

## MINUTES OF REGULAR MEETING – NOVEMBER 27, 2017

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:00 p.m. by President Reinhart on November 27, 2017 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Water Policy Weghorst, Executive Director of Engineering and Water Quality Burton, Executive Director of Finance and Administration Clary, Director of Public Affairs Beeman, Public Affairs Manager Fabris, Executive Director of Operations Sheilds, Director of Human Resources Roney, Director of Treasury and Risk Manager Jacobson, Director of Water Operations Zepeda, Director of Water Resources Sanchez, Government Relations Officer Compton, Legal Counsel Smith, Secretary Bonkowski, Principle Engineer Malloy, Principle Engineer Cortez, Mr. Joe Lam, Mr. James Pasmore, Mr. James Clark, Ms. Laura Thomas, Mr. Hao Bui, Ms. Connie Ho and Mr. Bruce Newell.

WRITTEN AND ORAL COMMUNICATIONS: None.

ITEMS TOO LATE TO BE AGENDIZED: None.

### PRESENTATION

Mr. James Pasmore, representative of Southern California Edison, presented an incentive check for the District's successful implementation of the LEAP –MBR project in the amount of \$139,047.84 and thanked staff for their efforts. Mr. Pasmore said that the Irvine Ranch Water District and SCE first started working on this project back in 2015. He said that General Electric had recently developed a proprietary enhancement for the Membrane Bioreactor system that was installed at the Michelson Water Reclamation Plant in 2014. He said that the technology allows for more efficient cleaning of the membranes, insuring lower energy usage over time. He further said that this energy savings represents 628 tons of avoided GHG emissions.

### CONSENT CALENDAR

Director Swan asked that Item No. 4 be moved to the Action Calendar as he would like to add a meeting. There being no objections, item No. 4 was moved accordingly. On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 AND 6 WERE APPROVED AS FOLLOWS:

#### 5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the November 13, 2017 Regular Board Meeting be approved as presented.

## CONSENT CALENDAR (CONTINUED)

### 6. OCTOBER 2017 TREASURY REPORT

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate Swap Summary for October, and Disclosure Report of Reimbursements to Board members and staff; approve the October 2017 Summary of Payroll ACH payments in the total amount of \$1,783,312 and approve the October 2017 Accounts Payable Disbursement Summary of Warrants 380838 through 381563, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$32,528,998.

## ACTION CALENDAR

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

Director Swan reported that he was invited to attend a desalination plant tour on October 25, 2017 while he was on vacation in Perth, Australia, and asked that this item be approved by the Board. There being no objection, on MOTION by Withers, seconded by Matheis, **THE BOARD RATIFIED/APPROVED EVENTS FOR MARY AILEEN MATHEIS, PEER SWAN AND STEVE LAMAR AS DESCRIBED.**

### MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES - VARIANCES AND BUDGET INCREASE

General Manager Cook reported that Filanc/Balfour-Beatty (FBB) is constructing the Michelson Water Recycling Plant Biosolids and Energy Recovery Facilities (Biosolids Project). According to FBB's October 2017 Schedule Update, the Biosolids Project will be extended to May 2019. The services of various consultants are needed to supplement the construction management team of the Biosolids project through this time extension.

Executive Director of Engineering and Water Quality Burton reported that FBB started paving of the site which is a very positive step as the site is appearing more completed. Mr. Burton said that Black & Veatch has provided contract administration, construction inspection, and construction management services since 2013. He said that Variance No. 7 is for additional submittal reviews; additional Request for Information reviews; electronic operations and maintenance manual development, installation, and training; start-up testing coordination; and record drawings and atlas map updating.

Mr. Burton said that Variance No. 2 with Arcadis, Inc. is for continued negotiations and preparation of contract change orders, providing as-needed construction management support, assisting with resolving project cost and delay claims submitted by FBB, and assisting with project close-out activities.

Mr. Burton said that HDR Engineering has provided construction inspection since the start of the Biosolids project. He said that Variance No. 3 will provide construction inspection services through April 30, 2019.

Mr. Burton said that Variance No. 2 with EI&C Engineering, Inc. will include continued technical oversight of the process control system (PCS) development which entails witnessing various computer software tests at the manufacturer's panel fabrication facility, bench tests, and field tests. He said that additionally, EI&C will provide automation staff to supplement the start-up testing when it is anticipated that multiple start-up tests are scheduled simultaneously as well as and technical writing support to prepare the operation manuals and associated training presentations related to the PCS.

Mr. Burton said that with the approval of Contract Change Order No. 65 in October 2017, an increase in the capital budget for the Biosolids Project is required. He said that an additional budget is being requested to fund the future CCOs for which individual Change Requests (CRs) have been submitted by FBB. He said that these CRs are being negotiated and are estimated to be worth approximately \$3,000,000. This does not include any CRs submitted by FBB for extended or expanded overhead.

Mr. Burton said that IRWD costs also need to be funded by the budget increase for the extended project duration covering costs for construction management staff, outside specialty legal and claims analysis staff to help resolve more complex construction items, Operations and Maintenance staff during start-up and training, and the MWRP construction trailer and supplies for an estimated cost of \$1,500,000.

