

MINUTES OF MEETING
BOARD OF DIRECTORS, ORANGE COUNTY WATER DISTRICT
March 18, 2015, 5:30 p.m.

President Green called to order the March 18, 2015 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
Shawn Dewane
Jan Flory
Cathy Green
Dina Nguyen
Roman Reyna
Stephen Sheldon
Harry Sidhu
Roger Yoh

Staff

Michael Markus, General Manager
Joel Kuperberg, General Counsel
Janice Durant, District Secretary
Bruce Dosier, Randy Fick, Roy Herndon,
Bill Hunt, Judy-Rae Karlsen, John Kennedy,
Eleanor Torres, Michael Wehner, Greg
Woodside, Nira Yamachika

Others:

Donald Hart - Fountain Valley Estates HOA
Lena Hayashi
Barbara Noffsinger
Wendy Leece
Pushpa Kabre – Huntington Beach resident
Marc Marcantaw – Yorba Linda Water District
Heather Lantow
Mike Lantow – Huntington Beach resident
Steve Yorde – Huntington Beach resident
Michele Yorde – Huntington Beach resident
Michael McMahan – Huntington Beach resident
James Miller – Huntington Beach resident
Susan Whitcomb-Cataldo – Huntington Beach
Resident
George Margot Wilfert – Huntington Beach
Resident
Diane Miller – Huntington Beach resident
Betsy Eglash – Brady
Pat Goodman – R4RD
Charles Lam – OCW
Ray Heimstra – OC Coastkeeper
Bill Padmore – Huntington Beach resident
Alice Padmore – Huntington Beach resident
Pam Vallot – Huntington Beach resident
Kathy Abler – Huntington Beach resident
John Earl – Surf City Voice
Brian Lochrie – Communications Lab
Doug Mangione – IBEW
Art Valenzuela – City of Tustin

Bill Robeson - taxpayer
Russ Mederic – Huntington Beach resident
Jim Fisler – Mesa Water
Jim Herin – Huntington Beach resident
Jose Diaz – City of Orange
Grace Mitchell – Huntington Beach
Corinne Neal – Huntington Beach
Laura Holdenwhite – Huntington Beach citizen
Brian Ragland – City of Huntington Beach
Jim Atkinson – Mesa Water
Don Zaleski – R4RD
Margie Powers – Huntington Beach resident
Sue Walls – Huntington Beach resident

Ann Harvey – Huntington Beach resident

Betty Angell – Huntington Beach resident
Dave Friedman
Laura Long – Huntington Beach resident
Norma Vander Molen – Huntington Beach citizen
Jack Kirkorn – Huntington Beach citizen
Milt Dardis – R4RD
Susan Claudius
Paul Weghorst – Irvine Ranch Water District
Duane Weiss – Huntington Beach resident
Harvey Bosinoff – Huntington Beach
Clayton D. King
Carol Woodworth
Lori Ann Robeson

Scott Smith – R4RD
 Jean Roberts – R4RD
 Dave Hamilton – R4RD
 John Young
 Nancy Duremdes – taxpayer
 Jeanette Petrocella – R4RD taxpayer
 Victoria Cernok – taxpayer
 Carl Bennington
 Susan Kojecki – R4RD
 Lindsay Swain – Swain Hydrogeology
 Mary Jo Baretich – R4RD
 Rosalind Freeman – R4RD
 Jamie Pavlat – Huntington Beach resident
 Bob Winchell – Huntington Beach resident
 Joe Geever – Surfrider Foundation
 Gordana Kajer – R4RD
 Wayne Brown – SOCEC
 Michael Grant – MGC
 Mary Ann Gordon – R4RD
 Marinka Horack – R4RD
 Alison Goldenberg – R4RD
 Suzie Smith – R4RD
 Jerry A. King – J.A. King & Associates
 Ernesto Medrano – LA/OC Building &
 Construction Trades

