

MINUTES OF MEETING
BOARD OF DIRECTORS, ORANGE COUNTY WATER DISTRICT
July 6, 2016, 5:30 p.m.

President Green called to order the July 6, 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 present)
Jordan Brandman
Shawn Dewane
Jan Flory
Cathy Green
Dina Nguyen
Roman Reyna
Stephen Sheldon
Roger Yoh (arrived 5:49 p.m.)

Staff

Michael Markus, General Manager
Joel Kuperberg, General Counsel
Janice Durant, District Secretary

VISITOR PARTICIPATION

Visitor participation took place later in tonight's meeting following the staff presentations on the Poseidon Desalination Project.

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Anthony, seconded by Director Dewane and carried [8-0] as follows, with the following abstentions by Director Brandman due to the Levine Act:

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

Absent: Bilodeau, Yoh

Abstain: Brandman (Item No. 1, *Cash Disbursements - Check No. 75556 to Townsend Public Affairs, Inc, and Check No. 75284 Environmental Advisors LLC.*)

Brandman (Item No. 3, *Agreement with Environmental Advisors for Preparation of EIR for Ball Road Basin General Plan Amendment and Zone Change*)

1. Approval of Cash Disbursements

MOTION NO. 16-90
APPROVING CASH DISBURSEMENTS

Payment of bills for the period June 9 through June 29, 2016 in the total amount of \$5,938,256.39 is ratified and approved.

2. Approval of Minutes of Board Meeting

MOTION NO. 16-91
APPROVING MINUTES OF BOARD MEETING

The minutes of the Board of Directors meeting held June 1, 2016 are approved as presented.

CONSENT CALENDAR ITEM FROM PROPERTY MANAGEMENT COMMITTEE
MEETING HELD JUNE 27, 2016

3. Status Update on the General Plan and Zone Change for the Ball Road Basin Property

RESOLUTION NO. 16-7-90
APPROVING CHANGE ORDER TO AGREEMENT WITH ENVIRONMENTAL ADVISORS
FOR PREPARATION OF ENVIRONMENTAL IMPACT REPORT FOR BALL ROAD BASIN
GENERAL PLAN AMENDMENT AND ZONE CHANGE

WHEREAS, the District staff has previously advised that the Initial Study to determine the appropriate California Environmental Quality Act (CEQA) documentation required for the District's application with the City of Anaheim (City) for a General Plan Amendment and Zone Change (GPA/ZC) for the Ball Road Basin property (Property) was finalized with the City and concludes that an Environmental Impact Report (EIR) should be prepared to comply with CEQA.

WHEREAS, in this regard, pursuant to Resolution No. 12-12-145 adopted December 19, 2012, OCWD issued an Agreement to Environmental Advisors for preparation of an Environmental Impact Report for a General Plan Amendment and Zone Change for the Ball Road Basin Property; and

WHEREAS, the Property Management Committee has recommended issuance of a Change Order to such contract with Environmental Advisors LLC, in the amount not to exceed \$39,100, for additional work on the Environmental Impact Report for Ball Road Basin General Plan Amendment and Zone change; and

WHEREAS, the Property Management Committee has further recommended payment to the City of Anaheim in an amount not to exceed \$4,000 as an additional deposit of funds for the General Plan Amendment and Zone Change application to cover District costs associated with the updated Traffic Study for the City of Anaheim's Environmental Impact Report peer review process;

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

Section 1: Issuance of the aforementioned Change Order to the contract with Environmental Advisors LLC is authorized as outlined herein.

Section 2: Payment to the City of Anaheim is authorized in an amount not to exceed \$4,000 as an additional deposit of funds for the General Plan Amendment and Zone Change application to cover District costs associated with the updated Traffic Study for the City of Anaheim's Environmental Impact Report peer review process.

MATTER FOR CONSIDERATION

Director Yoh arrived at 5:49 p.m. during discussion of the following item.

4. Workshop #3 – Proposed Poseidon Resources City of Huntington Beach Ocean Desalination Project

Executive Director John Kennedy recalled that at its March Workshop on Poseidon the Board selected Options 2A, 2B, and 3 for further consideration. He advised that, should the Board approve the GWRS final expansion, Option #2A might not be available, and reported that staff has developed two new options: Option #5, a Coastal Pumping Transfer Program using Poseidon water, and Option #6, which is a combination/hybrid of the distribution options 1A and 5. Mr. Kennedy stated staff recommends selecting Option #6 for more detailed review.

Mr. Kennedy explained that under Option #5, the coastal Groundwater Producers (GWP) would discontinue taking groundwater and replace it with Poseidon water, and the 16 remaining GWP would pump more groundwater making it a large permanent coastal pumping transfer program. Mr. Kennedy explained the advantages of this option are reduced coastal groundwater pumping, help in preventing seawater intrusion, potential for elimination of future seawater barrier projects, placement of Poseidon water directly into potable water systems, less facilities needed to distribute Poseidon water, and the use of Poseidon water to help manage the groundwater basin. He noted that staff would need to model this Option to determine its feasibility.

Mr. Kennedy then outlined a new Option #6, which he stated is a combination of Option 1A (construction of 26 new injection wells to recharge the Poseidon water into the groundwater basin) and Option 5 (coastal GWP discontinue taking groundwater and replace it with Poseidon water). He requested Board approval to refine this option and begin to locate injection wells, coordinate with OCSD for use of its property, determine pipeline alignments in streets, meet with the coastal GWP to determine how much water they can take, model the groundwater basin with recharge amounts, assess each producers ability to pump a higher BPP, and update cost estimates.

