

**AGENDA
IRVINE RANCH WATER DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING**

June 12, 2017

PLEDGE OF ALLEGIANCE

CALL TO ORDER

5:00 p.m., Board Room, District Office
15600 Sand Canyon Avenue, Irvine, California

ROLL CALL

Directors LaMar, Matheis, Swan, Withers and President Reinhart

NOTICE

If you wish to address the Board on any item, including Consent Calendar items, please file your name with the Secretary. Forms are provided on the lobby table. Remarks are limited to three minutes per speaker on each subject. Consent Calendar items will be acted upon by one motion, without discussion, unless a request is made for specific items to be removed from the Calendar for separate action.

COMMUNICATIONS TO THE BOARD

1. A. Written:

B. Oral:

2. ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Recommendation: Determine the need to discuss and/or take immediate action on item(s).

PRESENTATION

3. SCIENCE FAIR WINNERS

Each year, IRWD presents awards to local students for their water-related projects entered in the Irvine Unified School District Science Fair.

WORKSHOP

4. FISCAL YEAR 2017-18 CAPITAL BUDGET

Recommendation: That the Board adopt a resolution approving the District's Capital Budget for Fiscal Year 2017-18.

Reso No. 2017-

CONSENT CALENDAR

Resolution No. 2017-14

Items 5-12

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

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

6. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the May 22, 2017 Regular Board Meeting be approved as presented.

7. APPOINTMENT OF ASSISTANT DISTRICT SECRETARY

Recommendation: That the Board appoint Ms. Kristine Swan as Assistant District Secretary and expire the appointment of Ms. Joan Arneson, effective June 12, 2017.

8. 2017 LEGISLATIVE UPDATE

Recommendation: That the Board adopt a "WATCH" position on AB 1000 (Friedman).

9. IRWD APARTMENT CONSULTANT – CONTRACT RENEWAL

Recommendation: That the Board approve the retention of Market-THINK LLC as apartment consultant for the District's apartment properties for a period of two years effective May 1, 2017 for an amount not to exceed \$106,000, which includes monthly out-of-pocket expenses estimated at \$50 per month.

10. FISCAL YEAR 2017-18 OPERATING BUDGET VENDOR EXPENDITURE COMMITMENTS GREATER THAN \$100,000.

Recommendation: That the Board approve the list of vendor commitments greater than \$100,000 based on approved Fiscal Year 2017-18 operating budget expenditures.

CONSENT CALENDAR - Continued

Resolution No. 2017-14

Items 5-12

11. WATER EFFICIENCY TACTICAL INCENTIVE FUNDING AUTHORIZATION

Recommendation: That the Board authorize the General Manager to allocate \$1,400,000 in funding to the FY 2017-18 rebate programs administered through the Water Conservation Participation Agreement between MWDOC and IRWD, and to execute addendums to the agreement as may be necessary to allocate funds to specific programs and modify device incentive levels based on customer participation rates and regional program funding levels.

12. CHLORAMINE BOOSTER STATIONS AT FOOTHILL ZONE 6 AND PORTOLA ZONE 8 RESERVOIRS FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Chloramine Booster Stations at Foothill Zone 6 and Portola Zone 8 Reservoirs, project 04409, authorize the General Manager to file a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

ACTION CALENDAR

13. NETWORK INFRASTRUCTURE UPGRADES

Recommendation: That the Board approve a General Plant expenditure of \$504,400 with Resilient Communications to purchase and implement the Network Infrastructure Upgrades.

14. RETIREE HEALTH COSTS ASSISTANCE PROGRAM

Recommendation: That the Board authorize staff to modify the District's Retiree Health Costs Assistance Program benefits plan structure to provide benefits to IRWD retirees with three to nine years of service to meet the Internal Revenue Service discrimination testing requirements.

15. SETTING CONNECTION FEES AND PROPERTY TAXES FOR FISCAL YEAR 2017-18

Recommendation: That the Board approve the revised connection fees and property taxes as proposed.

OTHER BUSINESS

Pursuant to Government Code Section 54954.2, members of the Board of Directors or staff may ask questions for clarification, make brief announcements, make brief reports on his/her own activities. The Board or a Board member may provide a reference to staff or other resources for factual information, request staff to report back at a subsequent meeting concerning any matter, or direct staff to place a matter of business on a future agenda. Such matters may be brought up under the General Manager's Report or Directors' Comments.

16. A. General Manager's Report
- B. Directors' Comments
- C. CLOSED SESSION Conference with Labor Negotiators - Government Code Section 54957.6:
Agency Designated Representatives: Paul Cook and Jenny Roney
Employee Group: Managers, Supervisors and Confidential Employees, and


CLOSED SESSION with real property negotiator (Government Code Section 54956.8).
Property: Parcel 393-29-301
Negotiating Parties: Anish Gore
Agency Negotiator: Paul Cook, General Manager
Propose of Negotiations: Price and Term of Payment
- D. Open Session
- E. Adjourn

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Irvine Ranch Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Board Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance to the Board of Directors Room of the District Office. The Irvine Ranch Water District Board Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

June 12, 2017

Prepared by: E. Akiyoshi

Submitted by: K. Burton

Approved by: Paul Cook 

WORKSHOP

FISCAL YEAR 2017-18 CAPITAL BUDGET

SUMMARY:

The projected expenditures for the Fiscal Year (FY) 2017-18 Capital Budget are \$97.2 million. Staff recommends that the Board adopt a resolution approving the FY 2017-18 Capital Budget. A final Capital Budget notebook will be distributed following adoption.

BACKGROUND:

The forecasted capital expenditures for the upcoming fiscal year are presented annually to the Engineering and Operations Committee and Board for review. The presentation, attached as Exhibit "A", includes an update on FY 2016-17 budget-to-actual capital expenditures and forecasted FY 2017-18 capital expenditures.

In the current fiscal year, FY 2016-17, budgeted expenditures were originally estimated at \$159.6 million: a total of \$34.7 million was added to the budget at mid-year (e.g., Board-approved Palo Verde Irrigation District land purchases). Actual expenditures on projects identified in last year's projected expenditures are forecasted at approximately \$128 million (approximately 80% of projected expenditures) plus an additional \$34.7 million from the mid-year increases. Total estimated expenditures are \$165.3 million.

Estimated capital expenditures for FY 2017-18 are \$97.2 million. Three projects will consist of approximately 45% of projected expenditures: 1) Michelson Water Recycling Plant (MWRP) Biosolids and Energy Recovery Facilities; 2) Orange County Sanitation District's Capital Outlay Revolving Fund, Equity, and Solids Facilities; and 3) the Irvine Lake Pipeline North Conversion. System repairs and rehabilitations will consist of an additional 15% to 20% of projected expenditures.

FISCAL IMPACTS:

The following table shows the major IRWD capital projects for FY 2017-18. The FY 2017-18 Capital Budget, attached as Exhibit "B", provides details on all capital projects with anticipated expenditures in FY 2017-18.

Project	FY 2017-18 (\$ Million)
ILP Conversion Projects	16.2
MWRP Biosolids and Energy Recovery Facilities	15.4
OCSD Capital Expenditures	9.8
System Repair and Rehabilitation	9.8
Operational Enhancement Projects	9.6
Annual Operational System Repair and Rehabilitation	7.6
Asset Optimization	4.3
Development - Regional Projects	4.2
Water Resources (UCI RW Conversions)	3.2
Well Rehabilitation	2.8
Subtotal	\$82.9
Total All Projects	\$97.2

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Engineering and Operations Committee on May 16, 2017. Total FY 2017-18 capital expenditures presented to the Committee were \$98.2 million. Minor updates were incorporated resulting in the \$1.0 million decrease.

RECOMMENDATION:

THAT THE BOARD ADOPT THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2017 –

RESOLUTION OF THE BOARD OF DIRECTORS OF
 IRVINE RANCH WATER DISTRICT, ORANGE COUNTY
 CALIFORNIA, APPROVING THE DISTRICT’S CAPITAL
 BUDGET FOR FISCAL YEAR 2017-18

LIST OF EXHIBITS:

- Exhibit “A” – Capital Budget Presentation
- Exhibit “B” – FY 2017-18 Capital Budget
- Exhibit “C” – Resolution

EXHIBIT "A"

Fiscal Year 2017-18 Capital Budget

Board of Directors
June 12, 2017



Capital Budget Presentation Outline

- Review Fiscal Year (FY) 2016-17 budget
 - Update on expenditures for FY 2016-17
- Review proposed FY 2017-18 budget
 - FY 2017-18 Capital Budget Summary
 - Long-Term Capital Program
 - Flagged Projects

Review FY 2016-17 Expenditures

Description	Budgeted Expenditures (\$ Million)*	Forecasted 2016-17 Expenditures (\$ Million)*
Top 10 project groups	\$129.2	\$108.5
Other projects	\$30.4	\$22.1
Subtotal	\$159.6	\$130.6
Mid-Year Board Approved Expenditures	\$34.7	\$34.7
FY 2016-17 Total	\$194.3	\$165.3

* Capital offsets (grants, reimbursements, and other non-IRWD funding sources) not subtracted.

Review FY 2016-17 Top 10 Expenditures

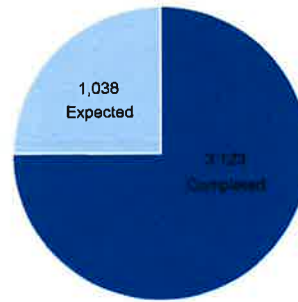
No.	Description	Budgeted Expenditures (\$ Million)*	Forecasted Expenditures (\$ Million)*
1	MWRP Biosolids & Energy Recovery Facilities	45.6	30.4
2	OCSD Capital Expenditures	18.2	21.0
3	ILP North Conversion	14.6	1.8
4	Water Banking	11.5	19.7
5	Baker Water Treatment Plant	10.4	9.9
6	Great Park Development Areas	9.0	11.3
7	General Plant	5.6	5.6
8	Annual Operational System Repair and Rehab	5.0	3.0
9	Business Software	4.8	4.5
10	Asset Optimization	4.6	1.2
	Other Projects	\$30.4	\$22.1
	Subtotal	\$159.6	\$130.6
	Mid-Year Budget Increases (e.g. PVID purchases)	\$34.7	\$34.7
	Total	\$194.3	\$165.3

* Capital offsets (grants, reimbursements, and other non-IRWD funding sources) not subtracted.

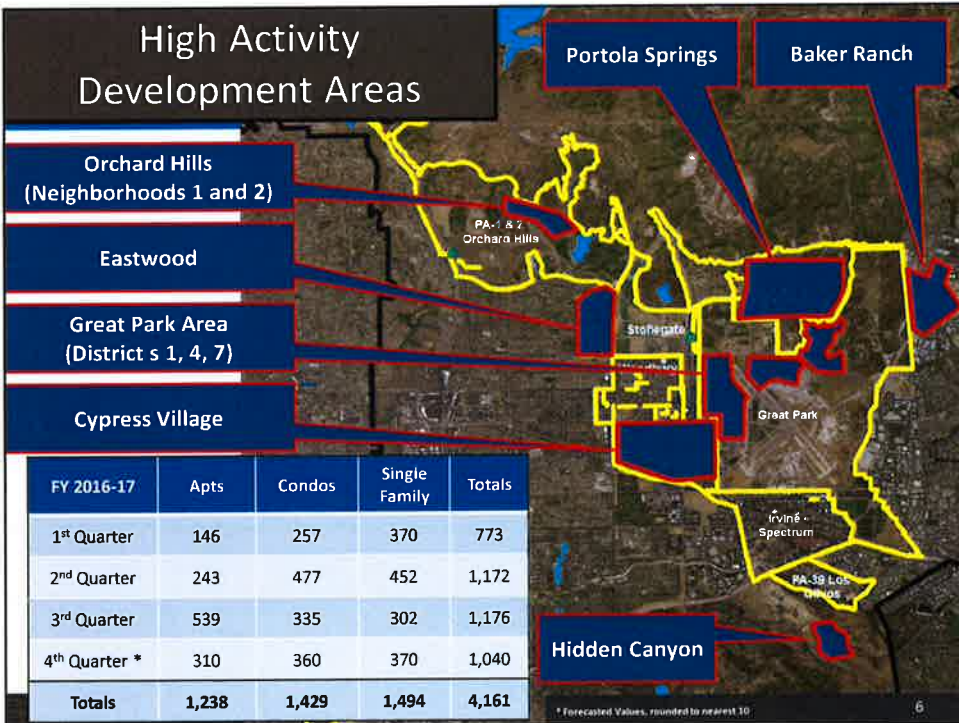
Development Projects

- FY 2016-17 Development Activity**
 - Focused in areas with existing infrastructure
 - Baker Ranch
 - Orchard Hills and Portola Springs
 - Great Park Neighborhoods (District 1)
 - Cypress Village and Eastwood
 - Hidden Canyon
- FY 2017-18 Development Activity**
 - Forecasted releases are similar to 2016-17
 - Multi-family and single family dwelling units continue to be developed in: Orchard Hills, Portola Springs, Cypress Village, Eastwood, Great Park Neighborhoods (District 1) and Baker Ranch.

FY 2016-17 Residential Releases
Total is 4,161 Dwelling Units



High Activity Development Areas



FY 2016-17	Apts	Condos	Single Family	Totals
1 st Quarter	146	257	370	773
2 nd Quarter	243	477	452	1,172
3 rd Quarter	539	335	302	1,176
4 th Quarter *	310	360	370	1,040
Totals	1,238	1,429	1,494	4,161

* Forecasted Values, rounded to nearest 10.

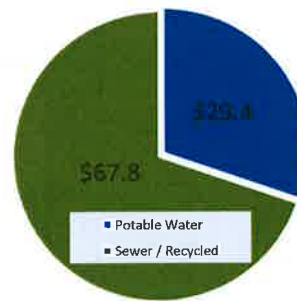
FY 2017-18 Forecasted Expenditures

Total Projected FY 2017-18 Expenditures = \$97.2 million

Expenditures by Category



Expenditures by System



Irvine Ranch Water District

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FY 2017-18 Top 10 Project Groups

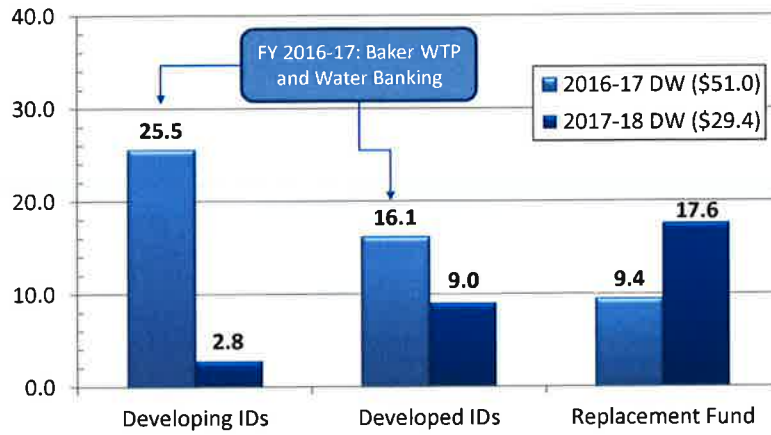
Rank	Description	Forecasted FY17-18 Exp. (\$ Millions)*
1	ILP Conversion Projects	16.2
2	MWRP Biosolids & Energy Recovery Facilities	15.4
3	OCSD Capital Expenditures	9.8
4	System Repair and Rehabilitation	9.8
5	Operational Enhancement Projects	9.6
6	Annual Operational System Repair and Rehabilitation	7.6
7	Asset Optimization	4.3
8	Development - Regional Projects	4.2
9	Water Resources (UCI RW Conversions)	3.2
10	Well Rehabilitation	2.8
	Subtotal	\$82.9
	Other Projects	\$14.3
	Total	\$97.2

* Capital offsets (grants, reimbursements, and other non-IRWD funding sources) not subtracted.



