

MINUTES OF MEETING
BOARD OF DIRECTORS, ORANGE COUNTY WATER DISTRICT
September 21, 2016, 5:30 p.m.

President Green called to order the September 21, 2016 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 Assistant District Secretary called the roll and reported a quorum as follows.

Directors

Philip Anthony
Denis Bilodeau
Jordan Brandman
Shawn Dewane
Jan Flory
Cathy Green
Dina Nguyen
Roman Reyna (not present)
Stephen Sheldon (not present)
Roger Yoh (arrived 5:42 pm)

Staff

Michael R. Markus, General Manager
Joel Kuperberg, General Counsel
Judy-Rae Karlsen, Assistant District Secretary

VISITOR PARTICIPATION

Orange County resident Alex Reich recommended the District livestream public meetings and increase transparency so the public may be better informed.

Huntington Beach resident Clem Dominguez expressed concern about the final expansion of the GWRS project and stated it should be put “on hold” or approved if the Poseidon project was canceled.

Orange County resident Norma Vander Molen requested the District cooperate with the Los Angeles County Groundwater Reclamation Project to solve water reclamation needs. She advised that she does not see a need for the Poseidon project if the reclamation water is available and used wisely. Ms. Vander Molen stated that as a tax payer, she would like to know the actual costs for the Poseidon project water.

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Anthony, seconded by Director Dewane and carried [7-0] as follows:

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

1. Approval of Cash Disbursements

MOTION NO. 16-119
APPROVING CASH DISBURSEMENTS

Payment of bills for the period September 1 through September 14, 2016 in the total amount of \$ 6,832,978.84 is ratified and approved.

2. Approval of Minutes of Board Meeting

MOTION NO. 16-120
APPROVING MINUTES OF BOARD MEETING

The minutes of the Board of Directors meeting held August 26, 2016 are approved as presented.

3. Second Revision - Agreement with the US Environmental Protection Agency for the North Basin Remedial Investigation & Feasibility Study

RESOLUTION NO. 16-09-120
AUTHORIZING REVISED ADMINISTRATIVE SETTLEMENT AGREEMENT WITH
US EPA FOR REMEDIAL INVESTIGATION/FEASIBILITY STUDY FOR GROUNDWATER
CONTAMINATION IN THE NORTH BASIN

WHEREAS, pursuant to Resolution No. 16-7-106 adopted July 20, 2016, as revised by Resolution No. 16-9-115 adopted September 7, 2016, the OCWD Board authorized execution of the Administrative Settlement Agreement with the United States Environmental Protection Agency (US EPA) for the oversight of the District's performance of the Remedial Investigation and Feasibility Study (RI/FS) for groundwater contamination in the North Basin area; and

WHEREAS, subsequent to such approval, the OCWD staff has advised that the US EPA has requested changes to such agreement and has submitted a revised Agreement accordingly;

WHEREAS, the District staff has presented and recommended approval of such Revised Administrative Settlement Agreement with the US EPA for the oversight of the District's performance of the RI/FS for groundwater contamination in the North Basin area; and

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

Section 1: The Administrative Settlement Agreement with the US EPA to oversee the District's performance of the RI/FS for groundwater contamination in the North Basin area; and, upon approval as to form by District General Counsel, its execution by the District's officers is authorized.

Section 2: Resolutions Nos. 16-7-106 and 16-9-115 are hereby superseded and replaced.

4. Purchase of Monitor for GWRs Tours

MOTION NO. 16-121
APPROVING PURCHASE OF OUTDOOR MONITOR FOR DISTRICT TOURS

RESOLVED, that issuance of a Purchase Order is authorized to purchase one outdoor monitor for District tours for an amount not to exceed \$6,000; and Trojan UV has offered to contribute \$2,000 to defray anticipated costs.

CONSENT CALENDAR ITEMS RECOMMENDED FOR APPROVAL AT COMMUNICATION AND LEGISLATIVE LIAISON COMMITTEE

5. Federal Legislative Update

MOTION NO. 16-122
ADDING A POLICY POSITION TO THE 2016 LEGISLATIVE PLATFORM FOR REGIONAL SEDIMENT MANAGEMENT PROJECTS

Staff is hereby authorized to add a policy position to the 2016 Legislative Platform that advocates for project funding for regional sediment management on the federal level.