Erika Benz
 Hermann Sterling
 Steve Conklin – Yorba Linda Water District
 Celeste Wentworth – Huntington Beach resident
 Charles Wentworth – Huntington Beach resident
 Peer Swan – Irvine Ranch Water District
 Deana Carey
 Eric Garcia – R4RD
 Ken Vecchiarelli – Golden State Water Company
 Charles Wendworth
 Leslie Backman – Huntington Beach resident
 Robert Rice – Huntington Beach resident
 George Mason – Huntington Beach resident
 Hank Castignetti – Huntington Beach resident
 Tim Geddes
 Keith Lyon – Municipal Water District of OC
 Kelly Huffman – Poseidon Water
 Sean Paden – Fullerton resident
 Kelly Rowe – Water Resources Consultant
 Mark Sheldon – Huntington Beach resident
 Susan Olsen – Huntington Beach resident
 Dr. Mikel Hogan – R4RD
 Doug Stack – City of Tustin
 Ira & Fran Leibowitz – Huntington Beach
 Residents

PUBLIC HEARING

1. Public Hearing on 2013-14 Engineer's Report on Groundwater Conditions, Water Supply and Basin Utilization

Executive Director John Kennedy reviewed the key findings of the 2013-14 Engineer's Report on Groundwater Conditions, Water Supply and Basin Utilization as contained in the staff report for tonight's meeting. He noted that groundwater production totaled 330,782 acre-feet (af), and that the accumulated overdraft on June 30, 2014 was 342,000 af. Mr. Kennedy stated that under the provisions of Section 27 of the District Act, a portion of the Replenishment Assessment (RA) for the ensuing 2015-16 water year could be equal to an amount necessary to purchase up to 144,000 af of replenishment water. President Green then opened the hearing for public comment. There being no persons wishing to address the Board, President Green declared the hearing closed and the Board took the following action.

MOTION NO. 15-51
RECEIVING AND FILING ENGINEER’S REPORT ON GROUNDWATER CONDITIONS,
WATER SUPPLY AND BASIN UTILIZATION

Upon motion by Director Sidhu, seconded by Director Dewane and carried [10-0], the 2013-14 Engineers’ Report on Groundwater Conditions, Water Supply and Basin Utilization for the water year ending June 30, 2014 is hereby received and filed.

Ayes: Anthony, Bilodeau, Dewane, Green, Flory, Nguyen, Reyna, Sheldon, Sidhu, Yoh

CONSENT CALENDAR

The Consent Calendar was then approved by Director Anthony, seconded by Director Sidhu and carried [10-0] as follows, with Director Bilodeau abstaining on Item No. 9 due to an employment conflict of interest.

Ayes: Anthony, Bilodeau, Dewane, Green, Flory, Nguyen, Reyna, Sheldon, Sidhu, Yoh

Abstain: Bilodeau (Item No. 9)

2. Approval of Cash Disbursements

MOTION NO. 15-52
APPROVING CASH DISBURSEMENTS

Payment of bills for the period February 26, 2015 through March 11, 2015 in the total amount of \$3,986,666.70 is ratified and approved.

3. Approval of Minutes of Board Meeting

MOTION NO. 15-53
APPROVING MINUTES OF BOARD MEETINGS

The minutes of the Board of Directors meeting held February 18, 2015 are approved as presented.

4. Modification to License Agreement with DON, Sunset Gap Seawater Intrusion Investigation

RESOLUTION NO. 15-3-30
APPROVING MODIFICATION TO LICENSE AGREEMENT WITH DEPARTMENT OF THE
NAVY, SUNSET GAP SEAWATER INTRUSION INVESTIGATION

RESOLVED, that Modification No. 6 to License Agreement No. N6871193RP03P54 with the Department of the Navy is hereby approved for the continued monitoring of existing monitoring wells and the destruction and replacement of one existing monitoring well at the Naval Weapons Station Seal Beach, including payment of the Navy’s processing fee of \$9,600; and upon approval as to form by District General Counsel, its execution by the District officers is authorized.

CONSENT CALENDAR ITEM RECOMMENDED FOR APPROVAL AT COMMUNICATIONS AND LEGISLATIVE LIAISON MEETING HELD MARCH 5

5. State Legislative Update

MOTION NO. 15-54
ADOPTING OCWD GUIDING PRINCIPLES FOR THE IMPLEMENTATION OF PROPOSITION 1 (WATER BOND)

The OCWD Guiding Principles for the Implementation of Proposition 1 (Water Bond) are adopted as recommended by Committee (on file at the District office).

