

MINUTES OF MEETING
BOARD OF DIRECTORS, ORANGE COUNTY WATER DISTRICT
April 15, 2015, 5:30 p.m.

President Green called to order the April 15, 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 (arrived 5:50 p.m.)

Staff

Michael Markus, General Manager
Joel Kuperberg, General Counsel
Janice Durant, District Secretary
Gina Ayala, Pedro Barrera, Adrienne Campbell,
Stephanie Dosier, Randy Fick,
Roy Herndon, Bill Hunt, Judy-Rae Karlsen,
John Kennedy, Diane Pinnick, Eleanor Torres,
Michael Wehner, Greg Woodside,
Nira Yamachika

Others:

Nabil Sabu – City of Santa Ana
Melody McDonald – San Bernardino Valley Municipal Water District/ACWA/JPIA
Andy Sells – Association of California Water Agencies Joint Powers Insurance Authority
Richard and Linda Armendariz – Huntington Beach residents
Jim Atkinson, Paul Shoenberger, Ethan Temianka – Mesa Water District
Steve Conklin, Bob Kiley – Yorba Linda Water District
Jose Diaz – City of Orange
Tom and Joyce Post
Ken Vecchiarelli – Golden State Water Company
Jim Dellalonga – City of Garden Grove
Brian Ragalnd – City of Huntington Beach
Bobbi Ashurst - Ratepayer
Keith Lyon – Municipal Water District of Orange County
Betsy Eglash - Brady
Peer Swan, Paul Weghorst – Irvine Ranch Water District
Vern Nelson – OJ Blog
Nick Dibs – OC Science and Engineering Fair

**ASSOCIATION OF CALIFORNIA WATER AGENCIES/JOINT POWERS INSURANCE
AUTHORITY (ACWA/JPIA) PRESENTATION: RETROSPECTIVE PREMIUM ADJUSTMENT
STABILIZATION REFUND**

ACWA/JPIA Chief Executive Officer Andy Sells and ACWA/JPIA Executive Committee member Melanie McDonald presented the District with a check in the amount of \$62,638 representing a retrospective premium adjustment stabilization refund.

EMPLOYEE OF THE QUARTER AWARD

The Board presented Maintenance Technician I Pedro Barrera with the Employee of the Quarter award.

Director Yoh arrived at 5:50 p.m. during the following Public Hearing.

PUBLIC HEARING

1. Public Hearing to Consider Fiscal Year 2015-16 Replenishment Assessments, Basin Equity Assessment, Basin Production Percentage and Production Limitation

President Green opened the public hearing to consider the Fiscal Year 2015-16 proposed Replenishment Assessment (RA), Additional RA, Basin Equity Assessment (BEA), and Basin Production Percentage (BPP). Executive Director John Kennedy recalled that on March 18, 2015 the Board held a public hearing on the annual *Engineer's Report* and determined that an annual basin overdraft and accumulated basin overdraft condition exists. He presented staff's recommendations to set the combined RA and Additional RA at \$322 per acre-foot and the BPP at 70 percent, noting these rates would become effective July 1, 2015. Director Dewane inquired about Proposition 218 issues with regard to the agricultural users. General Counsel Kuperberg stated that the law is currently unsettled and suggested the Board wait until this time next year to see what the California Supreme Court decides. Director Sheldon questioned whether the Orange County agencies located adjacent to the San Gabriel River were overpumping due to the loss of water to Long Beach. Mr. Kennedy responded that the District has given them a financial incentive to pump more than the BPP but this has not been done for next year due to the MWD allocation formula.

Groundwater Producers (GWP) Chair Paul Schoenberger distributed a letter from the Groundwater Producers expressing support for the staff recommendations. There being no other persons wishing to address the Board, President Green declared the hearing closed and the following actions were taken.

1) Resolution A – Finding and Determining an Overdraft Exists

Upon motion by Director Anthony, seconded by Director Dewane, the following resolution was unanimously adopted [10-0].

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

RESOLUTION NO. 15-4-40 FINDING AND DETERMINING OVERDRAFT EXISTS

WHEREAS, the report and recommendation of the General Manager on the amount of the replenishment rates, which includes a consideration of the amount of money necessary for replenishment purposes and to pay the costs of initiating, carrying on and completing any of the powers, projects and purposes of the District, has been heard; and

WHEREAS, pursuant to the provisions of the Orange County Water District Act, an engineering investigation and report concerning the condition of the groundwater supplies of the Orange County Water District has been filed and presented to the Board of said District, and a public hearing was held on March 18, 2015, for the purpose of considering the groundwater conditions of said District and to hear persons supporting or protesting the written engineering investigation and report on file with said District; and

WHEREAS, all notices as required regarding said hearing were given and all persons were permitted an opportunity to submit any evidence to this Board; and said matter was submitted to this Board of Directors for their finding and determination;

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the Board of Directors of the Orange County Water District finds and determines that an overdraft, both annual (based on normal hydrology) and accumulated, does exist in the groundwater supplies of said District; and

BE IT FURTHER RESOLVED that this Board of Directors hereby finds and determines as follows:

1. That the average annual overdraft for the immediate past five water years without supplemental replenishment water is 110,000 AF
2. That the annual basin overdraft for the current water year, July 1, 2014 to June 30, 2015 without supplemental replenishment water is estimated to be 205,000 AF
3. That the estimated annual basin overdraft for the ensuing water year, July 1, 2015 to June 30, 2016 without supplemental replenishment water is 164,500 AF
4. That the accumulated overdraft as of the last day of the preceding water year, to wit, June 30, 2014, is 342,000 AF
5. That the accumulated overdraft as of the last day of the current water year, assuming average hydrology June 30, 2015 is estimated to be 416,000 AF
6. That the maximum amounts of water which could be purchased pursuant to the District Act from the Replenishment Fund for the replenishment of the groundwater supplies of the District for the ensuing water year is 144,000 AF
7. That the recommended amount of water to be purchased for the replenishment of the groundwater supplies of the District for the ensuing water year, excluding supplies for the seawater intrusion barriers, is 57,000 AF
8. That the amount of money necessary to purchase the recommended amount of water to replenish the groundwater supplies of the District for the water year July 1, 2015 to June 30, 2016 is..... \$35.6 million

2) Resolution B – Levying the Replenishment Assessment and Fixed Charge RA

Upon motion by Director Flory, seconded by Director Anthony, the following resolution was unanimously adopted [10-0].

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

RESOLUTION NO. 15-4-41
LEVYING THE REPLENISHMENT ASSESSMENT, AND FIXED CHARGE REPLENISHMENT
ASSESSMENT FOR WATER PRODUCED DURING WATER YEAR 2015-16

WHEREAS, the engineering investigation and report concerning the condition of the groundwater supplies of the Orange County Water District has been made and filed; and

WHEREAS, the report and recommendation of the General Manager on the amount of the replenishment rate, which includes a consideration of the amount of money necessary for replenishment purposes and to pay the costs of initiating, carrying on and completing any of the powers, projects and purposes of the District, has been heard; and

WHEREAS, in February 2015, the District transmitted written notice to each person and entity operating a groundwater producing facility within the District of the April 15, 2015 public hearing on the proposed Replenishment Assessment, which notice set forth date, time and location of the public hearing, the amount of the proposed Replenishment Assessment to be levied and imposed on each groundwater producer, and the basis and reasons for the proposed Replenishment Assessment; and

WHEREAS, a duly-noticed public hearing was held on March 18, 2015 concerning the condition of the groundwater supplies of this District and a duly-noticed public hearing was held on April 15, 2015 for the purpose of determining the need and desirability of levying a Replenishment Assessment; and

WHEREAS, no written protests were filed against the adoption, levy and imposition of the proposed Replenishment Assessment; and

WHEREAS, this Board has found and determined that an annual and accumulated overdraft does exist;

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

Section 1: That the Board of Directors does hereby find and determine that it is necessary and desirable to levy a Replenishment Assessment and to fix the rate thereof for the purchase of water to replenish the groundwater supplies of said District and to pay the costs of initiating, carrying on and completing any of the powers, projects and purposes of the District for the ensuing water year.

Section 2: That, based upon the staff report and presentation, the proposed fiscal year 2015-16 budget presented by the General Manager, and the testimony and evidence presented at the public hearing, the Board of Directors finds and declares as follows:

- (a) In accordance with Sections 23 and 27 of the Orange County Water District Act, the purposes of the Replenishment Assessment are to generate revenues sufficient to acquire water to replenish the average annual overdraft for the immediate five years plus an additional amount of water sufficient to eliminate over a period of not less than 10 years nor more than 20 years the accumulated overdraft, and to provide the services and to pay the costs of initiating, carrying on, and completing the powers, projects and

purposes for which the District was organized and which are authorized by the Board of Directors;

- (b) The revenues derived from the levy and imposition of the Replenishment Assessment shall not exceed the cost of acquiring water, providing the services and carrying out the powers, projects and purposes for which the District was organized and which are authorized by the Board of Directors;
- (c) The revenues derived from the levy and imposition of the Replenishment Assessment shall not be used for any purpose other than to acquire water, to provide the services and to pay the costs of initiating, carrying on, and completing the powers, projects and purposes for which the District was organized and which are authorized by the Board of Directors;
- (d) The amount of the Replenishment Assessment imposed on any operator of a groundwater producing facility shall not exceed the proportional cost to that operator of acquiring water, providing the services and carrying out the powers, projects and purposes for which the District was organized and which are authorized by the Board of Directors; and
- (e) No Replenishment Assessment shall be levied or imposed upon any operator of any groundwater producing facility unless that operator produces groundwater.

Section 3: That pursuant to the provisions of Section 27 of the Orange County Water District Act, and based upon the finding that an overdraft, either annual or accumulated, exists, a Replenishment Assessment is hereby levied and assessed against all persons operating water producing facilities and producing water during the ensuing water year, from July 1, 2015 to and including June 30, 2016, from the groundwater supplies of said District at the uniform rate of \$161 per acre-foot of water produced by all persons during the ensuing water year. The Board of Directors finds and determines that the replenishment rate of \$161 per acre-foot of water produced by all persons during the ensuing water year does not exceed the amount necessary to purchase sufficient water to replenish the average annual overdraft for the immediate five years, plus an additional amount of water sufficient to eliminate over a period of not less than 10 years nor more than 20 years the accumulated overdraft, plus an amount to pay the costs of initiating, carrying on and completing the powers, projects and purposes for which the District was organized.

Section 4: That the Secretary of this District is hereby instructed and directed to give notice of the levy of this Replenishment Assessment as required by the Orange County Water District Act.

3. Resolution C – Levying the Additional Replenishment Assessment

Upon motion by Director Anthony, seconded by Director Yoh, the following resolution was unanimously adopted [10-0].

