

MINUTES OF REGULAR MEETING – APRIL 22, 2019

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:06 p.m. by President LaMar on April 22, 2019 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Reinhart, Matheis, Swan, Withers and LaMar.

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Engineering and Water Quality Burton, Executive Director of Water Policy Weghorst, Executive Director of Operations Chambers, Executive Director of Finance and Administration Clary, Director of Water Resources Sanchez, Director of Public Affairs Beeman, Director of Treasury and Risk Management Jacobson, Legal Counsel Collins, Assistant Secretary Swan, Government Relations Officer/Deputy General Counsel Compton, Director of Recycling Operations Zepeda, Director of Maintenance Mykitta, Director of Human Resources Roney, Mr. Christopher Smithson, Mr. Eric Akiyoshi, Mr. Mitch Robinson, Mr. Bruce Newell, staff, and members of the public.

WRITTEN COMMUNICATIONS: None.

ORAL COMMUNICATIONS: None.

ITEMS TOO LATE TO BE AGENDIZED: None.

BOARD WORKSHOPS

FISCAL YEARS 2019-20 AND 2020-21 OPERATING BUDGETS, PROPOSED BUDGETS AND RECOMMENDED RATES AND CHARGES

General Manager Cook reported that staff will present the second workshop for the operating budgets for the upcoming fiscal years to the Board for final review and approval. The discussion will also drive a probable increase in rates and recommendation for approval in the different Proposition 218 notices mailed to IRWD customers.

Using a PowerPoint presentation, Manager of Strategic Planning and Analysis, Mr. Christopher Smithson reviewed the schedule for budget and rate adoption to meet the May 3, 2019 deadline to mail the Proposition 218 Notices for a public hearing on June 24, 2019. Mr. Smithson provided a detailed review of the key drivers of the Operating Budget comparison to the prior year budget. He further explained the proposed rates for Fiscal Years 2019-20 and 2020-21 for a typical residential customer; and provided a comparison of rates based on groundwater availability and imported water among neighboring agencies. Following a lengthy review for the Proposition 218 Notices and structure, Director Swan reported that this item was reviewed multiple times by the Finance and Personnel Committee Meeting and supports the staff's recommendation.

On MOTION by Withers, seconded by Matheis, and unanimously carried, THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE APPROVING THE OPERATING BUDGETS FOR FISCAL YEARS 2019-20 AND 2020-21 (WITH RATES AND CHARGES

FOR FY 2019-20 TO BE ADOPTED ON JUNE 24, 2019) AND APPROVED THE PROPOSITION 218 NOTICES SUBJECT TO NON-SUBSTANTIVE MODIFICATIONS.

RESOLUTION NO. 2019 – 10

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT,
ORANGE COUNTY, CALIFORNIA
APPROVING THE DISTRICT'S OPERATING BUDGETS FOR
FISCAL YEAR 2019-20 AND FISCAL YEAR 2020-21 AND DETERMINING COMPLIANCE
WITH ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

TWO-YEAR CAPITAL BUDGET FOR FISCAL YEARS 2019-20 AND 2020-21

General Manager Cook introduced Mr. Mitch Robinson to take the lead on the presentation to the Board regarding their consideration to adopt the Capital Budget for the Fiscal Years 2019-20 and 2020-21.

Using a PowerPoint presentation, Mr. Robinson reviewed the Fiscal Year 2018-19 Capital Budget by providing an overview and comparison of projected to actual expenditures. He provided a review and an anticipated forecast on development within the District's service area. With the transition from an annual to biennial operating and capital budgets, Mr. Robinson outlined a preview two-year Capital Budget for Fiscal Years 2019-20 and 2020-21 and noted that categories considered were a slowdown in development; the Biosolids project coming online in December 2020; and the OCS D CORF. He explained flagged projects that require additional Board review prior to capital expenditures and said that the two-year Capital Budget flagged projects will include: Future Ground Water Supply; Kern Fan Groundwater Storage; Lake Forest Well 1 Drilling; Syphon Reservoir Improvements; and Tustin Legacy Red Hill Well Drilling and Equipping. He noted that all projects with start dates beyond Fiscal Year 2020-21 will be presented to Board prior to any expenditure authorizations. Mr. Robinson also briefed the Board on the Long-Term Capital Program.