6. GWRS Initial Expansion Dedication

MOTION NO. 15-55
APPROVE THE HOSTING AND PLANNING OF THE GWRS INITIAL EXPANSION DEDICATION PROGRAM

The hosting and planning by OCWD of the GWRS Initial Expansion Dedication program to be held on Friday, May 29 is hereby approved.

CONSENT CALENDAR ITEMS RECOMMENDED FOR APPROVAL AT WATER ISSUES COMMITTEE MEETING HELD MARCH 11

7. Amendment to Agreement with Layne Christensen for Test Pumping at Bessy Walls Well

RESOLUTION NO. 15-3-31
RATIFYING AMENDMENT TO AGREEMENT WITH LAYNE CHRISTENSEN COMPANY FOR TEST PUMPING OF BESSIE WALLS WELL AT WARNER BASIN

RESOLVED, that Amendment No. 2 to Agreement No. 1030 with Layne Christensen Company in the amount of \$1,763.49 to refurbish the existing pump motor for the Bessie Walls Well at Warner Basin is hereby ratified.

8. East Newport Mesa Groundwater Investigation Monitoring Well Installations and Marsh Well Conversion

RESOLUTION NO. 15-3-31
AUTHORIZING FILING OF NOTICE OF COMPLETION FOR CONTRACT NO. GBM-2014-1, EAST NEWPORT MESA GROUNDWATER INVESTIGATION MONITORING WELL INSTALLATION PROJECT (BEKS ACQUISITION (DBA BC2 ENVIRONMENTAL)); AUTHORIZING FILING OF NOTICE OF COMPLETION FOR CONTRACT NO. GBM-2014-2, EAST NEWPORT MESA GROUNDWATER INVESTIGATION MARSH WELL CONVERSION (YELLOW JACKET DRILLING SERVICES) AND AUTHORIZING AMENDMENT TO AGREEMENT WITH HARGIS + ASSOCIATES FOR INSPECTION SERVICES

WHEREAS, the District staff has submitted its report that BEKS Acquisition (dba BC2 Environmental) has completed work under Contract No. GBM-2014-1, East Newport Mesa

Groundwater Investigation Monitoring Well Installation Project, and has recommended that the District accept completion of said work and that a Notice of Completion be filed for recordation and the balance of payment be made, pursuant to the terms and conditions of such contract; and

WHEREAS, staff has advised of issuance of Change Order No. 2 for a no cost time extension to such contract; and

WHEREAS, the District staff has submitted its report that Yellow Jacket Drilling Services has completed work under Contract No. GBM-2014-2, East Newport Mesa Groundwater Investigation Marsh Well Conversion, and has recommended that the District accept completion of said work and that a Notice of Completion be filed for recordation and the balance of payment be made, pursuant to the terms and conditions of such contract; and

WHEREAS, staff has advised of issuance of Change Order No. 1 to Yellow Jacket Drilling Services for additional excusable no cost time extension to complete contract work associated with such Marsh Well Conversion Contract; and

WHEREAS, staff has further recommended issuance of Amendment No. 2 to Agreement No. 0974 with Hargis + Associates in the amount of \$3,300 for out-of-scope field inspection services due to rain and mud at the Marsh well site;

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

Section 1: Issuance of Change Order No. 2 to BEKS Acquisition, Inc. (dba BC2 Environmental) GBM-2014-1 is hereby ratified as set forth herein.

Section 2: Work under such contract is accepted as complete and the District staff is authorized and directed to execute a Notice of Completion and record said Notice in the Office of the County Recorder.

Section 3: Upon expiration of the interim lien period, providing no liens have been filed, payment of the balance due under such contract shall be made.

Section 4: Issuance of Change Order No. 1 to Yellow Jacket Drilling Services GBM-2014-2 is hereby ratified as set forth herein.

Section 6: Work under such contract is accepted as complete and the District staff is authorized and directed to execute a Notice of Completion and record said Notice in the Office of the County Recorder.

