

MINUTES OF REGULAR MEETING – SEPTEMBER 8, 2014

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:07 p.m. by President LaMar on September 8, 2014 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Engineering Burton, Executive Director of Finance Clary, Executive Director of Operations Shields, Executive Director of Water Policy Weghorst, Director of Public Affairs Beeman, Director of Water Resources Sanchez, Director of Human Resources Roney, Purchasing Manager Aguilar, Legal Counsel Arneson (by teleconference), Assistant Secretary Savedra, Ms. Christine Compton, Mr. Jim Reed, Mr. Bruce Newell, OCWD Director Stephen Sheldon and Acting General Manager Greg Woodside, and other members of the public and staff.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION

Mrs. Joan Irvine Smith’s assistant addressed the Board of Directors with respect to the Dyer Road Wellfield. She said it was her understanding that currently wells 1, 2, 4, 6, 10, 11, 12, 14, 15, 16, 17 and 18 and DATS wells C-8 and C-9 are running and will operate in accordance with the District’s annual pumping plan. Wells 3, 5, 7, and 13 will be off. This was confirmed by Mr. Cook, General Manager of the District.

ITEMS TOO LATE TO BE AGENDIZED: None.

PRESENTATION

Orange County Water District Director Stephen Sheldon and Acting General Manager Greg Woodside gave a presentation on IRWD’s accomplishments with OCWD.

CONSENT CALENDAR

On MOTION by Reinhart, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 10 WERE APPROVED AS FOLLOWS:

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the August 25, 2014 Regular Board meeting be approved as presented.

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

Recommendation: That the Board ratify/approve meetings and events for Steven LaMar, Douglas Reinhart, Mary Aileen Matheis, John Withers and Peer Swan.

6. 2014 STATE LEGISLATIVE UPDATE

Recommendation: Receive and file.

7. STOCKDALE INTEGRATED BANKING PROJECT ENVIRONMENTAL COMPLIANCE VARIANCE NO. 3

Recommendation: That the Board approve an increase to the FY 2014-15 Capital Budget in the amount of \$27,300 for Project 11645 (3766) for additional environmental compliance work; approve an Expenditure Authorization for Project 11645 (3766) in the amount of \$27,300 for the additional environmental compliance work; and authorize the General Manager to execute Variance No. 3 with ESA in the amount of \$24,765.

8. REVISED PROCEDURES AND SIGNATURE AUTHORIZATIONS FOR GENERAL DEPOSITORY ACCOUNTS

Recommendation: That the Board adopt the following resolution by title:

RESOLUTION NO. 2014-39

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT, RESCINDING RESOLUTION
NOS. 2005-3 AND 2010-17, DESIGNATING DEPOSITORIES AND
AUTHORIZING SIGNATURES, INCLUDING FACSIMILE SIGNATURES,
FOR GENERAL ACCOUNTS, AND AUTHORIZING FUNDS TRANSFERS
AND ELECTRONIC PAYMENTS SERVICES

9. REVISED RESOLUTION AUTHORIZING THE DISTRICT SECRETARY TO ACCEPT AND CONSENT TO DEEDS, GRANTS, OR DEDICATIONS

Recommendation: That the Board adopt the following resolution by title:

RESOLUTION NO. 2014-40

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT RESCINDING RESOLUTION
NOS. 1965-36 AND 1976-111 AND AUTHORIZING THE SECRETARY
OF THE DISTRICT TO ACCEPT AND CONSENT TO DEEDS,
GRANTS, OR DEDICATIONS ON FINAL MAPS CONVEYING ANY
INTEREST IN OR EASEMENT UPON REAL ESTATE TO THE
DISTRICT FOR PUBLIC PURPOSES

10. AUTHORIZATIONS FOR SETTLEMENT OF SPECIFIC DISTRICT CLAIMS AND WORKERS' COMPENSATION PAYMENTS

Recommendation: That the Board adopt the following resolution by title:

RESOLUTION NO. 2014-41

RESOLUTION OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT, RESCINDING RESOLUTION NO. 1990-7; AND AUTHORIZING THE PROCESSING, ALLOWANCE, COMPROMISE AND SETTLEMENT OF CERTAIN CLAIMS

ACTION CALENDAR

POLICY REVISIONS AND PROPOSED NEW POLICY RELATED TO DISTRICT APPROVALS, AUTHORIZATIONS AND PROCEDURES; REVISIONS TO RULES AND REGULATIONS RELATIVE TO DISPOSITION OF PROPERTY OF THE DISTRICT; REVISIONS TO DISTRICT GUIDELINES FOR ACCESS TO PUBLIC RECORDS; AND REVISED DISTRICT RECORDS RETENTION SCHEDULE