CONSENT CALENDAR ITEMS RECOMMENDED FOR APPROVAL AT WATER ISSUES COMMITTEE MEETING

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

RESOLUTION NO. 16-09-121
AUTHORIZING AGREEMENT TO ERS INDUSTRIAL SERVICES, INC FOR REPLACEMENT OF GAP FILTER MEDIA

RESOLVED, that issuance of an Agreement to ERS Industrial Services, Inc. in the amount of \$198,112 for replacement of Green Acres Project (GAP) filter media; and upon approval as to form by District General Counsel; its execution by the District officers is authorized.

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

RESOLUTION NO. 16-09-122
AUTHORIZING FILING OF NOTICE OF COMPLETION (SUKUT CONSTRUCTION, INC) FOR CONTRACT NO. FB-2014-1 FLETCHER RECHARGE BASIN PROJECT AND RATIFYING ISSUANCE OF CHANGE ORDERS

WHEREAS, the Water Issues Committee of this Board determined that Sukut Construction, Inc. has completed work under Contract No. FB-2014-1, Fletcher Recharge Basin Project; and

WHEREAS, staff has advised of issuance of Change Order Nos. 1 -7 to such contract for an increase of \$129,755.23 to the final contract price; and

WHEREAS, staff 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;

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

Section 1: Change Order Nos. 1-7 to Contract No. FB-2014-1, Fletcher Recharge Basin Project are hereby ratified as set forth herein.

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

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

RESOLUTION NO. 16-09-123
AWARDING CONTRACT NO. SAR-2017-1 FIVE COVES RUBBER DAM REPLACEMENT
PROJECT TO PASCAL & LUDWIG CONSTRUCTORS

WHEREAS, a Notice Inviting Bids for Contract No. SAR-2017-1, Five Coves Rubber Dam Replacement Project, was published in The Orange County Register on August 9, 2016; and

WHEREAS, the following bids were received and opened on September 6, 2016:

Pascal & Ludwig Constructors, Inc.	\$ 307,900
Pacific Hydrotech Corp.	\$ 424,100
Environmental Construction, Inc.	\$ 643,300

WHEREAS, the District staff has recommended award of said contract to the lowest responsive bidder, Pascal & Ludwig Constructors, Inc. in the amount of \$307,900;

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. SAR-2017-1 is received and filed.

Section 2: The lowest responsive bid of Pascal & Ludwig Constructors, Inc., in the amount of \$307,900 is accepted and all other bids are rejected.

Section 3: 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 Pascal & Ludwig Constructors, Inc. pursuant to the terms of its proposal.

Section 4: 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 5: 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.

9. Amendment to Agreement with W.A. Rasic Construction

RESOLUTION NO. 16-09-124
AUTHORIZING AMENDMENT TO AGREEMENT TO WA RASIC CONSTRUCTION FOR
DRAINING AND REFILLING TALBERT BARRIER PIPELINE

WHEREAS, pursuant to Resolution No. 16-5-54, adopted May 18, 2016, OCWD issued Agreement to W.A. Rasic Construction to construct the GWRS 54-Inch Barrier Pipeline Access Manway Project; and

WHEREAS, the Water Issues Committee has recommended issuance of Amendment No. 1 for additional construction work associated with draining and refilling the Talbert Barrier Pipeline for an amount not to exceed \$5,864.59;

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

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

RESOLUTION NO. 16-09-125
AUTHORIZING CONSULTING SERVICES SUBCONTRACT TO
TRUSSELL TECHNOLOGIES SUPPORTING “EVALUATING POST TREATMENT
CHALLENGES FOR POTABLE REUSE APPLICATIONS” RESEARCH PROJECT

WHEREAS, the Water Issues Committee of this Board has presented and recommended approval of a Consulting Services Subcontract with Trussell Technologies in support of the research project “Evaluating Post Treatment Challenges for Potable Reuse Applications” (WRRF-16-01)”, through which OCWD will be compensated in the amount of \$35,000 (for a two year period); and

WHEREAS, the Water Issues Committee has further recommended payment of the District’s utility cash contribution of \$20,000 to Water Environment and Reuse Foundation in support of the research study;

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

Section 1: The aforementioned Agreement with Trussell Technologies is approved as described herein; and, upon approval as to form by District General Counsel, its execution by the District staff is authorized.