Section 7: Upon expiration of the interim lien period, providing no liens have been filed, payment of the balance due under such contract shall be made.

Section 9: Issuance of Amendment No. 2 to Agreement No. 0974 with Hargis + Associates in the amount of \$3,300 for out-of-scope field inspection services due to rain and mud at the Marsh well site is authorized; and, upon approval as to form by District General Counsel, its execution by the District officers is authorized.

9. Amendment to Agreement with Orange County Flood Control District

RESOLUITON NO. 15-3-32
APPROVING AMENDMENT TO AGREEMENT WITH OC FLOOD CONTROL DISTRICT FOR
THE FLETCHER RECHARGE BASIN PROJECT

WHEREAS, pursuant to Resolution No. 12-3-24, adopted March 21, 2012, OCWD approved Agreement D12-006 with the Orange County Flood Control District (OCFCD) for joint use of the flood control facility at Fletcher Basin for such project; and

WHEREAS, the Water Issues Committee of this Board has recommended issuance of Amendment No. 1 to such Agreement with OCFCD providing for the way in which Orange County Transportation Authority Measure M2 grant money will be dispersed between the two agencies for the construction phase of the Fletcher Basin Project;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby approve the aforementioned Amendment No. 1 to Agreement D12-006 with OCFCD as described herein; and, upon approval as to form by District General Counsel, its execution by the District officers is authorized.

10. Agreement with Donald Phipps

RESOLUTION NO. 15-3-33
AUTHORIZING AGREEMENT TO DONALD PHIPPS FOR CONSULTING SERVICES

RESOLVED, that issuance of an Agreement is authorized to Donald Phipps for an amount not to exceed \$25,000 for technical consulting services; and, upon approval as to form by District General Counsel, its execution by the District officers is authorized.

11. Agreement to Rosenberg + Associates for Administration Building HVAC Upgrade Project

RESOLUTION NO. 15-3-34
APPROVING AGREEMENT TO ROSENBERG + ASSOCIATES FOR ADMINISTRATION
BUILDING HVAC UPGRADE PROJECT

RESOLVED, that issuance of an Agreement is authorized to Rosenberg + Associates for an amount not to exceed \$88,000 for the OCWD Administration Building HVAC Upgrade Project; and upon approval as to form by District General Counsel, its execution by the District officers is authorized.

12. Amendment to Agreement with Stantec Consulting Services

RESOLUTION NO. 15-3-35
CERTIFYING THE FINAL ENVIRONMENTAL IMPACT REPORT (STATE
CLEARINGHOUSE #20140510762) FOR THE ORANGE COUNTY WATER DISTRICT LA
PALMA RECHARGE BASIN PROJECT AND APPROVING THE 75% DESIGN FOR
THE PROJECT AND RELATED MATTERS

WHEREAS, the District has proposed the construction and operation of an approximate 14-acre groundwater recharge basin, which is considered a “Project” as defined by the California Environmental Quality Act (CEQA); and

WHEREAS, District staff has received and recommends approval of 75% design documents for the Project; and

WHEREAS, District staff has received and recommends approval of Amendment No. 1 to Agreement No. 0999 with Stantec Consulting Services, Inc. for an amount not to exceed \$24,820 for additional out-of scope engineering services in support of the Project; and

WHEREAS, District staff prepared a Draft Environmental Impact Report (Draft EIR) to evaluate short-term construction related impacts, long-term operational impacts, cumulative impacts and indirect impacts that could result from the construction and operation of the Project; and

WHEREAS, the Draft EIR was circulated to the public, responsible agencies and other interested persons for review and comments from December 23, 2014 to February 5, 2015; and

WHEREAS, the Staff reviewed and considered the recommendation of the Draft EIR and comments on the Draft EIR and responded to and has forwarded responses to comments to all responding agencies; and

WHEREAS, the Board of Directors of the Orange County Water District has reviewed and considered the information and recommendations of the Final EIR, at a regularly scheduled board meeting held on March 18, 2015;

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

Section 1: The Board of Directors of the Orange County Water District finds that the Final EIR (State Clearinghouse #20140510762) has been completed in compliance with CEQA and the State CEQA Guidelines. The Board of Directors, having final approval authority over the Project, certifies as complete and adequate the Final EIR for the Orange County Water District La Palma Recharge Basin Project.