Using a PowerPoint presentation, Executive Director of Finance Clary reported she would cover the next four Action Calendar items together and in more detail. She said this presentation was previously reviewed by the Finance and Personnel Committee in both the July and September meetings with revisions to District policies relative to: Delegation of Authority for Approvals and Authorizations; Disposition of District Property; Public Records Request; and Records Retention. These would all be either new policies or revision of existing policies many of which are 20 plus years old and that needed to be updated. She said that this was a project that began over a year and half ago and that Finance has worked with the various departments for their input. As part of an effort to streamline the District's administrative processes, staff reviewed these policies and subsequent recommended policy updates. The objective of these updates are designed to have delegations in a single location; increase operational efficiencies while maintaining appropriate internal controls and accountability; ensure appropriate board oversight; and simplify processes and use consistent limits where practical. The proposed revisions are based on a review of District transactional data, comments from District Legal Counsel, and are supported by benchmarking with similar public agencies.

Ms. Clary said revisions to four District policies relative to delegations of authority include: Policy Regarding Authorizations of Expenditures; Policy for Competitive Bidding; Policy for Procurement of Professional Services; and Policy for Approval and Authorization of Change Orders and Variances to Existing contracts; and a new proposed policy relating to Acquisition of Lands and Easements.

She said that the proposed revisions to the Policy regarding Authorizations of Expenditures will align the approval levels for both Professional and Non-Professional Services and Goods and well as include a change to the District's Expenditure Authorization process relative to approved capital projects. As proposed, the authority to approve Expenditure Authorizations will be delegated to the

General Manager or his designee. Board approval of all contracts in excess of \$100,000 will continue to be required, providing appropriate oversight of all significant District expenditures. This practice is consistent with other public agencies and eliminates redundancy. The proposal would implement new approval levels and retain appropriate controls for Board approval ensuring that the Board retained 70% to 80% of all transactions in terms of dollar value.

Ms. Clary said the proposed revisions to the Policy for Competitive Bidding include continue requirement of three bids on \$10,000 or greater for non-professional services and goods, eliminates posting notice requirement for pre-qualified bidders, adds clarification for construction contracts, permits both pre-qualified bidders or posting notices; and adds provision for use of cooperative purchasing agreements.

Ms. Clary said the proposed revisions to the Policy for Procurement of Professional Services include updated language from legal counsel pertaining to Government Code restrictions prohibiting employees from participating in the selection of Professional Service providers with whom they have a relationship or financial interest. The other primary proposed change relates to exceptions under the competitive proposal process for professional services. Currently, for Professional Services Agreement of \$30,000 or less, the General Manager (or his designee) is required to request a proposal from at least one qualified consulting firm. The revised Policy increases the sole source amount up to \$50,000. For Professional Services Agreements expected to cost between \$50,000 and \$100,000, the revised policy would require that the General Manager requests proposals from at least two qualified consulting firms, which is an increase from the current policy limits of \$30,000 to \$60,000. For professional services exceeding \$100,000, standard District procedures require a minimum of three proposals. Director Reinhart asked staff to amend the language to clarify that where the policy specifies at least three qualified bid proposals, that is the minimum to be requested and not the minimum number to be received.

Ms. Clary said the proposed revisions to the Policy for Approval/Authorization of Change Orders to Existing Contracts primarily relate to modifications of approval levels for Professional and Non-Professional contract change orders and variances. The recommended approval levels are as follows: Department Director - Up to \$50,000 (individual or cumulative per month); Executive Director – Up to \$75,000 (individual or cumulative per month); General Manager – Up to \$100,000 (individual or cumulative per month); and Board of Directors – Greater than \$100,000. She also stated that if the individual or cumulative total in a calendar month together with any Change Orders previously approved exceeds the higher of 30% of the original contract or \$100,000, approval by the Board shall be required prior to execution by the General Manager. Director Swan asked that staff check and, if necessary, correct the proposed change order/variance approval level language to “the lower of the amount stated or 30% of initial contract amount”.

Ms. Clary said this is a new proposed policy relating to the Acquisition of Land and Easements Policy which establishes procedures for acquiring property and easements to facilitate District facilities and operations. This policy does not apply to the District’s acquisition of real estate for investment or water banking properties. She said the proposed policy addresses methods of conveyance and general procedures, provides the General Manager with approval authority for up to \$100,000; Board approval required in excess of \$100,000; and it is consistent with other recommended General Manager authorization levels. Director Swan requested that language be

added in reference to changes in property and easement entitlements and that any entitlement changes be brought back to the Board for approval.