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

RESOLUTION NO. 15-4-42
LEVYING THE ADDITIONAL REPLENISHMENT ASSESSMENT FOR WATER
PRODUCED DURING WATER YEAR 2015-16

WHEREAS, the engineering investigation and report concerning the condition of the groundwater supplies of the Orange County Water District has been made and filed; and

WHEREAS, the report and recommendation of the General Manager on the amount of the additional replenishment rate, which includes a consideration of the amount of money necessary for replenishment purposes and to pay the costs of initiating, carrying on and completing any of the powers, projects and purposes of the District, has been heard; and

WHEREAS, in February 2015, the District transmitted written notice to each person and entity operating a groundwater producing facility within the District of the April 15, 2015 public hearing on the proposed Additional Replenishment Assessment, which notice set forth date, time and location of the public hearing, the amount of the proposed Additional Replenishment Assessment proposed to be levied and imposed on each groundwater producer, and the basis and reasons for the proposed Additional Replenishment Assessment; and

WHEREAS, the Additional Replenishment Assessment is paid by all persons operating water producing facilities for all purposes other than irrigation as defined in the District Act; and

WHEREAS, a duly-noticed public hearing was held on March 18, 2015 concerning the condition of the groundwater supplies of this District and a duly-noticed public hearing was held on April 15, 2015 for the purpose of determining the need and desirability of levying an Additional Replenishment Assessment, and fixing the rate thereof; and

WHEREAS, no written protests were filed against the adoption, levy and imposition of the proposed Additional Replenishment Assessment; and

WHEREAS, this Board has heretofore levied a Replenishment Assessment against all persons operating water producing facilities and producing water during the ensuing water year, from July 1, 2015 to and including June 30, 2016, from the groundwater supplies of said District at the uniform rate of \$161 per acre-foot of water produced by all persons during the ensuing water year;

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

Section 1: That the Board of Directors does hereby find and determine that it is necessary and desirable to levy an Additional Replenishment Assessment and to fix the rate thereof to pay the costs of initiating, carrying on and completing any of the powers, projects and purposes of the District for the ensuing water year.

Section 2: That, based upon the staff report and presentation, the proposed fiscal year 2015-16 budget presented by the General Manager, and the testimony and evidence presented at the public hearing, the Board of Directors finds and declares as follows:

- (a) In accordance with Sections 23 and 27.1 of the Orange County Water District Act, the purpose of the Additional Replenishment Assessment is to generate revenues sufficient to provide the services and to pay the costs of initiating, carrying on, and completing the powers, projects and purposes for which the District was organized and which are authorized by the Board of Directors;
- (b) The revenue derived from the levy and imposition of the Additional Replenishment Assessment shall not exceed the cost of providing the services and carrying out the powers, projects and purposes for which the District was organized and which are authorized by the Board of Directors;
- (c) The revenue derived from the levy and imposition of the Additional Replenishment Assessment shall not be used for any purpose other than to provide the services and to pay the costs of initiating, carrying on, and completing the powers, projects and purposes for which the District was organized and which are authorized by the Board of Directors;
- (d) The amount of the Additional Replenishment Assessment imposed on any operator of a groundwater producing facility shall not exceed the proportional cost to that operator of providing the services and carrying out the powers, projects and purposes for which the District was organized and which are authorized by the Board of Directors; and
- (e) No Additional Replenishment Assessment shall be levied or imposed upon any operator of any groundwater producing facility unless that operator produces groundwater for purposes other than irrigation.

Section 3: That pursuant to the provisions of Section 27.1 of the Orange County Water District Act, the Board of Directors hereby finds and determines that it is necessary and advisable to levy an Additional Replenishment Assessment against all persons operating water producing facilities for all purposes other than irrigation at a uniform rate per acre-foot for water produced during the ensuing year for the purpose of paying the costs of initiating, carrying on and completing the powers, projects and purposes for which the District is organized. The Board of Directors further finds that the Additional Replenishment Assessment rate of \$161 per acre-foot of water produced from the groundwater supplies of the District is necessary for the protection of the water supplies of the District and that the amount is reasonable. An Additional Replenishment Assessment is hereby levied and assessed against all persons operating water producing facilities and producing water from the groundwater supplies of said District for all purposes other than irrigation during the ensuing water year from July 1, 2015 to and including June 30, 2016 at the uniform rate of \$161 per acre-foot of water for a total of \$322 per acre-foot of water produced by said persons during the ensuing water year for purposes other than irrigation.

Section 4: Pursuant to Section 29 of the Orange County Water District Act, the Board of Directors of the Orange County Water District does hereby provide that the operator of any water producing facility within the District which has a discharge opening not greater than two inches in diameter and which does not provide domestic or irrigation water for an area in excess of one acre, in lieu of filing a sworn statement as to the production of groundwater, may pay a fixed Replenishment Assessment and Additional Replenishment Assessment in the amount of \$322 for water produced in the ensuing water year, namely July 1, 2015 to June 30, 2016.

Section 5: Based upon the staff report and presentation, the proposed fiscal year 2015-16 budget presented by the General Manager, and the testimony and evidence presented at the public hearing, the Board of Directors finds and declares that the adoption, levy and imposition of the Replenishment Assessment and Additional Replenishment Assessment do not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) and are exempt from CEQA under Public Resources Code Section 21080(b)(8) and State CEQA Guidelines §§ 15378(b)(4) and 15273, because the Replenishment Assessment and Additional Replenishment Assessment: (a) involve the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and (b) are for the purposes of meeting operating expenses (including employee wage rates and fringe benefits), purchasing or leasing supplies, equipment or materials, meeting financial reserve needs and requirements, and obtaining funds for capital projects necessary to maintain the level of service within the District’s existing boundaries.