Section 2: Payment of the District's utility cash contribution of \$20,000 to Water Environment and Reuse Foundation in support of such research study;

11. Payment to US Army Corps of Engineers for Prado Dam Water Control Manual Deviation

MOTION NO. 16-123
AUTHORIZING PAYMENT TO THE US ARMY CORPS OF ENGINEERS FOR
DEVIATION REQUEST FOR PRADO DAM WATER CONTROL MANUAL

Payment of \$30,000 to the United States Army Corps of Engineers is hereby authorized for review and processing of the deviation request for the Prado Dam water control manual.

12. Green Acres Project Future Direction

RESOLUTION NO. 16-09-126
AUTHORIZING NEGOTIATION OF GAP SALES AND DISTRIBUTION AGREEMENTS

RESOLVED, that the General Manager is authorized to negotiate new Green Acres Project (GAP) Sales and Distribution Agreements with five water retail agencies currently participating in the GAP program: City of Fountain Valley, Mesa Water District, City of Newport Beach, City of Santa Ana, and City of Huntington Beach, and to return such agreements to the Board for final approval.

RESOLVED, FURTHER, that the new requests for inclusion in the GAP Program are authorized as follows:

- The Irvine Company: Eastbluff Village Center,
- The Irvine Company: San Joaquin Apartments,
- Canyon Mesa HOA Versailles on the Lake Apartments
- South Coast Plaza RW Expansion (Segerstrom)
- Mesa Verde Shopping Center (Segerstrom)
- Azulon at Mesa Verde Apartments (Segerstrom)
- The Irvine Company: The Enclave Apartments Corona Del Mar High School
- City of Huntington Beach (various locations)

RESOLVED, FURTHER, that all future requests to connect to GAP will be considered on a case-by-case basis until it is demonstrated that additional Orange County Sanitation District source flows exceed flows necessary for the GWRS Final Expansion project.

13. Budget Authorization and Consultant Retention for North Basin Remedial Investigation and Feasibility Study Under EPA Oversight

RESOLUTION NO. 16-09-127
AUTHORIZING AGREEMENTS FOR SERVICES RELATED TO THE NORTH BASIN
REMEDIAL INVESTIGATION AND FEASIBILITY STUDY

WHEREAS, pursuant to Resolution No. 16-7-106 adopted July 20, 2016, OCWD authorized execution by the General Manager of the Administrative Settlement Agreement with the Environmental Protection Agency for the North Basin Remedial Investigation/Feasibility Study (RI/FS); and

WHEREAS, in connection with such RI/FS at the North Basin, pursuant to Resolution No. 16-6-88 adopted June 15, 2016; OCWD selected the consulting firms of Senior Environmental Strategists and Brown & Caldwell with the cost to be shared by Northrop Grumman; and

WHEREAS, subsequent to such approval, staff has advised that Northrop Grumman has declined to participate with OCWD in the RI/FS for North Basin, and the District staff has therefore recommended issuance of new agreements in connection with such RI/FS;

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

Section 1: Issuance of an Agreement is authorized 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.

Section 2: Issuance of an Agreement is authorized to Senior Environmental Strategists (SES) to provide strategic planning and oversight services for the RI/FS at North Basin for an amount not to exceed \$195,880.

Section 3: 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 is approved.

Section 4: Issuance of Amendment No. 2 is authorized in an amount not to exceed \$150,000 to Agreement No. 998 to Intera, Inc. to provide additional modeling services that support the North Basin RI/FS activities as requested by the EPA and outlined in the scope of work.

Section 5: Establishment of a budget and 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 is approved.

Section 6: A capital project budget of \$1.5 million is authorized for construction of 14 monitoring wells in support of the North Basin RI/FS is authorized.