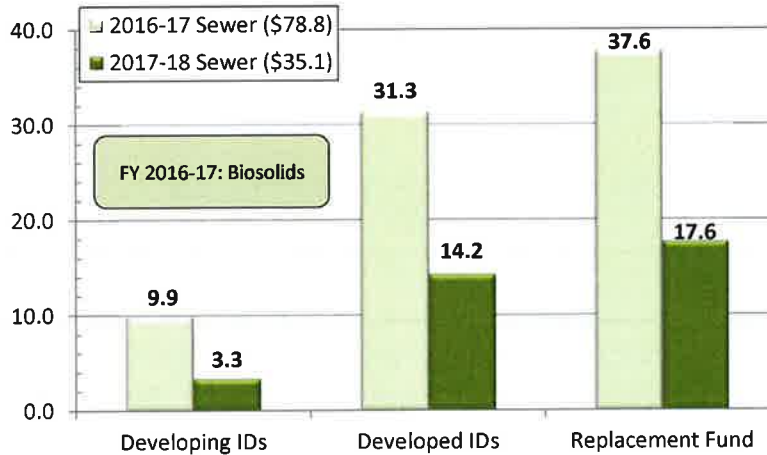
Capital Budget Funding Sources

Domestic Water Projects (\$29.4 million)



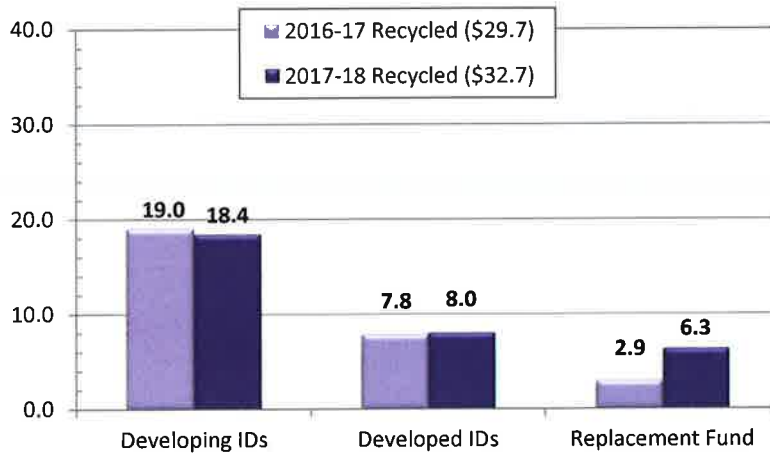
Capital Budget Funding Sources

Sewer System Projects (\$35.1 million)



Capital Budget Funding Sources

Recycled Water Projects (\$32.7 million)



Irvine Ranch Water District

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FY 2017-18 Flagged Projects

Flagged projects require additional Board review prior to capital expenditures. FY 2017-18 flagged projects include:

- 01100 – Lake Forest Well 1 Drilling**
- 01117 – Lake Forest Well 1 Wellhead**
- 07140 – Tustin Legacy Redhill Well Drilling & Equipping**
- 01402 – Wells 51/52/53 Treatment Alternatives Study**
- 03808 – Syphon Reservoir Expansion**

All projects with start dates beyond the FY 2017-18 must be presented to the board prior to any expenditures.

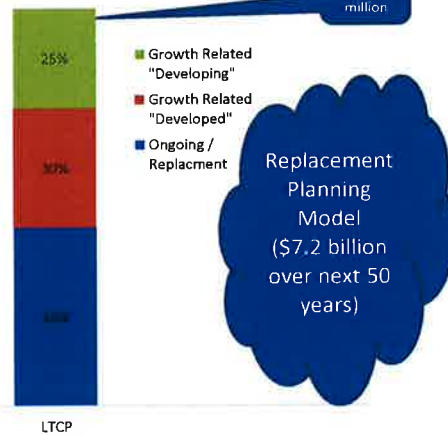
Irvine Ranch Water District

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Long Term Capital Program Summary

- The Long-Term Capital Program (LTCP) is used in the Financial Enterprise Model to assist in setting Connection Fees, Property Taxes, and User Rate component of Replacement Fund
- The LTCP also helps estimate capital cash flow to assist the Treasury department
- Replacement Planning Model used beyond 2019-20

Future Capital Expenditures



Long Term Capital Program Summary (\$ Million)

Component ¹	Budget and Expenditures
Total Unexpended LTCP FY2016-17	\$641.6
Mid-Year Board Approved Increases	\$34.7
Forecasted FY2016-17 Expenditures	(\$165.3)
Proposed LTCP Increases	\$50.7
Total Unexpended LTCP FY2017-18	\$561.7

¹ All costs and expenditures account for applicable offsets

Increases to the Long-Term Capital Program

Project Groups	Increases Including Offsets (\$Million)
• Replacement - Facilities	\$19.9
• Reduced Syphon Reservoir Offset Assumption from 50% to 25%	\$15.2
• OCSD - CORF - Solids Lease	\$11.2
• Development (e.g. Multi-Zone Pump Station, PA51)	\$7.7
• Added Santiago Area Distribution Projects and eliminated "Two-Source" Water Supply Concept	(\$10.7)
• Other	\$7.4
Total	\$50.7

Summary of Proposed Increases(\$ Million)

Funding Source	Proposed LTCP Increases
Replacement IDs*	\$30.1
Developed IDs	\$26.6
Developing IDs	(\$6.0)
Total**	\$50.7

* Excludes Replacement Planning Model expenditures, ** Capital offsets subtracted

Recommendation

THAT THE BOARD ADOPT THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2017 –

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY
CALIFORNIA, APPROVING THE DISTRICT'S CAPITAL
BUDGET FOR FISCAL YEAR 2017-18

EXHIBIT "B"

CAPITAL BUDGET

FISCAL YEAR 2017-18

**Adopted
June 12, 2017**



**Irvine Ranch
WATER DISTRICT**

Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, CA 92618

FISCAL YEAR 2017-18 CAPITAL BUDGET

TABLE OF CONTENTS

<u>TAB</u>	<u>DESCRIPTION</u>
1.	Project Expenditures by Project Number with Improvement District Allocations
2.	Flagged Projects
3.	“Top 10” Project Groups (extended to include all project groups in FY 2017-18)
4.	Water Improvement District Map
5.	Sewer Improvement District Map

Improvement Districts

System	Project	Project Title	Start	End	FY17-18 Direct	Total Direct	1100	1110	1120	1130	1250	1530	1540	1850	1880	2100	2220	2120	2130	2250	2400	2530	256	2850	2880
Recycled	06123	VAULT LID REPLACEMENT-RW	6/1/18	7/31/19	\$9,671	\$195,300										100.0									
Potable	06159	CANADA ROAD JOINT BONDING	6/1/18	7/31/19	\$6,123	\$233,200	100.0																		
Potable	06160	CENTRALIZED CONTROL ROOM AT MWRP-DW	6/1/18	12/31/19	\$7,500	\$170,000		32.6	3.3	3.0	47.5	11.1	0.4	1.6	0.5										
Sewer	06161	CENTRALIZED CONTROL ROOM AT MWRP-SS	6/1/18	12/31/19	\$7,500	\$170,000											33.1	3.4	3.4	48.5		9.7	0.3	1.3	0.3
Potable	06162	CRYSTAL COVE RECTIFIER INSTALLATION-DW	6/1/18	6/30/19	\$3,809	\$138,800	100.0																		
Recycled	06163	CRYSTAL COVE RECTIFIER INSTALLATION-RW	6/1/18	11/30/19	\$5,437	\$133,300										100.0									
Recycled	06164	CULVER ANODE BED AND RECTIFIER #5 REPLACEMENT	6/1/18	6/30/19	\$6,257	\$244,200										100.0									
Potable	06165	DRWF SURGE TANKS	1/1/16	6/30/18	\$1,042,091	\$1,250,500		32.6	3.3	3.0	47.5	11.1	0.4	1.6	0.5										
Potable	06168	SAN JOAQUIN MARSH IMPROVEMENTS	9/1/15	8/31/17	\$12,471	\$2,032,900		32.6	3.3	3.0	47.5	11.1	0.4	1.6	0.5										
Potable	06169	ZN 8-9 PIPELINE ANODE BED LEAD WIRE REPLACE	6/1/18	6/30/19	\$6,648	\$315,200	100.0																		
Potable	06170	WELL MAINTENANCE AND REHABILITATION 17/18	7/1/17	6/30/18	\$450,000	\$450,000	100.0																		
Sewer	06172	MECH-ELEC SYS REPLACEMENT 17/18-SS	7/1/17	6/30/18	\$550,000	\$550,000										100.0									
Potable	06173	MECH-ELEC SYS REPLACEMENT 17/18-DW	7/1/17	6/30/18	\$950,000	\$950,000	100.0																		
Recycled	06174	MECH-ELEC SYS REPLACEMENT 17/18-RW	7/1/17	6/30/18	\$660,000	\$660,000										100.0									
Sewer	06175	MWRP SYS REPLACEMENTS 17/18	7/1/17	6/30/18	\$450,000	\$450,000										100.0									
Recycled	06198	IIC EAST ZONE B BPS UPGRADES	1/1/16	10/31/18	\$525,657	\$734,600												54.2		23.1		22.7			
Potable	06205	GIS SUPPORT APPLICATIONS 17/18-DW	7/1/17	6/30/18	\$100,000	\$100,000		32.6	3.3	3.0	47.5	11.1	0.4	1.6	0.5										
Recycled	06206	GIS SUPPORT APPLICATIONS 17/18-RW	7/1/17	6/30/18	\$100,000	\$100,000											14.6	10.7	4.1	51.0	7.7	10.4		1.5	
Sewer	06207	GIS SUPPORT APPLICATIONS 17/18-SS	7/1/17	6/30/18	\$100,000	\$100,000											33.1	3.4	3.4	48.5		9.7	0.3	1.3	0.3
Potable	06208	PAS1 MARINE WAY: SR133 TO RIDGE VALLEY 12 ZONE	3/1/15	12/31/17	\$8,633	\$82,500				20.9		79.1													
Recycled	06209	PAS1 MARINE WAY: SR133 TO RIDGE VALLEY 6 ZONE	3/1/15	7/31/17	\$641	\$53,900																			
Potable	06210	ASSET OPTIMIZATION-SAND CANYON PROFESSION	2/1/16	7/31/19	\$4,209,076	\$17,624,300	100.0																		
Sewer	06211	GEN SYS MODS 17/18-SS	7/1/17	6/30/18	\$330,000	\$330,000										100.0									
Potable	06212	NTS INFILTRATION STUDY	6/1/18	6/30/19	\$3,846	\$64,900		32.6	3.3	3.0	47.5	11.1	0.4	1.6	0.5										
Potable	06213	IDF SODIUM HYPOCHLORITE STORAGE AND FEED 5	1/1/16	1/31/18	\$634,165	\$2,913,900		32.6	3.3	3.0	47.5	11.1	0.4	1.6	0.5										
Potable	06214	PDF SODIUM HYPOCHLORITE STORAGE AND FEED	4/1/17	8/31/20	\$200,495	\$2,976,900		32.6	3.3	3.0	47.5	11.1	0.4	1.6	0.5										
Recycled	06216	NORTHWOOD ZONE B BPS DEMOLITION	5/1/17	3/31/20	\$1,932	\$539,000												54.2		23.1		22.7			
Potable	06217	1 TO 2 METER REPLACEMENT 17/18-DW	7/1/17	6/30/18	\$348,400	\$348,400	100.0																		
Recycled	06218	1 TO 2 METER REPLACEMENT 17/18-RW	7/1/17	6/30/18	\$93,400	\$93,400										100.0									
Potable	06219	CSR METER REPLACEMENT 17/18-DW	7/1/17	6/30/18	\$228,850	\$228,850	100.0																		
Recycled	06220	CSR METER REPLACEMENT 17/18-RW	7/1/17	6/30/18	\$65,200	\$65,200										100.0									
Potable	06221	GEN SYS MODS 17/18-DW	7/1/17	6/30/18	\$190,300	\$190,300		32.6	3.3	3.0	47.5	11.1	0.4	1.6	0.5										
Recycled	06222	GEN SYS MODS 17/18-RW	7/1/17	6/30/18	\$102,300	\$102,300											14.6	10.7	4.1	51.0	7.7	10.4		1.5	
Potable	06223	RESIDENTIAL METER REPLACEMENT 17/18-DW	7/1/17	6/30/18	\$476,600	\$476,600	100.0																		
Potable	06224	SERVICE LINE-VALVE-MAIN REPLACEMENT 17/18-D	7/1/17	6/30/18	\$1,864,500	\$1,864,500	100.0																		

							Improvement Districts																			
System	Project	Project Title	Start	End	FY17-18 Direct	Total Direct	1100	1110	1120	1130	1250	1530	1540	1850	1880	2100	2220	2120	2130	2250	2400	2530	256	2850	2880	
Sewer	07884	DERIAN SEWER UPSIZING	6/1/18	6/30/19	\$19,154	\$715,000										100.0										
Sewer	07885	SEWER SYSTEM CALCIUM REMOVAL	6/1/18	6/30/19	\$18,954	\$440,000										100.0										
Sewer	07886	SEWER SIPHON REHABILITATION	6/1/18	6/30/19	\$19,877	\$440,000										100.0										
Potable	07887	IRVINE LAKE SERVICE IMPROVEMENT	6/1/18	6/30/19	\$13,323	\$228,800		32.6	3.3	3.0	47.5	11.1	0.4	1.6	0.5											
Potable	07888	TURTLE RIDGE PIPE REHAB-DW	7/1/17	3/31/18	\$309,000	\$309,000	100.0																			
Recycled	07889	TURTLE RIDGE PIPE REHAB-RW	7/1/17	3/31/18	\$309,000	\$309,000										100.0										
Sewer	07890	MWRP HEADWORKS PLATFORMS	7/1/17	12/31/18	\$108,399	\$175,000											33.1	3.4	3.4	48.5		9.7	0.3	1.3	0.3	
Sewer	07891	MWRP HEADWORKS SCREENING AREA DIVERTER C	6/1/18	6/30/19	\$4,192	\$180,500											33.1	3.4	3.4	48.5		9.7	0.3	1.3	0.3	
Sewer	07892	MWRP FILTER VALVES AND GATE REPLACEMENT	6/1/18	6/30/19	\$7,092	\$461,000										100.0										
Potable	07893	DATS AND IDP INSTRUMENTATION MODS-DW	6/1/18	6/30/19	\$5,869	\$112,300		32.6	3.3	3.0	47.5	11.1	0.4	1.6	0.5											
Recycled	07894	DATS AND IDP INSTRUMENTATION MODS-RW	6/1/18	6/30/19	\$5,869	\$112,300											14.6	10.7	4.1	51.0	7.7	10.4		1.5		
Potable	07895	NTS MASTER PLAN UPDATE	1/1/18	6/30/19	\$33,333	\$100,000		32.6	3.3	3.0	47.5	11.1	0.4	1.6	0.5											
Potable	07896	MARSH O&M PLAN UPDATE	1/1/18	6/30/19	\$99,000	\$297,000		32.6	3.3	3.0	47.5	11.1	0.4	1.6	0.5											
Potable	07897	SOUTH SAN DIEGO CREEK RUNOFF DIVERSION STU	1/1/18	6/30/20	\$20,000	\$100,000		32.6	3.3	3.0	47.5	11.1	0.4	1.6	0.5											
Potable	07898	PLC REPLACEMENT-DW	7/1/17	12/31/20	\$106,667	\$440,000	100.0																			
Recycled	07899	PLC REPLACEMENT-RW	7/1/17	12/31/20	\$106,667	\$440,000										100.0										
Sewer	07900	MWRP DUMP STATION IMPROVEMENTS	7/1/17	12/31/18	\$150,000	\$291,500											33.1	3.4	3.4	48.5		9.7	0.3	1.3	0.3	
Potable	10022	PA51 GP NEIGHBORHOODS D5 - CHINON FROM SO	2/1/17	12/31/17	\$84,063	\$163,000			98.2			1.8														
Sewer	10023	PA51 GP NEIGHBORHOODS D5 CHINON FROM S. C	2/1/17	12/31/17	\$84,063	\$163,000											100.0									
Recycled	10024	PA51 GP NEIGHBORHOODS D5 16 RW, 12 RW and	2/1/17	12/31/17	\$84,063	\$163,000											99.6					0.4				
Potable	10047	OPERATIONS CENTER ASPHALT REPLACEMENT - D	7/1/17	9/30/18	\$160,000	\$200,000	100.0																			
Recycled	10049	OPERATIONS CENTER ASPHALT REPLACEMENT - R	7/1/17	9/30/18	\$160,000	\$200,000										100.0										
Sewer	10051	OPERATIONS CENTER ASPHALT REPLACEMENT - SS	7/1/17	9/30/18	\$80,000	\$100,000										100.0										
Potable	10052	INDUSTRIAL COATINGS REPLACEMENT - DW	7/1/17	9/30/18	\$160,000	\$200,000	100.0																			
Recycled	10053	INDUSTRIAL COATINGS REPLACEMENT - RW	7/1/17	9/30/18	\$160,000	\$200,000										100.0										
Sewer	10054	INDUSTRIAL COATINGS REPLACEMENT - SS	7/1/17	9/30/18	\$80,000	\$100,000										100.0										
Potable	10061	SCE-IRWD WATER-ENERGY PILOT PHASE 2	7/1/17	6/30/19	\$189,750	\$379,500		32.6	3.3	3.0	47.5	11.1	0.4	1.6	0.5											
Recycled	10063	SALT MANAGEMENT MODELING ON RECYCLED WA	7/1/17	6/30/18	\$108,100	\$108,100											14.6	10.7	4.1	51.1	7.7	10.3		1.5		
Potable	10065	RELIABILITY EVALUATION PHASE 2 ANALYSIS	7/1/17	6/30/18	\$66,000	\$66,000		32.6	3.3	3.0	47.5	11.1	0.4	1.6	0.5											
Sewer	10068	PA51 GP REACH A SS PHASE 2	2/1/17	12/31/17	\$389,003	\$652,000											67.0					33.0				
Recycled	10071	SERRANO SUMMIT PHASE 2 RW	4/1/17	12/31/19	\$88,284	\$507,000																			100.0	
Recycled	10093	MWRP RW DISCHARGE TO SAN DIEGO CREEK	7/1/17	12/31/19	\$361,000	\$1,905,000											33.1	3.4	3.4	48.6		9.6	0.3	1.3	0.3	
Potable	10094	PASEO SOMBRA DW UPSIZE AND INTERCONNECTI	6/1/18	12/31/19	\$13,263	\$582,000					100.0															
Sewer	10095	LAKE FOREST AUTUMNWOOD/ELDERWOOD SEWE	6/1/18	12/31/19	\$13,789	\$712,000					100.0															
Potable	10096	LAKE FOREST NAKASE DW IMPROVEMENTS	6/1/18	7/31/20	\$5,077	\$437,000					100.0															

