

MINUTES OF BOARD OF DIRECTORS MEETING
WITH WATER ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
July 8, 2015 @ 8:00 a.m.

Director Philip Anthony called the Water Issues Committee meeting to order in the Boardroom of the District office located in Fountain Valley, CA. Following the Pledge of Allegiance to the Flag, the Secretary called the roll and reported a quorum as follows.

Committee

Denis Bilodeau (arrived 8:16 a.m.)
Philip Anthony
Dina Nguyen
Shawn Dewane
Roman Reyna (not present)

OCWD Staff

Mike Markus - General Manager
Joel Kuperberg - General Counsel
Janice Durant - District Secretary
Jason Dadakis, Bill Dunivin, Roy Herndon, Bill Hunt,
Adam Hutchinson, John Kennedy, Chris Olsen,
Marsha Westropp, Greg Woodside, Mike Wehner

Alternates

Steve Sheldon
Jan Flory
Harry Sidhu
Roger Yoh (not present)
Cathy Green

Others

Howard Johnson - Brady & Associates
Tom McCarthy, Michael Moore – City of Anaheim
Keith Lyon – Municipal Water District of OC
Peer Swan – Irvine Ranch Water District
Phil Lauri, Paul Shoenberger - Mesa Water District
Brian Ragland – City of Huntington Beach
Nabil Sabu – City of Santa Ana
Mark Monin – El Toro Water District

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Anthony, seconded by Director Dewane and carried [5-0] as follows.

[Yes –Anthony, Dewane, Flory, Nguyen, Sheldon/No – 0]

1. Minutes of Previous Meeting

The Minutes of the Water Issues Committee meeting held June 10, 2015 are approved as presented.

2. Amendment to Agreement with Academy Electric Inc. for Hallway Exhibit Lighting Installation

Recommended by Committee for approval at the July 15 Board meeting: Authorize issuance of Amendment No. 1 to Agreement No. 1079 to Academy Electric Inc. for an amount not to exceed \$2,600 for additional Hallway Exhibit Lighting.

3. Amendment to Agreement with Intera for North Basin Groundwater Modeling

Recommended by Committee for approval at the July 15 Board meeting: Authorize issuance of Amendment No. 1 to Agreement No. 0998 with Intera for an amount not to exceed \$39,110 for additional out-of-scope modeling work for the North Basin Groundwater Protection Program.

4. Contract GA-2015-1: Perimeter Site Improvement of Green Acres Project and City of Santa Ana Reservoirs - Notice Inviting Bids

Recommended by Committee for approval at the July 15 Board meeting: Authorize publication of Notice Inviting Bids for Contract No. GA-2015-1: Perimeter Site Improvement of the Green Acres Project and City of Santa Ana Reservoirs.

5. Contract MBI-2014-1 Demonstration Mid-Basin Injection Well Project, Well Equipping Phase: Ratify Change Orders 1-6 and Notice of Completion

Recommended by Committee for approval at the July 15 Board meeting: 1) Ratify Change Orders No. 1 - 6 to Cora Constructors, Inc. for a total amount of \$24,038.68; and 2) Accept completion of work and authorize filing a Notice of Completion for Contract MBI-2014-1, Demonstration Mid-Basin Injection Well Project, Well Equipping Phase.

6. GE Water & Process Technologies Zeeweed 1000 Low-Pressure Membrane Technology

Recommended by Committee for approval at the July 15 Board meeting: Authorize the General Manager to execute a one-year, no-cost proposal (#PIL-154346) with GE Water & Process Technologies to site a pilot-scale demonstration system at the District's Research Center to evaluate the ZeeWeed technology.

MATTER FOR CONSIDERATION

Director Bilodeau arrived at 8:16 a.m. during discussion of the following item.