Director Withers reported that this item was discussed in length at the Engineering and Operations Committee held on November 21, 2017. Director LaMar apologized for not being in attendance at this meeting. Director Swan inquired about future construction change orders as noted under the Fiscal Impacts and made a recommendation for categorizing this item. Following discussion, on MOTION by Withers, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 7 WITH BLACK & VEATCH IN THE AMOUNT OF \$3,190,018 FOR SUPPLEMENTAL CONTRACT ADMINISTRATION, CONSTRUCTION PHASE, AND START-UP AND COMMISSIONING SERVICES; AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 2 WITH ARCADIS, INC. IN THE AMOUNT OF \$1,451,173 FOR SUPPLEMENTAL CONSTRUCTION INSPECTION, CONSTRUCTION MANAGEMENT, AND DOCUMENT CONTROL SYSTEM SERVICES; AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 3 WITH HDR ENGINEERING, INC. IN THE AMOUNT OF \$576,739.28 FOR SUPPLEMENTAL CONSTRUCTION INSPECTION; AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 2 WITH EI&C ENGINEERING, INC. IN THE AMOUNT OF \$958,720 FOR SUPPLEMENTAL PROCESS CONTROL SYSTEM CONSTRUCTION MANAGEMENT SERVICES, START-UP TESTING, AND DEVELOPMENT OF PROCESS CONTROL SYSTEM OPERATION MANUALS AND ASSOCIATED TRAINING PRESENTATIONS; AND AUTHORIZED A BUDGET INCREASE IN THE AMOUNT OF \$11,500,000, FROM \$216,073,100 TO \$227,573,100, TO THE FY 2017-18 CAPITAL BUDGET FOR THE MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES, PROJECT 04286.**

## SANTIAGO CREEK DAM OUTLET TOWER REPLACEMENT BUDGET INCREASE AND CONSULTANT SELECTION

General Manager Cook reported that the Irvine Ranch Water District (IRWD) and Serrano Water District (SWD) have been working with the Division of Safety of Dams (DSOD) to address concerns regarding the seismic stability of the Santiago Creek Dam and the outlet tower, and said that after reviewing 10 alternatives for replacement of the tower, staff selected, and the DSOD concurred with the alternative to construct a new sloped outlet pipe on the dam face or adjacent embankment.

Executive Director of Engineering and Water Quality Burton reported that staff distributed a Request for Proposal to six geotechnical engineering firms to provide Preliminary and Final Design services for the new outlet tower including AECOM, Black and Veatch, Bart Patton Consulting, Genterra, GEI Consulting, and Kleinfelder. Mr. Burton said that Black and Veatch, Kleinfelder and Bart Patton Consulting declined to submit proposals citing lack of resources for the project or proposal. He said that proposals were received from AECOM, GEI Consulting, and Genterra. He said that both IRWD and SWD reviewed and evaluated the proposals based on the consultants' team, project approach, and relevant experience, and recommends the selection of AECOM based on its responsiveness to the Request for Proposal, past performance, and best value. He further said that the cost split between IRWD and SWD will be in accordance with the Irvine Lake ownership agreements.

Director Swan said that this item was reviewed by the SWD/IRWD Ad Hoc Committee at length which consisted of two Board members from each agency on November 20, 2017 along with staff. He said that with the tower replacement, the intakes will be investigated, and if necessary, improvements will also be made accordingly. He said that with the current practice, SWD will be invoiced in two years with SWD's share at 50% of the total costs. On MOTION by Swan, seconded and unanimously carried, **THE BOARD AUTHORIZED A BUDGET INCREASE IN THE AMOUNT OF \$1,300,000 FOR PROJECT 01813, FROM \$568,700 TO \$1,868,700; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$787,625 WITH AECOM TO COMPLETE THE PRELIMINARY AND FINAL DESIGNS FOR THE SANTIAGO CREEK DAM OUTLET TOWER REPLACEMENT, PROJECT 01813.**

## GENERAL MANAGER'S REPORT

General Manager Cook reported that at the last Strategic Planning Workshop, one of the topics discussed was OCSD issues, including extending the lease for biosolids handling, billing issues, pension costs, and flow monitoring, and said that all of these issues are resolved. Additionally, he said that OCSD staff also assisted staff with a water quality permitting issue.

Mr. Cook reported that management staff met a few weeks ago to prepare for the upcoming Strategic Planning Workshop on December 19, 2017, and he was looking forward to presenting new programs to the Board suggested during that meeting.

## DIRECTORS' COMMENTS

Director Matheis reported that she attended a WaterStar Certification presentation to the Hyatt House, an ACC-OC Thanksgiving reception at the San Joaquin Marsh, and an Irvine Community Thanksgiving breakfast that the District sponsored.

Director Withers reported on the opening of a Marriott hotel in the Irvine Spectrum.

Director LaMar reported on his attendance at an OCWA lunch meeting, an ACC-OC Thanksgiving reception, two ACWA Board meetings, and a CalEPA meeting with State Board Chairwomen Felicia Marcus relative to amendments to legislation.

Director Swan reported on his attendance at an ACWA JPIA meeting today, an SWD/IRWD Ad Hoc Committee meeting, and a desalination plant tour in Perth, Australia while on vacation.

Director Reinhart reported on his attendance at an ACC-OC Thanksgiving reception.

## CLOSED SESSION

President Reinhart reported that a Closed Session would be held as follows:

Closed Session: CONFERENCE WITH LEGAL COUNSEL RELATIVE TO EXISTING LITIGATION – Government Code Section 54956.9(d)(1) IRWD v. OCWD Case No. 30-2016-00858584-CU-WM-CJC).

## OPEN SESSION

Following the Closed Session, the meeting was reconvened with five Board members present. President Reinhart said there was no action to report.

## ADJOURNMENT

There being no further business, President Reinhart adjourned the meeting at 7:10 p.m.

APPROVED and SIGNED this 11th day of December, 2017.

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President, IRVINE RANCH WATER DISTRICT

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Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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Alfred Smith, Legal Counsel – Nossaman LLP