Improvement Districts

System	Project	Project Title	Start	End	FY17-18 Direct	Total Direct	1100	1110	1120	1130	1250	1530	1540	1850	1880	2100	2220	2120	2130	2250	2400	2530	256	2850	2880
Potable	10097	DRWF WELL 2 REHAB	8/1/17	5/31/18	\$770,000	\$770,000	100.0																		
Potable	10101	SANTIAGO CANYON FLEMING STORAGE	6/1/18	12/31/22	\$87,816	\$11,207,500	100.0																		
Potable	10102	SANTIAGO CANYON POTABLE PIPELINE REPLACEM	6/1/18	12/31/22	\$52,574	\$6,726,000	100.0																		
Potable	10109	GP DEPT 250 FY 17/18	7/1/17	6/30/18	\$624,800	\$624,800	32.9	4.5	0.5	0.4	6.5	1.5	0.1	0.2	0.1	40.8	4.0	0.5	0.4	6.1	0.1	1.2	0.2		
Potable	10110	GP DEPT 500s FY 17/18	7/1/17	6/30/18	\$135,000	\$135,000	32.9	4.5	0.5	0.4	6.5	1.5	0.1	0.2	0.1	40.8	4.0	0.5	0.4	6.1	0.1	1.2	0.2		
Potable	10111	GP DEPT 600 FY 17/18	7/1/17	6/30/18	\$331,000	\$331,000	32.9	4.5	0.5	0.4	6.5	1.5	0.1	0.2	0.1	40.8	4.0	0.5	0.4	6.1	0.1	1.2	0.2		
Potable	10112	GP DEPT 740 FY 17/18	7/1/17	6/30/18	\$44,060	\$44,060	32.9	4.5	0.5	0.4	6.5	1.5	0.1	0.2	0.1	40.8	4.0	0.5	0.4	6.1	0.1	1.2	0.2		
Potable	10113	GP DEPT 800s FY 17/18	7/1/17	6/30/18	\$1,377,100	\$1,377,100	32.9	4.5	0.5	0.4	6.5	1.5	0.1	0.2	0.1	40.8	4.0	0.5	0.4	6.1	0.1	1.2	0.2		
Potable	10115	2ND ST DW PUMP STATION DEMOLITION	8/1/17	12/31/18	\$85,000	\$85,000	100.0																		
Sewer	10117	PA51 GP NEIGHBORHOODS D5 CADENCE S FROM	4/1/17	5/31/20	\$33,690	\$249,000																			
Potable	10119	DW RESERVOIR LADDER FALL PROTECTION	5/1/17	10/31/19	\$49,549	\$100,000	100.0																		
Recycled	10120	RW RESERVOIR LADDER FALL PROTECTION	5/1/17	10/31/19	\$19,410	\$40,000																			
Totals					97,201,005	712,765,510																			

6/6/2017

Irvine Ranch Water District
Fiscal Year 2017-18 Capital Budget
Section 2 - Flagged Projects

Project Number	Project Title	Flagged Project	Project Status
01100	LAKE FOREST WELL 1 DRILLING	Yes	Board Approved
01117	LAKE FOREST WELL 1 WELLHEAD	Yes	Board Approved
01402	WELLS 51/52/53 TREATMENT ALTERNATIVES STUDY	Yes	Board Approved
07140	TUSTIN LEGACY RED HILL WELL DRILLING AND EQUIPPING	Yes	Board Approved
03808	SYPHON RESERVOIR EXPANSION	Yes	Active

Irvine Ranch Water District
Fiscal Year 2017-18 Capital Budget

Section 3 - Projected FY 2017-18 Expenditures by Fiscal Year Expenditure Groups

FY Exp Category	Total Direct	FY17-18 Direct	FY Replacement	FY Developed	FY Developing
ILP Conversion Projects	\$25,373,600	\$16,185,669	\$201,026	\$5,393,597	\$10,591,046
Solids Handling	\$216,073,100	\$15,412,800	\$7,012,824	\$7,182,365	\$1,217,611
OCSD - CORF - Solids Lease	\$63,909,000	\$9,779,971	\$4,869,078	\$4,040,535	\$870,358
Replacement - Facilities	\$44,282,100	\$9,777,229	\$8,805,797	\$805,335	\$166,097
Operational	\$41,406,600	\$9,646,161	\$782,642	\$7,332,723	\$1,530,796
Replacement - FY System	\$7,572,350	\$7,572,350	\$7,572,350	\$0	\$0
Property Management	\$24,969,300	\$4,336,924	\$4,336,924	\$0	\$0
Development - Sub Regional	\$15,339,800	\$4,243,187	\$224,661	\$126,453	\$3,892,072
Water Resources	\$12,194,600	\$3,203,717	\$3,010,915	\$163,851	\$28,951
Well Rehabilitation	\$5,840,000	\$2,786,384	\$2,786,384	\$0	\$0
Water Banking	\$24,381,400	\$2,736,998	\$0	\$2,192,335	\$544,663
General Plant	\$2,511,960	\$2,511,960	\$1,851,315	\$532,536	\$128,110
Development - PA51	\$34,803,400	\$2,503,158	\$0	\$0	\$2,503,158
Planning	\$3,825,500	\$2,113,486	\$125,908	\$1,499,348	\$488,231
Development - PA1	\$2,415,600	\$779,963	\$0	\$0	\$779,963
Development - Tustin Legacy	\$3,951,800	\$651,113	\$0	\$0	\$651,113
OCWD Annexation	\$589,300	\$589,300	\$0	\$472,029	\$117,271
Replacement-Business Software	\$5,364,200	\$555,563	\$0	\$449,172	\$106,390
Sewage Treatment	\$1,375,600	\$485,506	\$0	\$382,865	\$102,641
Nonpotable Storage	\$60,169,200	\$417,364	\$0	\$305,928	\$111,436
Baker WTP	\$100,852,000	\$224,186	\$0	\$179,573	\$44,613
Development - PA39	\$226,600	\$174,315	\$0	\$0	\$174,315
Development - Lake Forest	\$2,905,900	\$128,976	\$0	\$32,130	\$96,846
Development - PA9B	\$506,100	\$104,752	\$0	\$0	\$104,752
Development - SHII	\$4,754,400	\$104,206	\$0	\$0	\$104,206
Development - PA40	\$447,700	\$69,396	\$0	\$0	\$69,396
Development - PA6	\$1,628,000	\$50,743	\$0	\$0	\$50,743
Development - PA18	\$2,839,600	\$31,093	\$0	\$14,043	\$17,049
Development - PA5B	\$2,256,800	\$24,536	\$0	\$11,734	\$12,802

\$97,201,005



Sewer System Improvement District

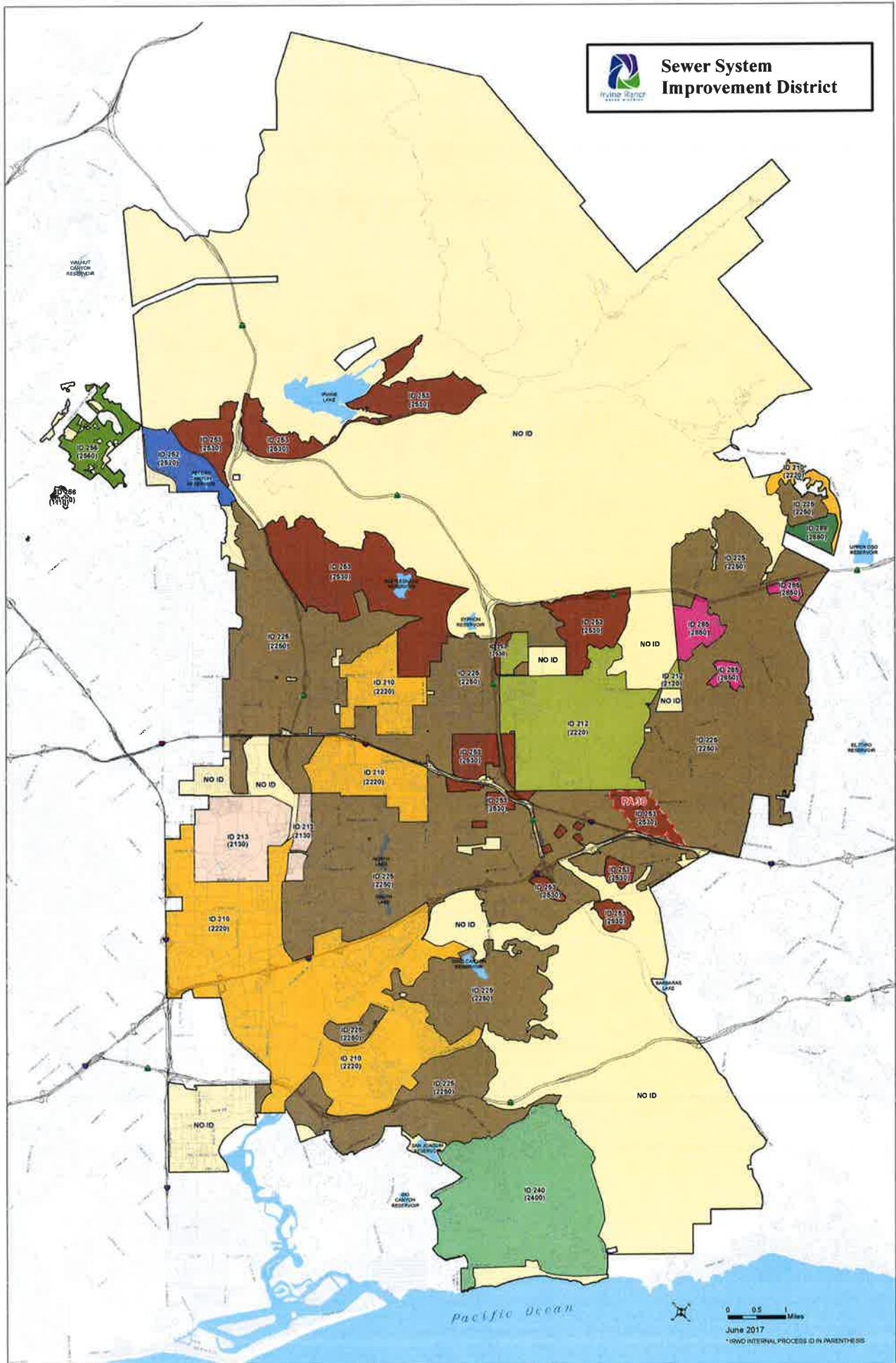


EXHIBIT "C"

RESOLUTION NO. 2017 -

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE
RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA,
APPROVING DISTRICT'S CAPITAL BUDGET
FOR FISCAL YEAR 2017-18

WHEREAS, the Board of Directors of the Irvine Ranch Water District (IRWD) has considered the capital project needs of IRWD for Fiscal Year 2017-18; and

WHEREAS, a Capital Budget, which includes both the capital expenditures projected for Fiscal Year 2017-18 and entire project budgets for the listed projects, as set forth in the attached Exhibit "A" has been prepared and reviewed by this Board of Directors; and

WHEREAS, during the review of the Capital Budget by the Board of Directors, the Board "flagged" certain capital expenditures for projects for further review by the Board; and

WHEREAS, Article XIII B of the Constitution of the State of California provides that the appropriations of local agencies will be limited each year to those of the previous year, adjusted for changes in population, cost of living and transfers in sources of funding; and

WHEREAS, Section 8 of Article XIII B excludes from its limitations user charges and fees and regulatory fees, to the extent such fees and charges do not produce revenue exceeding the costs reasonably borne in providing the regulation, product or service, and Section 9 of Article XIII B excludes from the appropriations subject to limitation an appropriation for a qualified capital outlay project, defined by statute as an appropriation for a fixed asset (including land and construction) with a useful life of 10 or more years and a value which equals or exceeds one hundred thousand dollars (\$100,000); and

WHEREAS, the expenditures identified in the Capital Budget are to be funded entirely from user fees and charges excluded by Article XIII B, Section 8, and other monies that are not proceeds of taxes, such as proceeds of bonds or other indebtedness, and/or are expenditures for qualified capital outlay projects pursuant to Article XIII B, Section 9.

NOW, THEREFORE, the Board of Directors of IRWD DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. The revenues which have been collected from connection fees and have been deposited in the capital funds of the Improvement Districts, to the extent not previously or hereafter committed or appropriated to pay reimbursement, bonding and other financing or fund-management related costs for capital facilities, are hereby appropriated to pay costs of the projects shown in the Capital Budget.

Section 2. That relative to appropriations subject to limitation under Article XIII B of the Constitution of the State of California, it is hereby determined that IRWD's Capital Budget for Fiscal Year 2017-18 is to be funded totally by revenues other than the proceeds of

taxes, and/or that the expenditures identified in such Capital Budget are for qualified capital outlay projects, and that the documentation used in making such determination has been on file in the offices of IRWD for not less than 15 days prior to the date hereof, pursuant to Section 7910 of the Government Code of the State of California.

Section 3. Subject in all respects to prior pledges for debt service requirements, including those contained in Resolution No. 2002-10, the Treasurer is hereby authorized and directed to allocate to the Replacement Fund, 28% of the general 1% ad valorem property tax revenues for the 2017-18 fiscal year, to be expended for qualified capital outlay projects.

Section 4. That IRWD's Capital Budget for Fiscal Year 2017-18 is in compliance with the provisions of Article XIIB of the Constitution of the State of California.

Section 5. That IRWD's Capital Budget for Fiscal Year 2017-18, shown in the attached Exhibit "A" and by this reference incorporated herein, be and the same is hereby approved.

Section 6. That the capital expenditures for projects set forth in the attached Exhibit "A" identified with "Yes" in the Flagged report section are "flagged" for further review by the Board of Directors prior to implementation, pursuant to the Policy Regarding Authorization of Expenditures.

ADOPTED, SIGNED and APPROVED this 12th day of June, 2017.

President, IRVINE RANCH WATER DISTRICT
and of the Board of Directors thereof

Secretary, IRVINE RANCH WATER DISTRICT
and of the Board of Directors thereof

APPROVED AS TO FORM:
NOSSAMAN, LLP
Legal Counsel - IRWD

By _____

June 12, 2017

Prepared and

Submitted by: L. Bonkowski

Approved by: P. Cook

CONSENT CALENDAR

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

SUMMARY:

Pursuant to Resolution 2006-29 adopted on August 28, 2006, approval of attendance of the following events and meetings are required by the Board of Directors.

Events/Meetings

Steven LaMar

May 23 Meeting with Mr. Gordon Burns, CA EPA, Sacramento

John Withers

May 4 Irvine Chamber of Commerce Government Affairs Meeting
June 8 Tustin Chamber of Commerce and City of Tustin State of the City
June 22 Greater Irvine Chamber of Commerce Celebrate Irvine

Douglas Reinhart

June 8 Meeting with Mesa Water District
June 28 Monthly Discussion of District Activities with the General Manager

Mary Aileen Matheis

May 26 South Orange County Economic Coalition Meeting
June 8 Tustin Chamber of Commerce and City of Tustin State of the City
June 22 Greater Irvine Chamber of Commerce Celebrate Irvine
June 23 South OC Economic Coalition's State of South County 2017, Mission Viejo

Peer Swan

May 8-12 ACWA Spring Conference, Monterey, CA
May 25 Water Education's Santa Ana River Watershed Conference, Ontario
June 8 Meeting with Mesa Water District
June 13-16 Water Education Foundation's Bay-Delta Tour, Sacramento
June 28 Monthly Discussion of District Activities with the General Manager

RECOMMENDATION:

THAT THE BOARD RATIFY/APPROVE THE MEETINGS AND EVENTS FOR STEVEN LAMAR, MARY AILEEN MATHEIS, DOUGLAS REINHART, AND JOHN WITHERS AS DESCRIBED.

LIST OF EXHIBITS:

None.

June 12, 2017

Prepared and

Submitted by: L. Bonkowski

Approved by: P. Cook



CONSENT CALENDAR

MINUTES OF BOARD MEETING

SUMMARY:

Provided are the minutes of the May 22, 2017 Board Meeting for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE MAY 22, 2017 BOARD MEETING BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" –May 22, 2017 Minutes of Board Meeting

EXHIBIT "A"

MINUTES OF REGULAR MEETING – MAY 22, 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 May 22, 2017 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Water Policy Weghorst, Executive Director of Operations Sheilds, Executive Director of Engineering and Water Quality Burton, Director of Water Resources Sanchez, Director of Public Affairs Beeman, Director of Human Resources Roney, Director of Maintenance Drake, Assistant Director of Water Operations Roberts, Legal Counsel Mr. Alfred Smith and Ms. Mary Lynn Coffee, Secretary Bonkowski, Principle Engineer Akiyoshi, Principle Engineer Cortez, Government Relations Officer Compton, Mr. John Dayer, Ms. Kristine Swan, Mr. Allen Shinbashi, Ms. Jennifer Davis, Mr. Jim Reed, Mr. Bruce Newell., and Ms. Peggy Falcon.