Section 6: That the Secretary of this District is hereby instructed and directed to give notice of the levy of the Replenishment Assessment and this Additional Replenishment Assessment as required by the Orange County Water District Act, and to file a Notice of Exemption in accordance with CEQA.

4. **Resolution D - Establishing Basin Production Percentage and Determining Need and Desirability to Levy Basin Equity Assessments**

Upon motion by Director Dewane, seconded by Director Yoh, the following resolution was unanimously adopted [10-0].

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

RESOLUTION NO. 15-4-43
ESTABLISHING THE BASIN PRODUCTION PERCENTAGE AND DETERMINING
THE NEED AND DESIRABILITY TO LEVY
BASIN EQUITY ASSESSMENTS AND AMOUNT THEREOF

WHEREAS, pursuant to Section 31.5 of the Orange County Water District Act, an engineering report on water production and the condition of water supplies within the Orange County Water District has been filed and presented to the Board of Directors of said District, and a hearing relating to said production and condition of water supplies was held on Wednesday, March 18, 2015; and

WHEREAS, a duly noticed public hearing was held on April 15, 2015 and evidence submitted for the purpose of determining the need and desirability of levying Basin Equity Assessments and the amount thereof, as well as the need for establishing production requirements and limitations and the extent thereof, and said matters having been submitted to the Board of Directors for its findings and determinations; and

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

Section 1: That the Board of Directors does hereby find and determine for the ensuing water year July 1, 2015 to June 30, 2016 as follows:

- a. The estimated total amount of water to be produced by all persons or operators within the District from the groundwater within the District is 322,000 acre-feet.
- b. The estimated total amount to be produced by such persons and operators from groundwater and supplemental sources is 445,000 acre-feet.
- c. The basin production percentage is 70 percent. There are no basin production requirements.
- d. The production limitation is 70 percent for all 19 retail groundwater producers. The surcharge for production in excess of the production limitation is \$0 per acre-foot.
- e. The Basin Equity Assessment and production requirements and limitations from groundwater within the District established by this resolution are necessary for the protection of the water supply of the District.
- f. The Basin Equity Assessments for that pumping originating from the water quality projects operated by the Mesa Consolidated Water District (Colored Water Removal project), Irvine Ranch Water District (Irvine Desalter and Wells 21 and 22), City of Tustin (Desalter), and City of Garden Grove (Nitrate Removal project) shall be exempt from the 70 percent production limitation and surcharge rate.
- g. The Basin Equity Assessment shall be set at \$0 per acre-foot for agricultural irrigation use producers who do not have a supplemental water connection, and that such amount is reasonable.
- h. The Basin Equity Assessments to be levied against all other persons and operators in a dollar amount per acre-foot of water produced from the groundwater supply (in excess of the basin production percentage) for all purposes including irrigation are as follows:

Table 1 - Basin Equity Assessments

<u>AGENCY</u>	<u>BEA (\$/AF)</u>
City of Anaheim	571
City of Buena Park.....	596
East Orange County Water District	603
City of Fountain Valley	583
City of Fullerton	583
City of Garden Grove	591
Golden State Water Company	596
City of Huntington Beach.....	608
Irvine Ranch Water District.....	584
City of La Palma.....	566
Mesa Water District.....	596
City of Newport Beach	612
City of Orange	605
City of Santa Ana	572
City of Seal Beach	585
Serrano Water District	549
City of Tustin	569
City of Westminster.....	602
Yorba Linda Water District	571
All producers for agricultural irrigation use	708
Producers for agricultural Irrigation Use without MWD Access	0
All Others	587

- i. The amount of each such Basin Equity Assessment is reasonable.
- j. During the ensuing water year, upon the District giving published notice thereof, pursuant to Section 6061 of the Government Code, in a newspaper of general circulation printed and published within the District at least 10 days prior to such hearing, a subsequent public hearing may be held to modify the basin production percentage, any Basin Equity Assessments, any surcharge, or any production requirement or limitation established by the District.

Section 2: That pursuant to Section 31.5(h) of the Orange County Water District Act, all persons and operators who produce 25 acre-feet or less of water from groundwater within the District shall be excluded from the levy of the Basin Equity Assessments and production requirements and limitations provided for herein.

Section 3: The Board of Directors finds and determines that the establishment of the basin production percentage, production requirements and limitations, and the adoption, levy and imposition of basin equity assessments and surcharges are exempt from the California Environmental Quality Act (“CEQA”) under State CEQA Guideline §15378(b)(2) since they involve continuing administrative activities such as general policy and procedure making.

Section 4: Based upon the staff report and presentation, the proposed fiscal year 2015-16 budget presented by the General Manager, and the testimony and evidence presented at the public hearing, the Board of Directors finds and declares that the adoption, levy and imposition of the basin equity assessments and surcharges do not constitute a “project” within the meaning of CEQA and are exempt from CEQA under Public Resources Code Section 21080(b)(8) and State CEQA Guidelines §§ 15378(b)(4) and 15273, because the basin equity assessments and surcharges: (a) involve the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and (b) are for the purposes of meeting operating expenses (including employee wage rates and fringe benefits), purchasing or leasing supplies, equipment or materials, meeting financial reserve needs and requirements, and obtaining funds for capital projects necessary to maintain the level of service within the District’s existing boundaries.

Section 5: That the Secretary of this District is hereby instructed and directed to give notice of the Basin Equity Assessments as required by the Orange County Water District Act, and to file a Notice of Exemption in accordance with CEQA.

