

MINUTES OF BOARD OF DIRECTORS MEETING
WATER ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
September 14, 2016 @ 8:00 a.m.

The Water Issues Committee meeting Chair Director Bilodeau called the meeting to order at 8:00 a.m. in the District Boardroom. The Secretary reported a quorum of the Committee as follows.

Committee Members

Denis Bilodeau
Phil Anthony
Shawn Dewane
Dina Nguyen
Roman Reyna (not present)

Alternates

Steve Sheldon
Jan Flory
Jordan Brandman (not present)
Roger Yoh (not present)
Cathy Green

OCWD

Mike Markus - General Manager
Joel Kuperberg - General Counsel
Janice Durant - District Secretary
Bill Dunivin, Randy Fick, Roy Herndon, Bill Hunt,
John Kennedy, Dave Mark, Chris Olsen, Megan Plumlee
Sandy Scott-Roberts, Ben Smith, Mike Wehner,
Greg Woodside, Nira Yamachika,

Others

Howard Johnson – Brady
Phil Lauri, Paul Shoenberger – Mesa Water
Kelly Rowe
Tom McCarthy – Anaheim
Larry Tucker – Big Canyon Country Club
Nabil Saba – Santa Ana
Dave Hamilton – R4RD
George Murdoch – City of Newport Beach
Marilyn Thomas – County of Orange
Peer Swan – Irvine Ranch Water District
Bob Fernandez – C.J. Segerstrom
Keith Lyon – Municipal Water District of OC
Mark Monin – El Toro Water District Municipal Water District
George Murdoch – City of Newport Beach
Dean S. Kirk – Irvine Company
Larry Tucker – Big Canyon Country Club

Item No. 7 was removed from the Consent Calendar by Director Dewane. The balance of the Consent Calendar was then approved upon motion by Director Dewane, seconded by Director Anthony and carried [5-0].

[Ayes - Bilodeau, Anthony, Nguyen, Dewane, Sheldon/Noes – 0]

1. Minutes of Meeting

The Minutes of the Administration and Finance Issues Committee meeting held August 10, 2016 were approved as presented.

2. Services Agreement to ERS Industrial Services, Inc for Gap Filters Rebuild

Recommended by Committee for approval at September 21 Board meeting: Authorize issuance of Agreement to ERS Industrial Services, Inc. in the amount of \$198,112 for replacement of filter media on the Green Acres Project.

3. Notice of Completion for Contract No. FB-2014-1, Fletcher Recharge Basin Project

Recommended by Committee for approval at September 21 Board meeting:

- 1) Ratify Change Order Numbers 1 through 7 to Sukut Construction, Inc. for a total amount of \$129,755.23; and
- 2) Accept completion of work and authorize filing a Notice of Completion for Contract FB-2014-1, Fletcher Recharge Basin Project.

4. Award of Contract No. SAR-2017-1, Five Coves Rubber Dam Replacement Project to Pascal & Ludwig Constructors

Recommended by Committee for approval at September 21 Board meeting: Receive and file Affidavit of Publication of Notice Inviting Bids for Contract No. SAR-2017-1, Five Coves Rubber Dam Replacement Project; and accept bid and award contract to the lowest responsive bidder, Pascal & Ludwig Constructors, in the amount of \$307,900.

5. Amendment No. 1 to Agreement with W.A. Rasic Construction to Construct Manway Access into the Talbert Barrier Pipeline

Recommended by Committee for approval at September 21 Board meeting: Authorize issuance of Amendment No. 1 to W.A. Rasic Construction for \$5,864.59.

6. Project Funding Contract "Evaluating Post Treatment Challenges for Potable Reuse Applications" with Trussell Technologies, Stanford University and Water Environment and Reuse Foundation

Recommended by Committee for approval at September 21 Board meeting:

- 1) Authorize execution of Consulting Services Subcontract with Trussell Technologies in support of the project, "Evaluating Post Treatment Challenges for Potable Reuse Applications (WRRF-16-01)" through which OCWD will receive \$35,000 compensation; and
- 2) Authorize expenditure of \$20,000 paid to WE&RF as OCWD's utility cash contribution to support the research study.

7. Payment of \$30,000 to U.S. Army Corps of Engineers for Processing Prado Dam Water Control Manual Deviation

This item was removed from the Consent Calendar and considered next.

ITEM REMOVED FROM CONSENT CALENDAR FOR CONSIDERATION

7. Payment of \$30,000 to United States Army Corps of Engineers for Processing Prado Dam Water Control Manual Deviation

Director Dewane questioned whether OCWD has successfully received the permanent variance. General Manager Markus stated that the feasibility study is in progress that would allow OCWD to hold water to elevation 505 feet year round. He noted that while the study is in progress, OCWD needs to obtain a planned deviation on a year-to-year basis in order to store water at elevation 505 feet during the winter. He advised that this allows the Corps of Engineers to work on those planned deviations until the study is completed.