Section 2: The Final EIR shall consist of the following:

- A. The Orange County Water District La Palma Recharge Basin Project Draft EIR and the Technical Appendices to the Draft EIR
- B. Comments and Responses to comments to the Draft EIR
- C. Findings of Fact/Statement of Overriding Considerations
- D. Mitigation Monitoring Reporting Program

Section 3: The Board of Directors finds that the Final EIR reflects the independent judgment and analysis of the District as the lead agency for the Project, that the Final EIR was presented to the Board of Directors, and that the Board of Directors has reviewed and considered the information contained in the Final EIR, and the comments received during the public review process, as well as the responses to the comments, prior to taking any action on the Final EIR or the Project.

Section 4: As documented in the Findings of Fact attached hereto as Exhibit "A" and incorporated herein by this reference, the Final EIR identifies certain significant effects that would potentially result from the construction and operation of the La Palma Recharge Basin. The majority of these potentially significant environmental impacts have been mitigated to a less than significant level. However, the Final EIR also identifies that a short-term unavoidable significant traffic impact and a short-term unavoidable significant cumulative traffic impact could result from the construction and operation of the Project despite the imposition of all feasible mitigation measures, as described in the Findings of Fact attached hereto as Exhibit "A". Potential mitigation measures and project alternatives not incorporated into the Project were rejected as infeasible, based upon specific economic, social, or other considerations as set forth in the Findings of Fact.

Section 5: As set forth in the Statement of Overriding Considerations attached hereto as Exhibit "A" and incorporated herein by this reference with respect to the short-term unavoidable significant traffic impact and a short-term unavoidable significant cumulative traffic impact identified in the Final EIR and Findings of Fact which cannot be mitigated to a level of insignificance, specific economic, social or other considerations outweigh the unavoidable adverse environmental effects, and the Board of Directors has balanced the significant public benefits of the Project against the unavoidable significant temporary biological resource and water quality impacts, and has determined that the Project may be approved in spite of such unavoidable significant impacts.

Section 6: The Mitigation Monitoring Reporting Program for the Project (on file at the District office) and incorporated herein (Exhibit "A") by this reference is hereby adopted.

Section 7: The 75% design for the Project, based upon the 75% design documents on file with the District, is hereby approved.

Section 8: Amendment No. 1 to Agreement No. 0999 with Stantec Consulting Services, Inc. for an amount not to exceed \$24,820 for additional out-of scope engineering services in support of the design of the La Palma Recharge Basin Project is hereby approved.

Section 9: The Board of Directors hereby authorizes and directs District staff to file a Notice of Determination with respect to the approval of the Project.

CONSENT CALENDAR ITEMS RECOMMENDED FOR APPROVAL AT ADMINISTRATION AND FINANCE ISSUES COMMITTEE MEETING HELD MARCH 12

13. Monthly Cash Control Report

MOTION NO. 15-55
MONTHLY CASH CONTROL REPORT

The Summary Cash and Cash Equivalents Control Report dated February 28, 2015 is hereby received and filed.

14. Revised Easement and Right of Entry Agreements

RESOLUTION NO. 15-3-36
REVISED EASEMENT FOR UNDERGROUND UTILITIES AT ANAHEIM LAKE TO
CITY OF ANAHEIM AND RIGHT OF ENTRY FOR THE
CITY OF ANAHEIM, AT&T AND TIME WARNER

WHEREAS, pursuant to Resolution No. 15-2-25 adopted February 18, 2015, OCWD authorized three Easements for underground utilities along Miraloma Avenue to the City of Anaheim and Right of Entry agreements to the City of Anaheim (City), AT&T, and Time Warner to access District property to construct and install the underground facilities; and

WHEREAS, subsequent to such approval, the City Public Utilities Department notified OCWD that the City wished to increase the width of the easement from 7.34 to 12 feet on one of its three easements and therefore one easement and its right of entry agreements were not executed; and

WHEREAS, in this regard, the Administration and Finance Issues Committee of this Board has recommended a modified Easement Deed with the City to incorporate the aforementioned change;

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

Section 1: The revised Easement Deed with the City of Anaheim to install and maintain the underground and above ground facilities on District property at Anaheim Lake with a right to enter the easement area is approved; and, upon approval as to form by District General Counsel, its execution and recordation by the District officers is authorized.