Director Reinhart reported that this item was reviewed by the Engineering and Operations Committee on April 16, 2019; and following a thorough review, the committee confirmed the staff recommendation to adopt the resolution recommended by staff. Following a motion by Director Reinhart, and seconded by Matheis to adopt the resolution; Director Swan offered a substitute motion to approve the Capital Budget Fiscal Year 2019-20 subject to all of the flagged projects noted and to schedule a review of the Capital Budget on a year-to-year basis as it is not subject to the Proposition 218 noticing. As the substitute motion did not receive a second, the original motion was carried by the following vote: Reinhart, Withers, Matheis, and LaMar voting aye and Swan voting no (4-1), AND THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2019 – 11

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY
CALIFORNIA, APPROVING THE DISTRICT'S CAPITAL
BUDGET FOR FISCAL YEARS 2019-20 AND 2020-21

CONSENT CALENDAR

Director Swan requested that Item 10 be moved to the Action Calendar for discussion. There being no further comments, this item was moved accordingly. On MOTION by Matheis, seconded by Reinhart, and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 9 AND 11 WERE APPROVED AS FOLLOWS:

5. RATIFY/APPROVE BOARD OF DIRECTORS' ATTENDANCE AT MEETINGS AND EVENTS

Recommendation: That the Board ratify/approve the meetings and events for Mary Aileen Matheis, Peer Swan, Doug Reinhart, Steve LaMar and John Withers, as described.

6. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the April 8, 2019 Regular Board meeting be approved as presented.

7. 2019 LEGISLATIVE AND REGULATORY UPDATE

Recommendation: That the Board adopt a "support" position on AB 1672 (Bloom).

8. MARCH 2019 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Summary of Fixed and Variable Rate Debt, and Disclosure Report of Reimbursements to Board members and staff; approve the March 2019 Summary of Payroll ACH payments in the total amount of \$3,310,358 and approve the March 2019 accounts payable Disbursement Summary of warrants 396572 through 397437, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$15,169,316.

9. IRVINE RANCH WATER DISTRICT STRATEGIC MEASURES

Recommendation: Receive and file.

11. SERRANO CREEK OUTFALL STRUCTURE JOINT DEVELOPMENT AND REIMBURSEMENT AGREEMENT

Recommendation: That the Board authorize the General Manager to execute the Joint Development and Reimbursement Agreement between IRWD and Lennar Homes of California, subject to non-substantive changes.

ACTION CALENDAR

ENTERPRISE ASSET MANAGEMENT LINEAR ASSET INTEGRATION SERVICES

In response to Director Swan's inquiry, General Manager Cook explained that the project is a phased implementation. He said that following the successful implementation of the new Enterprise Asset Management software (Maximo) of the nonlinear assets such as the Michelson Water Recycling Plant, Los Alisos Water Recycling Plant, he said that staff will be focusing on the integration of the linear assets (pipelines, manholes, valves, and service lines). In response to Director Swan's comment that he wanted to confirm that Maximo was not found to be deficient in any way, this was confirmed by staff. Director Reinhart said that this item was reviewed by the Engineering and Operations Committee on April 16, 2019, and the Committee concurs with staff's recommendation. On MOTION by Reinhart, seconded by Matheis, and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A SOLE SOURCE PROFESSIONAL SERVICES AGREEMENT WITH SPATIAL WAVE INC. FOR MAXIMO INTEGRATION WITH GIS ASSETS/MAPLET IN THE AMOUNT OF \$229,000.**

PELICAN HILLS GOLF CLUB SEWER PIPELINE REHABILITATION BUDGET ADDITION

General Manager Cook reported that this item is for a budget addition to rehabilitate damaged sewer pipelines located within the Pelican Hills Golf Club in the Newport Coast area. Executive Director of Engineering and Water Quality Burton said that almost 5,000 feet of pipe that run through the golf course have been identified to have problems, and need repair. This project will assess the problems, describe remediation, and identify prevention remedies in the future. Mr. Burton said that staff has closely coordinated with the Golf Club and while there will be impacts to the course, it is agreed that these issues need to be remedied. Director Reinhart reported that this was reviewed by the Engineering and Operations Committee on April 16, 2019, and concurs with staff's recommendation. On a MOTION by Reinhart, seconded by Matheis, unanimously carried, **THE BOARD AUTHORIZED THE ADDITION OF PROJECT 11121 IN THE AMOUNT OF \$531,300 TO THE FY 2018-19 CAPITAL BUDGET FOR THE PELICAN HILLS GOLF CLUB SEWER PIPELINE REHABILITATION.**

MICHELSON WATER RECYCLING PLANT BIOSOLIDS LANDSCAPING CONSTRUCTION AWARD

General Manager Cook said this is a construction award for landscaping at the new facilities for the Biosolids Project. Director Reinhart reported that this item was reviewed by the Engineering and Operations Committee on April 16, 2019, and the Committee concurs with the staff's recommendation. On a MOTION by Reinhart, seconded by Matheis, unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH MARINA LANDSCAPING, INC. IN THE AMOUNT OF \$596,474 FOR THE MICHELSON RECYCLING PLANT BIOSOLIDS LANDSCAPING, PROJECT 04286.**