VISITOR PARTICIPATION

Bobbi Ashurst requested the Board provide more time for the Citizen’s Advisory Board to review the Poseidon Project. She noted that the project location in Huntington Beach is dangerous because of its proximity to the toxic waste site and the Newport Inglewood fault.

Nick Dibs expressed his gratitude for the Board’s consideration of the Orange County Science and Engineering Fair.

Debbie Cook requested that the Citizens’ Advisory Committee be granted one additional meeting.

Clem Dominquez urged the Board to allow the Citizens' Advisory Committee one additional meeting and extend its decision date on the Term Sheet past April 30. He requested a subcommittee on alternatives be formed. He also stated the need to change the pricing so that there is no linkage between MWD premium and the rate for Poseidon water.

OJ Blog representative Vern Nelson urged the Board to give the Citizens' Advisory Committee more time to review alternatives. He stressed that OCWD could do a better, cheaper, faster job by building the desalination facility itself.

Director Sidhu temporarily left the meeting prior to the vote on the Consent Calendar.

CONSENT CALENDAR

The Consent Calendar was then approved by Director Anthony, duly seconded and carried [9-0] as follows.

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

2. Approval of Cash Disbursements

MOTION NO. 15-71 APPROVING CASH DISBURSEMENTS

Payment of bills for the period March 26, 2015 through April 8, 2015 in the total amount of \$3,283,123.84 is ratified and approved.

3. Approval of Minutes of Board Meeting

MOTION NO. 15-72 APPROVING MINUTES OF BOARD MEETINGS

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

4. Bolsa Chica Conservancy Annual Gala

MOTION NO. 15-73 BOLSA CHICA CONSERVANCY ANNUAL GALA

Payment in the amount of \$3,000 to Bolsa Chica Conservancy for sponsorship of the "Pacific Coast Dreamin' Barefoot Ball" on June 6, 2015 is hereby authorized.

5. Request to Participate in Orange County Science and Engineering Fair

MOTION NO. 15-74
AUTHORIZING PARTICIPATION IN ORANGE COUNTY
SCIENCE AND ENGINEERING FAIR

Staff and Board members are authorized to attend the Fair and a budget of \$2,000 for the event is established.

6. SB 355 (Lara) Rivers and Mountains Conservancy Board

MOTION NO. 15-75
ADOPT A POSITION OF "SUPPORT IF AMENDED" ON SB 355, RIVERS AND
MOUNTAINS CONSERVANCY BOARD

A position of "support if amended" on SB 355, Rivers and Mountains Conservancy Board, is hereby ratified, and transmittal of letter to Senator Lara in this regard is authorized.

7. H.R. 813 (Huffman) the Fixing Operations of Reservoirs to Encompass Climatic and Atmospheric Science Trends Act

MOTION NO. 15-76
ADOPT A POSITION OF "SUPPORT IF AMENDED" ON HR 813 (HUFFMAN) THE FIXING
OPERATIONS OF RESERVOIRS TO ENCOMPASS CLIMATIC AND
ATMOSPHERIC SCIENCE TRENDS ACT

A position of "support if amended" on H.R. 813 (Huffman), The Fixing Operations of Reservoirs to Encompass Climatic and Atmospheric Science Trends Act, is authorized.

CONSENT CALENDAR ITEMS RECOMMENDED FOR APPROVAL AT COMMUNICATIONS
AND LEGISLATIVE LIAISON MEETING HELD APRIL 2

8. Federal Legislative Update

This item was duplicated on today's Agenda. (See Item No. 7)

9. State Legislative Update

MOTION NO. 15-77
AUTHORIZING BOARD PRESIDENT TO SIGN LETTER OF SUPPORT FOR THE
PROTECTION OF THE TAX EXEMPT STATUS OF MUNICIPAL BONDS

The Board President is authorized to sign letter of support for the protection of the tax exempt status of Municipal Bonds.

CONSENT CALENDAR ITEMS RECOMMENDED FOR APPROVAL AT WATER ISSUES COMMITTEE MEETING HELD APRIL 8

10. Agreement to Cal Building Systems for Fire Alarm System Replacement Project

RESOLUTION NO. 15-4-44
AUTHORIZING AGREEMENT TO CAL BUILDING SYSTEMS INC. FOR ADMINISTRATION BUILDING FIRE ALARM SYSTEM REPLACEMENT PROJECT

RESOLVED, that issuance of Agreement to Cal Building Systems Inc. for an amount not to exceed \$63,480 for a replacement fire alarm system in the Administration Building; and

11. Contract No. TAL-2015-1, Talbert Barrier West End Pipeline Cathodic Protection System-Award Contract to Corrpro Companies, Inc.

RESOLUTION NO. 15-4-45
AWARDING CONTRACT NO. TAL-2015-1, TALBERT BARRIER WEST END PIPELINE CATHODIC PROTECTION SYSTEM TO CORRPRO COMPANIES, INC.

WHEREAS, a Notice Inviting Bids for Contract No. TAL-2015-1, Talbert Barrier West End Pipeline Cathodic Protection System, was published in *The Orange County Register* on February 28, 2015; and

WHEREAS, the following bids were received and opened on March 24, 2014:

Corrpro Companies, Inc.	\$153,215
Farwest Corrosion Control Company	\$222,715
American Construction and Supply, Inc.	\$262,615
EXARO Technologies Corporation	\$292,812
GRFCO, Inc	\$376,115

WHEREAS, the Water Issues Committee has recommended award of said contract to the lowest responsive bidder, Corrpro Companies, Inc., in the amount of \$153,215; and

WHEREAS, the Water Issues Committee has further recommended a reduced project budget for such contract of \$220,000;

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

Section 1: The Affidavit of Publication of Notice Inviting Bids for Contract No. TAL-2015-1, Talbert Barrier West End Pipeline Cathodic Protection System is hereby received and filed.