Section 2: The revised Right of Entry to City of Anaheim, AT&T, and Time Warner to enter District property at Anaheim Lake is authorized for the purpose of constructing and installing electrical, telecommunications and community access television (CATV) from overhead facilities to new underground electrical, telecommunications, and CATV facilities; and, upon approval as to form by District General Counsel, its execution and recordation by the District officers is authorized.

15. Amendment to Agreement with Lhoist North America

RESOLUTION NO. 15-3-37
AUTHORIZING AMENDMENT TO AGREEMENT WITH LHOIST NORTH AMERICA FOR
SUPPLY AND DELIVERY OF LIME

WHEREAS, pursuant to Resolution No. 13-12-152, adopted December 19, 2013, OCWD authorized issuance of an Agreement to Lhoist North America for supply and delivery of hydrated lime for a period of one year at the rate of \$185 per ton; and

WHEREAS, the Administration and Finance Issues Committee has recommended issuance of Amendment No. 1 to such agreement for the supply and delivery of hydrated lime for a period of one year at the rate of \$193.35 per ton;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby authorize issuance of Amendment No. 1 to Agreement No. 0967 with Lhoist North America as described herein; and, upon approval as to form by District General Counsel, its execution by the District officers is authorized.

16. Amendment to MOU with California State University, Fullerton (CSUF) Auxiliary Services

RESOLUTION NO. 15-3-38
AUTHORIZING AMENDMENT TO MOU WITH CSUF AUXILIARY
SERVICES CORPORATION FOR
CONTINUED OPERATION OF THE CENTER FOR DEMOGRAPHIC RESEARCH

WHEREAS, pursuant to Resolution No. 14-6-92 adopted June 18, 2014, OCWD authorized a Memorandum of Understanding (MOU) with CSUF Auxiliary Services Corporation for Continued Participation in the California State University, Fullerton Center For Demographic Research through June 30, 2015; and

WHEREAS, the Administration and Finance Issues Committee has presented and recommended execution of Amendment No. 1 to such MOU with the CSUF Auxiliary Services Corporation for the continued participation in such Center for an additional one-year period through June 30, 2016, for a total annual fee of \$39,739.50;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby approve Amendment No. 1 to the aforementioned MOU with CSUF Auxiliary Services Corporation for the Continued Operation of the Center for Demographic Research renewing commitment to annual financial sponsorship for the period of July 1, 2015 - June 30, 2016; and payment in the amount of \$39,739.50 accordingly is authorized, to be invoiced on a quarterly basis.

17. Investment Portfolio Holdings Report

MOTION NO. 15-56
INVESTMENT PORTFOLIO HOLDINGS REPORT

The Investment Portfolio Holdings Report dated February 28, 2015 is hereby received and filed.

18. Agreement to Utility Cost Management LLC for Utility Bill Auditing Services

RESOLUTION NO. 15-3-39
APPROVING AGREEMENT TO UTILITY COST MANAGEMENT LLC
FOR UTILITY BILL AUDITING SERVICES

RESOLVED, that an Agreement to Utility Cost Management LLC is authorized for Utility Bill Auditing Services for a three-year period, for a fee of 42% of refunds/credits identified and received by the District; and upon approval as to form by District General Counsel, execution of such Agreement by the District officers is authorized.