Upon motion by Director Dewane, seconded by Director Anthony and carried [5-0], the Committee recommended that the Board at its September 21 Board meeting: Authorize payment of \$30,000 to the United States Army Corps of Engineers for review and processing of the deviation request for the Prado Dam water control manual

[Ayes: Bilodeau, Anthony, Nguyen, Dewane, Sheldon/Noes: 0]

MATTERS FOR CONSIDERATION

8. Green Acres Project (GAP) Future Direction

Mr. Markus distributed a letter from the City of Huntington Beach requesting participation in the GAP program at about 240 acre-feet per year. Director Sheldon questioned the need to deny additional Green Acres connections, noting it would discourage future requests. He suggested each request be considered on a case-by-case basis. Mr. Markus responded that staff needs to ensure enough flows to support the GWRS project at 100% capacity and therefore needs to cap the amount of water going to GAP. He stated that staff recommends that the following entities be allowed to participate in the GAP program: all existing GAP customers, new requests where the projects are either under construction or in the design phase, and the new Huntington Beach request. The following individuals then addressed the Board:

Big Canyon Country Club representative Larry Tucker noted that because the GAP system is bigger than the current customer base, the customer base is allocated all of the cost and none of the costs are allocated to the excess capacity. He advised that staff has indicated that it is common for public utility systems to be built with excess capacity and that the end users pay the entire cost of construction and operation of the system. Mr. Tucker expressed concern that OCWD is now taking the position that they will not allow GAP to expand past the current customer base which impacts just the existing customers. He stated it is unfair for the GAP customers to absorb the costs for the District's business decision, and that it would be more appropriate to spread that cost among the operations of the District. Mr. Tucker suggested the current RFP include a study of the appropriate allocation of GAP costs.

City of Huntington Beach Utilities Manager Brian Ragland recalled that about 15 years ago the City installed recycled water pipeline in newly developed residential areas as well as a transmission main to Central Park, noting that the connection from GAP to these systems never came to fruition due to the costs involved. He stated that currently the City has about 9 miles of recycled water pipeline that is connected to its distribution system and that it has documented demands in the residential area of 70 af per year and potential demands at Central Park of about 170 af per year. Mr. Ragland stated that Huntington Beach has hired a firm to complete a recycled water feasibility study to see if it makes financial sense to enhance their water portfolio to move forward with a connection to the GAP system and to expand the existing system. He urged the Board to include Huntington Beach in the GAP program.

Director Dewane stressed that it makes no economic sense to set up a system that provides two competing incentives for developers and water utility managers to develop double plumbing systems, noting that the vast majority of the costs of running the water utility at the retailer's level is the connection to the infrastructure. He stressed that drinking water must be prioritized over irrigation water, noting the long-term direction of GAP should be to use recycled water for its highest and best use. In the case of an included project not moving forward, the Committee concurred that the GAP water allocated to that project could be reallocated to a new user, therefore, new users would be considered on a case-by-case basis. The Committee requested that new GAP Sale and Distribution Agreement be approved by the Board prior to finalization. The Committee then took the following action.

Upon motion by Director Dewane, seconded by Director Bilodeau and carried [5-0], the Committee recommended that the Board at its September 21 Board meeting:

- 1) Authorize the General Manager and General Counsel to negotiate new GAP Sales and Distribution Agreements with five water retail agencies: City of Fountain Valley, Mesa Water District, City of Newport Beach, City of Santa Ana, and City of Huntington Beach;
- 2) Authorize inclusion of the new GAP requests as listed in the Committee submittal, including the City of Huntington Beach request; and
- 3) Consider future requests to connect to GAP on a case-by-case basis until it is demonstrated that additional OCSD source flows are available above and beyond what is necessary for the GWRs Final Expansion

[Ayes - Bilodeau, Anthony, Nguyen, Dewane, Sheldon/Noes – 0]

9. Budget Authorization and Consultant Retention for North Basin Remedial Investigation and Feasibility Study (RI/FS) Under EPA Oversight

Director of Special Projects Bill Hunt recalled that the District and Northrop Grumman had previously agreed to cost share in the Remedial Investigation/Feasibility Study (RI/FS) work to be performed under the US Environmental Protection Agency (EPA) oversight at the North Basin. He stated that Northrop has backed out of participating in that approach and that staff has requested new and more detailed proposals and cost estimates based on a refined Request for Proposal. Mr. Hunt explained that the resulting OCWD-only rankings have arrived at a different recommendation and lower cost than that previously determined collectively with Northrop. After discussion, the Board took the following action.

