

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS, ORANGE COUNTY WATER DISTRICT
August 2, 2017, 5:30 p.m.

President Bilodeau called to order the August 2, 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 District Secretary called the roll and reported a quorum as follows.

Directors

Philip Anthony
Denis Bilodeau
Shawn Dewane
Cathy Green
Dina Nguyen
Vicente Sarmiento (arrived 5:40 p.m.)
Stephen Sheldon
James Vanderbilt
Bruce Whitaker
Roger Yoh (arrived 5:40 p.m.)

Staff

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

VISITOR PARTICIPATION

There were no persons wishing to address the Board on items not listed on the agenda at tonight's meeting.

CONSENT CALENDAR

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

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

1. Approval of Cash Disbursements

MOTION NO. 17-108
APPROVING CASH DISBURSEMENTS

Payment of bills for the period July 13, 2017 through July 26, 2017 in the total amount of \$3,760,348.80 is ratified and approved.

2. Approval of Minutes of Board Meeting

MOTION NO. 17-109
APPROVING MINUTES OF BOARD MEETING

The minutes of the Board of Directors meeting held July 5, 2017 are approved as presented.

2 General Manager Compensation Increase

MOTION NO. 17-110
APPROVING SALARY INCREASE FOR GENERAL MANAGER

An increase in the General Manager's annual base salary from \$262,400 to \$274,850 is approved effective retroactively to July 1, 2017, and a \$24,000 contribution into his 457 retirement account is hereby authorized.

ITEM RECOMMENDED FOR APPROVAL AT PROPERTY MANAGEMENT COMMITTEE MEETING HELD JULY 29

3. Additional Funding for Security Services

MOTION NO. 17-111
INCREASING SECURITY BUDGET FOR RECHARGE OPERATIONS AND AUTHORIZING
ISSUANCE OF REQUEST FOR PROPOSALS FOR SECURITY SERVICES

An increase in the District's annual private security budget for the recharge operations from \$100,000 to \$325,000; and staff is directed to issue a Request for Proposals for private security services and increase the Recharge Operations budget for signs, fencing and gates by \$60,000.

Directors Sarmiento and Yoh arrived during the following presentation.

INFORMATIONAL ITEM

The following Presentation was advanced on tonight's Agenda.

6. Research Update – Current Research & Development Department Activities

Director of Research Megan Plumlee updated the Board on current Research and Development (R&D) Department activities. She noted that the District's R&D Department is participating in approximately 20 projects related to water quality, groundwater recharge operations, and GWRS treatment processes. Dr. Plumlee stated that current key projects include micro- and ultrafiltration pilot testing for the GWRS Final Expansion, optimization of post-treatment water quality, validation of a novel method for NDMA measurement, and instrumentation of La Palma Basin with a new percolation rate measurement technology. She noted that over the past year, R&D was awarded four research grants for projects now underway or beginning shortly.

MATTERS FOR CONSIDERATION

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

General Manager Markus recalled that the District established the Water Resources Policy in May 2013 to ensure that adequate water supplies are always available to its service territory. He stated staff recommends broadening the policy to expand the types of projects and programs that could be

considered. Mr. Markus stated the policy changes are helpful for planning purposes only, and stressed that any new project would require Board approval. General Counsel Kuperberg offered assurances that the proposed policy changes would have no impact on the existing Irvine Ranch Water District litigation. With regard to potential conflicts with the District Act, he stated that specific proposals brought forward would need to be vetted with the District Act. Further, he stated that any references to Countywide issues that might affect the prohibition against export of groundwater could be addressed either through changes to the District Act or looking at creative ways to do water transfers on paper that maintain the groundwater within the basin. Director Vanderbilt questioned why bullet item No. 2 (exploring projects that benefit the OCWD service territory and the entire County in compliance with the District Act) was removed from the proposed policy. Mr. Markus responded that staff felt that the other paragraphs of the policy make implicit that programs and projects must be in compliance with District Act.

Golden State Water Company representative Ken Vecchiarelli urged the Board to defer taking action until the IRWD lawsuit is resolved.