Mr. Kennedy advised the Board that the Water Resources Control Board (WRQCB) Desalination Ocean Plan Amendment will require re-approval of the Poseidon Project, noting Poseidon expects to take the project before the RWQCB in early 2017. He also noted that Metropolitan Water District is constructing a 150 mgd reclamation plant similar to GWRS in Carson which could provide OCWD with 65,000 afy of water delivered to the Anaheim recharge basins through a new pipeline.

Engineer Sandy Scott-Roberts stated that Option #1A is currently being evaluated for CEQA as approved by the Board at its last meeting. She stated this option requires a pipeline from the desalination facilities to OCWD, where a desalination pump station would mix the water with GWRS and pump it up to Anaheim at a cost of about \$305 million.

The following individuals then expressed opposition to the Poseidon project.

Tim Geddes, Southeast Huntington Beach resident: Project is an expensive boondoggle and the coastal environment will suffer negative consequences.

Clem Dominquez: Project has not been defined and injecting Poseidon water into the ground is money wasted. Concerned about excess boron in soil from the desalinated water.

Norma Vander Molen, Huntington Beach resident: Requested to know the amount of money spent to date on this project and requested a phone call providing that information.

Mark Dixon, R4RD: Less expensive and less damaging options than desalination. Stressed the need for conservation, reclamation and replenishment.

Milt Dardis, Huntington Beach resident: Poseidon does not have the proper approvals and suggested that staff look at a way to dam Santa Ana River water to place it into the basin.

Mary Jo Baretich, Huntington Beach resident: Concerned with the toxic effects on fruits and vegetables of excess boron coming from the desalinated water. She noted it is cheaper to recycle wastewater as it takes three times more energy to desalinate.

Paul Cook, Irvine Ranch Water District: Questioned why OCWD keeps the Basin Production Percentage at such a high level, and expressed concern over OCWD's inability to take rainwater if it has "take or pay contracts" in place. He stated the priority should be GWRS expansion, and urged more involvement with MWD. He also urged the Board to raise the Replenishment Assessment (RA) and buy more water from MWD. He presented the Board with a letter dated July 6, 2016 outlining IRWD's concerns that Option #5 is expensive for the retail agencies, and Option #6 creates serious salt issues into the groundwater basin.

The following individuals then expressed support for the Poseidon project.

Scott Maloni, Poseidon Resources: Supportive of the staff recommendations and here to answer questions.

Sam Hurtado, sheet metal worker: New source of water is necessary for the ongoing drought.

John O'Neil, International Brotherhood of Electrical Workers: Urged the Board to move forward with the project, noting it is necessary for the County's future.

A Board discussion then ensued. Director Anthony urged staff to stop wasting time on Option #1A, noting that the desalinated water is drinking water quality and should be served directly to

the consumer. Director Flory expressed the need to explore other options such as the GWRS expansion and the MWD Carson reclamation plant, and noted that Poseidon should be paying for the project. Director Green requested that staff find out if the project could take advantage of low interest State Revolving Fund loans. Director Sheldon stated that the majority of opponents to the project are those who live near the proposed site and urged staff and the Board to dissect all of the arguments including the water quality concerns of IRWD. Director Dewane noted that the Board has a tremendous responsibility to review the project based on the facts. He noted that conservation does not come for free, and stated that OCWD's recent RA increase was the largest in OCWD history, and that a significant portion of that increase was due to demand reduction. He reported on a recent Chapman College forecast that reported that manufacturing jobs in Southern California have been hit hard due to lack of water needed for certain products. The Board requested that MWD attend the next Board meeting to provide an update on its Carson project.

MOTION NO. 16-92

DIRECTING STAFF TO INVESTIGATE AND REFINE OPTION #6 FOR THE POSEIDON
DESALINATION PLAN

Upon motion by Director Dewane, seconded by Director Sheldon and carried [6-3], with Directors Anthony, Flory, and Reyna voting "No," staff is directed to further investigate and refine Option #6.

Ayes: Brandman, Dewane, Green, Nguyen, Sheldon, Yoh

Noes: Anthony, Flory, Reyna

Absent: Bilodeau

INFORMATIONAL ITEMS

There was no discussion of the Informational Items on tonight's Agenda.

ADJOURNMENT TO CLOSED SESSION

The Board adjourned to Closed Session at 7:43 p.m. as follows:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

[Government Code Section 54956.9(a)] – One case

Uribe v. OCWD, et al., Orange County Superior Court Case No. 30-2016-00858811-CU-OE-CJC

RECONVENE IN OPEN SESSION

The Board reconvened in Open Session at 8:03 p.m. whereupon General Counsel Kuperberg announced that the Board, by a vote of 7-0, took the following action in Closed Session.

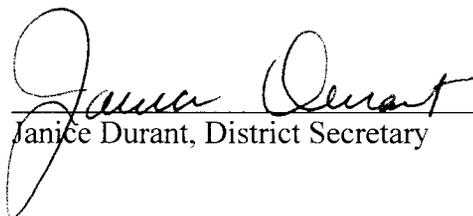
RESOLUTION NO. CS-16-7-1
AUTHORIZING DEFENSE OF THE CASE OF URIBE V. OCWD

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

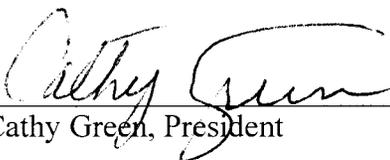
Absent: Bilodeau, Brandman, Sheldon

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 8:03 p.m.



Janice Durant, District Secretary



Cathy Green, President