



STEERING COMMITTEE

Agenda Report

Administration Building
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File #: 2023-3050

Agenda Date: 6/28/2023

Agenda Item No: 7.

FROM: Robert Thompson, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

AMENDMENT TO JOINT AGREEMENT WITH ORANGE COUNTY WATER DISTRICT FOR GWRS

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Approve the Third Amendment to the Second Amended and Restated Joint Exercise of Powers Agreement for the Development, Operation, and Maintenance of the Groundwater Replenishment System and Green Acres Project between Orange County Sanitation District and Orange County Water District, in a form approved by General Counsel.

BACKGROUND

Orange County Sanitation District (OC San) and the OCWD have a Joint Exercise of Powers Agreement for the Final Expansion of the GWRS. The GWRS Final Expansion increased the production capacity from 100 million gallons per day (mgd) to 130 mgd.

To support the Final Expansion of the GWRS, all reclaimable flow from Plant No. 2 in Huntington Beach needs to be pumped to the GWRS. Five major construction projects on OC San property were necessary to make this possible. OC San designed and constructed two of the five projects, the Headworks Modifications at Plant No. 2 for GWRS Final Expansion and the Plant Water Pump Station Relocation at Plant No. 2. OCWD is reimbursing OC San for the costs of the design and construction of these two projects.

The First Amendment provides authorization to the existing Joint Powers Agreement that OC San intends to reduce OCWD's required reimbursement by the amount of any grant funding obtained by OC San applicable to Headworks Modifications at Plant No. 2 for GWRS Final Expansion.

The Second Amendment provides for clarification on grant funding disbursements, establishes a not-to-exceed amount for reimbursement of OC San managed projects and addresses emergency operational issues.

The proposed Third Amendment will revise the repayment plan for the reimbursements from OCWD to OC San.

RELEVANT STANDARDS

- Meet volume and water quality needs for the GWRS

PROBLEM

The timing of reimbursement payments in the existing Second Amended Joint Exercise of Powers Agreement for the Development, Operation, and Maintenance of the GWRS and the Green Acres Project, and its First and Second Amendments, is not optimal for the cashflow to complete the project.

PROPOSED SOLUTION

Approve the Third Amendment to the Second Amended Joint Exercise of Powers Agreement for the Development, Operation, and Maintenance of the GWRS and the Green Acres Project to cover new terms needed. The terms include returning the amount previously reimbursed by OCWD for J-117, payment of all J-117 reimbursements no later than six months after completion of the project, and accrual of interest on all amounts.

TIMING CONCERNS

Prompt approval of the proposed Third Amendment will aid in cash flow to complete the project.

RAMIFICATIONS OF NOT TAKING ACTION

Current payment terms would remain in place and cash flow for the project would be strained.

PRIOR COMMITTEE/BOARD ACTIONS

March 2019 - Approved the Second Amendment to the Second Amended and Restated Joint Exercise of Powers Agreement for the Development, Operation, and Maintenance of the Groundwater Replenishment System and the Green Acres Project between Orange County Sanitation District and Orange County Water District, in a form approved by General Counsel.

October 2017 - Approved the First Amendment to the Second Amended and Restated Joint Exercise of Powers Agreement for the Development, Operation, and Maintenance of the Groundwater Replenishment System and the Green Acres Project between Orange County Sanitation District and Orange County Water District.

November 2016 - Adopted Resolution No. OCSD 16-30 entitled: "A Resolution of the Orange County Board of Directors adopting findings with respect to the California Environmental Quality Act in consideration of the Groundwater Replenishment System Final Program EIR/EIS (FEIR) as augmented by Addendum No. 6 to the FEIR and related actions";

Adopted Resolution No. OCSD 16-31 entitled: "A Resolution of the Orange County Board of Directors adopting findings with respect to the California Environmental Quality Act in consideration of the

Orange County Water District Water Production Enhancement Project Initial Study/Mitigated Negative Declaration and related actions”; and

Approved the Second Amended Joint Exercise of Powers Agreement for the Development, Operation, and Maintenance of the Groundwater Replenishment System and the Green Acres Project.

September 2016 - Established a project for Headworks Modifications at Plant No. 2 for GWRS Final Expansion, Project No. P2-122, with a budget of \$50,000,000.

May 2011 - Considered, received, and filed Addendum No. 5 to the Orange County Water District (OCWD) Final Program EIR/EIS Groundwater Replenishment System (GWRS), Modified Phase II Expansion Project, also known and herein referenced as the GWRS Initial Expansion Project;

Adopted Resolution No. OCSD 11-06, Adopting Findings with Respect to the California Environmental Quality Act in Consideration of the GWRS Final Program EIR/EIS (FEIR) as Augmented by Addendum No. 5 to the FEIR and Related Actions;

Approved Reimbursement Agreement with OCWD entitled “Reimbursement Agreement between the Orange County Water District and the Orange County Sanitation District for Construction of Portions of GWRS Initial Expansion Under the Secondary Activated Sludge Facility 2 at Plant No. 1, Job No. P1-102,” in a form approved by General Counsel, for an estimated amount not to exceed \$100,000, to be reimbursed to the Sanitation District;

Authorized the General Manager to ratify a change order to the Secondary Activated Sludge Facility 2 at Plant No. 1, Job No. P1-102, to construct portions of the GWRS Initial Expansion Project for an amount not to exceed \$100,000; and

Approved a Storage Tanks Lease and License Agreement by and between the Sanitation District and OCWD, for installation of two 7.5-million-gallon storage tanks on the Sanitation District’s Plant No. 1 site for \$1 per year.

April 2010 - Approved Amended Joint Exercise of Powers Agreement for the Development, Operation, and Maintenance of the Groundwater Replenishment System and Green Acres Project.

January 2009 - Adopted Resolution No. 09-01, Supporting the Water District Development of the Initial Expansion of the GWR System.

ADDITIONAL INFORMATION

N/A

CEQA

N/A

FINANCIAL CONSIDERATIONS

OC San would return all amounts previously reimbursed by OCWD for J-117 and collect payment for all reimbursable costs six months after completion of the project, with interest accrued.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Proposed Third Amendment to Second Amended and Restated Joint Exercise of Powers Agreement for the Development, Operation, and Maintenance of the Groundwater Replenishment System and the Green Acres Project
- Second Amendment to Second Amended and Restated Joint Exercise of Powers Agreement for the Development, Operation, and Maintenance of the Groundwater Replenishment System and the Green Acres Project
- First Amendment to Second Amended and Restated Joint Exercise of Powers Agreement for the Development, Operation, and Maintenance of the Groundwater Replenishment System and the Green Acres Project
- Second Amended and Restated Joint Exercise of Powers Agreement for the Development, Operation, and Maintenance of the Groundwater Replenishment System and Green Acres Project