7. Drought Grant Contract with SAWPA and Assignment Agreement with (MWDOC)

Engineer Lo Tan recalled that in cooperation with and on behalf of its five member agencies, the Santa Ana Watershed Project Authority (SAWPA) submitted an Interregional Landscape Water Demand Reduction Program grant proposal to the Department of Water Resources (DWR) in 2014 for funding consideration. He stated the Program proposal was approved by DWR and a Prop 84 grant was awarded in the amount of \$12,860,110, for which SAWPA will serve as the grant program manager. Mr. Tan stated that the objective of the Drought Grant Program is to reduce water demands and maximize water use efficiency in the Santa Ana River and Santa Margarita watersheds. He stated there are two key projects covered: 1) conservation-based reporting tools and rate structure implementation for \$7.6 million and 2) turf removal and retrofit program for \$5.2 million. Mr. Tan advised that the first project has three main components: 1) conservation based-rate structure to help retailers to maintain revenue stability in times of decreasing water sales; 2) web-based water consumption reporting; and 3) aerial mapping to measure landscape parcels within the watersheds. Mr. Tan explained the second grant project is a turf removal and retrofit project to provide incentive rebates for large commercial customers for turf removal. He stated there is about \$880,000 of grant funds available for the Orange County area, and that the program will be implemented in Orange County by MWDOC. Mr. Tan then presented staff's recommendation to approve the Drought Solicitation Implementation Grant Funding Contract with SAWPA and the Implementation Grant Funding Assignment Agreement with MWDOC.

General Manager Markus noted that the conservation-based rate structure program is strictly voluntary for cities, noting the startup costs are significant. He explained that a city would apply to MWDOC for grant funds which would cover 50% of the startup costs and the retailer would cover the remainder. Director Dewane cautioned that conservation does not come for free, and expressed concern that chemical turf carpets would end up in the landfills in the coming years.

Irvine Ranch Water District (IRWD) Director Peer Swan stated that IRWD has operated a conservation-based rate structure since 1991, and stated that while it is expensive to implement, studies have proven it to be the most effective way to implement conservation. He noted that IRWD has operated this program since 1991. Director Anthony stressed that the goal of the program is to help cities evaluate tiered rates. The Committee took the following action.

Upon motion by Director Flory, seconded by Director Bilodeau and carried [3-2], with Directors Dewane and Nguyen voting “No,” the Committee recommended the Board at its July 15 Board meeting: Approve and authorize execution of Drought Solicitation Implementation Grant Funding Contract between SAWPA and OCWD and the Implementation Grant Funding Assignment Agreement between OCWD and MWDOC.

[Yes – Bilodeau, Anthony, Sheldon /No –Dewane, Nguyen]

8. Selling Green Acres Project Water to Producers Via Truck Filling at Treatment Plant Location

Executive Director John Kennedy stated that the City of Huntington Beach requested to purchase minor amounts of Green Acres Project (GAP) water for landscape irrigation, and that other Producers are likely to express interest as well. He proposed a new program to allow Producers to fill trucks with GAP water at OCWD for irrigation use on landscape areas that are no longer receiving potable water due to the State’s drought restrictions. Mr. Kennedy stated the water has a production cost of one-tenth of \$.01 per gallon and would be sold for \$.01 per gallon. He stated an agreement would be executed for each Producer interested in participating in the program.

Director Green advised that Newport Beach has asked for assurances that OCWD will keep producing GAP water. Director Dewane suggested GAP water be converted to GWRS water and Director Sidhu suggested staff study the feasibility of using this water for GWRS prior to selling the water to the Groundwater Producers. Director Anthony stressed the need to continue production of GAP irrigation water due to the demand. Director Bilodeau stated the GAP program offsets potable water and that OCWD recovers its costs. The Committee requested a full update on GAP water at an upcoming meeting and then took the following action.

Upon motion by Director Bilodeau, seconded by Director Anthony and carried [4-1], with Director Dewane voting “No,” the Committee recommended that the Board at its July 15 Board meeting: Authorize the General Manager to execute an agreement (subject to minor editing by legal counsel) with interested Producers regarding sale of GAP Water at OCWD Facilities

[Yes – Bilodeau, Anthony, Nguyen, Sheldon/No – Dewane]

