

West Orange County Water Board

General Manager, Engineer, Secretary, Fiscal Agent
City of Huntington Beach
19001 Huntington Street
Huntington Beach, California 92648
(714) 536-5921 FAX (714) 847-1067

Bowie, Ameson, Wiles and Giannone
4920 Campus Drive, Suite A
Newport Beach, California 92660

March 28, 2017

Mr. Joe Gallardo
Manager, Real Property
Orange County Transportation Authority
550 S. Main Street
Orange, CA 92868

Subject: Pipeline Relocation Hardship Due to I-405 Widening Project

Mr. Gallardo,

The West Orange County Water Board (WOCWB) is a Joint Powers Agency whose mission is to transport imported potable water to its member agencies via two large-capacity potable water pipelines. The members of the WOCWB are the Cities of Garden Grove, Huntington Beach, Seal Beach and Westminster.

Treated potable drinking water is delivered to the WOCWB from a Metropolitan Water District of Southern California (MET) connection located at the intersection of Katella Avenue and Dale Street in the City of Stanton. The OC-9 pipeline extends to the intersection of Newland Street and the I-405 Freeway and the OC-35 pipeline extends to the intersection of Springdale Street and Glenwood Drive in the City of Huntington Beach.

OCTA's I-405 Freeway Widening Project will require the WOCWB to relocate approximately 2,400 feet of its 33-inch OC-35 pipeline where it traverses the freeway immediately to the south of Westminster Boulevard. As WOCWB does not have prior rights to the pipeline crossing, WOCWB will be signing Utility Agreement No. UK151001 with OCTA, agreeing that WOCWB will pay the costs of this relocation. These costs are estimated to be \$4.7 million.

The WOCWB budget for Fiscal Year 2016-17 is \$293,000. This is the largest budget in the history of WOCWB, and the budget is historically around \$225,000 annually.

Likewise, the WOCWB reserves are currently just under \$400,000. Financing a \$4.7 million unanticipated expense within two years would require an over tenfold increase in capital. This presents a serious hardship to the WOCWB. Securing a ten-year low interest, adjustable rate loan from OCTA would allow the WOCWB to finance the project over a more reasonable timeframe.

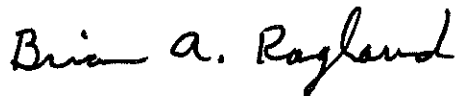
The WOCWB has been working with OCTA staff in the development of Reimbursement Agreement No. UK151087 which is expected to be signed by the WOCWB following approval by the OCTA Board. The construction plans for the pipeline relocation project are expected to be completed and out for competitive bid in the third quarter of 2017.

The WOCWB requests that the OCTA Board approve the loan in order for the WOCWB to be able to finance the project.

Copies of the five most recent WOCWB budgets are attached for your review. We appreciate your consideration of this matter.

If you have any questions or require additional information, please don't hesitate to contact me.

Sincerely,



Brian A. Ragland, P.E.
General Manager
West Orange County Water Board

CC: Jeff Mills, OCTA Program Manager
Joe Toolson, OCTA Project Manager
Kendall Zirkel, OCTA Senior Project Manager
Jill Hardy, City of Huntington Beach, WOCWB Chair
Kris Beard, City of Garden Grove, WOCWB Vice Chair
Mike Posey, City of Huntington Beach, WOCWB Board Member
Schelly Sustarsic, City of Seal Beach, WOCWB Board Member
Margie Rice, City of Westminster, WOCWB Board Member
Mayor Barbara Delgleize, City of Huntington Beach, OCTA City Member, 2nd District
Mayor Steve Jones, City of Garden Grove, OCTA City Member, 1st District
Travis K. Hopkins, P.E., Director of Public Works
Lori Ann Farrell, Director of Finance
Sunny Han, Project Manager