ORAL COMMUNICATIONS: None.

WRITTEN COMMUNICATIONS: None.

ITEMS TOO LATE TO BE AGENDIZED: None.

CONSENT CALENDAR

President Reinhart asked that item No. 10, OPERATIONS CENTER AIR HANDLING DUCT REPLACEMENT PROJECT, be moved to the Action Calendar for discussion. There being no objection, this item was moved accordingly. On MOTION, seconded and unanimously carried, CONSENT CALENDAR ITEMS NOS. 3 THROUGH 9 AND 11 AND 12 WERE APPROVED AS FOLLOWS:

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

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

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the April 24, 2017 Regular Board Meeting be approved as presented.

CONSENT CALENDAR (CONTINUED)

5. FOURTH AMENDMENT TO THE SETTLEMENT AGREEMENT
MCAS EL TORO GROUNDWATER REMEDIATION PROJECT

Recommendation: That the Board authorize the President and Secretary to execute the Fourth Amendment to The Settlement Agreement for the MCAS El Toro Groundwater Remediation Project.

6. IRVINE BUSINESS COMPLEX APPURTENANCE RELOCATIONS
FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Irvine Business Complex Appurtenance Relocations, projects 06849 and 06850; authorize the filing of a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

7. BAKER WATER TREATMENT PLANT RAW WATER CONVEYANCE
FACILITIES FINAL ACCEPTANCE

Recommendation: That the Board authorize the General Manager to accept construction of Baker Water Treatment Plant Raw Water Conveyance Facilities, project 05027; authorize the General Manager to file a Notice of Completion; and authorize the release of retention 35 days after filing of the Notice of Completion.

8. RESERVOIR LADDER FALL PROTECTION BUDGET ADDITION

Recommendation: That the Board authorize the addition of Project 10119 in the amount of \$100,000 and Project 10120 in the amount of \$40,000 to the FY 2016-17 Capital Budget for the reservoir ladder fall protection project.

9. APRIL 2017 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate Swap Summary for April 2017, and Disclosure Report of Reimbursements to Board Members and staff; approve the April 2017 Summary of Payroll ACH payments in the total amount of \$1,719,748 and approve the April 2017 Accounts Payable Disbursement Summary of Warrants 376196 Through 376893, Workers' Compensation Distributions, Wire Transfers, Payroll Withholding Distributions And Voided Checks in the total Amount of \$21,383,097.

CONSENT CALENDAR (CONTINUED)

11. LETTER OF CREDIT EXTENSION FOR THE SERIES 2008-A
REFUNDING BONDS AND EARLY REDEMPTION OF THE SERIES
1995 BONDS

Recommendation: That the Board authorize staff to extend the Sumitomo Mitsui Letter of Credit supporting the 2008-A Refunding bonds for four years at 0.315% annually, approve an early redemption of the outstanding Series 1995 Bonds on July 1, 2017; and adopt two resolutions: 1) authorizing certain actions in connection with extension of Letter of Credit in connection to Consolidated Refunding Series 2008A; and 2) calling bonds for redemption and authorizing certain actions in connection to Consolidated Series 1995.

RESOLUTION NO. 2017-11

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT
AUTHORIZING CERTAIN ACTIONS IN CONNECTION
WITH EXTENSION OF LETTERS OF CREDIT
(CONSOLIDATED REFUNDING SERIES 2008A)

RESOLUTION NO. 2017 -12

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT CALLING BONDS OF
SAID DISTRICT FOR REDEMPTION AND AUTHORIZING
CERTAIN ACTIONS IN CONNECTION THEREWITH
(CONSOLIDATED SERIES 1995)

12. DEBT MANAGEMENT POLICY

Recommendation: That the Board adopt a resolution approving an Irvine Ranch Water District Debt Management Policy.

RESOLUTION NO. 2017 - 13

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT
TO APPROVE THE DEBT MANAGEMENT POLICY

ACTION CALENDAR

OPERATION CENTER AIR HANDLING DUCT REPLACEMENT PROJECT

Following discussion on the anticipated life of the air handling duct, on MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH TRITON AIR IN THE AMOUNT OF \$107,718.25 FOR THE OPERATIONS CENTER AIR HANDLING DUCT REPLACEMENT PROJECT.

ACTION CALENDAR (CONTINUED)

MICHELSON WATER RECYCLING PLANT BIOSOLIDS ODOR MONITORING SYSTEM

Executive Director of Engineering and Water Quality Burton reported that the liquid and the biosolids treatment plants include extensive odor control facilities, and both have the potential to generate odors. Mr. Burton said that as a mitigation measure included in the Supplemental Environmental Impact Report for the Biosolids Project, IRWD committed to install an odor monitoring system. He said that Odotech of Montreal, Canada offers the OdoWatch system that allows for proactive management of odor emission and provides the odor monitoring features which provides for: 1) continuous monitoring on a 24-hour/7-day basis; 2) uses “electronic noses” (eNose) for real-time tracking of odor concentrations; 3) uses an on-site weather station with specialized sensors for real-time atmospheric dispersion modeling; 4) alerts staff when an event occurs, such as a threshold exceedance for odors, to allow staff to mitigate impacts; 5) real-time data display of atmospheric conditions and potential for odor plumes; and 6) archives data to make it readily available for staff to conduct operational analysis or for regulatory compliance.

Mr. Burton said that the greatest benefit of the OdoWatch system is its proprietary software that incorporates atmospheric dispersion modeling specific to IRWD’s site, a weather station, and data from the eNose devices. If an eNose detects an odor, then the software predicts if the odor will be detected downwind and how long it will take to reach a given location; it will also immediately alert staff of the information so that action can be taken.

Director LaMar said that this item was reviewed and approved by the Engineering and Operations Committee on May 16, 2017. Following discussion, on MOTION by LaMar, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONTRACT WITH ODOTECH FOR THE PURCHASE OF AN ODOWATCH ODOR MONITORING SYSTEM IN THE AMOUNT OF \$137,000 FOR THE MICHELSON WATER RECYCLING BIOSOLIDS AND ENERGY RECOVERY FACILITIES, PROJECT 04286.**

IRVINE INDUSTRIAL COMPLEX EAST ZONE A TO B BOOSTER PUMP STATION UPGRADES CONSULTANT SELECTION

Upgrades to the Irvine Industrial Complex (IIC) East Zone A to B Booster Pump Station (BPS) are required to meet increased recycled water demands in Zone B. This project will install an additional pump in the station along with needed electrical upgrades including the installation of a new control panel. The pump station currently contains a spare available pump can, pump suction and discharge piping, and electrical conduit, so no significant underground work is anticipated. Staff determined that Lee & Ro was the best available candidate to complete the design of the IIC East BPS Upgrades project.

On MOTION by LaMar, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$213,757 WITH LEE & RO FOR ENGINEERING SERVICES FOR THE IIC EAST ZONE A TO B BOOSTER PUMP STATION UPGRADES, PROJECT 06198.**

GENERAL MANAGER'S REPORT

General Manager Cook reported that Director LaMar, Ms. Christine Compton and he will be traveling to Sacramento tomorrow to meet with Mr. Burns of California EPA to discuss water conservation framework legislation.

Mr. Cook reported that the District received the ACC-OC's Golden Hub of Innovation Award for its battery storage project.

Mr. Cook introduced both Mr. Alfred Smith and Ms. Mary Lynn Coffee, the District's newly-appointed General Counsel.

DIRECTORS' COMMENTS

Director Matheis reported that she attended a MWDOC Board and Member Agency Elected Official's Forum, an ACWA *Meet the President* event hosted by Santa Margarita Water District, an ACWA Spring conference in Monterey, and a Southern California Water Committee quarterly luncheon.

Director Withers reported that he attended a City of Lake Forest groundbreaking event, and an NWRI Operations Committee meeting. He said that on Wednesday, he will be attending an OCSB Board meeting.

Director LaMar reported that he attended an IRWD resident tour, and an ACWA Spring conference in Monterey, and noted an upcoming meeting this Friday with MWD's Mr. Jim Noyes relative to Delta issues relating to storage.

Director Swan reported on his attendance at a recent IRWD resident tour, and suggested adding a few talking points on IRWD issues. Staff was asked to add this item for discussion at the next Strategic Planning Workshop. He further reported that he attended a MWDOC Member Agency Elected Officials' Forum, an ACWA Spring conference in Monterey, a WACO Planning Meeting, and a Newport Chamber of Commerce meeting.

Director Reinhart reported on his attendance at a MWDOC Member Agency Elected Officials' Forum, an IRWD resident tour, an IRWD briefing and tour with the City of Lake Forest's Councilwomen Basile, a SOCWA Board meeting, a WACO monthly meeting, an ACWA Spring conference in Monterey, and a MWDOC Board meeting.

IRWD's consultant Mr. Jim Reed reported on meetings he attended on behalf of the District. IRWD's consultant Newell said he had nothing to report this evening.

CLOSED SESSION

President Reinhart said that the following Closed Session would be held:

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 Directors Reinhart, Withers, Swan, LaMar and Matheis present. President Reinhart said there was no action to report.

ADJOURNMENT

President Reinhart closed the meeting in memory of Ms. Joan Arneson, the District's general legal counsel, who passed last Saturday. Mr. Reinhart said that she will be missed and recognized her for her outstanding service to the District as legal counsel since November 1980.

There being no further business, President Reinhart adjourned the meeting.


APPROVED and SIGNED this 12th day of June, 2017.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Alfred Smith, Legal Counsel – Nossaman LLP

June 12, 2017
Prepared and
submitted by: L. Bonkowski
Approved by: P. Cook 

CONSENT CALENDAR

APPOINTMENT OF ASSISTANT DISTRICT SECRETARY

SUMMARY:

From time to time, staff makes recommendations for additional appointments to assist the District Secretary with actions of the Board. As such, staff recommends the Board appoint Ms. Kristine Swan as Assistant District Secretary in addition to Christine Compton, and expire the appointment of Joan Arneson.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

THAT THE BOARD APPOINT MS. KRISTINE SWAN AS ASSISTANT DISTRICT SECRETARY AND EXPIRE THE APPOINTMENT OF MS. JOAN ARNESON, EFFECTIVE JUNE 12, 2017.

LIST OF EXHIBITS:

None.

June 12, 2017

Prepared and

submitted by: C. Compton 

Approved by: Paul Cook 

CONSENT CALENDAR

2017 LEGISLATIVE UPDATE

SUMMARY:

This report provides an update on the 2017-2018 legislative session and IRWD priorities. As legislation develops, staff will provide updates and recommendations to the Water Resources Policy and Communications Committee and the Board, as appropriate.

Staff recommends that the Board consider the following action/position:

- *AB 1000 (Friedman, D-Burbank: Water Conservation: Performance Standards for Water Meters — “WATCH”.*

BACKGROUND:

The last day for fiscal committees to hear and report to the floor any bills introduced in its house was May 26, and the house of origin deadline was June 2. Any bill that did not meet the June 2 deadline and does not contain an urgency clause is now dead or a two-year bill. June 15 is the constitutional deadline for passage of the budget.

A copy of the 2017 Legislative Matrix is attached as Exhibit “A”. Exhibit “B” is the 2017 Legislative Update Report Links to Bill Texts, which contains links to the bills discussed below, unless a separate exhibit is noted.

State Budget Update:

April Revenue Numbers:

On May 10, 2017, State Controller Betty Yee released her monthly report on the State’s finances. She announced that the State took in \$15.98 billion during the month of April, which was \$1.05 billion, or 6.2 percent, less than projections contained in the Governor’s proposed Fiscal Year 2017-2018 budget. The lower-than-expected revenues were largely due to lower personal income tax receipts, which were \$707.6 million, or 5.3 percent lower, than estimates. Sales tax revenues were \$106.7 million, or 13.3 percent, lower than expected. Corporate taxes came in at \$1.97 billion, or 13.8 percent, lower than anticipated.

The State ended the month of April with unused borrowable resources of \$27.02 billion, and outstanding loans of \$12.28 billion

Governor’s May Revise:

Following the release of April’s disappointing fiscal news, Governor Brown released the May revision to his proposed State Fiscal Year 2017-2018 Budget (the May Revise). The May Revise

proposes \$183.42 billion in total expenditures, \$179.47 billion in total revenues and designates \$1.775 billion for the Budget Stabilization Account/Rainy Day Fund. This compares to the \$179.45 billion in total expenditures, \$175.71 billion in total revenues, and \$1.156 billion designated for the Budget Stabilization Account/Rainy Day Fund in the Governor's Proposed Budget, released in January.

While the May Revise includes higher revenue projections than the Governor's proposed budget, over the past year State revenues have come in lower than the projections contained in the Fiscal Year 2016-2017 budget. In fact, the proposed budget, released in January 2017, reflected a shortfall of \$5.8 billion. Since January, State revenues have come in \$2.5 billion higher than anticipated in the proposed budget and as a result, the revenue forecast contained in the May Revise is now \$3.3 billion below the 2016 budget forecast.

Despite the State's difficult revenue picture, the May Revise seeks to advance several key priorities of the Administration and the Legislature related to counteracting the effect of poverty and seeks to advance several key priorities of the Administration:

- Increasing Money for Schools — The May Revise increases funding for K-12 education by \$1.4 billion;
- Maintaining County Fiscal Health — The May Revise seeks to mitigate increased costs and seeks to preserve counties' ability to provide key health and human services programs;
- Restoring Child Care — The proposed budget paused scheduled provider rate increases for child care. The May Revise restores the \$500 million child care package from the 2016 Budget; and
- Reducing Pension Liabilities — The May Revise proposes a \$6 billion supplemental payment to CalPERS with a loan from other State funds to reduce unfunded liabilities, stabilize State contribution rates, and save the State \$11 billion over the next two decades.

Although the May Revise does not include any new major spending initiatives related to the water or wastewater industries, it does contain several items of interest to IRWD. Of interest to the District are the budget's proposed drought impact response actions and implementation of "Making Water Conservation a Way of Life". More detail on each of these proposals is provided below.

Concluding Drought Response Actions:

With the drought having ended, the May Revise proposes \$62.9 million, a decrease of \$115.8 million, to address continuing drought impacts. The proposed appropriations are summarized below:

Proposed Fiscal Year 2016-2017 Emergency Drought Funding

Investment Category	Department	Program	Proposed Revise Amount (millions)	May Revise Amount (millions)
Protecting Water Supplies and Water Conservation	Department of Water Resources	Drought Management and Response	\$ 7.0	\$ 0
		Local Assistance for Small Communities	\$ 5.0	\$ 5.0
		Save Our Water Campaign	\$ 2.0	\$ 1.0
	State Water Resources Control Board	Water Rights Management	\$ 5.3	\$ 0.6
Emergency Response	Department of Forestry and Fire Protection	Enhanced Fire Protection	\$91.0	\$41.7
	Office of Emergency Services	California Disaster Assistance Act	\$52.7	\$ 8.5
		State Operations Center	\$ 4.0	\$ 0
Protecting Fish and Wildlife	Department of Fish and Wildlife	Emergency Fish Rescues and Monitoring	\$ 8.2	\$ 2.6
	Department of Water Resources	Delta Smelt Resiliency Strategy	\$3.5	\$ 3.5
TOTAL			\$178.7	\$62.9

Staff continues to monitor the budget negotiations and the proposed water-related budget trailer bills, and engage on the policy issues of interest to the District. As budget negotiations continue and proposals change, staff will provide the Committee with an oral update on any new developments.

“Making Water Conservation a Way of Life”:

The California Water Action Plan, which was released in 2014, outlines 10 actions to improve California’s water reliability, restoration and resilience. Those actions included:

- Making Water Conservation a Water of Life;
- Increase Regional Self-reliance and Integrated Water Management;
- Achieve the Co-Equal Goals for the Delta;
- Protect and Restore Important Ecosystems;
- Manage and Prepare for Dry Periods;

- Expand Water Storage Capacity and Improve Groundwater Management;
- Provide Safe Water for All Communities;
- Increase Flood Protection;
- Increase Operational and Regulatory Efficiency; and
- Identify Sustainable and Integrated Financing Opportunities.

The May Revision focuses on “Making Water Conservation a Way of Life” and identifies it as a key budget priority for the Administration. The May Revision summarizes the proposed budget actions as follows:

“While declaring the end to the drought emergency, the Governor directed the Water Board to maintain urban water use reporting requirements and prohibitions on wasteful practices, such as hosing off sidewalks. At the same time, the Department of Water Resources, Energy Commission, Public Utilities Commission, Department of Food and Agriculture, and the Water Board issued a final report with recommendations to (1) use water more wisely, (2) eliminate water waste, (3) establish permanent water use and conservation reporting requirements, (4) strengthen local drought resilience, and (5) improve agricultural water use efficiency and drought planning. The recommendations were developed through a public process and implementation will require new legislation to establish new water efficiency standards and additional drought planning requirements.