14. Update on Alternative Approaches for IRWM in Orange County

MOTION NO. 16-124
AUTHORIZING PAYMENT TO COUNTY OF ORANGE FOR
COST SHARING AGREEMENT RELATED TO THE NORTH AND CENTRAL ORANGE
COUNTY INTEGRATED REGIONAL WATER MANAGEMENT PLANS

RESOLVED, that payment of \$30,000 to the County of Orange is authorized for the District's cost share for updating the North and Central Orange County Integrated Regional Water Management Plans, and staff is directed to determine if the Department of Water Resources could include a "no harm" provision in project evaluations.

15. Newport Bay Watershed Executive Committee

MOTION NO. 16-125
AUTHORIZING TRANSMITTAL OF LETTER TO NEWPORT BAY WATERSHED
EXECUTIVE COMMITTEE AND ORANGE COUNTY BOARD OF SUPERVISORS

Staff is authorized to transmit a letter to the Newport Bay Watershed Executive Committee and the Orange County Board of Supervisors requesting OCWD participation on the Newport Bay Watershed Executive Committee.

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

16. Monthly Cash Control Report

MOTION NO. 16-126
RECEIVING AND FILING MONTHLY CASH CONTROL REPORT

The Summary Cash and Cash Equivalents Control Reports dated August 31, 2016 is hereby received and filed.

17. Investment Portfolio Holdings Reports

MOTION NO. 16-127
RECEIVING AND FILING INVESTMENT PORTFOLIO HOLDINGS REPORTS

The Investment Portfolio Holdings Reports dated August 31, 2016 is hereby received and filed.

18. Additional Headcount for the Laboratory Department

MOTION NO. 16-128
AUTHORIZING ADDITIONAL HEADCOUNT TO ORGANIC LABORATORY

An increase in the OCWD headcount is authorized for the employment of one full-time organic chemist in the Advanced Water Quality Assurance Laboratory Department.

19. Budget to Actual Report for Fourth Quarter FY 2015–16

MOTION NO. 16- 129
RECEIVING BUDGET TO ACTUAL REPORTS FOR
FOURTH QUARTER FY 2015-16

The Budget to Actual Report for Fourth Quarter of Fiscal Year 2015-16 ending June 30, 2016 is hereby received and filed.

MATTERS FOR CONSIDERATION

Director Yoh arrived at 5:40 during the following discussion.

20. GWRS Final Expansion: Adopt California Environmental Quality Act and Engineer's Report for the GWRS Final Expansion Project

Director Green introduced the following Orange County Sanitation District (OCSD) board and staff members that were in attendance; OCSD Board Chairman John Nielsen, Director Greg Sebourm, General Manager Jim Herberg, and staff members Rob Thompson, Jennifer Cabral and Kathy Milea.

Principal Engineer Sandy Scott-Roberts presented an overview of the GWRS project from the project inception to the current decision to approve the GWRS Final Expansion project. She advised the GWRS project was completed in 2008 and consisted of a 70 million gallons per day (mgd) treatment facility that had a future expansion of up to 130 mgd with injection wells and pipeline. Ms. Scott-Roberts reported the GWRS Initial Expansion project was completed in 2015 and it expanded the GWRS treatment facility to 100 mgd and included a Secondary Effluent Flow Equalization (SEFE) pump station and storage tanks. She noted the GWRS Final Expansion project would increase the treatment facilities to 130 mgd and would require a water supply pipeline, a new pump station and the OCSD treatment process would be reconfigured. Ms. Scott Roberts reviewed the proposed layout for the new facilities, the project schedule and the annual water production goal. She stated the GWRS Final Expansion project consists of the following project components and estimated capital costs.

Project Description	Estimated Capital Costs
OCWD AWTF Expansion to 130 MGD	\$ 130 million
OCSD Plant No. 2 Pump Station	\$ 18 million
OCSD Pipeline Rehabilitation	\$ 37 million
OCSD Plant No. 2 Headworks Modification	\$ 44 million
<i>*Flow Equalization Tank</i>	\$ *23 million
Total	\$ 252 million

Ms. Scott Roberts reported the *Flow Equalization Tank project is not included in the GWRS Final Expansion project, however it will be required for an additional cost of \$23 million, bringing the total cost of the GWRS Final Expansion project to \$252 million. She noted that three additional projects are needed to support the project: Mid Basin Injection, Burris Booster Pump Station and La Palma Basin and they will increase the capital costs to \$351 million.