Ms. Clary said that relative to Disposition of District Property, that the District's current Rules and Regulations provide authorization for the General Manager, or a person delegated by the General Manager, to dispose of property valued at \$5,000 or less, with Board approval required for property valued in excess of \$5,000. Consistent with General Manager's delegation of authority levels currently being proposed for other District activities, the proposed Rules and Regulations would increase that level to \$100,000, with Board approval required for property valued in excess of \$100,000. Disposition of surplus District properties is typically conducted through a third-party auction service and, while employees are welcome to bid, no preference is given to IRWD staff in the process. In addition, the proposed Rules and Regulations adds rights-of-way to the definition of Property, and provides authorization to the General Manager to execute and deliver a quitclaim deed or equivalent instrument to the owner of record in the event an easement or right-of-way becomes surplus to the District. Staff also recommends striking the provisions in the current policy pertaining to "emergency disposition" of property, since this provision does not appear to have any potential applications.

Ms. Clary said that relative to Guidelines for Access to Public Records, she said that this is an old policy from 1995 and its revision updates the reimbursement cost for paper copies. She said that before proceeding she wanted to make a minor edit to Section 5.1 -- Procedure of Obtaining Copies under the Guidelines. Assistant Director/Treasury Jacobson reported that this edit was provided by legal counsel as follows: "IRWD will determine the applicable fee based upon the cost of duplication or the cost of production in the case of electronic records giving consideration to the cost benefit relationship and other factor relating to the determination of the total charges". Ms. Clary said that the revised Guidelines incorporate updated cost reimbursement amounts for copying expenses and public records access services. The updated charges more accurately reflect actual applicable costs to the District for public records requests, and include an increase in the per page copying reimbursement charge from \$0.08 to \$0.25 for requests in excess of 10 pages. Separate charges for reproduction of different types and sizes of maps and other oversized copies are also detailed in the updated charges, and are based on applicable District copy expenses for these document types.

Ms. Clary said she relative to Records Retention, that the last time the Records Retention Schedule was updated was in 2004 by Gladwell Governmental Services, Inc. She said this Revised Schedule was developed with all departments participating in the process and that it provides clear, specific records descriptions and retention periods for each of the District's departments. The respective Department Directors, District staff and legal counsel have reviewed and approved all Revised Schedules. Ms. Clary said that the revised retention schedule will continue to ensure that the District is in compliance with current laws, reduce records storage costs, increase efficiencies and take advantage of current recordkeeping technology.

Director Reinhart stated he would approve this item, however, he requested legal counsel look into whether any adjustment is needed to the Retention Schedules relative to Statute of Limitations.

Director Swan said he wanted to complement staff on a job well done with these policy changes and their time spent with the Committee. Director Swan reported that these policy revisions were

reviewed and approved by the Finance and Personnel Committee at both the July and September meetings. On MOTION by Swan, seconded and unanimously carried, THE FOLLOWING AMENDED RESOLUTIONS WERE ADOPTED BY TITLE:

RESOLUTION NO. 2014-42

RESOLUTION OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT, RESCINDING RESOLUTION NO. 2002-8 ESTABLISHING REVISED POLICIES WITH RESPECT TO AUTHORIZATION OF EXPENDITURES, COMPETITIVE BIDDING AND AWARD OF CONTRACTS, PROCUREMENT OF PROFESSIONAL SERVICES AND APPROVAL AND AUTHORIZATION OF CHANGE ORDERS TO EXISTING CONTRACTS, AND ESTABLISHING POLICY WITH RESPECT TO ACQUISITION OF LANDS AND EASEMENTS.

RESOLUTION NO. 2014-43

RESOLUTION OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT, RESCINDING RESOLUTION NO. 1972-5 AND REESTABLISHING RULES AND REGULATIONS FOR THE DISPOSITION OF PROPERTY OF THE DISTRICT.

RESOLUTION NO. 2014-44

RESOLUTION OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT, RESCINDING RESOLUTION NO. 1995-37 AND ADOPTING GUIDELINES FOR ACCESS TO PUBLIC RECORDS.

RESOLUTION NO. 2014-45

RESOLUTION OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT, RESCINDING RESOLUTION NO. 2004-57 AND ADOPTING A RECORDS RETENTION SCHEDULE AND AUTHORIZING DESTRUCTION OF CERTAIN DISTRICT RECORDS.