The May Revision supports these efforts to make conservation a way of life through the following adjustments:

Water Board — An additional five positions to be funded within existing resources to implement the Administration’s proposed legislation, released in early April, which would (1) establish new urban water use efficiency standards, (2) enhance state and local enforcement of these standards, (3) establish permanent water use and conservation reporting requirements, and (4) implement new urban water shortage contingency plans and agricultural water management plans.

Department of Water Resources — \$1 million General Fund to support the Save Our Water campaign, which will continue public outreach to encourage water conservation.”

(2017-18 May Revision, Natural Resources, Page 58). The request for an additional five positions to implement “Making Water Conservation a California Way of Life” at the State Water Resources Control Board and the associated budget trailer bill, which was released by the Administration related to water conservation, have become controversial with the Legislature. More information is provided below on legislation related to the long-term water use efficiency. Staff continues to monitor the budget discussions and will provide an oral update on any new developments related to “Making Water Conservation a California Way of Life”.

2017 State Legislation and Regulatory Actions:

Long-Term Water-Use Efficiency Framework:

Since the beginning of the year staff has continued to work with various stakeholders and the Association of California Water Agencies (ACWA) on the long-term water use efficiency framework. Because legislation will be needed to implement significant portions of the long-term water use efficiency framework, the ACWA State Legislative Committee developed a working group on the framework, which was assigned the task of drafting legislative language to implemented framework as supported by ACWA and the 113 signatories of the December 19 coalition letter.

As reported to the Board, AB 968 and AB 1654, authored by Assemblymember Blanca Rubio (D-West Covina) and co-sponsored by the Sacramento Regional Water Authority and IRWD, are the two legislative vehicles for the long-term water use efficiency framework language developed by ACWA. AB 968 seeks to implement portions of the framework related to establishing water use efficiency targets for 2025, and AB 1654 seeks to implement the portions of the framework related to drought planning, Urban Water Management Plans and Water Shortage Contingency Plans.

In addition to the two bills discussed above, there are also several other bills that may be vehicles for legislation related to the long-term water use efficiency framework. Those bills are AB 869 (Rubio, D-West Covina), AB 1323 (Weber, D-San Diego), AB 1668 (Friedman, D-Burbank), and AB 1669 (Friedman, D-Burbank). There is also a budget trailer bill, which has been put forth by the Administration.

Over the past few weeks, there has been a tremendous amount of activity related to these bills and the topic of long-term water use efficiency in California. Most notably, the Assembly formed a bipartisan Assembly Water Conservation Working Group to discuss how to move forward with implementing long-term water use efficiency and enhanced drought planning in California. The working group is comprised of Assemblymembers Laura Friedman (D-Glendale), Blanca Rubio (D-Baldwin Park), James Gallagher (R-Yuba City), Shirley Weber (D-San Diego), Anna Caballero (D-Salinas), Joaquin Arambula (D-Fresno), Richard Bloom (D-Santa Monica), Frank Bigelow (R-O'Neals), and Brian Dahle (R-Bieber). The Assembly Water Conservation Working Group has been working to develop principles to guide their house's drafting of water use efficiency legislation. At the same, the Governor's Office has held stakeholder meetings with members of the water community to discuss the differences between the Administration's framework and budget trailer bill proposals and the other bills proposed on the long-term water use efficiency.

While these discussions continue, the legislative process for the policy bills has continued. All of the bills had been referred to the Assembly Appropriations Committee. After the Committee took up its Suspense File at the end of May, only AB 869 (Rubio), AB 1323 (Weber), AB 1654 (Rubio) an AB 1668 (Friedman) are moving forward. Most political observers have wondered what the holding of AB 968 (Rubio) and AB 1669 (Friedman), which both related to long-term water use efficiency and 2025 target setting, on the Assembly Appropriations Suspense File means for a policy bill on the topic moving forward this year as opposed to a budget trailer bill.

Unfortunately, there are no answers yet although both the Assembly and Senate Budget Committee have rejected the Administration's original budget trailer bill language.

Staff continues to be engaged in the discussions taking place in Sacramento related to "Making Water Conservation a California Way of Life." Staff will provide an oral update on its efforts related to the long-term water use efficiency framework and the ongoing discussions taking place within the State Capitol regarding the framework.

AB 1000 (Friedman): Water Conservation: Performance Standards for Water Meters

Earlier this year, Assemblymember Laura Friedman (D-Burbank) introduced AB 1667. AB 1667 would have required an urban water supplier to install dedicated irrigation meters for various types of properties within its service area. Due to technical concerns raised with the author's office, Assemblymember Friedman "gutted and amended" AB 1667 in April. Instead of dealing with water meters, the bill now related to agricultural water management planning.

While AB 1667 no longer deals with water meters, Assemblymember Friedman has recently amended another bill, AB 1000, to deal with water meters. AB 1000 would authorize the California Energy Commission to adopt regulations establishing performance standards for water meters installed in residential and nonresidential buildings. Staff has reviewed the amendments to AB 1000 and is working to learn more about the author's intent for the bills. Given the author's previous legislation this session, staff recommends that the Board adopt a "watch" position on AB 1000.

Proposition 218 Reform Efforts:

Since *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, there has been significant discussion in Sacramento regarding Proposition 218 and tiered water rates. Most recently, Senator Bob Hertzberg (D-Van Nuys) has introduced SCA 4, a constitutional amendment, which is sponsored by ACWA and meant to put forth a constitutional amendment related to lifeline and tiered water rates.

Over the past month, ACWA has continued to work with Senator Hertzberg's staff to develop language for SCA 4. Discussions between ACWA and Senator Hertzberg's office are ongoing. Staff will provide an oral update on any new developments related to these discussions and SCA 4.

As in the past, IRWD will continue to communicate the District's concern over any water rate legislation which is not consistent with the California Constitution, not voluntary in nature, or that does not provide sufficient clarity or flexibility to water agencies. Staff will also continue to work with interested parties on issues related to tiered water rates.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Policy and Communications Committee on June 6, 2017.

RECOMMENDATION:

THAT THE BOARD ADOPT A “WATCH” POSITION ON AB 1000 (FRIEDMAN).

LIST OF EXHIBITS:

Exhibit “A” – IRWD Legislative Matrix

Exhibit “B” – 2017 Legislative Update Report Links to Bill Texts

EXHIBIT "A"
IRWD 2017 LEGISLATIVE MATRIX
Updated 05/31/2017

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
AB 18 Garcia E (D)	Clean Water, Climate, and Coastal Protection Act		Enacts the California Clean Water, Climate, Coastal Protection and Outdoor Access For All Act, which would authorize the issuance of bonds to finance a clean water, climate, and coastal protection and outdoor access for all program. Provides for the submission of these provisions to the voters at the statewide direct primary election.	03/20/2017 - In ASSEMBLY. Read third time, urgency clause adopted. Passed ASSEMBLY. *****To SENATE.
AB 52 Cooper (D)	Public Employee: Orientation And Informational Programs		Requires the public employers regulated by specified acts to provide all employees an orientation and to permit an exclusive representative to participate.	04/19/2017 - In ASSEMBLY Committee on PUBLIC EMPLOYEES, RETIREMENT AND SOCIAL SECURITY: Not heard.
AB 151 Burke (D)	California Global Warming Solutions Act		Amends the Global Warming Solutions Act. Requires the Air Resources Board to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions and to update the scoping plan. Requires the state board to report to the Legislature on the need for increased education, career technical education, job training, and workforce development in ensuring that statewide greenhouse gas emissions are reduced by a specified level.	05/30/2017 - In ASSEMBLY. Read second time. To third reading.
AB 161 Levine (D)	Department of Finance: Infrastructure Investment		Authorizes the Department of Finance to identify infrastructure projects in the state for which the department will guarantee a rate of return on investment for an investment made in that infrastructure project by the Public Employees' Retirement System.	05/30/2017 - In ASSEMBLY. Read second time. To third reading.
AB 166 Salas (D)	Safe Drinking Water: Household Filtration Systems		Requires the State Water Resources Control Board to conduct a study on the feasibility and financial stability of a rebate program that would provide a household that is served by a water system that does not meet primary drinking water standards with a rebate for the purchase of a household water filtration system.	05/30/2017 - In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE.

IRWD 2017 LEGISLATIVE MATRIX
Updated 05/31/2017

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
AB 176 Salas (D)	Water Project: Friant-Kern Canal		Appropriates a specified sum from the General Fund for the Reverse Flow Pump-back Facilities on the Friant-Kern Canal Restoration Project. Makes legislative findings and declarations as to the necessity of a special statute for the Friant-Kern Canal.	05/26/2017 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.
AB 196 Bigelow (R)	Greenhouse Gas Reduction Fund: Water Supply		Amends the Global Warming Solutions Act, which creates the Greenhouse Gas Reduction Fund and authorizes specified investments, including water use and supply. Authorizes the use of the moneys in the fund for electric pump efficiency, water and wastewater systems, pump and pump motor efficiency improvements, and drinking water transmission and distribution systems' water loss if the investment furthers the regulatory purposes of the act and is consistent with law.	05/26/2017 - In ASSEMBLY. Read second time. To third reading.
AB 241 Dababneh (D)	Personal Information: Privacy: State and Local Breach		Relates to state and local breaches of privacy. Requires a state or local agency, if it was the source of a computer breach of information, to provide appropriate identity theft prevention and mitigation services at no cost to a person whose personal information, including social security number, driver license or identification card number.	05/26/2017 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.
AB 277 Mathis (R)	Water and Wastewater Loan and Grant Program		Authorize the State Water Resources Control Board to establish the Water and Wastewater Loan and Grant Program to provide funding to eligible applicants for specified purposes relating to drinking water and wastewater treatment. Authorizes a county or qualified nonprofit organization to apply to the board for a grant to award loans or grants, or both, to an eligible applicant. Authorizes the board to use a specified funding source.	05/30/2017 - In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE.
AB 305 Arambula (D)	School Accountability Report Card: Drinking Water		Amends the Classroom Instructional Improvement and Accountability Act to require a specified school accountability report card to include an assessment of the drinking water access points at each school site. Requires the State Department of	02/13/2017 - To ASSEMBLY Committees on EDUCATION and ENVIRONMENTAL SAFETY AND TOXIC MATERIALS.

IRWD 2017 LEGISLATIVE MATRIX
Updated 05/31/2017

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
			Education to compile the assessments and transmit them to the State Water Resources Control Board.	
AB 313 Gray (D)	Water		Establishes a Water Rights Division within the Office of Administrative Hearings. Provides for hearing requirements.	05/30/2017 - In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE.
AB 321 Mathis (R)	Groundwater Sustainability Agencies		Includes farmers, ranchers, and dairy professionals in the agricultural users whose interests a groundwater sustainability agency is required to consider for sustainability plans.	05/17/2017 - To SENATE Committee on NATURAL RESOURCES AND WATER.
AB 408 Chen (R)	Eminent Domain: Final Offer of Compensation		Provides that if a court finds, that the offer of the plaintiff was a certain percentage of the compensation awarded in the eminent domain proceeding, then the court would be required to include the defendant's litigation costs in the costs allowed.	03/20/2017 - From ASSEMBLY Committee on JUDICIARY without further action pursuant to JR 62(a).
AB 429 Grayson (D)	State Water Policy: Water Rights: Use/Transferability		Makes nonsubstantive changes to existing law concerning water policy, water use, rights and transferability of those rights.	02/13/2017 - INTRODUCED.
AB 472 Frazier (D)	Water Transfers: Idled Agricultural Land: Wildlife		Requires the Department of Water Resources to allow nonirrigated cover crops or natural vegetation to remain on idled agricultural lands without penalty to the landowner, unless it is determined that it causes injury to another legal user of water. Requires the Department to establish an incentive program for landowners who cultivate or retain nonirrigated cover crops or natural vegetation on idled agricultural lands to provide waterfowl, upland game bird, and other wildlife habitat.	05/26/2017 - In ASSEMBLY. Read second time. To third reading.
AB 474 Garcia E (D)	Hazardous Waste: Spent Brine Solutions		Exempts spent brine solutions that are byproducts of the treatment of groundwater to meet California drinking water standards from Hazardous Waste Control Law requirements if certain conditions are met, including that the spent brine solutions are transferred for dewatering via a closed piping	05/30/2017 - In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE.

IRWD 2017 LEGISLATIVE MATRIX
Updated 05/31/2017

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
			system to lined surface impoundments regulated by the California regional water quality control boards.	
<u>AB 494</u> Bloom (D)	Land Use: Accessory Dwelling Units		Amends the Planning and Zoning Law to provide that an accessory dwelling unit may be rented separately from the primary residence. Requires that parking requirements for accessory dwelling units not exceed a certain number. Removes the prohibition on specified offstreet parking where that parking is not allowed anywhere else in the jurisdiction.	05/17/2017 - To SENATE Committees on TRANSPORTATION AND HOUSING and GOVERNANCE AND FINANCE.
<u>AB 524</u> Bigelow (R)	Public Utilities: Fines and Settlements		Appropriates moneys resulting from the collection of fines levied on, or settlement with, the Pacific Gas and Electric Company by the commission for the 2015 Butte Fire to the Boards of Supervisors of the Counties of Amador and Calaveras in proportion to the acreage burnt by the fire in those counties. Requires the moneys to be expended for certain purposes.	05/22/2017 - From ASSEMBLY Committee on UTILITIES AND ENERGY: Do pass to Committee on APPROPRIATIONS.
<u>AB 530</u> Cooper (D)	Public Employment: Collective Bargaining: Officers		Expands the jurisdiction of the Public Employment Relations Board to include resolving disputes and statutory duties and rights of persons who are peace officers.	05/30/2017 - In ASSEMBLY. Read second time. To third reading.
<u>AB 551</u> Levine (D)	Political Reform Act of 1974: Postemployment		Amends the Political Reform Act, which prohibits certain elected officials from acting as agents or attorneys for certain persons, and which excludes from that prohibition certain appearances and communications. Specifies that the one-year prohibition applies to independent contractors of a local government agency or a public agency who are appearing or communicating on behalf of that agency.	05/17/2017 - To SENATE Committee on ELECTIONS AND CONSTITUTIONAL AMENDMENTS.
<u>AB 554</u> Cunningham (R)	Desalination: Statewide Goal		Relates to desalination projects and opportunities for state assistance and funding. Establishes a goal to desalinate a specified acre-feet of drinking water per year.	05/26/2017 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.

IRWD 2017 LEGISLATIVE MATRIX
Updated 05/31/2017

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
AB 567 Quirk-Silva (D)	School Facilities: Drinking Water Fountains		Requires a school district to ensure that every drinking water fountain at each school under its jurisdiction is equipped with both a water fountain and a spigot, or a combination water fountain and spigot, for filling water bottles.	03/14/2017 - From ASSEMBLY Committee on EDUCATION with author's amendments.;03/14/2017 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on EDUCATION.
AB 574 Quirk (D)	Potable Reuse	SUPPORT	Removes certain references related to potable water reuse and specifies different types of potable reuse projects. Requires the State Water Resources Control Board to adopt uniform water recycling criteria for potable reuse through raw water augmentation.	05/30/2017 - In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE.
AB 577 Caballero (D)	Disadvantaged Communities		Amends existing law which defines a disadvantaged community as a community with an annual median household income that is less than a certain percentage of the statewide annual median household income for various purposes, that include, but are not limited to, the Water Quality, Supply, and Infrastructure Improvement Act of 2014. Expands the definition of disadvantaged community.	03/09/2017 - From ASSEMBLY Committee on ENVIRONMENTAL SAFETY AND TOXIC MATERIALS with author's amendments.;03/09/2017 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on ENVIRONMENTAL SAFETY AND TOXIC MATERIALS.
AB 589 Bigelow (R)	Water Diversion: Monitoring: University of California		Relates to water diversion, monitoring and reporting, and the University of California Cooperative Extension. Requires the board to presume that a measuring device or method has been installed or implemented correctly, is functioning properly, and is certified to provide an accurate account of the rate and quantity of water diverted and was installed by a person who has completed training regarding the devices or method.	05/30/2017 - In ASSEMBLY. Read second time. To third reading.
AB 594 Irwin (D)	Water Supply Planning: Photovoltaic Energy Facility		Amends existing law which requires a city or county that determines that a project is subject to the California Environmental Quality Act to identify any public water system that may supply water for the project and to request those public water systems to prepare a specified water supply assessment.	02/27/2017 - To ASSEMBLY Committees on WATER, PARKS AND WILDLIFE and LOCAL GOVERNMENT.