Section 2: The lowest responsive bid of Corrpro Companies, Inc. in the amount of \$153,215 is accepted and all other bids are rejected.

Section 3: A reduced total budget for such project is established at \$220,000.

Section 4: The President or Vice President and General Manager or District Secretary are authorized to execute an agreement on behalf of the District, in a form heretofore approved by this Board, with Corpro Companies, Inc. pursuant to the terms of its proposal.

Section 5: The District General Counsel is authorized to approve the Performance and Labor and Materials Bonds submitted by said contractor on behalf of the District, provided the bonds comply with the requirements of the bid proposal.

Section 6: Staff is directed to notify the unsuccessful bidders of the action taken herein and, upon execution of the agreement by the successful bidder, to return to the unsuccessful bidders their Bid Bonds.

12. Contract SAR-2013-1: Riverbed Filtration Desilting Demonstration Project: Ratify Change Orders and File Notice of Completion (Mike Bubalo Construction Co.)

RESOLUTION NO. 15-4-46
AUTHORIZING FILING OF NOTICE OF COMPLETION FOR CONTRACT SAR-2013-1,
RIVERBED FILTRATION DESILTING DEMONSTRATION PROJECT,
(MIKE BUBALO CONSTRUCTION CO.)

WHEREAS, the District staff has submitted its report that Mike Bubalo Construction, Co. has completed work under Contract No. SAR-2013-1, Riverbed Filtration Desilting Demonstration 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 Orders No. 1-4 to such contract providing for an increase of \$80,581 and a no-cost time extension;

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

Section 1: Issuance of Change Orders No. 1 through 4 to such Contract are 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.

13. International Desalination Association World Congress Desalination and Reuse Conference

MOTION NO. 15-78

AUTHORIZING SPONSORSHIP OF INTERNATIONAL DESALINATION ASSOCIATION
WORLD CONGRESS DESALINATION AND REUSE CONFERENCE

Payment in the amount of \$6,500 is authorized to the International Desalination Association for sponsorship of the “A Celebration of California Birthplace of Membrane Desalination and Reuse” event on September 1, 2015.

14 Prado Basin Feasibility Study: Amendment to Agreement with Northwest Habitat Institute and MOA with US Army Corps of Engineers to Process Planned Deviation Request

RESOLUTION NO. 15-4-47

APPROVAL OF AMENDMENT TO AGREEMENT WITH NORTHWEST HABITAT INSTITUTE
AND MEMORANDUM OF AGREEMENT WITH THE US ARMY CORPS OF ENGINEERS FOR
PLANNED DEVIATION REQUEST FOR PRADO DAM

WHEREAS, pursuant to Resolution No. 13-5-47 adopted May 22, 2013, as amended, OCWD approved an Agreement No. 0911 with Northwest Habitat Institute to conduct habitat assessment and modeling for the Prado Basin Feasibility Study; and

WHEREAS, the Water Issues Committee of this Board has recommended issuance of Amendment No. 2 to such Agreement with Northwest Habitat Institute for an amount not to exceed \$28,462 to conduct additional tasks for habitat assessment and modeling for the Prado Basin Feasibility Study bringing the total Agreement to \$242,962; and

WHEREAS, the Water Issues Committee has further recommended execution of a Memorandum of Agreement with Department of the Army for Review and Processing of a Deviation Request to the Water Control Plan at Prado Dam, for a fee of \$200,000; and

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

Section 1: Issuance of Amendment No. 2 to Agreement No. 0911 with Northwest Habitat Institute is authorized as described herein; and, subject to approval as to form by District General Counsel its execution by the District officers is authorized.

Section 2: The Memorandum of Agreement with Department of the Army for Review and Processing of a Deviation Request to the Water Control Plan at Prado Dam is approved; and, subject to approval as to form by District General Counsel its execution by the District officers is authorized.

Section 3: Payment of \$200,000 to the United States Army Corps of Engineers for review and processing of the deviation request is authorized.

15. Cost Share with OCSD for SP-173 Effluent Reuse Study for GWRS Final Expansion

MOTION NO. 15-79
APPROVING COST SHARE WITH OCSD FOR SP-173 EFFLUENT REUSE
STUDY FOR THE GWRS FINAL EXPANSION

The set aside of \$1,004,255 from current operating reserves is authorized for payment in the same amount to Orange County Sanitation District (OCSD) for the District's 50% share of the Agreement to CDM Smith for the OCSD Effluent Reuse Study SP-173.

16. Engineer's Report and RFP For Mid Basin Injection: Centennial Park Project Design Services

RESOLUTION NO. 15-4-48
RECEIVING AND FILING ENGINEERS REPORT FOR MID-BASIN INJECTION:
CENTENNIAL PARK PROJECT AND DECLARING PROJECT DULY INSTITUTED, AND
AUTHORIZING ISSUANCE OF RFP FOR PROJECT DESIGN SERVICES

WHEREAS, the District staff has prepared the Engineer's Report for the Mid Basin Injection: Centennial Park Project in Santa Ana to construct four wells to inject GWRS product water directly into the principal aquifer near areas of significant water table drawdown; and

WHEREAS, the Water Issues Committee of this Board has recommended retaining the services of a consultant to review the project design and prepare a feasibility study;

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

Section 1: It is found and determined, that the Mid-Basin Injection: Centennial Park Project is feasible, necessary and of general benefit to the lands of the District and the project is hereby declared duly instituted.