Ms. Scott-Roberts stated the GWRS Final Expansion project will recycle 100% of OCSD reclaimable waste water. She reviewed the proposed distribution strategy for the 130 mgd of GWRS product water and the recharge capacities in the Talbert Seawater Barrier, Mid Basin Injection, Burris Basin Outlet and the recharge basins. Ms. Scott Roberts then provided unit cost estimates per acre feet (af) with various interest rates of 1.7% = unit cost of \$897/af, 3% = unit cost of \$968/af and 5% = unit cost of \$1,145/af. She advised the 3% interest rate was a conservative estimate and the estimated unit cost of \$986/af included an estimated \$12 million in grant funding.

Ms. Scott Roberts provided a comparison of unit costs between GWRS product water verses Metropolitan Water District (MWD) treated full service water and she forecasted actual and melded unit costs/af through fiscal year 2039.

Director Green asked about the availability of Proposition 1 funding for this project. General Manager Michael Markus noted that funding for recycled water is no longer available, however there may be Proposition 1 funding via the Integrated Regional Water Management and the Santa Ana Watershed Project Authority OWOW process.

Ms. Scott-Roberts reviewed the 5 year projection for the Replenishment Assessment (RA) and the Basin Production Percentage (BPP) with the BPP set at 75% until the completion of the GWRS Final Expansion project in Fiscal Year 2021. She then reviewed the staff recommendation to adopt a resolution that establishes the GWRS Final Expansion project; adopt the California Environmental Quality Act (CEQA) findings; determine the project feasible, necessary and of general benefit to the District; approve the Engineers' Report and the proposed project budget. Mr. Markus advised the impact to the RA for the GWRS Final Expansion which includes Mid Basin Injection and the pump station is \$55/af.

Visitor Participation

OCSD Chairman John Nielsen noted that OCSD has experienced significant growth during the last 60 years, however the OCSD mission has remained the same, "to protect the public health and the environment." He reported that in 1954, OCSD served a population of 300,000 people and treated 30 mgd of sewage; however, today OCSD currently serves a population of over 2.5 million people

and treats 185 mgd of sewage. Mr. Nielsen called the joint agency GWRS project a resource recovery facility. He reported that OCWD established a policy in 2013 that OCSD would become 100% recycling in water, solids and energy. He discussed the importance and significance of the partnership between OCSD and OCWD.

OCSD General Manager Jim Herberg stated the partnership with OCWD is invaluable. He discussed the history of OCSD/OCWD joint agency projects beginning with Water Factory 21. Mr. Herberg discussed the budget for the GWRS project, the individual agency responsibilities, and the growth of each agency due to the partnership on this project.

OCSD Vice Chair Greg Sebourn stated that GWRS is the most important engineering project in the region, and he noted his support for the GWRS Final Expansion project.

Orange County Coastkeeper General Manager Ray Hiemstra expressed support for the final expansion of the GWRS project. He advised that Orange County Coastkeepers has supported the GWRS project since the very beginning and it will continue to support the final expansion of the GWRS Final Expansion project. Mr. Hiemstra stated that he will not support the proposed desalination project.

Debbie Cook stated her support of the project and the ongoing OCSD/OCWD partnership. She challenged staff to recalculate the Metropolitan Water District proposed rate structure for the next five years.

Costa Mesa resident Cindy Blake stated her support for the GWRS Final Expansion project.

Directors Dewane and Flory congratulated both OCWD and OCSD for a successful joint agency GWRS project. Director Anthony advised that OCSD has successfully partnered with OCWD for over 20 years. Director Yoh reported the GWRS Steering Committee has done an excellent job overseeing the growth and development of the project. Director Bilodeau stated his support for the project but noted the Board was only making a decision to move forward with the project and each part of the GWRS Final Expansion project will be brought back to the Board for further consideration. Director Brandman commended staff and noted the GWRS project is an innovative project and the City of Anaheim has historically been a strong supporter of GWRS.

