rejected.

Section 3: The President or Vice President and General Manager or District Secretary are authorized to execute an Agreement on behalf of the District, in a form heretofore approved by this Board, with Kiewit Infrastructure West Company pursuant to the terms of its proposal.

Section 4: The District General Counsel or District Secretary is authorized to approve the Performance and Labor and Materials Bonds submitted by said contractor on behalf of the District, provided the bonds comply with the requirements of the bid proposal.

Section 5: The District staff is directed to notify the unsuccessful bidder of the action taken herein and, upon execution of the agreement by the successful bidder, to return to the unsuccessful bidders their Bid Bonds.

Section 6: An increase to the Alamitos Barrier Improvement Project budget of \$498,000 is authorized for a revised total capital project budget of \$15,989,614.

ITEM RECOMMENDED FOR APPROVAL AT ADMINISTRATION AND FINANCE ISSUES COMMITTEE MEETING HELD MAY 18, 2017

16. Monthly Cash Control Report

MOTION NO. 17-73
RECEIVING AND FILING CASH CONTROL REPORT

The Summary Cash and Cash Equivalents Control Report dated April 30, 2017 are hereby received and filed.

17. Investment Portfolio Holdings Reports

MOTION NO. 17-74
RECEIVING AND FILING INVESTMENT PORTFOLIO HOLDINGS REPORTS

The Investment Portfolio Holdings Reports dated April 30, 2017 are hereby received and filed.

18. Add Funds for Utility Cost to Operate Burris Pump Station

MOTION NO. 17-75
ADDING FUNDS FOR UTILITY COST TO OPERATE BURRIS PUMP STATION

The addition of \$250,000 to the Recharge Operations General Fund budget is authorized for utility expenses to operate the Burris Pump Station.

19. Fiscal Year 2016-17 Water Purchases

MOTION NO. 17-76
APPROVING FY 2016-17 WATER PURCHASES

Staff is authorized to begin using Fiscal Year 2017-18 water budget funds to continue purchasing Metropolitan Water District untreated full service supplies in May and June 2017.

20. Security Services at Field Headquarters

MOTION NO. 17-77
AUTHORIZING ISSUANCE OF RFP FOR SECURITY GUARD SERVICES
AT FIELD HEADQUARTERS FACILITIES

Issuance of a Request for Proposals for security guard services at Field Headquarters facilities is hereby authorized.

21. Agreement to Valley Cities/Gonzales Fence, Inc., for On-Call Fence Repairs

RESOLUTION NO. 17-5-80
AUTHORIZING AGREEMENT TO VALLEY CITIES/GONZALES FENCE, INC.,
FOR ON-CALL FENCE REPAIRS

RESOLVED, that issuance of an Agreement is authorized to Valley Cities/Gonzales Fence, Inc., for an amount not to exceed \$25,000 for on-call fence repairs throughout Field Headquarters facilities; and, upon approval as to form by District General Counsel, its execution by the District officers is authorized.

22. Agreed-Upon Procedures for Internal Controls

MOTION NO. 17-78
APPROVING AGREED-UPON PROCEDURES FOR INTERNAL CONTROLS

The Agreed-Upon Procedures Report prepared by Lance, Soll and Lunghard, LLP are hereby received and filed.

23. Pre-Audit Meeting Compliance with Auditing Standards Board – Standard No. 114

MOTION NO. 17-79
PRE-AUDIT MEETING WITH AUDITORS FOR COMPLIANCE WITH AUDITING
STANDARDS BOARD – STANDARD NO. 114

Directors Dewane, Green, Nguyen, and Sarmiento and are hereby selected to attend a pre-audit meeting with the auditors at the conclusion of the June 2017 Administration/Finance Issues Committee meeting.

24. Budget to Actual Report for Third Quarter FY 2016-17

MOTION NO. 17-80
RECEIVING AND FILING THE BUDGET TO ACTUAL REPORT FOR
THIRD QUARTER FY 2016-17

The Budget to Actual Report for the Third Quarter of Fiscal Year 2016-17 ending March 31, 2017 is hereby received and filed.

MATTERS FOR CONSIDERATION

25. Recommended Change to Policy for Developing New Local Water Resources

General Manager Markus requested deferral of this item to the June Water Issues Committee meeting.

MOTION NO. 17-81
DEFERRING CONSIDERATION OF A CHANGE TO POLICY FOR DEVELOPING NEW
LOCAL WATER RESOURCES

Upon motion by Director Anthony, seconded by Director Green and carried [8-0], consideration of a change to the Policy for Developing New Local Water Resources is hereby deferred to a later date.

Ayes: Anthony, Bilodeau, Dewane, Green, Sarmiento, Vanderbilt, Whitaker, Yoh

Absent: Nguyen, Sheldon

Directors Nguyen and Sheldon arrived at 5:35 p.m. at this point in tonight's meeting.

26. New Green Acres Project (GAP) Sales and Distribution Agreement With Retailers

Engineer Ben Smith advised that District staff met with the five retail agencies participating in the Green Acres Project (GAP) Program and negotiated several changes to the existing sales and distribution agreements. He noted that, if approved, each GAP retailer would enter into new 30-year agreement with the District providing for them to, among other things, pay the actual cost of OCWD manufacturing and distributing GAP water. Mr. Smith stated that the Water Issues Committee has recommended revision of Paragraph 5.7 (Option No. 3) of the new agreement to remove OCWD's ability to impose reductions on GAP use when the State restricts the use of potable supplies, and to require Retailers to attempt reductions of GAP water by a percentage equal to the State's potable restrictions. He noted that some of the GAP retail agencies objected to the current language of this paragraph because it may force the Producers to provide potable water to the GAP project customers creating additional groundwater pumping along the coast which increases seawater intrusion concerns.

