

INUTES OF BOARD OF DIRECTORS MEETING
WATER ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
August 10, 2016 @ 8:00 a.m.

The Water Issues Committee meeting Chair Director Bilodeau called the meeting to order in the District Boardroom. The Secretary reported a quorum of the Committee as follows.

Committee Members

Denis Bilodeau (arrived 8:08 a.m.)
Phil Anthony
Shawn Dewane
Dina Nguyen (not present)
Roman Reyna

OCWD

Mike Markus - General Manager
Joel Kuperberg – General Counsel
Janice Durant - District Secretary
John Kennedy
Ben Smith
Mike Wehner
Greg Woodside

Alternates

Steve Sheldon (arrived 8:36 a.m.)
Jan Flory
Jordan Brandman (not present)
Roger Yoh (not present)
Cathy Green

Others

John Robinson – John Robinson Consulting, Inc.
Marc Marcantonio, Steve Conklin - Yorba Linda Water District
Howard Johnson – Brady
Tom McCarthy - City of Anaheim
Paul Shoenberger, Phil Lauri - Mesa Water District
Keith Lyon, Mark Sprague - Municipal Water District
Kelly Rowe
George Murdoch – City of Newport Beach
Dean S. Kirk – Irvine Company
Larry Tucker – Big Canyon Country Club

CONSENT CALENDAR

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

[Yes- Anthony, Green, Dewane, Flory, Reyna/No – 0]

1. Minutes of Meeting

The Minutes of the Administration and Finance Issues Committee meeting held July 13, 2016 were approved as presented.

2. RFP for Burriss Basin Booster Pump Station Preliminary Design Report

Recommended by Committee for approval at August 17 Board meeting: Authorize issuance of a Request for Proposals for the Burriss Basin Booster Pump Station Preliminary Design Report.

3. Intellectual Property Plan Agreement with University of California Riverside to Support Collaborative Research Grant

Recommended by Committee for approval at August 17 Board meeting: Approve and authorize General Manager to execute Intellectual Property Plan Agreement with University of California at Riverside.

4. Agreement to Separation Processes Inc. for Technical Support on the GWRS Microfiltration and Reverse Osmosis Operations (MF/RO)

Recommended by Committee for approval at August 17 Board meeting: Authorize issuance of Agreement to Separation Processes Inc. for an amount not to exceed \$75,000 to provide consulting services on a time and material bases for the GWRS MF/RO membrane processes through August 31, 2017.

5. Agreement to Accurate Measurement Systems for Five Coves Flow Meter Replacement

Recommended by Committee for approval at August 17 Board meeting: Authorize issuance of Agreement to Accurate Measurement Systems, Inc. to furnish and install two Rittmeyer ultrasonic flow meters for an amount not to exceed \$97,426.

MATTERS FOR CONSIDERATION

Director Bilodeau arrived at 8:08 a.m. during discussion of the following item.

6. Potential Sale of GWRS Water to City of Anaheim South Recycled Water Project

Executive Director John Kennedy stated the District has an Agreement from 2009 with the City of Anaheim (City) to purchase approximately 200 acre-feet per year of GWRS water for an electrical peaking power generation plant. He stated the agreement was amended in 2011 to provide approximately 121 acre-feet per year of additional GWRS water for the Anaheim Regional Transportation Intermodal Center (ARTIC). Mr. Kennedy advised that the City is requesting to further amend the agreement to provide water to its Anaheim South Recycled Water project where up to 80 users could take water from this project with total demands of up to 1,100 acre-feet per year. In light of the existing litigation filed against OCWD by the Irvine Ranch Water District, the Board determined it would be in the best interests of OCWD to defer consideration of this request due to the policy implications associated with the use of this water.

Upon motion by Director Dewane, seconded by Director Flory and carried [5-0], consideration of the potential sale of GWRS water to the City of Anaheim South Recycled Water Project is hereby deferred until the matter of *Irvine Ranch Water District v. OCWD* is fully resolved.

[Yes- Anthony, Bilodeau, Dewane, Flory, Reyna, Sheldon/No – 0]

Director Sheldon arrived at 8:36 a.m. during the following discussion.

7. Green Acres Project (GAP) Future Direction

Engineer Ben Smith advised that the District's Green Acres Project (GAP) provides non-potable recycled water, primarily for irrigation purposes, to 107 sites in the cities of Newport Beach, Fountain Valley, Santa Ana, the Mesa Water District, and to the Orange County Sanitation District, noting that in fiscal year 2014-15, approximately 4,320 acre-feet (AF) of water was served to these customers. He stated the GAP system began operating in 1991 and consists of a treatment plant, two reservoirs and 36 miles of District-owned pipeline. Mr. Smith stated that the Board held several workshops regarding the future direction for GAP and requested further information on whether to continue operating GAP, ways to coordinate GAP with the GWRS, allowing additional users (if any) to the GAP system, establishing a selling price for GAP water, and supplying GAP exclusively with "Deep" Well water.

Mr. Smith stated staff recommends the District continue the GAP program as it reduces demand on higher quality water sources such as groundwater and imported water, reduces seawater intrusion gradients, provides a tool for water retail agencies to utilize for water conservation, and diversifies

the region's water portfolio. He also stated that staff recommends selling the GAP water for the actual cost of production. A discussion ensued regarding the potential for new Microfiltration technology that would make the existing Green Acres Plant obsolete, and staff recommended engaging a consultant to review treatment options.

Big Canyon Country Club (BCCC) representative Larry Tucker stressed that BCCC invested a great deal of money in order to use GAP water. He stated that staff's numbers show that a "subsidy" from the Replenishment Assessment allows users who have made an investment in GAP to retain a lower rate, and urged the Board to encourage this as a policy matter. He stated he sent each Committee member a position paper requesting they review the allocation of costs, and advising that the greater the supply the lower the unit cost will be for those that use the recycled water. Mr. Tucker advised that BCCC thinks that the costs attributable to them are more in the range of 54% rather than 100%. He stressed that IRWD recycled water comes free to OCWD but does not come free to the users, and urged support for a study that reviews what's attributable to the GAP water users that includes an accounting of IRWD's water contribution. Staff was requested to provide Mr. Tucker with a written response to his concerns.

City of Huntington Beach resident Debbie Cook commented on the GAP water "subsidy issues" paid by other cities, noting that a year ago Mesa was buying the GAP water for \$408/af and selling it for almost \$1,100/af thereby making a profit. She stated OCWD knew Mesa was selling the water for more money but was not actively monitoring it which might violate some proposition.

The Board then took the following action.

Upon motion by Director Dewane, seconded by Director Anthony and carried, the Committee recommended that the Board Agendize for August 17 Board meeting: Authorize issuance of Request for Proposals for GAP Treatment Options and return to Committee for review and approval.

[Yes- Anthony, Bilodeau, Dewane, Flory, Reyna, Sheldon/No – 0]

CHAIR DIRECTION AS TO ITEMS IF ANY TO BE AGENDIZED AS A MATTER FOR CONSIDERATION AT THE AUGUST 17 BOARD MEETING

It was agreed to place all Committee recommendations on Items No.1 - 7 on the Consent Calendar for consideration at the August 17 Board meeting.

ANNOUNCEMENTS/REPORTS

Director Flory advised that she met yesterday with the Cities of Anaheim and Santa Ana with the Metropolitan Water District (MWD) Board representatives which included a briefing by MWD representative Debra Mann on the Carson Reclamation plant. She requested that the Board be provided with an update on this project prior to making a decision on the Poseidon Desalination project.

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:08 a.m.


 Denis Bilodeau, Chairman