Director Sarmiento asked if OCWD could do other water programs suggested under the modified policy change without actually changing the policy. Mr. Markus stated a Board approved policy would give more clarity to programs such as countywide exchanges and would be helpful for staff to know that the Board supports the projects in concept. Director Whitaker expressed concerns about potential expansion of OCWD's mission and jurisdiction. Director Yoh suggested that the underflow water that OCWD loses to Los Angeles County be considered as a project under the modified policy. The Board concurred that groundwater losses to Los Angeles County should be included in the modified policy, and requested that the policy specifically state the Board approval be required for all new local water resources projects. The following action was then taken.

Upon motion by Director Dewane, seconded by Director Green, with Director Vanderbilt voting "No," the following resolution was adopted [9-1]

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

Noes: Vanderbilt

RESOLUTION NO. 17-8-107

ADOPTING MODIFIED POLICY FOR DEVELOPING NEW LOCAL WATER RESOURCES

WHEREAS, pursuant to Resolution No. 13-5-48 adopted May 23, 2013, OCWD adopted a Policy for Developing New Local Water Resources to ensure that adequate water supplies are always available to its service territory;

WHEREAS, the District staff has recommended broadening such policy for long-term planning purposes to expand the types of projects and programs that could be considered and allow for potential opportunities and further discussion of more integrated regional management of water resources in the county;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby modify the District's Policy for Developing New Local Water Resources as follows:

POLICY FOR DEVELOPING NEW LOCAL WATER RESOURCES

Significant amounts of imported water from Northern California and the Colorado River must be annually imported into the District's service territory to meet the Groundwater Producers water supply needs. The reliability of imported water supply sources are becoming questionable as numerous environmental, agricultural and urban interests maneuver to obtain greater shares of these water sources from the Colorado River and State Water Project. The local multi-billion dollar economy requires a reliable and sustainable water source to remain healthy and strong.

- *The District will evaluate and undertake economical and sustainable projects and programs to work towards the goal of ensuring adequate water supplies are always available to its service territory and explore opportunities of enhancing collaborative County-wide water reliability.*

The types of projects that will be evaluated include: (1) Maximizing Santa Ana River base flow, (2) Increasing storm flow capture, (3) Increasing water use efficiency, (4) Additional water recycling, (5) Additional amber tinted water treatment, (6) Conjunctive use of the groundwater basin, (7) Groundwater banking and exchange programs, (8) Brackish water desalination, (9) Capturing additional urban runoff, (10) Seawater desalination, and (11) projects to reduce groundwater losses to Los Angeles County.

- *Any new projects require Board review and approved.*

REMAINDER OF INFORMATIONAL ITEMS

7. Santa Ana Watershed Project Authority Activities

Director Anthony noted that SAWPA has scheduled a special Board meeting to interview candidates for the General Manager position.

8. 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.

- July 26 - Joint Planning Committee
- July 28 - Property Management Committee

ADJOURNMENT TO CLOSED SESSION

Mr. Glen Brooks of Merritt Energy Park addressed the Board and stated that OCWD can obtain a higher use with the Ball Road Basin property by decreasing the cost of Southern California Edison power by possibly 40% over 40 years through the use of solar power. The Board then adjourned to Closed Session as follows:

CONFERENCE WITH REAL PROPERTY NEGOTIATORS

[Government Code Section 54956.8]

Real property located at: Parcels (3)

253-473-01 - 1200 S. Phoenix Club Drive, Anaheim, CA 92806

253-631-32 - 1200 S. Phoenix Club Drive, Anaheim, CA 92806

253-631-39 - 1200 S. Phoenix Club Drive, Anaheim, CA 92806

OCWD negotiator: Michael Markus

Negotiating party: City of Anaheim

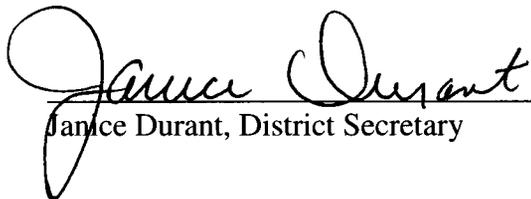
Under negotiation: Price and Terms

RECONVENE IN OPEN SESSION

The Board reconvened in Open Session at 7:00 p.m. whereupon General Counsel Kuperberg announced 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