SANTIAGO CANYON PUMP STATION IMPROVEMENTS CONSULTANT SELECTION

General Manager Cook said this item is being designed to increase fire flow capacities in IRWD's Santiago Canyon. Executive Director of Engineering and Water Quality Burton described this

project stemming from a 2017 fire flow analysis of all of the canyon areas. Mr. Burton said that the District set a goal to upgrade the existing system to have 1,000 gallons per minute from each hydrant along mainlines for a two-hour fire fight which will be a substantial improvement for many of the areas in the canyon. The scope of improvements includes increased pumping capacity, site work, piping replacement, electrical, instrumentation, and communication upgrades to varying degrees. Director Reinhart confirmed this item was reviewed by the Engineering and Operations Committee on April 16, 2019, and supports the staff recommendation. On MOTION by Reinhart, seconded by Matheis, and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH LEE & RO, INC. IN THE AMOUNT OF \$485,400 FOR ENGINEERING DESIGN SERVICES FOR THE SANTIAGO CANYON PUMP STATION IMPROVEMENTS, PROJECT 01398.**

ONE-YEAR EXTENSION OF JACKSON RANCH AGRICULTURAL LEASE

General Manager Cook noted that the District owns property in Kings County as part of IRWD's water banking program, and to keep the 883 acres productive, IRWD leased this property to various tenants; most recently to Adee Honey Farms, a bee-keeping operation. Director Withers left the Board room. Director Swan reported that this was presented to the Supply Reliability Programs Committee on April 18, 2019, and supports the staff recommended action. On MOTION by Swan, seconded by Reinhart and carried (4-0), (Swan, Reinhart, Matheis, and LaMar voting aye, and Withers absent), **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 1 TO THE AGRICULTURAL LEASE WITH ADEE HONEY FARMS TO EXTEND THE TERM OF THE LEASE FOR AN ADDITIONAL ONE-YEAR PERIOD TO MAY 15, 2020.**

GENERAL MANAGER'S REPORT

General Manager Cook reported that in accordance with IRWD's Purchasing Policy, he authorized a Purchase Order with Paulus Engineering in the amount of \$120,690 due to a matter of urgent necessity to address repairs to a 20' deep manhole with traffic impacts at MacArthur and Main Street. He said that the project began as a sewer manhole re-lining project, however the manhole failed, and a repair was required immediately.

Mr. Cook also reported that landscaping and irrigation modifications are underway in the parking lot at Sand Canyon headquarters to create a succulent demonstration garden similar to the one at the Baker Treatment Plant which was donated by Tropical Plaza.

DIRECTORS' COMMENTS

Director Reinhart reported on his attendance at a OCWD Water Issues Committee; an IRWD resident tour; and an OCWD Board Meeting.

Director Swan reported that he attended an MWDOC Public Affairs & Legislation Committee meeting; Sustain OC Energy Infrastructure Annual Conference; a lecture at UCI regarding Transitioning to Integrated Water Management; a WACO Planning Committee meeting; an OCWA Monthly Meeting and lecture spotlighting Yorba Linda Water District; an IRWD resident tour; and various Newport Chamber of Commerce meetings. He asked staff to provide a briefing regarding Syphon Reservoir at a future Board meeting.

Vice President Matheis reported on her attendance at the City of Irvine’s swearing in ceremony for its new mayor; an OC Forum’s monthly meeting and lecture; a State of South County featuring Supervisor Bartlett; an OCWA monthly meeting; an ACC-OC’s Board of Directors’ Installation; and the OCBC’s Monthly Leadership series.

President LaMar reported on his meeting with Senator Umberg, General Manager Cook, and Ms. Christine Compton.

COMMUNITY UPDATES

Mr. Bruce Newell reported that he looks forward to the briefings on the upcoming Santiago Canyon Pump Station Improvements; and will pass this information along to the community.

CLOSED SESSION

Legal Counsel Collins said that a Closed Session would be held this evening as follows:

CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(d)(1): *Irvine Ranch Water District v. Orange County Water District*, Case No. BS168278 [Lead Case] & Case No. BS175192 [Consolidated Case]

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors LaMar, Matheis, Swan, and Reinhart present with Withers absent. President LaMar said that the Board authorized legal counsel to file a petition for review if the court certifies the Phase 1 case for interlocutory appeal, and announced that the District would be filing an amendment to the complaint.

ADJOURNMENT

President LaMar adjourned the meeting at 7:18 p.m.

APPROVED and SIGNED this 13th day of May, 2019.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Claire Hervey Collins, Legal Counsel
– Lewis Brisbois