Section 2: The Engineer's Report for the Mid-Basin Injection: Centennial Park Project dated is approved.

Section 3: Issuance of a Request for Proposals for design services for such project is approved.

CONSENT CALENDAR ITEMS RECOMMENDED FOR APPROVAL AT ADMINISTRATION
AND FINANCE ISSUES COMMITTEE MEETING HELD APRIL 9

17. Monthly Cash Control Report

MOTION NO. 15-80
MONTHLY CASH CONTROL REPORT

The Summary Cash and Cash Equivalents Control Report dated March 31, 2015 is hereby received and filed.

18. Purchase Order to Quinn Company for Replacement Engines on Caterpillar Scraper RT-16

RESOLUTION NO. 15-4-49
AUTHORIZING PURCHASE ORDER TO QUINN COMPANY FOR
REPLACEMENT ENGINES ON THE CATERPILLER SCRAPER RT-16

Issuance of a Purchase Order is authorized to Quinn Company in the amount not to exceed \$239,000 for the replacement of RT-16's Tier-0 auger scraper engines with Tier-3 replacements for compliance with State regulations.

19. Purchase Order to Sparling Instruments for Replacement of 42" Electronic Flowmeter

RESOLUTION NO. 15-4-50
AUTHORIZING PURCHASE ORDER TO SPARLING INSTRUMENTS LLC FOR
REPLACEMENT OF 42" ELECTRONIC FLOWMETER

RESOLVED, that issuance of a Purchase Order is authorized to Sparling Instruments, LLC for an amount not to exceed \$9,360 for a 42" electronic propeller flow meter.

20. Compensation Agreement with Garden Grove for Long Range Property Management Plan

RESOLUTION NO. 15-4-51
AUTHORIZING COMPENSATION AGREEMENT WITH THE CITY OF GARDEN GROVE
FOR LONG RANGE PROPERTY MANAGEMENT PLAN

WHEREAS, the Administration and Finance Issues Committee of this Board has presented and recommended approval of a Compensation Agreement with the City of Garden Grove (City) as required by the California Department of Finance providing for the City as successor agency to its dissolved redevelopment agency to retain certain properties of the former agency to redevelop;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby approve the aforementioned Compensation Agreement with the City of Garden Grove; and, upon approval as to form, it's execution by the District officers is authorized.

21. Investment Portfolio Holdings Report

MOTION NO. 15-81
INVESTMENT PORTFOLIO HOLDINGS REPORT

The Investment Portfolio Holdings Report dated March 31, 2015 is hereby received and filed.

22. Cash Defeasance of 2005B Certificates of Participation

RESOLUTION NO. 15-4-52
AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT (SERIES 2005B) AND
APPROVING CERTAIN ACTS IN CONNECTION THEREWITH AND
CERTAIN OTHER MATTERS

WHEREAS, the Orange County Water District (the “District”), a political subdivision duly organized and existing under and by virtue of the laws of the State of California, has previously caused Revenue Certificates of Participation, Series 2005B (the “2005B Certificates”) to be executed and delivered to finance certain facilities of the District; and;

WHEREAS, the Board has determined that it is in the best interest of the District to cause the defeasance of all of the \$26,845,000 aggregate principal amount of the 2005B Certificates and to approve an escrow agreement in connection therewith;

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

Section 1: The Escrow Agreement (Series 2005B) (the “Escrow Agreement”), in substantially the form attached hereto as Exhibit A, is hereby approved. The President of the Board or the designee thereof is hereby authorized and directed to execute and deliver the Escrow Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, as Special Counsel, and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 2: The President, First Vice President or Second Vice President or the General Manager, the Chief Financial Officer or the designee thereof and any other proper officer of the District, acting singly, is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the defeasance of the 2005B Certificates, the Escrow Agreement and this resolution.

Ayes: Anthony, Bilodeau, Dewane, Green, Flory, Nguyen, Reyna, Sheldon, Sidhu, Yoh [10-0]

MOTION NO. 15-82
AUTHORIZING DEPOSIT OF FUNDS FOR PAYOFF OF DISTRICT BONDS AND
AUTHORIZING PAYMENT TO STRADLING YOCCA CARLSON & RAUTH FOR BOND
COUNSEL AND FINANCIAL ADVISORY SERVICES

Deposit \$27,240,218 of unrestricted reserves (\$10 million from Paygo Capital fund, \$7.241 million from Refurbishment & Replacement fund, and \$10 million from Operating fund) into an escrow account for payoff of District Bonds is authorized, and payments in the amount of \$20,000 to Stradling, Yocca, Carlson, & Rauth and \$23,000 to Fieldman Rolapp & Associates for bond counsel and financial advisory services associated with the 2005B defeasance is authorized.

MATTER FOR CONSIDERATION

23 Proposed Fiscal Year 2015-16 Budget

Treasurer/Chief Financial Officer Randy Fick presented the proposed fiscal year 2015-16 budget totaling \$176.1 million. He noted that the proposed budget has been reviewed in detail with the Board and the Groundwater Producers over the past two months, and is based upon setting a Basin Production Percentage (BPP) of 70% and a Replenishment Assessment (RA) of \$322/af. The following action was then taken.

Upon motion by Director Anthony, seconded by Director Green, the following resolution was unanimously adopted [9-0].