MATTER FOR CONSIDERATION

18. Proposed Poseidon Resources City of Huntington Beach Ocean Desalination Project

Executive Director John Kennedy advised that the Term Sheet contained in tonight’s packet provides the overall business terms and structure of how OCWD and Poseidon could partner to develop the Ocean Desalination Project. He stated that Poseidon would own, permit, design, finance, construct and operate the treatment plant, and OCWD would purchase the plant water at the “fence line,” and OCWD would own, permit, design, finance, construct and operate the necessary distribution facilities to transmit the water to the end user. Further, he stated OCWD would find end users for the water and/or use the water to recharge the groundwater basin. OCWD would pay Poseidon the MWD treated full service rate plus a reliability premium. Mr. Kennedy stated that the reliability premium starts at 20% of the MWD rate and declines to zero after 40 years, noting that an MWD LRP subsidy must be obtained, and OCWD can take possession of the plant at the end of the contract for \$1.00. He stressed that the Term Sheet is not definitive and does not legally commit either party to any future actions but shows an interest by OCWD to explore in greater detail a final contract with Poseidon.

Mr. Kennedy suggested three meetings be scheduled with the Ocean Desalination Citizens Advisory Committee (ODCAC) members appointed by the Directors for March 26, 2015, April 9, 2015 and April 23, 2015 at 5:30 p.m. to provide input on the draft Term Sheet and the project in general and for the Committee to operate within the guidelines of the Roles, Responsibilities and Administrative Procedures. He stated that staff plans to include the Term Sheet on the special April 30, 2015 Board meeting agenda for consideration, In conclusion, Mr. Kennedy suggested that under the General Manager’s signing authority professional facilitator Paul Brown of Paul Redvers Brown Inc. be hired to assist in administering the three ODCAC meetings. Mr. Kennedy also stated that Brady and Associates had been hired to study distribution options for OCWD to take all or a portion of the water.

Director Reyna requested information on the disposition of the salt from the plant. Director Anthony urged staff to continue negotiating the price with Poseidon. Director Flory noted that the staff report states that alternatives and all perspectives on ocean desalination should be presented to the ODCAC to provide a balanced and thorough review of the project, and suggested that three meetings might not be sufficient. Director Sheldon expressed concern that the ODCAC would not have enough technical expertise to evaluate alternatives. Mr. Kennedy responded that staff would bring forward alternatives prior to entering into a contract with Poseidon.

The following individuals then addressed the Board and expressed opposition to the project for the following reasons: effect on the environment; effect on southeast Huntington Beach; unit price of the water is too high (the starting price point is 120% of the treated water rate); paying Poseidon a 20% reliability premium over and above what MWD pays for water; risks associated with offloading the pipeline onto OCWD; cheaper alternatives should be discussed; trenching in a neighborhood where a superfund site exists; OCWD's credit rating would be lowered, restricts GWRS expansion; OCWD should build the desalination plant itself; avoided costs become the assets of Poseidon; MWD subsidy of \$340/af is an add-on that transfers to Poseidon; risks associated with building pipelines; stranded asset if Poseidon goes bankrupt; legal and institutional barriers for OCWD to sell the water; capital and operating costs of new pump stations, pipelines and recharge facilities needed to deliver water from the project; process for negotiating purchase agreements with the retail agencies interested in receiving project water; benefits and impacts from subsidies that will occur from MWD Local Resources Program; financial impacts on retail agencies; lack of review of other alternatives, intake system is harmful to marine life; Poseidon was told to change its intake system; plant will produce less water than anticipated; assurances were made earlier on that Huntington beach would get 10 million gallons per day of this water which is not the case; and the Carlsbad plant should come online before proceeding,

Oppose:

Clem Dominguez – Huntington Beach resident
 Debby Cook
 Bill Robeson – Huntington Beach resident
 Mary Jo Baretich – Orange County resident
 Clayton King – Huntington Beach resident
 Norma Vander Molen – Huntington Beach resident
 John Young – Homeowner
 Milt Dardis -Huntington Beach resident
 Susan Claudius
 Wendy Leece – Costa Mesa resident
 Tim Geddes
 James Miller – Huntington Beach resident
 Pam Vallot – Huntington Beach resident
 Robert Winchell – ratepayer
 Bobbi Amhurst
 Ira Liebewitz
 Sean Paden