Director Green requested that staff provide the costs for the two completed phases of the GWRS project. Mr. Markus reported the GWRS construction cost was \$292 million, the GWRS Initial Expansion construction cost was \$115 million. He reported that if the District did not have a recycled water component the Basin Production Percentage would most likely be set at 50%.

Director Nguyen stated that the project was expensive but the rewards were going to be worth it in the future.

Upon motion by Director Dewane, seconded by Director Anthony, the following resolution was unanimously adopted [8-0].

Ayes: Anthony, Bilodeau, Brandman, Dewane, Flory, Green, Nguyen, Yoh

Absent: Reyna, Sheldon

RESOLUTION NO. 16-09-128
 ADOPTING CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS,
 APPROVING AN ENGINEER'S REPORT AND BUDGET AND INSTITUTING
 THE PROJECT FOR THE GROUNDWATER REPLENISHMENT SYSTEM
 FINAL EXPANSION PROJECT

WHEREAS, pursuant to Resolution No. 99-3-33 and Resolution No. 99-3-34 adopted March 24, 1999 the OCWD Board certified the Environmental Impact Report (the "EIR"); adopted a Mitigation Monitoring and Reporting Program; and adopted a Statement of Overriding Consideration for the Orange County Water District Groundwater Replenishment System with an annual production of recycled water of up to 120,000 acre-feet (the "Project"); and

WHEREAS, the District has made a number of minor modifications to the Project, which were approved based upon the EIR as augmented by Addendum No. 1 on March 28, 2001, and Addendum No. 2 on January 16, 2002 and Addendum No. 3 on December 7, 2003 and Addendum No. 4 on February 25, 2005 and Addendum No. 5 on March 25, 2011 (the EIR, as augmented by Addenda Nos. 1, 2, 3, 4, and 5 is referred to as the "FEIR"); and

WHEREAS, the District accepted completion of construction of the initial phase of the Project in January 2008 with a treatment capacity of 70,000 acre feet per year; and, after the completion of construction of the initial expansion in June of 2015, the treatment capacity was increased to 103,000 acre feet per year and the Project has been in operation at that capacity continually since that date; and

WHEREAS, District staff has proposed the final expansion of the Project to increase the treatment capacity by 25,000 acre feet per year by expanding the microfiltration treatment system, reverse osmosis treatment system, ultraviolet light treatment system and post treatment processes, and from the utilization of wastewater flows from Orange County Sanitation District Plant No. 2 wastewater treatment site (the "Revised Project"). The Revised Project, would expand the production capacity to 128,000 acre feet per year, and includes the construction of an effluent pump station on the Orange County Sanitation District Plant No. 2 and the conversion of an existing gravity pipeline to a pressurized pipeline along the Orange County Sanitation District easement corridor from Plant No. 2 to Plant No. 1; and

WHEREAS, in accordance with CEQA guidelines, Section 15164, the District staff has prepared an initial study to analyze the potential environmental impacts from the Revised Project as compared to the Project, and has proposed minor changes to the FEIR through the preparation of Addendum No. 6 to the FEIR, in order that the FEIR may be used as the environmental document for the Revised Project; and

WHEREAS, District staff has prepared an Engineer's Report and proposed budget for the Revised Project in accordance with Section 20.6 of the Orange County Water District Act;

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

Section 1: Based on the evidence presented to the Board of Directors, including the FEIR, the staff report, Initial Study and Addendum No. 6 to the FEIR, the Board of Directors of the Orange County Water District does hereby find that pursuant to State CEQA Guidelines Section 15164:

- (1) No substantial changes are proposed in the Project covered by the FEIR which will require major revisions in the FEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. As the Initial Study indicates, the Revised Project would not result in any environmental impacts not previously addressed in the FEIR with respect to the originally approved Project.
- (2) No substantial changes would occur with respect to the circumstances under which the Project covered by the FEIR is undertaken which will require major revisions of the FEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. The physical and environmental circumstances analyzed in the FEIR and Addendum No. 6 with respect to the Revised Project is not substantially different than those affecting the originally approved Project analyzed in the FEIR.
- (3) No new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence, at the time the FEIR was certified as complete, shows either that the Revised Project will have any significant effects not discussed in the FEIR, that the significant effects of the Revised Project will be substantially more severe than shown in the FEIR, that mitigation measures or alternatives found in the FEIR to be infeasible would in fact be feasible, or that any mitigation measures or alternatives are considerably different than those analyzed in the FEIR. The information in the FPEIR regarding the environmental impacts, environmental circumstances, mitigation measures and alternatives relating to the Project have not changed, and are the same as those relating to the Revised Project.

Based on the foregoing, the FEIR, as augmented by Addendum No. 6, adequately analyzes all of the impacts of the Revised Project, including the utilization of Orange County Sanitation District Plant No. 2 wastewater and the construction of the effluent pump station and pressurized pipeline on Orange County Sanitation District property.

Section 2: The Engineer's Report for the Revised Project is hereby approved and such Revised Project, as described in the September 2016 Engineer's Report, is found and determined to be feasible, necessary and beneficial to the District.

Section 3: The Revised Project covered by the above-referenced Engineer's Report and FEIR and Addendum No.6, is hereby approved and instituted. District staff is instructed to implement the mitigation measures and mitigation monitoring and reporting program adopted on March 24, 1999 for the Project.

Section 4: The project budget for the Revised Project is established at \$229,400,000.

Section 5: District staff is hereby authorized and directed to file a Notice of Determination with respect to the approval of the Revised Project.

21. GWRS Final Expansion: Resolutions for GWRS Final Expansion Project State Revolving Fund Loan Application

Mr. Markus advised the following resolutions are required in order for OCWD to apply for State Revolving Fund loans for the GWRS Final Expansion Project.

Upon motion by Director Anthony, seconded by Director Dewane, the following resolutions were unanimously adopted [8-0].

Ayes: Anthony, Bilodeau, Brandman, Dewane, Flory, Green, Nguyen, Yoh

Absent: Reyna, Sheldon

RESOLUTION NO. 16-09-129
ESTABLISHING A DESIGNEE TO SIGN AND AUTHORIZE FINANCING
AGREEMENTS WITH THE STATE WATER RESOURCES CONTROL BOARD FOR THE
GROUNDWATER REPLENISHMENT SYSTEM FINAL EXPANSION PROJECT

RESOLVED, by the Board of Directors of the Orange County Water District that the General Manager is hereby authorized and directed to sign and file, for and on behalf of the Orange County Water District, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of the Groundwater Replenishment System Final Expansion Project.

RESOLVED FURTHER, that the Orange County Water District hereby agrees and further does authorize the aforementioned representative or his/her designee, to provide the assurances, certifications, and commitments required for any such financial assistance application, and the execution of related financial assistance agreements from the State Water Resources Control Board and any amendments or changes thereto.

RESOLVED FURTHER, that the General Manager, or his/her designee, is designated to represent the Orange County Water District in carrying out the Orange County Water District's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the Orange County Water District and compliance with applicable state and federal laws.

RESOLUTION NO. 16-09-130
ESTABLISHING DEDICATED SOURCE OF REVENUE FOR REPAYMENT
OF STATE WATER RESOURCES CONTROL BOARD STATE
REVOLVING FUND FINANCING FOR THE
FISCAL YEAR 2016-17 CAPITAL IMPROVEMENT PROGRAM

WHEREAS, the Orange County Water District (the "District") plans to enter into one or more financing agreements with the State Water Resources Control Board pursuant to the Clean Water State Revolving Fund (CWSRF), Seawater Intrusion Control Loan Program (SWIC), and/or Water Recycling Funding Program (WRFP) programs for the projects listed in the three-year Capital Improvement Program Summary located in Section 8 of the approved fiscal year 2016-17 budget (the "Project/s"), as approved by the District on April 20, 2016.