Ayes: Anthony, Bilodeau, Dewane, Flory, Green, Nguyen, Reyna, Sheldon, Yoh [9-0]
Absent: Sidhu

RESOLUTION NO. 15-4-53
APPROVING FISCAL YEAR 2015-16 BUDGET

WHEREAS, the Orange County Water District Board of Directors has reviewed the proposed OCWD Budget for fiscal year 2015-16 as presented by the General Manager and District Treasurer;

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

Section 1: The fiscal year 2015-16 budget is hereby approved and adopted as follows:

- \$ 60.3 million General Fund
- \$ 35.6 million Water Purchase Fund
- \$ 27.7 million Debt Service Fund
- \$ 24.0 million Capital Improvement Program
- \$ 1.3 million Retiree Health Insurance Fund
- \$ 0.9 million New Capital Equipment
- \$ 26.3 million Replacement and Refurbishment Fund

Section 2: Each of the items set forth, determined, approved and adopted hereof shall be subject to: 1) necessary adjustments when final detailed computation of expenditures and revenues for the 2015-16 fiscal year are available; 2) necessary adjustments when final determinations of the total ad valorem tax revenues available to the District are known; and 3) necessary adjustment after completion of the replenishment assessment and basin equity assessment procedures required by the District Act. Additionally, items in Section 1 and 2 and the General Fund and Capital Projects Fund Appropriations for Reserves shall comply with Sections 17 and 20 of the Orange County Water District Act.

Section 3: The OCWD General Manager of the District may make transfers and revisions between line items and categories and within line items with respect to the appropriations set forth in the Budget heretofore adopted, at such time as within the General Manager’s discretion such transfer becomes necessary and proper.

Director Sidhu returned to the meeting during discussion of the following items.

24. INFORMATIONAL ITEMS

A. Water Resources Report

There was no discussion of this item.

B. Santa Ana Watershed Project Authority Activities

Director Anthony gave a brief update on SAWPA activities.

C. OCWD Groundwater Management Plan Update

Executive Director Greg Woodside advised that the draft Groundwater Management Plan would be available for public comment until May 22, and that a public hearing has been scheduled for May 20.

D. Groundwater Producer Meeting Minutes – April 8, 2015

It was noted the minutes of this meeting were contained in tonight's packet.

E. COMMITTEE/CONFERENCE/MEETING REPORTS

- ▶ Reports on Conferences/Meetings Attended at District Expense (at which a quorum of the Board was present)

The Board reported on attendance at the following Committee meetings and noted the Minutes/Action Agendas were included in tonight's Board packet.

April 02 - Communication/Legislative Liaison Committee

April 08 - Water Issues Committee

April 09 - Administration/Finance Issues Committee

April 13 - GWRS Steering Committee

VERBAL REPORTS

Directors Bilodeau and Reyna reported on a press conference they attended today at the Hotel Fullerton where it was unveiled that they replaced 80,000 sq. ft. of grass with artificial grass for which the City of Fullerton rebated the hotel approximately \$41,000.

Director Green stated the Citizens' Advisory Committee has requested the addition of another meeting. She recommended the Board extend its decision to the end of May to allow the Committee to have another meeting and submit its recommendation. Staff was directed to cancel the previously scheduled April 30 special Board meeting and reschedule it for May 14, 2014 at 5:30 p.m. to review the Poseidon Term Sheet. Director Green also advised that Public Affairs employee Becky Mudd was raising money for pediatric cancer by running a 268 mile run from Huntington Beach to the California/Arizona border. She urged the Board to contribute to her charity. Finally, Director Green stated she has a meeting with staff tomorrow with the City of Fullerton and Assemblymember Wagner.

Directors Flory and Sheldon reported on their attendance at the Corps of Engineers hearing at Corona High School regarding restoration of the Prado Basin mural.

General Manager Markus reported that two days ago OCWD hit 90 million gallons per day of production for GWRS. He also reported that staff has been thinking of re-landscaping of the area along Warner Basin and made application through the MWD turf removal program through the City of Anaheim grant. He stated a \$347,606 grant was approved from MWD to remove turf. Finally, he reported on several media interviews held recently regarding the drought.

25. ADJOURNMENT TO CLOSED SESSION

The Board adjourned to Closed Session at 6:45 p.m. as follows.

- CONFERENCE WITH LABOR NEGOTIATORS [Government Code Section 54957.6]
OCWD designated representative: Stephanie Dosier
 - ⊙ Employee Organization: Orange County Employee Association
 - ⊙ Non-Represented Employees (Confidential and Management)
- CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – [Government Code Section 54956.9(a)] Successor Agency to the Tustin Community Redevelopment Agency, et al v. Department of Finance, et al

RECONVENE IN OPEN SESSION

The Board reconvened in Open Session at 7:11 p.m. whereupon General Counsel Kuperberg announced that the Board, by a unanimous vote of 8-0, took the following action in Closed Session.

RESOLUTION NO. CS-15-4-2

AUTHORIZING GENERAL COUNSEL TO DEFEND THE CASE ENTITLED “TUSTIN COMMUNITY REDEVELOPMENT AGENCY ET AL V. STATE DEPARTMENT OF FINANCE” AND AUTHORIZING THE DISTRICT TO ENTER INTO A STIPULATION OR OTHERWISE ACCEDE TO FINAL JUDGEMENT OR SETTLEMENT IN THAT CASE

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

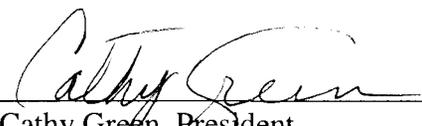
Absent: Bilodeau, Nguyen

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 7:12 p.m.



Janice Durant, District Secretary



Cathy Green, President