*Irvine Ranch Water District (IRWD) Director Peer Swan distributed a letter dated March 18 to the OCWD Board from the IRWD President reflecting IRWD's concerns and requesting that OCWD set up a parallel review committee of the pumpers who will have to buy the water and then sell their rate

increases to their customers. He urged the Board to initiate an evaluation of the Desalination Project in comparison to other water supply alternatives and reviewed six questions posed in his letter IRWD would like answered during review of the proposed project: 1) legal authorities and institutional barriers that would have to be overcome for OCWD to sell and deliver water from the project; 2) benefits and impacts that will occur in receiving subsidies from the MWD LRP; 3) ways to accommodate water quality requirements of individual retail agencies that are expected to receive project water; 4) capital, operations, and maintenance costs of new pump stations, pipelines and recharge facilities that will be needed to deliver water from the project; 5) financial impacts and water supply reliability benefits to retail agencies and the way in which these impacts and benefits compare to other alternatives; 6) process for negotiating purchase agreements with the retail agencies interested in receiving water from the project.

The following individuals addressed the Board and expressed support for the project for the following reasons: need for a new drought-proof supply, water independence; climate change; job creation; regional project, ability to bring water to south Orange County.

Support:

Doug Mangione- International Brotherhood of Electrical Workers
 Robert Ruiz – Laborers International Union Local 652 and Orange County resident
 Ernesto Madrano -- LA/OC Building and Construction Trades Council
 Jerry Wheeler – President and CEO of Huntington Beach Chamber of Commerce
 Wayne Brown – South Orange County Economic Coalition and executive Committee member of OC Wise (OC Water Independence Sustainability and Efficiency)
 Scott Maloni – Poseidon Resources

The Board then determined that Board members would not be present at the ODCAC meetings to allow the public to speak freely and avoid bias. The following action was then taken.

MOTION NO. 15-57
 SCHEDULING MEETINGS WITH THE OCEAN DESALINATION
 CITIZENS ADVISORY COMMITTEE TO PROVIDE INPUT ON THE DRAFT TERM SHEET

Upon motion by Director Flory, seconded by Director Dewane and carried [10-0], scheduling of meetings with the Ocean Desalination Citizens Advisory Committee members appointed by the Directors is approved for March 26, 2015, April 9, 2015 and April 23, 2015 at 5:30 p.m. to provide input on the draft Term Sheet and the project in general and for the Committee to operate within the guidelines of the Roles, Responsibilities and Administrative Procedures.

Ayes: Anthony, Bilodeau, Dewane, Green, Flory, Nguyen, Reyna, Sheldon, Sidhu, Yoh

19. Informational Items

Director Anthony gave a brief update on SAWPA activities. The Board pointed out that the minutes of the following meetings were included in tonight's packet.

- March 05 – Communication/Legislative Liaison Committee
- March 11 – Water Issues Committee
- March 12 – Administration/Finance Issues Committee

20. VERBAL REPORTS

Director Bilodeau reported that he and General Manager Markus met last month with a couple members of the Irvine Ranch Water District Board to discuss Basin Production Percentage issues.

President Green stated she and staff met with the *Orange County Register* Editorial Board and Congressman Lowenthal and Senator Feinstein's staff.

General Manager Markus advised that he attended the Water Reuse Conference in Los Angeles on earlier this week where Proposition 1 and statewide water issues were discussed.

21. ADJOURNMENT TO CLOSED SESSION

The Board adjourned to Closed Session at 7:25 p.m. as follows:

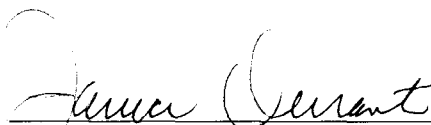
CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION –
 [Government Code Section 54956.9(a)] – One Case
OCWD v. Northrop Corporation, et al (North Basin VOC Litigation) Superior Court Case
 No. 04CC00715

RECONVENE IN OPEN SESSION

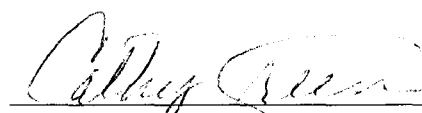
The Board reconvened in Open Session at 8:12 p.m. whereupon General Counsel Kuperberg announced that no reportable action took place in Closed Session.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 8:12 p.m.



 Janice Durant, District Secretary



 Cathy Green, President