Att.: FY 2011/2012 Through FY 2016/2017 WOCWB Budgets

WEST ORANGE COUNTY WATER BOARD - 2012-13 BUDGET

revised 3/28/2017

FY 11-12

EXPENDITURES:	Actual FY 10/11	Budget FY11/12	Estimated FY 11/12	Total Requested FY 12/13	Huntington Beach 56.1%	Garden Grove 4.2%	Seal Beach 14.3%	Westminster 25.4%
OPERATING EXPENSE								
Utilities Expenses, Electricity	\$4,830	\$4,000	\$4,000	\$4,000	\$2,244	\$168	\$572	\$1,016
HB O&M and GM	\$21,323	\$60,000	\$60,000	\$60,000	\$33,660	\$2,520	\$8,580	\$15,240
Audit Fees	\$3,894	\$3,500	\$5,000	\$5,000	\$2,805	\$210	\$715	\$1,270
Contractual Services, Legal	\$1,829	\$3,000	\$2,500	\$3,000	\$1,683	\$126	\$429	\$762
Meeting, Board Members	\$1,600	\$2,000	\$1,800	\$2,000	\$1,122	\$84	\$286	\$508
Liability Ins., Transmission Lines	\$8,739	\$8,000	\$7,500	\$8,000	\$4,488	\$336	\$1,144	\$2,032
Other Contract Services	\$9,635	\$2,000	\$3,000	\$2,500	\$1,403	\$105	\$358	\$635
Total Operating Expense	\$51,850	\$82,500	\$83,800	\$84,500	\$47,405	\$3,549	\$12,084	\$21,463
CAPITAL COSTS								
Rebuild isolation valves OC-35			\$35,000	\$35,000				
Rebuild isolation valves OC-9			\$25,000	\$20,000				
Total Capital Costs	\$46,021	\$84,000	\$60,000	\$55,000	\$30,855	\$2,310	\$7,865	\$13,970
GROSS PROGRAM COST	\$97,871	\$166,500	\$143,800	\$139,500	\$78,260	\$5,859	\$19,949	\$35,433
Funded by reserves	(\$7,664)	(\$20,544)	\$1,531	\$1,454	\$816	\$61	\$208	\$369
NET PROGRAM COST	\$90,207	\$145,956	\$145,331	\$138,046	\$77,444	\$5,798	\$19,741	\$35,064
REVENUE:								
Huntington Beach - 56.1%	\$49,933	\$81,040	\$81,040	\$76,939				
Garden Grove - 4.2%	\$3,738	\$6,067	\$6,067	\$5,760				
Seal Beach - 14.3%	\$12,728	\$20,657	\$20,657	\$19,612				
Westminster - 25.4%	\$22,608	\$36,692	\$36,692	\$34,835				
Interest on reserves	\$1,200	\$1,500	\$875	\$900				
Other Revenue								
TOTAL REVENUE	\$90,207	\$145,956	\$145,331	\$138,046				

WEST ORANGE COUNTY WATER BOARD

FISCAL YEAR 2013-2014 BUDGET

EXPENDITURES:	Actual FY 11/12	Budget FY12/13	Estimated FY 12/13	Total Requested FY 13/14
<u>OPERATING EXPENSE</u>				
Utilities Expenses, Electricity	\$4,400	\$4,000	\$4,500	\$4,500
Repair and Maintenance Expense	\$17,736	\$60,000	\$60,000	\$60,000
Audit Fees	\$5,000	\$5,000	\$5,000	\$5,000
Contractual Services, Legal	\$429	\$3,000	\$3,000	\$3,000
Meeting, Board Members	\$2,100	\$2,000	\$2,000	\$2,000
Liability Ins., Transmission Lines	\$8,106	\$8,000	\$8,000	\$8,000
Other Contract Services	\$2,366	\$2,500	\$0	\$2,500
Total Operating Expense	\$40,137	\$84,500	\$82,500	\$85,000
<u>CAPITAL COSTS</u>				
Fiscal Year 2013-14 Capital projects:				
Replace one 16" line valve on Dale & Twana	\$80,175	\$105,000	\$105,000	\$20,000
Replace air-vac on Dale and Barr				\$20,000
Replace air-vac on Garden Grove and Newland				\$20,000
Replace air-vac on Trask and Newland				\$20,000
Total Capital Costs	\$80,175	\$105,000	\$105,000	\$80,000
TOTAL BUDGET	\$120,312	\$189,500	\$187,500	\$165,000