IRWD 2017 LEGISLATIVE MATRIX
Updated 05/31/2017

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
AB 664 Steinorth (R)	Political Reform Act: Campaign Expenditure		Prohibits the payment of financial or material compensation from campaign funds held by a controlled committee of an elected officer or candidate for elective office, in exchange for services rendered, to any vendor that is majority-owned or controlled by any spouse or domestic partner, parent, grandparent, sibling, child, or grandchild of that officer or candidate.	04/26/2017 - In ASSEMBLY Committee on ELECTIONS AND REDISTRICTING: Failed passage.;04/26/2017 - In ASSEMBLY Committee on ELECTIONS AND REDISTRICTING: Reconsideration granted.
AB 672 Jones-Sawyer (D)	Utility Services		Relates to civil actions brought by an electrical, gas, or water utility against a person who commits the diversion of utility services. Authorizes a defendant that prevails upon judgment to recover reasonable attorney's fees and costs of the suit from the utility.	05/01/2017 - From ASSEMBLY Committee on JUDICIARY with author's amendments.;05/01/2017 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on JUDICIARY.
AB 732 Frazier (D)	Levee Maintenance		Extends indefinitely the operation of the authorization to advance funds to reimburse local agencies under a program for the maintenance or improvement of project or nonproject levees. Repeals certain related provisions.	05/30/2017 - In ASSEMBLY. Read second time and amended. To second reading.;05/30/2017 - In ASSEMBLY. Assembly Rule 63 suspended.;05/30/2017 - In ASSEMBLY. Read second time. To third reading.
AB 791 Frazier (D)	Sacramento-San Joaquin Delta: Conveyance Facility	OPPOSE	Relates to the State Water Project and federal Central Valley Project. Require, before a water contractor enters into a contract to pay for these costs, that the lead agency provide the breakdown of costs for each water contractor entering into a contract and what benefits each contractor will receive based on the proportion it has financed of the proposed conveyance project.	05/26/2017 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.
AB 792 Frazier (D)	Sacramento-San Joaquin Delta Plan: Certification	OPPOSE	Prohibits the Delta Stewardship Council from granting a certification of consistency with the Sacramento-San Joaquin Delta Plan until the State Water Resources Control Board has completed its update of a specified water quality control plan.	03/28/2017 - From ASSEMBLY Committee on WATER, PARKS AND WILDLIFE with author's amendments.;03/28/2017 - In ASSEMBLY. Read second time and

IRWD 2017 LEGISLATIVE MATRIX
Updated 05/31/2017

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
				amended. Re-referred to Committee on WATER, PARKS AND WILDLIFE.
AB 793 Frazier (D)	Sacramento-San Joaquin Delta: Financing	OPPOSE	States that the maintenance and repair of the Sacramento-San Joaquin Delta are eligible for the same forms of financing as other water collection and treatment infrastructure and would specify the maintenance and repair activities that are eligible are limited to certain cleanup and abatement-related restoration and conservation activities.	03/27/2017 - From ASSEMBLY Committee on WATER, PARKS AND WILDLIFE with author's amendments.;03/27/2017 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on WATER, PARKS AND WILDLIFE.
AB 869 Rubio (D)	Sustainable Water Use: Recycled Water		Requires recycled water delivered in the service area of an urban retail water supplier or its urban wholesale water supplier for either nonpotable or potable use or that replenishes a groundwater basin and supplements the groundwater supply available to an urban retail water supplier be excluded from the calculation of any urban water use target or reduction in urban per capita water use. States that for these purposes recycled water use is an efficient use of water and would require recycled water use.	05/30/2017 - In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE.
AB 851 Caballero (D)	Local Agency Design-Build Projects		Authorizes the Santa Clara Valley Water District to use the design-build procurement process when contracting for the construction of a building or buildings and improvements directly related to the construction of a building or buildings. Authorizes the utilization of the design-build procurement process by the Santa Clara Valley Water District for the purposes of, among other things, flood protection improvements, habitat restorations or enhancements, and enhancement of surface water facilities.	05/30/2017 - In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE.
AB 884 Levine (D)	Dams and Reservoirs: Inspections		Requires the Department of Water Resources to make annual physical inspections of dams and reservoirs at state expense for the purpose of determining their safety.	05/26/2017 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.

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AB 891 Garcia E (D)	California Communities Environmental Health Screening		Require the State Air Resources Board to include data from certain local air monitoring studies, including certain data on ozone and diesel particulate matter, in a certain report. Requires funds to be allocated to the board and the office to support the continued collection of this data. Requires the board to add air monitoring stations at additional locations in the California-Mexico border region and to submit a report concerning cross-border pollution.	05/30/2017 - In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE.
AB 898 Frazier (D)	Property Taxation: Revenue Allocations: Fire District		Requires the auditor of the County of Contra Costa to allocate certain ad valorem property tax revenues to the East Contra Costa Fire Protection District that would otherwise be allocated to the county's Education Revenue Augmentation Fund.	04/04/2017 - From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.;04/04/2017 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.
AB 947 Gallagher (R)	Fish and Wildlife: Streambed Alteration Agreements		Relates to streambed alteration agreements of the Department of Fish and Wildlife. Defines river and stream for purposes of provisions requiring certain notification.	05/26/2017 - In ASSEMBLY Committee on APPROPRIATIONS: Not heard.
AB 967 Gloria (D)	Human Remains Disposal: Alkaline Hydrolysis		Requires the Cemetery and Funeral Bureau to license and regulate hydrolysis facilities. Enacts requirements applicable to hydrolysis facilities substantially similar to those applicable to crematoria. Requires a local registrar of births or deaths to issue permits for the disposition of hydrolyzed remains.	05/30/2017 - In ASSEMBLY. Read second time and amended. To second reading.;05/30/2017 - In ASSEMBLY. Assembly Rule 63 suspended.;05/30/2017 - In ASSEMBLY. Read second time. To third reading.
AB 968 Rubio (D)	Retail Water Use: Water Efficiency	CO-SPONSOR & SUPPORT	Requires the Urban Stakeholder Committee to submit a report to the Legislature recommending for potential adjustments to water efficiency targets and commercial, industrial, and institutional performance measures. Requires the Department of Water Resources to recommend appropriate water efficiency measures for various segments of the commercial, industrial, and	05/26/2017 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.

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			institutional water use sector. requires each urban retail water supplier to develop a water efficiency target. Revises definitions.	
AB 975 Friedman (D)	Natural Resources: Wild and Scenic Rivers		Specifies that certain rivers that possess scenic, recreational, fishery, wildlife, historical, cultural, geological, or other similar values shall be preserved in their free-flowing state, together with their immediate environments, for the benefit and enjoyment of the people of the state.	05/04/2017 - In ASSEMBLY. Read third time and amended. To third reading.
AB 1000 Friedman (D)	Water Conservation: Certification		Requires the State Energy Resources Conservation and Development Commission to certify innovative water conservation and water loss detection and control technologies that meet certain criteria.	05/30/2017 - In ASSEMBLY. Read second time and amended. To second reading.;05/30/2017 - In ASSEMBLY. Assembly Rule 63 suspended.;05/30/2017 - In ASSEMBLY. Read second time. To third reading.
AB 1008 McCarty (D)	Employment Discrimination: Prior Criminal History		Repeals the prohibition on a state or local agency from asking an applicant for employment to disclosure information regarding criminal conviction, provides that it is an unlawful employment practice under California Fair Employment and Housing for an employer to include on any application for employment any question that seeks the disclosure of an applicant's criminal history, to inquire into or consider the conviction history of an applicant until that applicant has received a conditional offer.	05/30/2017 - In ASSEMBLY. Read second time and amended. To second reading.;05/30/2017 - In ASSEMBLY. Assembly Rule 63 suspended.;05/30/2017 - In ASSEMBLY. Read second time. To third reading.
AB 1030 Ting (D)	Energy Storage Systems		Establishes energy policy goals of the state with respect to energy storage. Requires the Public Utility Commission to undertake specified actions with respect to customer- and load-sited energy storage systems in order to achieve those energy policy goals, including a rebate program dedicated to energy storage that carves out a portion of funding for low-income customers and disadvantaged communities.	05/24/2017 - From ASSEMBLY Committee on UTILITIES AND ENERGY without further action pursuant to JR 62(a).

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<u>AB 1041</u> Levine (D)	Transportation Funding: Transportation Improvement Fee		Amends the Road Repair and Accountability Act of 2017 which imposes a transportation improvement fee on each vehicle. Requires that the revenues from fee be available for expenditure only on specified transportation purposes. Provides for provisions to be added by SB 1 to correct an erroneous cross-reference in these provisions.	04/24/2017 - Re-referred to ASSEMBLY Committee on TRANSPORTATION.
<u>AB 1050</u> Allen T (R)	Endangered Species Act: Delta Smelt		Requires the Fish and Game Commission to remove the Delta smelt from the endangered species list.	03/28/2017 - From ASSEMBLY Committee on WATER, PARKS AND WILDLIFE with author's amendments.;03/28/2017 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on WATER, PARKS AND WILDLIFE.
<u>AB 1066</u> Aguiar-Curry (D)	Public Works: Definition		Specifies that the term demolition within the definition of public works, with respect to the payment of prevailing wages, includes tree removal.	05/30/2017 - In ASSEMBLY. Read second time. To third reading.
<u>AB 1089</u> Mullin (D)	Local Elective Offices: Contribution Limitations		Prohibits a person from making to a candidate for local elective office any a contribution totaling more than a certain amount. Authorizes a county, city, special district, or school district to impose a different limitation.	05/26/2017 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.
<u>AB 1132</u> Garcia (D)	Nonvehicular Air Pollution: Order for Abatement		Authorizes an air pollution control officer, if they find that any person is causing an imminent and substantial endangerment to the public health or welfare, or the environment, by violating requirements related to the emission of air pollutants by stationary sources, to issue an interim order for abatement pending a hearing before the hearing board of the air district. Requires the air pollution control officer to notify the alleged violator and establishes procedure for a hearing.	05/22/2017 - In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE.

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<u>AB 1133</u> Dahle (R)	California Endangered Species Act		Provides that the California Endangered Species Act (CESA) prohibits the taking of an endangered or threatened species. Authorizes the take of listed species if the take is incidental to an otherwise lawful activity. Provides that a person who obtains a federal enhancement of survival permit requires no further authorization under CESA for that person to take that species as identified in the enhancement of survival permit.	05/30/2017 - In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE.
<u>AB 1180</u> Holden (D)	California Tire Fee: Stormwater Permit Compliance		Makes conforming changes to The California Tire Recycling Act which would increase the California tire fees. Deposits the additional moneys in the Stormwater Permit Compliance Fund and make the moneys available to the State Water Resources control Board Division of Financial Assistance.	05/30/2017 - In ASSEMBLY. Read second time and amended. To second reading.;05/30/2017 - In ASSEMBLY. Assembly Rule 63 suspended.;05/30/2017 - In ASSEMBLY. Read second time. To third reading.
<u>AB 1235</u> Daly (D)	Santa Ana River Conservancy Program		appropriates a specified sum from the General Fund to the conservancy to be expended for the purposes of the the Santa Ana River Conservancy Program.	05/26/2017 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.
<u>AB 1271</u> Gallagher (R)	Dams and Reservoirs		Amends the existing law which requires the Department of Water Resources supervise the maintenance and operation of dams and reservoirs as necessary to safeguard life and property. Requires the department to order the owner to take action to remove the resultant danger to life and property. Provides for continuously appropriate the moneys in the fund to the department for the administration of the dam safety program.	03/21/2017 - From ASSEMBLY Committee on WATER, PARKS AND WILDLIFE with author's amendments.;03/21/2017 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on WATER, PARKS AND WILDLIFE.
<u>AB 1323</u> Weber (D)	Sustainable Water Use and Demand Reduction		Requires the Department of Water Resources to convene a stakeholder workgroup. Requires the workgroup to develop, evaluate, and recommend proposals for establishing new water use targets for urban water suppliers and report to the Governor and the Legislature. Requires all expenses to be the responsibility of the nonstate agency stakeholders.	05/30/2017 - In ASSEMBLY. Read second time and amended. To second reading.;05/30/2017 - In ASSEMBLY. Assembly Rule 63 suspended.;05/30/2017 - In ASSEMBLY. Read second time. To third reading.

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<u>AB 1333</u> Dababneh (D)	Political Reform Act: Local Government Agency Notices		Requires every local government agency to prominently post on its Internet Web site a notice of any upcoming election in which voters will vote on a tax measure or proposed bond issuance of the agency. Requires every local government agency that publishes an electronic newsletter to include the notice in the electronic newsletter.	05/26/2017 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.
<u>AB 1342</u> Flora (R)	Greenhouse Gas Reduction Fund: Appropriations		Appropriates from the fund to the Department of Forestry and Fire Protection for healthy forest programs that reduce greenhouse gas emissions caused by uncontrolled wildfires. Appropriates from the fund to the Department Resources Recycling and Recovery for instate organic waste recycling projects that reduce greenhouse gas emissions.	05/26/2017 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.
<u>AB 1369</u> Gray (D)	Water Quality and Storage		Requires the Department of Water Resources to increase statewide water storage capacity by a certain percent by a specified year. Provides for the appropriation of moneys from the Greenhouse Gas Reduction Fund. Requires all groundwater basins designated as high- or medium-priority basins by the department that are designated as basins subject to critical conditions of overdraft to be managed under a groundwater sustainability plan.	03/27/2017 - To ASSEMBLY Committees on WATER, PARKS AND WILDLIFE and NATURAL RESOURCES.
<u>AB 1420</u> Aguiar-Curry (D)	Water Rights: Small Irrigation Use		Requires State Water Resources Control Board to give priority to adopting general conditions that permit a registrant to store water for small irrigation use during times of high streamflow in exchange for the registrant reducing diversions during periods of low streamflow. Exempts an entity from the requirement to enter into a lake or streambed alteration agreement with the department under specified circumstances.	05/26/2017 - In ASSEMBLY. Read second time. To third reading.
<u>AB 1427</u> Eggman (D)	Water: Underground Storage		Revises the declaration to additionally provide that certain uses of storage water while underground constitute beneficial use. Provides that the forfeiture periods of a water right do not apply	05/26/2017 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.

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			to water being beneficially used or being held in storage for later beneficial use.	
AB 1438 Env Safety & Toxic Material Cmt	State Water Resource Control Board		Amends the Environmental Laboratory Accreditation Act. Updates obsolete references. Authorizes the state board to require an owner of a laboratory under these provisions to provide certain information or records to the state board. Amends the California Safe Drinking Water Act. Authorizes the state board to suspend or revoke a permit if the state board determines that the permittee is in violation of the act.	05/17/2017 - To SENATE Committees on ENVIRONMENTAL QUALITY and JUDICIARY.
AB 1490 Gray (D)	State Water Resources Control Board: School Water		Requires the State Water Resources Control Board to prepare and submit to the Legislature a report evaluating potential adverse impacts resulting from the implementation of the Bay-Delta Water Quality Control Plan on the quality and supply of drinking water provided to schools in disadvantaged communities, in the state, including a summary describing any measures that may be implemented to address any adverse impacts identified in the report. Relates to school financial assistance.	05/26/2017 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.
AB 1524 Brough (R)	Political Reform Act: Mass Mailing Prohibitions		Amends the Political Reform Act of 1974 which prohibits the sending of a mass mailing by either a candidate or an agency. States violation of the act's provisions is punishable as a misdemeanor.	03/16/2017 - To ASSEMBLY Committee on ELECTIONS AND REDISTRICTING.
AB 1529 Thurmond (D)	Cross-Connection or Backflow Prevention Inspectors		Requires valid and current certifications for cross-connection inspection and testing or backflow prevention device inspection, testing, and maintenance that were determined by the Department of Public Health to demonstrate competency to be approved state-specific certifications until the state Water Resources Control Board promulgates specified regulations. Prohibits a water supplier from refusing to recognize statewide certifications that meet standards set by regulations of the Board.	05/30/2017 - In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE.

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Bill No. Author	Title	IRWD Position	Summary/Effects	Status
AB 1548 Fong (R)	Occupational Safety and Health: Penalties		Expands the application of an existing law which authorizes certain entities to apply for a refund of civil penalties assessed against them if specified conditions are met and which requires moneys in a certain fund to be expended to assist schools in establishing effective occupational injury and illness prevention programs.	03/16/2017 - To ASSEMBLY Committee on LABOR AND EMPLOYMENT.
AB 1605 Caballero (D)	Maximum Contaminant Levels: Replacement Water		Deems a person that causes or permits, or threatens to cause or permit, any waste to be discharged that contributes to the exceedance of the maximum contaminant level for nitrate in drinking water to not have caused pollution or a nuisance or to not be liable for negligence or trespass, if the person or entity takes certain actions relating to replacement water until the maximum contaminant level for nitrate is no longer exceeded.	04/27/2017 - From ASSEMBLY Committee on JUDICIARY with author's amendments.;04/27/2017 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on JUDICIARY.
AB 1654 Rubio (D)	Water Shortage: Urban Water Management Planning	CO-SPONSOR & SUPPORT	Requires urban retail water suppliers to report the status of its water supplies, including whether supplies will be adequate to meet projected demand. Requires the implementation of mandatory demand reduction measures if the supplier determines its supply is not adequate. Prohibits an urban water supplier, during a water shortage, from being required to reduce its use or reliance on any water supply available for its use or from being required to take actions beyond its water shortage contingency plan.	05/26/2017 - In ASSEMBLY. Read second time. To third reading.
AB 1667 Friedman (D)	Agricultural Water Management Planning	OPPOSE <i>(on prior version related to water meters)</i>	Revises the components of specified agricultural water management plans and require such plans to quantify measures to increase agricultural water use efficiency, describe the agricultural water supplier's water management strategy with specified elements, and include a drought plan describing specified actions. Subjects certain agricultural water suppliers to the water management planning requirements and efficient water management practices.	05/30/2017 - In ASSEMBLY. Read second time and amended. To second reading.;05/30/2017 - In ASSEMBLY. Assembly Rule 63 suspended.;05/30/2017 - In ASSEMBLY. Read second time. To third reading.