2015 MEDICAL INSURANCE COVERAGE RENEWAL

General Manager Cook reported that the District currently utilizes the CalPERS medical insurance program and receives premium rates each year in advance of open enrollment. For the 2015 calendar year, CalPERS has notified the District of premium increases for each of the specific plans from which IRWD employees can choose. Staff has not been notified of any substantive changes to the plan designs or benefits available to employees under the current CalPERS health plan offerings. He said the CalPERS open enrollment period is September 15, 2104 through October 10, 2014.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on September 2, 2014. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED STAFF TO CONTINUE THE DISTRICT'S HEALTH CARE COVERAGE WITH CALPERS FOR CALENDAR YEAR 2015 WITH CHANGES IN EMPLOYEE AND DISTRICT CONTRIBUTION LEVELS AS RECOMMENDED IN TABLE A OF THE WRITE-UP.

DENTAL INSURANCE COVERAGE FOR CALENDAR YEAR 2015

The Association of California Water Agencies' Joint Powers Insurance Authority has negotiated rates with Delta Dental for the plan year beginning January 1, 2015 which resulted in a slight decrease in the premiums for IRWD's current dental plan, Plan A.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on September 2, 2014. On MOTION by Swan, seconded and unanimously carried THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXTEND THE DISTRICT'S CONTRACT WITH THE ASSOCIATION OF CALIFORNIA WATER AGENCIES' JOINT POWER INSURANCE AUTHORITY FOR DELTA PREFERRED OPTION PLAN A WITH CHILD AND ADULT ORTHODONTIC COVERAGE.

STATEWIDE DROUGHT AND LEVEL ONE WATER SHORTAGE DECLARATION

General Manager Cook said throughout the State, water storage levels are dropping and saving water has become imperative to extend water reserves in anticipation of another dry winter. The Governor declared a statewide drought emergency in January 2014 and the State Water Resources Control Board (SWRCB) adopted Emergency Drought Regulations in July 2014 in response to worsening conditions. Since February, the District has increased its public outreach, expanded its conservation efforts and implemented changes to the District's Allocation-based Rate Structure.

Director Matheis reported that this item was reviewed and approved by the Water Resources and Policy Committee on September 4, 2014. A motion was made by Matheis and seconded to approve the item, but prior to the vote, Director Swan raised concerns on the language provided in the section in the Water Shortage Contingency Plan's Voluntary Response Measures for customers observing potential overuse of water within IRWD's service area encouraging them to call the District's Customer Service Department for assistance. Following discussion with the Board, staff and legal counsel, it was the consensus to delete item No. 6 from the Response Measures: Voluntary recommended to be implemented by staff and to also have staff submit an item to the Water Resources Policy Committee to refine the Water Shortage Contingency Plan language suggested by Director Swan. There being no further discussion, Director Matheis' motion was amended and unanimously carried to include Director Swan's recommendations, and THE BOARD DECLARED A LEVEL ONE WATER SHORTAGE AND AUTHORIZED STAFF TO IMPLEMENT THE ASSOCIATED MEASURES (NOS. 1 THROUGH 5 AND NO. 7) IN THE WATER SHORTAGE CONTINGENCY PLAN AND STAFF WAS DIRECTED TO SUBMIT AN ITEM TO THE WATER RESOURCES POLICY COMMITTEE TO REFINE THE WATER SHORTAGE CONTINGENCY PLAN LANGUAGE RELATIVE TO STEPS FOR CUSTOMERS WHO OBSERVE POTENTIAL OVER-USE OF WATER WITHIN IRWD'S SERVICE AREA.

2015 COUNTY OF ORANGE LEGISLATIVE PLATFORM REQUEST FOR COMMENTS

Government Affairs Manager Compton said that each August the County of Orange begins a process to develop its legislative platform for 2015. As part of that process, the County invites interested community partners to comment on the proposed legislative platform and suggest priorities or policy statements for inclusion in the 2015 Legislative Platform. She said that IRWD seeks to advance innovative and effective water resources public policy and governance at the state and federal level. Given the importance of these policy areas to all of Orange County and the impact their outcome, the District has engaged issues such as protecting local property tax revenues, the implementation of the Water Resources Reform and Development Act, the implementation of the Bay Delta Conservation Plan, and, if approved by the voters, the implementation of Proposition 1.