Big Canyon Country Club representative Larry Tucker noted that the proposed language in Paragraph 5.7 is unclear, and stated that he objected to the District's attempt to reduce or restrict the recycled water when a potable water drought emergency is called. He urged the Board to eliminate this paragraph (Option No. 2).

City of Huntington Beach resident Debbie Cook expressed concern over the amount the retailers are charging their customers for the GAP water. She stressed the need for the public to be able to see what is being charged for this water without having to go to several agencies.

Directors Sheldon, Sarmiento and Whitaker objected to unwinding the original contracts entered into prior to development of the GWRS System, and expressed concerns that inclusion of Paragraph 5.7 would be financially burdensome to the retail agencies and their end users. Director Sheldon moved to adopt Option No. 2 to remove Paragraph 5.7. Director Dewane noted that the highest and best use of water is the potable water supply. He stated there was a great deal of discussion about Paragraph 5.7 with the Producers who realize the scenario would only occur during extreme drought situations. Director Anthony then made a substitute motion for the alternative language (Option No. 3) of Paragraph 5.7 in the GAP agreements.

Upon motion by Anthony, seconded by Director Dewane, with Directors Sarmiento, Sheldon, Vanderbilt, and Whitaker voting "No," the following resolution was adopted [6-4].

Ayes: Anthony, Bilodeau, Dewane, Green, Nguyen, Yoh

Nays: Sarmiento, Sheldon, Vanderbilt, Whitaker

RESOLUTION NO. 17-5-81
APPROVING NEW GREEN ACRES PROJECT (GAP) SALES AND DISTRIBUTION
AGREEMENT WITH RETAILERS

WHEREAS, pursuant to Resolution No. 16-9-126 adopted September 21, 2016, the OCWD General Manager was authorized to negotiate new Green Acres Project (GAP) Sales and Distribution Agreements with five water retail agencies currently participating in the GAP program, namely: City of Fountain Valley, Mesa Water District, City of Newport Beach, City of Santa Ana, and City of Huntington Beach (Retail Agencies), and to return such agreements to the Board for final approval; and

WHEREAS, after conferring with such Retail Agencies, the District staff has presented and recommended approval of a revised Agreement Regarding Distribution and Sale of Green Acres Project Water which provides for the following changes:

- Termination of the existing agreement and execute a new agreement with each retailer.
- Clarifying the procedure and approval process for future additions to the GAP including new end-user sites.
- GAP retailers will pay the actual cost of GAP water.
- The formation of an Operating Group consisting of staff from the retail agencies to receive input on setting the annual GAP sales rates, reviewing the water quality, and reviewing upcoming construction projects.
- 30 year agreement term with early termination by either party given three years notification.
- The retailer shall establish their own sales rate for GAP water to end-users.
- Flexibility for OCWD to adjust GAP water quality as changes in treatment technology, source water, and disinfection process occur.

WHEREAS, in addition, the OCWD Board has concurred that Paragraph 5.7 of such Agreement shall be revised as follows:

“If the State of California proclaims a drought “State of Emergency” and restricts the use of potable water supplies, RETAILER will attempt to reduce the use of recycled water consistent with the RETAILER’s conservation standards mandated by the State. Notwithstanding the RETAILER’s existing regulations, RETAILER’s governing body shall consider enacting permanent mandatory water conservation requirements for recycled water use and any additional restrictions during periods of water supply shortages.”

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby authorize the General Manager to execute new GAP Sales and Distribution Agreements as outlined herein, subject to minor edits approved by General Counsel, with the City of Fountain Valley, Mesa Water District, the City of Newport Beach, the City of Huntington Beach, and the City of Santa Ana, to become effective July 1, 2017.

INFORMATIONAL ITEMS

27. Groundwater Remediation Monthly Status Update

Director of Special Projects Bill Hunt provided the Groundwater Remediation Monthly Status Update.

28. ISDOC Executive Committee Call For Candidates

There was no discussion of this item.

29. Water Resources Summary – April 2017

There was no discussion of this item.

30. Santa Ana Watershed Project Authority Activities

Director Anthony updated the Board on SAWPA activities.

31. Committee/Conference/Meeting Reports

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

- May 04 - Communications and Legislative Liaison Committee
- May 17 - Water Issues Committee
- May 18 - Administration and Finance Issues Committee

32. Verbal Reports

Directors Green and Anthony reported on their attendance at the ACWA Spring Conference in Monterey the first week in May.

33. ADJOURNMENT TO CLOSED SESSION

The Board adjourned to Closed Session at 6:00 p.m. as follows:

CONFERENCE WITH LABOR NEGOTIATORS

[Government Code Section 54957.6]

OCWD designated representative: Stephanie Dosier

- ⊙ Employee Organization: Orange County Employee Association: and
- ⊙ Non-Represented Employees (Confidential and Management)

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION –

[Government Code Section 54956.9(a)]

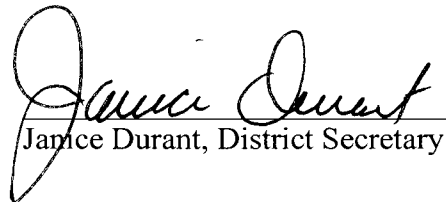
OCWD v. Northrop Corporation, et al (North Basin VOC Litigation) Superior Court Case No. 04CC00715

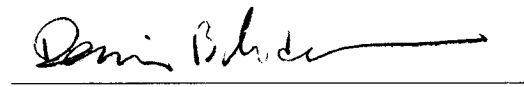
RECONVENE IN OPEN SESSION

The Board reconvened in Open Session at 7:00 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 7:00 p.m.


Janice Durant, District Secretary


Denis Bilodeau, President