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AB 1668 Friedman (D)	Water Management Planning		Requires an urban water management plan to be updated at specified intervals, incorporating updated and new information and containing a drought risk assessment that examines water shortage risks for a drought lasting for a certain number of consecutive years. Requires an urban water supplier to prepare, adopt, and periodically review a water shortage contingency plan as part of its urban water management plan. Provides requirements for the water shortage contingency plan.	05/30/2017 - In ASSEMBLY. Read second time. To third reading.
AB 1669 Friedman (D)	Urban Water Conservation Standards and Use Reporting		Requires the State Water Resources Control Board, in consultation with the Department of Water Resources, to adopt long-term standards for urban water conservation and water use by a specified date. Provides for the adoption of interim standards. Requires the board, before adopting an emergency regulation, to provide a certain number of days for the public to review and comment on the regulation and requires the board to hold a public hearing.	05/26/2017 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.
AB 1671 Caballero (D)	Backflow Prevention Assemblies		Requires the state Water Resources Control Board to update its backflow protection and cross-connection control regulations.	05/30/2017 - In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE.
AB 1673 Aguiar-Curry (D)	The California Water Plan		Makes technical, nonsubstantive changes to existing law which requires the Department of Water Resources to update every five years, the plan for the orderly and coordinated control, protection, conservation, development and use of the water resources of the state.	02/17/2017 - INTRODUCED.
SB 5 de Leon (D)	California Drought, Water, Parks, Climate		Enacts the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018, authorizes the issuance of bonds in an amount of a specified sum pursuant to the State General Obligation Bond Law to finance a drought, water, parks, climate, coastal protection, and outdoor access for all program.	05/30/2017 - In SENATE. Read third time, urgency clause adopted. Passed SENATE. *****To ASSEMBLY.

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SB 24 Portantino (D)	Political Reform Act of 1974: Economic Interest		Amends the Political Reform Act which requires certain disclosures to include a statement indicating the fair market value of investments or interests in real property and the aggregate value of income received from each reportable source. Revises the dollar amounts associated with these ranges.	05/18/2017 - To ASSEMBLY Committee on ELECTIONS AND REDISTRICTING.
SB 49 de Leon (D)	Environmental and Workers Defense Act of 2017		Relates to the California Environmental, Public Health, and Workers Defense Act of 2017. Relates to clean air, drinking water, discharge of pollutants into the atmosphere and waters and endangered species. Prohibits state or local agencies from amending or revising their rules and regulations implementing these state laws to be less stringent than the baseline federal standards. Prohibits a state agency from amending rules to be less stringent in protection of worker rights and worker safety.	05/30/2017 - In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY.
SB 62 Jackson (D)	Affordable Senior Housing Act		Establishes the Affordable Senior Housing Program within GO-Biz, for the purpose of guiding and serving as a catalyst for the development of affordable senior housing dwelling units. Requires the director of GO-Biz to undertake various actions in implementing the program, including establishing and implementing a process for identifying and convening public and private stakeholders and assisting participants in identifying locations and funding sources, obtaining permits, and other matters.	05/26/2017 - In SENATE. Read second time and amended. To third reading.
SB 72 Mitchell (D)	Budget Act of 2017		Makes appropriations for the support of state government for the 2017-18 fiscal year.	05/26/2017 - From SENATE Committee on BUDGET AND FISCAL REVIEW with author's amendments.;05/26/2017 - In SENATE. Read second time and amended. Re-referred to Committee on BUDGET AND FISCAL REVIEW.

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SB 80 Wieckowski (D)	California Environmental Quality Act: Notices		Amends the California Environmental Quality Act. Requires a lead agency to post certain notices on the agency's Internet Web site and to offer to provide those notices by e-mail. Requires a county clerk to post notices regarding an environmental impact report or a negative declaration on the county's Internet Web site. Requires the filing of a notice in certain cases.	05/18/2017 - To ASSEMBLY Committee on NATURAL RESOURCES.
SB 146 Wilk (R)	Water Resources: Permit To Appropriate		Amends an existing law which prohibits the taking or possession of a fully protected fish, except as provided, and designates the unarmored threespine stickleback as a fully protected fish. Prohibits the issuance of a new permit to appropriate water from any river source or stream that has, or is reasonably suspected to have, a population of unarmored threespine stickleback.	04/25/2017 - In SENATE Committee on NATURAL RESOURCES AND WATER: Not heard.
SB 205 Governance and Finance Cmt	Local Government Omnibus Act of 2017		Requires an officer to take an oath following any election or appointment and before entering the duties of his or her office. Authorizes the County of Merced to enter into a lease, concession, or managerial contract involving a specified area of county property, by a four-fifths vote of the board of supervisors. Makes changes relating to the Committee on County Auditing Procedures, sexual harassment prevention training, certain appointments lists, and certain flood control facilities.	05/18/2017 - To ASSEMBLY Committee on LOCAL GOVERNMENT.
SB 206 Governance and Finance Cmt	Validations		Enacts the First Validating Act of 2017, which validates the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.	05/18/2017 - To ASSEMBLY Committee on LOCAL GOVERNMENT.
SB 207 Governance and Finance Cmt	Validations		Enacts the Second Validating Act of 2017, which validates the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.	05/18/2017 - To ASSEMBLY Committee on LOCAL GOVERNMENT.

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SB 208 Governance and Finance Cmt	Validations		Enacts the Third Validating Act of 2017, which validates the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.	05/18/2017 - To ASSEMBLY Committee on LOCAL GOVERNMENT.
SB 210 Leyva (D)	Pupil Health: Drinking Water		Requires priority for grants from the State Water Resources Control Board to be given to projects for schools that have tested their drinking water fixtures, and the results show that the drinking water either does not meet the United States Environmental Protection Agency drinking water standards for lead or is above the California maximum contaminant level for any other contaminant.	05/26/2017 - In SENATE. Read second time and amended. To third reading.
SB 224 Jackson (D)	Environmental Quality Act: Baseline Conditions		Requires the Office of Planning and Research to prepare, develop, and transmit to the secretary proposed changes or amendments to guidelines for the Environmental Quality Act to determine the baseline physical conditions by which a lead agency determines whether a project has a significant effect on the environment. require the office, in developing the recommendations to limit the consideration of modifications to the environment at the project site cause by certain action.	05/25/2017 - In SENATE Committee on APPROPRIATIONS: Held in committee.
SB 229 Wieckowski (D)	Accessory Dwelling Units		Authorizes an ordinance creating accessory dwelling units in single-family and multi-family residential zones to prohibit the sale or other conveyance of the unit separate from the primary residence. Extends a provision concerning the location of certain required replacement parking spaces. Extends the applicability of certain provisions concerning utility charges to special districts and water corporations.	05/22/2017 - In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY.
SB 231 Hertzberg (D)	Local Government: Fees and Charges		Relates to a provision of the California Constitution that requires that assessments, fees, and charges be submitted to property owners for approval or rejection after the provision of written notice and the holding of a public hearing. Defines the term	05/22/2017 - To ASSEMBLY Committee on LOCAL GOVERNMENT.

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			sewer for these purposes. Makes findings and declarations relating to the definition of the term sewer for these purposes.	
SB 252 Dodd (D)	Wells	SEEK AMENDMENTS	Requires an applicant for a new well permit in a city or county overlying a critically overdrafted basin to comply with certain requirements as part of an application for a permit. Requires a city or county to make certain information included in the application publicly available. Provides for state funding for groundwater recharge or other water supply projects. Makes changes concerning actions alleging liability for interference with a well.	05/30/2017 - In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY.
SB 372 Cannella (R)	San Joaquin River Exchange Contractors Groundwater		Creates the San Joaquin River Exchange Contractors Groundwater Sustainability Agency as the exclusive groundwater sustainability agency and successor agency. Establishes the initial boundaries of the agency and authorizes the agency's boundaries to be changed after a noticed public hearing.	05/30/2017 - From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.;05/30/2017 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.
SB 423 Cannella (R)	Indemnity: Design Professionals		Amends an existing law which provides, with respect to certain contracts and amendments to contracts with a public agency for design professional services, that all provisions, clauses, covenants, and agreements contained in, collateral to, or affecting these contracts or amendments that purport to require the professional to defend the agency under an indemnity agreement are unenforceable, except for certain cases. Makes such provisions applicable to all design professional services.	03/29/2017 - Re-referred to SENATE Committee on JUDICIARY.
SB 427 Leyva (D)	Community Water Systems: Lead User Service Lines		Requires a community water system to provide the timeline for replacement of known lead user service lines in use in its distribution system to the State Water Resources Board. Requires certain public water systems to provide related findings. Authorizes the application and enforcement of these provisions under the Safe Drinking Water Act.	05/30/2017 - In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY.

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SB 450 Hertzberg (D)	Public Bodies: Bonds: Public Notice		Requires the governing body of a public body to obtain and disclose specified information regarding the issuance of bonds in a meeting open to the public. Requires the information to be obtained as a good faith estimate from an underwriter, financial advisor, or private lender or from a third party borrower, as specified, if the public body issuing bonds is a conduit financing provider, as defined.	05/30/2017 - In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY.
SB 454 Moorlach (R)	Public Employees' Health Benefits		Relates to the Public Employees' Medical and Hospital Care Act. Provides that, for state employees who are first employed and become members of the retirement system on or after a specified date, the employer contribution for annuitants shall be limited to a certain percent of the weighted average of the health benefit plan premiums for an active employee enrolled for self-alone. Makes other changes concerning employer contributions and prefunding of retiree health care.	04/24/2017 - In SENATE Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Failed passage.;04/24/2017 - In SENATE Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Reconsideration granted.
SB 473 Hertzberg (D)	California Endangered Species Act		Amends the California Endangered Species Act to authorize the Department of Fish and Wildlife to develop certain programmatic incidental take permits. Makes changes concerning surface mining operations, agricultural activities, conservation easements, addition or removal of species from the endangered species list, and other matters.	05/26/2017 - In SENATE. Read second time and amended. To third reading.
SB 506 Nielsen (R)	Department of Fish and Wildlife: Lake or Streambed		Requires the Department of Fish and Wildlife to periodically upgrade the information on its Internet Web site regarding lake or streambed alteration agreements, to update its "Frequently Asked Questions" document and other appropriate sources of information regarding the lake and streambed alteration program, and to provide guidance on its Internet Web site to facilitate members of the public in obtaining individualized guidance regarding the lake and streambed alteration program.	05/18/2017 - To ASSEMBLY Committee on WATER, PARKS AND WILDLIFE.

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SB 564 McGuire (D)	Water Bill Savings Act		Enacts the Water Bill Savings Act. Authorizes a joint powers authority to provide funding for a customer of a local agency or its publicly owned utility to acquire, install, or repair a water efficiency improvement on the customer's property served by the local agency or its publicly owned utility. Requires the customer to repay the authority through an efficiency charge on the customer's water bill.	05/26/2017 - To ASSEMBLY Committee on LOCAL GOVERNMENT.
SB 580 Pan (D)	Water development projects: Sacramento-San Joaquin		Revises authorization for flood control projects along the American and Sacramento Rivers.	05/26/2017 - In SENATE. Read second time. To third reading.;05/26/2017 - In SENATE. To Special Consent Calendar.
SB 623 Monning (D)	Safe and Affordable Drinking Water Fund		Establishes the Safe and Affordable Drinking Water Fund in the State Treasury. Provides that moneys in the fund are available to the State Water Resources Control Board. Requires the Board to expend moneys in the fund for grants, loans, contracts, or services to assist those without access to safe and affordable drinking water.	05/30/2017 - In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY.
SB 634 Wilk (R)	Santa Clarita Valley Water District		Repeals the Castaic Lake Water Agency Law. Recognizes the Newhall County Water District and the Castaic Lake Water Agency into the Santa Clarita Valley Water District which prohibits the Castaic Lake Water Agency and the Newhall County Water District from operating as separate entities or exercising independent functions.	05/30/2017 - In SENATE. Read second time. To third reading.
SB 638 Leyva (D)	Heavy Duty Motor Vehicles		Requires the State Air Resource Board to adopt regulations that require owners or operators of heavy duty motor vehicles used for commercial purposes to perform regular inspections of their vehicles for compliance with emission standards of the State board. Requires a fleet of these vehicles to comply with the State boards emission standards in order for any vehicle of the fleet to be registered.	03/02/2017 - To SENATE Committees on TRANSPORTATION AND HOUSING and ENVIRONMENTAL QUALITY.

IRWD 2017 LEGISLATIVE MATRIX
Updated 05/31/2017

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
SB 667 Atkins (D)	Riverine and Riparian Stewardship		Requires the Department of Water Resources to establish a program to implement watershed-based riverine and riparian stewardship improvements by providing technical and financial assistance in support of projects with certain benefits. Requires the program to support the purposes of and be coordinated with the Urban Stream Restoration Program, fish passage improvements, and other similar programs.	05/26/2017 - In SENATE. Read second time. To third reading.
SB 686 Wilk (R)	Public Contracts: Claims Resolution		Requires a public entity to conduct a meet and confer conference within a specific period for the settlement of disputes.	03/09/2017 - To SENATE Committee on JUDICIARY.
SB 700 Wiener (D)	Energy Storage Initiative		Requires the Public Utilities Commission and the governing boards of local publicly owned electric utilities to establish an Energy Storage Initiative to provide rebates to customers of electrical corporations for the installation of energy storage systems consistent with certain requirements.	05/26/2017 - In SENATE. Read second time and amended. To third reading.
SB 740 Wiener (D)	Onsite Treated Water		Requires the State Water Resources Control Board to adopt regulations for a comprehensive risk-based standards for local jurisdictions permitting programs for onsite recycling of water in multifamily residential, commercial, and mixed-use buildings for nonpotable use. Requires the regulations to address specified issues and practices relating to the management, monitoring, and treatment of recycled water for nonpotable use.	05/25/2017 - In SENATE Committee on APPROPRIATIONS: Held in committee.
SB 748 Glazer (D)	Public Contracts		Amends an existing law which requires a state agency or department to follow specified rules regarding the negotiation of fees and execution of contracts for professional consulting services of a private architectural, engineering, land surveying, environmental, or construction project management firm. Requires certain negotiations to begin within a specified time period.	03/09/2017 - To SENATE Committee on GOVERNMENTAL ORGANIZATION.

IRWD 2017 LEGISLATIVE MATRIX
Updated 05/31/2017

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
<u>SB 771</u> de Leon (D)	California Environmental Quality Act		Relates to The California Environmental Quality Act. Establishes a continuing education requirement for employees of public agencies who have responsibility for overseeing compliance.	05/30/2017 - In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY.
<u>SB 778</u> Hertzberg (D)	Safe Drinking Water Fund		Requires the State Water Resources Control Board to track and publish on its Internet Web site an analysis of all voluntary and ordered consolidations of water systems, including publishing information on the resulting outcomes of the consolidations and whether the consolidations have succeeded or failed in providing an adequate supply of safe drinking water to the communities served by the consolidated water systems.	05/26/2017 - In SENATE. Read second time and amended. To third reading.
<u>SB 780</u> Wiener (D)	Water Conservation in Landscaping Act		Requires the Department of Water Resources to establish guidelines for designing landscapes consistent with the watershed approach to landscaping. Requires funding to provide preference for projects that comply with the guidelines. Requires the Department to promote this approach by providing education, and training for persons who plan, develop, or implement landscaping projects. Authorizes the promotion of application of compost to assist with projects that follow these guidelines.	05/25/2017 - In SENATE Committee on APPROPRIATIONS: Held in committee.
<u>SCA 4</u> Hertzberg (D)	Water Conservation		Declares the intent of the Legislature to amend the California Constitution to provide a program that would ensure that affordable water is available to all Californians and to ensure that water conservation is given a permanent role in California's future.	02/16/2017 - To SENATE Committee on RULES.
<u>HR 23</u> Valadao (R)	Drought Relief in the State of California		Provides drought relief in the State of California.	02/10/2017 - In HOUSE Committee on NATURAL RESOURCES: Referred to Subcommittee on WATER, POWER AND OCEANS.
<u>HR 434</u> Denham (R)	Water Project Financing Program Pilot Project		Authorizes a pilot project for an innovative water project financing program.	02/07/2017 - In HOUSE Committee on NATURAL RESOURCES: Referred

IRWD 2017 LEGISLATIVE MATRIX
Updated 05/31/2017

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
				to Subcommittee on WATER, POWER AND OCEANS.
HR 448 Huffman (D)	Conservation Subsidies Water Conservation Exclusion		Amends the Internal Revenue Code of 1986, expands the exclusion for certain conservation subsidies to include subsidies for water conservation or efficiency measures and storm water management measures.	01/11/2017 - INTRODUCED.;01/11/2017 - To HOUSE Committee on WAYS AND MEANS.