INFORMATIONAL ITEMS

9. DWR Integrated Regional Water Management (IRWM) Grant Programs: Regional Acceptance Process

Executive Director Greg Woodside recalled that Proposition 84 authorized \$5.3 billion to fund water, parks, and natural resources projects, with \$1 billion earmarked for integrated planning with specific allocations for each of the hydrologic regions of the state as identified in the California Water Plan. He stated the Department of Water Resources (DWR) was designated to administer the Integrated Regional Water Management (IRWM) Grant Program for these funds. Mr. Woodside stated that Proposition 1 authorized additional funding for IRWM programs, including \$63 million for the Santa Ana Subregion for “Regional Water Security, Climate, and Drought Preparedness.” He explained the purpose of the IRWM program is to encourage collaborative efforts to manage all aspects of water resources within a region. Mr. Woodside advised that SAWPA completed the application as directed by the DWR’s Regional Acceptance Process (RAP), the State’s terms for identifying who can receive funding, and that SAWPA was accepted as the administrator of the Santa Ana River Watershed region to manage IRWM grant programs. Mr. Woodside indicated that regions form regional water

management groups and then that group submits an application to become a funding area, noting that OCWD is part of the regional water management group that is administered by SAWPA.

Director Dewane stated that OCWD may return a greater allocation of bond funds to the taxpayers of Orange County if it filed its own IRWM. Director Sheldon agreed on the need for local control and requested a timeline of steps to achieve this goal. The Committee then took the following action.

Upon motion by Director Anthony, seconded by Director Bilodeau and carried [5-0], staff was directed to evaluate OCWD forming an Integrated Regional Water Management for the entire County of Orange, and return to the Water Issues Committee for consideration at a later date.

10. Metropolitan Water District (MWD) - Allocation of Imported Water Update

Mr. Kennedy reported that on July 1, MWD officially began allocating imported water and staff is waiting to find out if OCWD qualifies to receive untreated full service water in this fiscal year under the new allocation rules. He stated MWD has been giving OCWD 60 cfs all spring, and that if OCWD qualifies, staff desires to get the flow rate up to 100 cfs this summer while the recharge basins are dry. Mr. Kennedy stated that staff expects a decision from MWD soon.

IRWD Director Peer Swan suggested that if the goal is to increase water coming into the basin to decrease the drawdown, OCWD could allow the Groundwater Producers to slow down the pumping by taking imported treated water in lieu of groundwater.

11. Update on Proposition 84 Round 3 Watershed-Wide Grant Funding Proposal

Executive Director Greg Woodside stated that the five member agencies of SAWPA submitted an application to SAWPA for a Proposition 84 Round 3 grant for the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) in the amount of \$55 million. He advised that SARCCUP is a watershed scale collaboration between the SAWPA five-member agencies, the Orange County Coastkeeper, and the Inland Empire Waterkeeper, and that the program includes a new 180,000 acre-feet water bank to be shared equally among the five agencies, non-native plant removal, support for water use efficiency, and funding for Santa Ana Sucker habitat restoration. Mr. Woodside stated the Orange County Coastkeeper would be performing public outreach for conservation. He explained that OCWD's contribution to this project is estimated at \$9 million which represents the cost of developing the infrastructure to make this project work. Director Sheldon stressed that the Board needs to decide if it wants to spend \$9 million before this gets too far ahead. Director Dewane expressed concern that the Coastkeeper is a nonprofit 501(c)(3) corporation, and stressed the need to ensure its finances are transparent, and that there is a significant portion of its grant funding going back to the public service it represents. Director Sheldon expressed concern that a nonprofit entity was hired to do public outreach and suggested that staff explore other firms that could provide this service. Staff was requested to return to the August Water Issues Committee meeting with a firm recommendation for proceeding with this project and an accounting of funds required from OCWD.

IRWD Director Peer Swan suggested an alternative to OCWD paying for capital facilities in the Inland Empire by banking water in the basin by buying MWD treated water in lieu of people pumping the water out of the ground.

12. Endangered Species Act Issues in Prado Basin and Santa Ana Watershed

Director of Natural Resources Dick Zembal explained that water conservation at Prado inundates endangered species habitat for a period of time. He reported that the Santa Ana Sucker fish is now in jeopardy of extirpation from the watershed and that Fish and Wildlife Services may require OCWD to remove sediment from the River bottom to help save the fish

at on an annual basis if OCWD is granted permission to increase the winter-time water conservation elevation at Prado Dam.

CHAIR DIRECTION AS TO WHICH ITEMS IF ANY TO BE AGENDIZED AS A MATTER FOR CONSIDERATION AT THE JULY 15 BOARD MEETING

It was agreed to place Items No. 2 – 8 on the Consent Calendar for the July 15 Board meeting.

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:30 a.m.



Director Denis Bilodeau, Chair