Director Matheis reported that this item was reviewed and approved by the Water Resources and Policy Committee on September 4, 2014. On MOTION by Matheis, seconded and unanimously carried, **THE BOARD AUTHORIZED STAFF TO SUBMIT COMMENTS FOR CONSIDERATION IN THE COUNTY OF ORANGE 2015 LEGISLATIVE PLATFORM BY THE COUNTY OF ORANGE, AS DEEMED APPROPRIATE BY THE BOARD, BEFORE SEPTEMBER 26, 2014.**

ASSOCIATION OF CALIFORNIA WATER AGENCIES 2015 LEGISLATIVE PLANNING

Government Affairs Manager Compton said that each year ACWA's State Legislative Committee solicits legislative proposals from ACWA members, which it considers at its Annual Planning Meeting held in the fall. The ACWA State Legislative Committee will meet on October 24, 2014 to prepare for the first year of the 2015-2016 State Legislative Session. The State Legislative Committee will consider the legislative proposals that are submitted by ACWA member agencies for proposed introduction in January of next year. The Committee will evaluate the proposals, provide feedback to the proposing agency and determine whether to sponsor or support legislation based on ACWA's Strategic and Business Plan, policy principles and priorities. Ms. Compton said that California has suffered three years of drought and faces increasing demands on its freshwater resources. Recycled water, unlike many sources of potable water, is available and produced on a relatively constant basis even in times of drought. If it is not put to use, the recycled water must either be stored in the state's limited recycled water storage facilities, or discharged to the ocean. Continued and expanded production and distribution of recycled water for beneficial and permitted uses can offset a portion of increased total water demand within a service area, and help conserve California's surface water and groundwater supplies. Such expansion can occur only if encouraged and supported through increased incentives and removal of local and state barriers, consistent with state and federal policy. The potential recycled water legislation which staff has prepared seeks to ensure that no state or local agency takes action to prevent a recycled water purveyor from supplying recycled water for any beneficial and permitted use to meet total water demands in its service area. The proposal seeks to remove the uncertainty that recycled water will be unavailable to end users due to actions outside of the water purveyor's control and is aimed at taking a proactive step to encourage the expanded use of recycled water in California.

Director Matheis reported that this item was reviewed and approved by the Water Resources and Policy Committee on September 4, 2014. There being no further discussion, On MOTION by

Matheis, seconded and unanimously carried, THE BOARD ADOPTED A “SUPPORT” POSITION ON THE RECYCLED WATER CONCEPT PUT FORTH IN THE LEGISLATIVE PROPOSAL FORM.

OTHER BUSINESS

GENERAL MANAGER’S COMMENTS

General Manager Cook reported that the Orange County Jury is interested in understanding how the sewage is reused or disposed of in Orange County. He said that he and Executive Director Sheilds will meet with the Grand Jury next week to discuss this matter and also provide a tour of the Operations facility.

Mr. Cook reported that a minor pipe leak occurred today in the Tustin area that affected two apartment complexes caused by a contractor who hit the line that lead to the break.

Mr. Cook also said that Mr. Bruce Newell is currently working on scheduling a meeting with him and Executive Director Sheilds to meet with Mr. Greg McCuren, Chief of OCFA Division 2 who covers all of Irvine to do a debriefing on the chlorine leak incident.

DIRECTORS’ COMMENTS

Director Reinhart reported on his attendance at the SOCWA meeting last week. He said that he would like to adjourn this meeting in memory of Mr. Edward Little, retired President of West Basin Municipal Water District, who passed away.

Director Matheis said that she attended a WACO meeting last week. She also informed the Board of the upcoming election of ISDOC officers and said that there is a good slate of candidates. She further reported that she attended a Shadetree Partnership nursery event last Saturday and thanked staff for their hard work and their contribution to the community and IRWD.

Director Withers reported on his attendance at an ISDOC Executive Committee meeting, and said he will attend an OCBC Infrastructure meeting tomorrow. On Wednesday, he said he will attend a LAFCO and OCSD Administration meeting.

Director Swan said that he attended an OCWD Legislative meeting and Board meeting and will attend the OCWD Water Issues meeting on Wednesday.

Director LaMar reported that he attended a MWDOC Planning and Operations meeting, and an ACWA Federal Affairs meeting in Sacramento. He said that he and General Manager Cook will meet with Association of California Cities-OC who has expressed an interest in an internet radio show and would like IRWD to be one of six sponsors. He said he also attended IRWD’s conservancy annual barbeque along with Mr. Bruce Newell.

ADJOURNMENT

There being no further business, President LaMar adjourned the meeting at 6:45 p.m. in memory of Edward Little.

APPROVED and SIGNED this 13th day of October, 2014.

President, IRVINE RANCH WATER DISTRICT

Assistant Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:
Bowie, Arneson, Wiles & Giannone

Legal Counsel