WHEREAS, the CWSRF, SWIC, and WRFPP requirements require each recipient to establish one or more dedicated sources of revenue for repayment of the CWSRF, SWIC, and/or WRFPP assistance (except for grants); and

WHEREAS, the District plans to dedicate Net Revenues (as such terms are defined in the installment Purchase Agreement, dated as of July 1, 2009, by and between the District and the OCWD Public Facilities Corporation) to the repayment of any and all CWSRF, SWIC, and WRFPP financing for the "Project/s" on a parity with the District's obligation to make payments under all Bonds and Contracts (as such terms are defined in the Installment Purchase Agreement, dated as of July 1, 2009, by and between the District and the OCWD Public Facilities Corporation);

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

The District hereby dedicates and pledges Net Revenues to payment of any and all Clean Water State Revolving Fund, Seawater Intrusion Control Loan Program, and/or Water Recycling Funding Program financing for the "Project/s" listed in the fiscal year 2016-17 Capital Improvement Program adopted by the District on April 20, 2016. So long as the financing agreement(s) is/are outstanding, the District's pledge hereunder shall constitute a lien in favor of the State Water Resources Control Board on the Net Revenues without any further action necessary. The District commits to collecting such Net Revenues throughout the term of such financing and until the District has satisfied its repayment obligation thereunder unless a modification or change is approved in writing by the State Water Resources Control Board. So long as the financing agreement(s) is/are outstanding, the District commits to maintaining Net Revenues at levels sufficient to meet its obligations under the financing agreement(s).

RESOLUTION NO. 16-09-131
STATING OCWD INTENTION TO REIMBURSE ITSELF FOR EXPENDITURES
PAID PRIOR TO ISSUANCE OF OBLIGATIONS OR APPROVAL BY
STATE WATER BOARD OF THE PROJECT FUNDS
FOR THE GROUNDWATER REPLENISHMENT SYSTEM FINAL
EXPANSION PROJECT

WHEREAS, the Orange County Water District (the "Agency") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "Project"); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (State Water Board); and

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"), and

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the Agency desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Agency; and

WHEREAS, the Agency has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, THE AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1: The Agency hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

Section 2: The reasonably expected maximum principal amount of the Project Funds is \$229,400,000.

Section 3: This resolution is being adopted no later than 60 days after the date on which the Agency will expend moneys for the portion of the Project costs to be reimbursed with Project Funds.

Section 4: Each Agency expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

Section 5: To the best of our knowledge, this Agency is not aware of the previous adoption of official intents by the Agency that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

Section 6: This resolution is adopted as official intent of the Agency in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

Section 7: All the recitals in this Resolution are true and correct and this Agency so finds, determines and represents.

INFORMATIONAL ITEMS

22. Water Resources Report – August 2016

Mr. Markus briefly reviewed the Water Resources Report and reported the 2016-17 Water Year began on July 1, 2016 with no measurable participation.

23. Santa Ana Watershed Project Authority (SAWPA) Activities

Director Anthony updated the Board on SAWPA activities.

24. Committee/Conference/Meeting Reports

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

- September 08 - Communication and Legislative Liaison Committee
- September 14 - Water Issues Committee
- September 15 - Administration/Finance Issues Committee

25. Verbal ReportsGeneral Manager's Report

Mr. Markus reported on his participation at the WateReuse conferences in Tampa, Florida and Sacramento, California.

President's Report

Director Green announced that GWRS has produced more than 200 billion gallons of water. She also announced the Governor signed AB 2022 that permits the bottling of GWRS water in limited quantities for educational purposes.

Directors' Reports

Director Brandman requested that staff agendaize the Letter of Intent with Cadiz Inc. as a Matter for Consideration at the October 5 Board meeting. Director Green advised that Senator Feinstein is carrying a drought bill with District language and she would be opposed to the Letter of Intent with Cadiz, Inc.

Director Flory advised that OCSD has scheduled a "State of the Sanitation District" seminar in October at the OCSD boardroom.

General Counsel Report

General Counsel Joel Kuperberg advised there was no need to adjourn to Closed Session.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 6:41 p.m.



Judy-Rae Karlsen, Assistant District Secretary



Cathy Green, President