Upon motion by Director Dewane, seconded by Director Anthony and carried [5-0], the Committee recommended that the Board at its September 21 Board meeting:

- 1) Authorize issuance of Agreement to AECOM for the performance of a Remedial Investigation and Feasibility Study (RI/FS) at the North Basin for an amount not to exceed \$772,105;
- 2) Authorize issuance of Agreement to Senior Environmental Strategists (SES) to provide strategic planning and oversight services for the North Basin RI/FS for an amount not to exceed \$195,880;
- 3) Authorize the replacement of the existing Kennedy Jenks North Basin RI/FS professional services scope of work with a reduced project-transition scope with a budget not to exceed \$70,000;
- 4) Authorize issuance of Amendment No. 2 in an amount not to exceed \$150,000 to Agreement No. 998 to Intera, Inc. to provide additional modelling services in support of North Basin RI/FS activities as outlined in the SOW and requested by the EPA;
- 5) Approve a budget and authorize payment of invoices, approved by staff, in an amount not to exceed \$180,000 for regulatory oversight expenses by the U.S. Environmental Protection Agency; and
- 6) Establish a capital project budget of \$1.5 million for construction of 14 monitoring wells in support of the North Basin RI/FS

[Ayes - Bilodeau, Anthony, Nguyen, Dewane, Sheldon/Noes – 0]

10. Update on Alternative Approaches for IRWM In Orange County

Executive Director Greg Woodside stated that the District is pursuing two alternative approaches related to participation in the Integrated Regional Water Management (IRWM) program which include forming an IRWM region in Orange County and working with the Santa Ana Watershed Project Authority (SAWPA) and SAWPA member agencies to refine the OWOW IRWM funding process. While discussions on these options are on-going, he stated staff recommends the District support updating the Orange County IRWM plans at this time at a cost of \$30,000. Mr. Woodside stated that updating the plans is advisable as one of the most time consuming steps to create a new

region is developing an up-to-date and comprehensive IRWM plan, and that completing this plan now will accelerate the Regional Acceptance Process if this is pursued in the future. Further, he advised that the process of updating the plan will bring a broad range of stakeholders together, which is required to form a new IRWM Region in Orange County. Mr. Woodside reported that the group would need to develop a list of proposed projects and agree to a method to prioritize projects for funding, noting that this effort could strengthen the prospects for projects within Orange County to compete successfully in the next grant funding round.

The Board discussed the rules for grant funding which staff noted are based on the population of the entire region when a state bond measure allocates IRWM funding to funding areas in the state. Mr. Woodside stated the next step would be to apply to the State for Orange County to become a separate region, but in order to set up a separate funding area, the Orange County IRWM plans must be updated as this will put Orange County in a better position moving forward. Director Dewane noted that SAWPA General Manager Cantu objected to inclusion of the “gate” that a project should not provide improvements or benefits in one area at the expense or detriment of another area. Director Sheldon requested that staff ask the Department of Water Resources if they could include a “no harm” provision in project evaluations. Mesa Water District General Manager Paul Schoenberger commented on language in the Powerpoint presentation regarding the net effect of projects being evaluated at a watershed scale and that this wording needs to be evaluated closely with respect to how projects in the upper watershed are evaluated in terms of their impacts.

Upon motion by Director Sheldon, seconded by Director Dewane and carried [5-0], the Committee recommended that the Board at its September 21 Board meeting:

- 1) **Authorize payment of \$30,000 to the County of Orange for the District’s cost share in updating the North and Central Orange County Integrated Regional Water Management Plans; and**
- 2) **Direct staff to investigate if the Department of Water Resources could include a “no harm” provision in project evaluations**

[Ayes - Bilodeau, Anthony, Nguyen, Dewane, Sheldon/Noes – 0]

11. Newport Bay Watershed Executive Committee

Mr. Woodside provided a brief introduction to the history and mission of the Newport Bay Watershed Executive Committee formed in the 1980s to address sediment and water quality issues in Upper Newport Bay. He stated that parties to the cooperative agreement included the County of Orange, California Department of Fish and Wildlife, the Irvine Company and the cities of Newport Beach, Tustin and Irvine. The Board requested that staff request OCWD participation on this Committee.

Upon motion by Director Sheldon, seconded by Director Dewane and carried [5-0], the Committee recommended that the Board at its September 21 Board meeting: Direct staff to send a letter to the Newport Bay Watershed Executive Committee and the Orange County Board of Supervisors requesting OCWD participation on this Committee

[Ayes - Bilodeau, Anthony, Nguyen, Dewane, Sheldon/Noes – 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.

ADJOURNMENT

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



Denis Bilodeau, Chairman