**WEST ORANGE COUNTY WATER BOARD
ADOPTED FISCAL YEAR 2014-2015 BUDGET**

EXPENDITURES:	Actual FY 12/13	Budget FY13/14	Estimated FY 13/14	Total Requested FY 14/15
<u>OPERATING EXPENSE</u>				
Utilities Expenses, Electricity	\$4,030	\$4,500	\$4,500	\$4,500
Repair and Maintenance Expense	\$87,285	\$60,000	\$60,000	\$72,500
Audit Fees	\$5,000	\$5,000	\$4,990	\$5,000
Contractual Services, Legal	\$2,966	\$3,000	\$3,000	\$5,000
Meeting, Board Members	\$1,400	\$2,000	\$1,900	\$2,000
Liability Ins., Transmission Lines	\$8,649	\$8,000	\$8,000	\$8,000
Other Contract Services	\$209	\$2,500	\$0	\$2,500
Total Operating Expense	\$109,539	\$84,500	\$82,390	\$99,500
<u>CAPITAL COSTS</u>				
Fiscal Year 2014-15 Capital projects:				
Entrance to OC-9 vault, at Newland and Bolsa, is in the street. FY14/15 budget would fund design to relocate access point to parkway; construction funds would be requested for FY15/16	\$101,220	\$80,000	\$80,000	\$75,000
Total Capital Costs	\$101,220	\$80,000	\$80,000	\$75,000
TOTAL BUDGET	\$210,759	\$164,500	\$162,390	\$174,500

**WEST ORANGE COUNTY WATER BOARD
PROPOSED FISCAL YEAR 2015-16 BUDGET**

Account Description	FY 13-14 Actual	FY 14-15 Approved	FY 15-16 Proposed
OPERATING EXPENSES			
Electricity	\$4,385	\$4,500	\$4,500
Contracts for Repairs and Maintenance	\$58,057	\$72,500	\$60,000
Auditing	\$4,990	\$5,000	\$5,000
Attorney Fees	\$441	\$5,000	\$3,000
Other Contract Services	\$1,817	\$2,000	\$2,000
OC-9 and OC-35 Replacement Evaluation	\$0	\$0	\$40,000
General/Liability Insurance	\$8,996	\$8,000	\$9,000
Board Stipend Expense	\$1,800	\$2,500	\$2,500
OPERATING EXPENSES	\$80,486	\$99,500	\$126,000
CAPITAL EXPENDITURES			
Valve and Air-vac Replacement	\$75,731	\$0	\$0
Relocation of Vault at OC-9	\$0	\$75,000	\$30,000
I-405 Widening Facilities Relocation	\$0	\$0	\$40,000
CAPITAL EXPENDITURES	\$75,731	\$75,000	\$70,000
TOTAL PROPOSED BUDGET	\$156,217	\$174,500	\$196,000

WEST ORANGE COUNTY WATER BOARD
FISCAL YEAR 2016-17 BUDGET

Account Description	FY 14-15 Actual	FY 15-16 Approved	FY 15-16 Revised	FY 16-17 Proposed
OPERATING EXPENSES				
Electricity	\$4,253	\$4,500	\$4,500	\$4,500
Contracts for Repairs and Maintenance	\$18,437	\$60,000	\$10,000	\$30,000
Auditing	\$4,990	\$5,000	\$5,000	\$5,000
Attorney Fees	\$306	\$3,000	\$3,000	\$5,000
Other Contract Services	\$1,249	\$2,000	\$2,000	\$2,000
OC-9 and OC-35 Replacement Evaluation	\$0	\$40,000	\$0	\$0
I 405 Widening Facilities Relocation - Design	\$0	\$0	\$90,000	\$235,000
General/Liability Insurance	\$9,324	\$9,000	\$9,000	\$9,500
Board Stipend Expense	\$1,800	\$2,500	\$2,500	\$2,500
OPERATING EXPENSES	\$40,359	\$126,000	\$126,000	\$293,500
CAPITAL EXPENDITURES				
Relocation of Vault at OC-9	\$0	\$70,000	\$70,000	\$0
CAPITAL EXPENDITURES	\$0	\$70,000	\$70,000	\$0
TOTAL PROPOSED BUDGET	\$179,000	\$196,000	\$196,000	\$293,500

Current Budgetary Fund Balance	\$ 339,309
Reserve Policy Level	\$ 200,000
Undesignated Fund Balance	\$ 139,309

Expenditures