Exhibit "B"

2017 Legislative Update Report:
Links to Bill Texts
(as of May 31, 2017)

Bill Number/Version Date	Link to Bill Text
AB 869 (Rubio), as amended	http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB869
AB 968 (Rubio), as amended	http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB968
AB 1000 (Friedman), as amended	http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1000
AB 1323 (Weber), as amended	http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1323
AB 1654 (Rubio), as amended	http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1654
AB 1667 (Friedman) as amended	http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1667
AB 1668 (Friedman) as amended	http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1668
AB 1669 (Friedman) as amended	http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1669
SCA 4 (Hertzberg), as introduced	http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SCA4


“Making Water Conservation a California Way of Life” Budget Trailer Bill Language

http://www.dof.ca.gov/Budget/Trailer_Bill_Language/documents/810WaterConservationasaCaliforniaWayofLife.pdf

June 12, 2017

Prepared by: T. Fournier

Submitted by: R. Jacobson/C. Clary

Approved by: Paul Cook 

CONSENT CALENDAR

IRWD APARTMENT CONSULTANT – CONTRACT RENEWAL

SUMMARY:

Staff is recommending a two-year renewal of IRWD's consulting agreement with Market-THINK, LLC (Susan Sirota) to provide advisory services related to the operation of the District's Sycamore Canyon and Wood Canyon Villa apartment property investments.

BACKGROUND:

In April 2015, the District approved a two-year contract with Market-THINK to provide advisory services related to the Sycamore Canyon and Wood Canyon Villa apartment properties. Market-THINK was originally selected as the District's apartment consultant based on the evaluation of proposals from qualified candidates, as well as interviews with staff and the Asset Management Committee.

Ms. Sirota is an independent apartment property consultant and sole owner of Market-THINK with over 30 years of multi-family housing experience, including 13 years with Irvine Apartment Communities. As a consultant for the District, Ms. Sirota has developed a strong working relationship with both on site and senior staff of the District's property manager, Western National Properties (WNP). Ms. Sirota's extensive marketing background and mentoring of onsite leasing staff have contributed to Sycamore Canyon's consistent economic performance in both strong and weak rental markets.

Responsibilities of the District's apartment consultant include oversight of the physical condition of the properties (including regular monthly and unscheduled site visits) and monthly meetings with IRWD staff and WNP to provide property status reports and a review of financials. Other responsibilities include providing an annual report to the Asset Management Committee, assisting the property manager with the annual budget process and acting as an advisor to the District for certain special projects related to the properties.

The Market-THINK proposal provides for the current monthly fee to remain at \$4,295 through April 30, 2018. In May 2018, the proposed monthly fee will increase to \$4,395 through April 2019, which represents an average annual increase of 1.15% for the two-year term of the agreement. The proposal assumes an estimated 20-25 hours per month to complete the responsibilities outlined in the scope of work. A copy of the renewal proposal and scope of work are attached as Exhibit "A".

FISCAL IMPACTS:

Based on the proposal received, the annual expense related to apartment consulting for the general operation of the properties is anticipated to average \$52,140, or approximately 0.61% of the budgeted net income (\$8.5 million) for the apartment properties.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act (CEQA), Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Asset Management Committee on May 30, 2017.

RECOMMENDATION:

THAT THE BOARD APPROVE THE RETENTION OF MARKET-THINK LLC AS APARTMENT CONSULTANT FOR THE DISTRICT'S APARTMENT PROPERTIES FOR A PERIOD OF TWO YEARS EFFECTIVE MAY 1, 2017 FOR AN AMOUNT NOT TO EXCEED \$106,000, WHICH INCLUDES MONTHLY OUT-OF-POCKET EXPENSES ESTIMATED AT \$50 PER MONTH.

LIST OF EXHIBITS:

Exhibit "A" – Market-THINK Fee Proposal and Scope of Work

Exhibit "A"

Irvine Ranch Water District— Consulting Proposal as Owner's Representative for Apartment Properties

April 15, 2017

This document defines the renewed scope of work and associated cost estimate to provide asset management consulting services for the Irvine Ranch Water District (IRWD). This document represents a description of the scope of work based upon the client's communicated needs.

Project Definition

IRWD has requested that Market-THINK, LLC (MT) present work specifics pursuant to asset management consulting regarding the following IRWD solely-owned and joint-ventured properties (respectively):

Sycamore Canyon Apartments
8201 E. Blackwillow Circle #100
Anaheim Hills, CA 92808
(450 units)

Wood Canyon Apartments
28520 Wood Canyon Drive
Aliso Viejo, CA 92656
(230 units)

Scope of Work—Market-THINK, LLC

Market-THINK's role in providing property management consulting in an owner's representative role consists primarily of the following functions:

1. Physical Assets Review

- Walk each property once monthly to ascertain the current level of asset integrity, determine and recommend remedial action necessary.
- Meet with area manager and assigned vice president of the contracted management company and site managers of each property and review marketing strategies, observed apartment community levels of integrity, resident issues, income opportunities, and finalize appropriate courses of action. (Monthly at the time of property walks)
- Visit site (Sycamore Canyon) on a regular scheduled and unscheduled basis to evaluate conditions requiring special attention due to age of the asset.
- Review work specifications and requests for proposals for major/capital work to ensure fairness in the bidding process and to sustain a balance of appropriate information to ensure that the asset receives appropriate remediation.

2. Financial Review

- Meet monthly with IRWD representatives, applicable property management executives, and others deemed appropriate to ensure that the property management financial objectives of IRWD are being achieved in accordance with prudent business logic, ethical conduct and common sense. Such meeting is effected upon and after a thorough review of monthly financial submittals by the management company which includes but are not limited to the following:

Sycamore Canyon and Wood Canyon Villas

1. Property Update
 2. Operating Statement
 3. Budget Variance
 4. General Ledger
 5. All Fields Accounting Listing
 6. Cash Flow
 7. Bank Reconciliation
 8. Unit Statistics
 9. Delinquent Residents Report
 10. Rent Roll
 11. Comparable Marketing Summary
- Provide a written monthly report regarding the financial and physical status of each property.

3. Management Recommendations

- Recommend areas of study, new business opportunities, funding and actions pursuant to optimizing income and ensuring long-term asset appreciation. Includes decision-making and direction regarding the actions of the management company upon concurrence of IRWD, unless such action is a function of daily routine management protocol wherein there is neither a major financial or political impact on IRWD.
- Review studies, potential contracts and make recommendations to IRWD.
- Review annual property budgets and provide input/recommendations to IRWD.

4. Technology Recommendations

- Remain current, make recommendations, follow up, and coordinate technological opportunities that will enhance resident service and economic advantage to Sycamore Canyon Apartments.

5. Other Services

- Provide annual presentation to IRWD Asset Management Committee regarding the assets identified herein.
- Perform other tasks as requested. These may be outside the scope of this proposal and will be billed on a project and/or hourly rate (\$200) as agreed upon in advance between Market-THINK and IRWD.

Client Role—Irvine Ranch Water District

IRWD will provide the following to assist in the on-going provision of services:

1. Provide desired due dates for reports from Market-THINK to IRWD.
2. Outline expectations regarding the performance of property operations, the property management company, and Market-THINK.
3. Participate in monthly meetings with Market-THINK to discuss the findings, conclusions and recommendations relative to this scope of work.

Timing for Services

This contract is a renewal for services effective **May 1, 2017** for a period of two years through **April 30, 2019**.

The following chart provides the client with a breakdown of associated costs for the property management consulting services.

Task	Description	Fee
Monthly Tasks		
1. Physical Assets Review	Walk each property monthly, meet with property management personnel re: site operations and provide written report summary to IRWD	
2. Physical Assets Review	Visit Sycamore Canyon on scheduled and unscheduled basis	
3. Physical Assets Review	Review strategies and work specifications for major/capital work and provide recommendations to IRWD	
4. Financial Review	Review monthly financial reports package and meet with IRWD and management team	
5. Financial Review	Provide written monthly report re: financial and physical status of each property	
6. Management Recommendations	Review studies, opportunities, potential contracts and provide recommendations to IRWD	
7. Management Recommendations	Review and provide input and recommendations regarding annual budgets prepared by management company	
7. Technology Recommendations	Provide technology recommendations, follow up, and coordinate technology opportunities to enhance resident service and economic advantages to Sycamore Canyon	
8. Other Services	Prepare and conduct an annual year-end report to IRWD regarding the assets identified	
9. Other services	Provide other services as requested requiring estimated number of hours. If project-oriented, a flat project fee may be estimated	Billed at hourly rate of \$200 (plus mileage) as requested by client
Monthly subtotal for year one (May 2017 through April 2018)	Monthly Flat Fee for estimated 20-25 hours per month.	\$4,295 per month
Monthly subtotal for year two (May 2018 through April 2019)	Monthly Flat Fee for estimated 20-25 hours per month.	\$4,395 per month

Working Relationship/Fee Structure

The following outlines the suggested structure for a working relationship with IRWD as it pertains to the scope of work defined in this proposal.

1. Monthly retainer of \$4,295, which represents approximately 20-25 hours per month dedicated to IRWD from May 1, 2017 through April 30, 2018.
2. Monthly retainer of \$4,395, which represents approximately 20-25 hours per month dedicated to IRWD from May 1, 2018 through April 30, 2019.
3. A new contract beyond April 30, 2019 renewable upon mutual agreement.

In addition to the monthly fee, IRWD will reimburse Market-THINK for all out-of-pocket expenses incurred in the performance performed on behalf of IRWD. Routine costs such as mileage, telephone calls, mailing services, and messenger/overnight courier will be billed at a net cost. Any extensive office/production costs beyond outlined scope above will be pre-approved by client. Any additional scope of work or necessary expense items that involve time, research or cash outlay will be pre-approved by and billed to IRWD (following review by Market-THINK for accuracy).

Market-THINK, LLC will hold in the strictest of confidence all confidential information concerning IRWD and its properties, products and services learned in the course of providing property management consulting services. Market-THINK, LLC will not disclose any proprietary information about IRWD or its properties, products or services without your prior approval.

Payment Terms

Monthly retainer billed at the beginning of each month, due in 15 days \$4,295.00

Other incurred expenses to be billed separately on a monthly basis.

Client Approval	_____	Consultant	_____
	Irvine Ranch Water District		Market-THINK, LLC
Printed Name	_____		_____
	Robert Jacobson		Susan A. Sirota
Title	Treasurer		Principal
Date	_____		_____

June 12, 2017

Prepared by: Alex Aguilar

Submitted by: R. Jacobson / C. Clary

Approved by: Paul Cook 

CONSENT CALENDAR

FISCAL YEAR 2017-18 OPERATING BUDGET VENDOR EXPENDITURE COMMITMENTS GREATER THAN \$100,000

SUMMARY:

Each year, following Board approval of the District's operating budget, staff initiates or renews commitments with vendors for certain products and services included in the approved budget. Staff has provided a list of those vendors with expected commitments totaling \$100,000 or greater in Fiscal Year (FY) 2017-18 for the Board's review. The list of vendor commitments excludes contracts/agreements which were previously approved by separate Board action. Consistent with provisions included in the District's *Policy Regarding Authorization of Expenditures*, staff recommends that the Board approve the list of vendor expenditure commitments greater than \$100,000 for FY 2017-18.

BACKGROUND:

On an annual basis, the Board approves the fiscal year operating budget for the District for the upcoming year. Included in the operating budget are expenditures for line items such as chemicals, fuel, hauling of biosolids and other products and services which result in commitments greater than \$100,000. These expenditures typically utilize cooperative agreements for best pricing when applicable or have been previously competitively bid, and in some cases are for products (e.g., certain chemicals) provided by a single supplier.

These commitments are structured as open purchase orders and typically consist of multiple individual transactions during the fiscal year with the cumulative total of the purchase order exceeding \$100,000. The approval structure allows staff to order goods and services on a regular and efficient basis during the fiscal year. These commitments are for a "not to exceed" amount and can be cancelled at any time.

A list of the planned vendor commitments exceeding \$100,000 for FY 2017-18 is attached as Exhibit "A". The list includes vendor names, descriptions of the products or services being provided, the basis for pricing (e.g., cooperative agreement, single source, etc.) and estimated annual expense. Excluded from this list are contracts in excess of \$100,000, which have been previously approved by separate Board action and are within their approved contract period, as well as recurring utility bills.

The total planned expenditure amount for the listed vendors for FY 2017-18 is \$2,226,000, representing approximately 1.5% of total planned expenditures in the approved operating budget. Consistent with provisions included in the District's *Policy Regarding Authorization of Expenditures*, staff recommends that the Board approve the list of vendor commitments greater than \$100,000 for FY 2017-18.

Consent Calendar: Fiscal year 2017-18 Operating Budget Vendor Expenditure Commitments
Greater than \$100,000
June 12, 2017
Page 2

FISCAL IMPACTS:

Total planned expenditures for FY 2017-18 for vendor commitments greater than \$100,000 (excluding contracts/agreements approved by separate Board action) are \$2,226,000, representing approximately 1.5% of total planned expenditures in the approved FY 2017-18 operating budget.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on June 6, 2017.

RECOMMENDATION:

THAT THE BOARD APPROVE THE LIST OF VENDOR COMMITMENTS GREATER THAN \$100,000 BASED ON APPROVED FISCAL YEAR 2017-18 OPERATING BUDGET EXPENDITURES.

LIST OF EXHIBITS:

Exhibit "A" – FY 2017/18 Operating Budget - Vendor Commitments Greater than \$100,000

Exhibit "A"

FY 2017/18 Open POs Greater than \$100,000

VENDORS	SERVICES	PO#	Requester	Dept	TYPE	TIME	Forecasted FY 2017/18 PO Amt
Olin Corporation	OPEN PO TO SUPPLY MWRP WITH SODIUM HYPOCHLORITE 12.5% FOR EFFLUENT DISINFECTION DELIVERIES. DEL METHOD: BULK, VOL 4500-5000 GAL. SOCWA AGREEMENT.	520011	J Perez	550	Cooperative Agreement (SOCWA)	Annual	\$ 375,000.00
Athens Services	GRIT REMOVAL FROM MWRP. DEL METHOD: ATHENS TRUCK SERVICE. SOCWA AGREEMENT.	530789	J Perez	550	Cooperative Agreement (SOCWA)	Annual	\$ 110,000.00
Olin Corporation	OPEN PO FOR BULK SODIUM HYPOCHLORITE 12.5% (#105004 NSF APPROVED); SOCWA CONTRACT PRICE - \$0.554/GALLON UNTIL OCT 5, 2017	530985	D Paulson	420	Cooperative Agreement (SOCWA)	Annual	\$ 175,000.00
JCI Jones Chemicals Inc	OPEN PO FOR SODIUM HYDROXIDE 25% (#1402-001) at BWTP (ID# 8 & ID# 1) & IDF (2510 SUSAN ST. ID# 2).	533441	D Paulson	420	Cooperative Agreement (SOCWA)	Annual	\$ 290,000.00
Hill Brothers Chemical	CONTROL PRODUCT (OXY-CAN) TO HATS DIVERSION SITE AS REQUIRED. UNIT PRICE \$3.05/GAL, MINIMUM 300 GAL DEL. FUEL SURCHARGE \$20.	530779	H Solis	570	Single Source	6 Years	\$ 115,000.00
Aqua Ben Corp	OPEN PO FOR HYDROFLOC 860 BULK SHIPMENTS FOR LAWRP. BULK SHIPMENT IS APPROX 4,200 GAL @ 10.34 LB/GAL = 43,428 LBS. EST @ \$0.70/LB DELIVERED.	530675	V Cady	590	Single Source	3 Years	\$ 130,000.00
Il Fuels Inc	OPEN PO FOR 87 OCTANE UNLEADED & ULTRA LOW SULPHUR DIESEL #2 FUELS AT MRWP AND LAWRP FACILITIES	Cal Card	R Perry	850	Single Source	2 Years	\$ 426,000.00
BioMagic Inc.	DELIVERIES (BIOMAGIC 250 - @ \$3.20 PER GALLON) FOR COLLECTIONS LIFT STATION AND ODOR CONTROL INJECTION FACILITIES	530788	H. Solis	570	Single Source	6 Years	\$ 225,000.00
Chem Tech International Inc.	OPEN PO FOR CL-50 CORROSION CONTROL(\$15.36/GALLON) TO SGU AND PAP SITES	530975	D.Paulson	420	Single Source	4 Years	\$ 150,000.00
Chem Tech International Inc.	OPEN PO TO PROVIDE SODIUM HYPOCHLORITE 12.5% MINI-BULK DELIVERIES (\$1.47/GALLON) TO DATS	533310	B Clinton	420	Single Source	4 Years	\$ 130,000.00
Chem Tech International Inc.	OPEN PO TO PROVIDE SODIUM HYPOCHLORITE 12.5% MINI-BULK DELIVERIES (\$1.47/GALLON) TO RMS, DATS,	532690	D Paulson	420	Single Source	4 Years	\$ 100,000.00
Total							\$ 2,226,000.00

Note: All goods and services are included in the approved FY 2017-18 operating budget.

June 12, 2017

Prepared by: A. McNulty

Submitted by: F. Sanchez/P. Weghorst *FW*

Approved by: Paul Cook *PC*

CONSENT CALENDAR

WATER EFFICIENCY TACTICAL INCENTIVE FUNDING AUTHORIZATION

SUMMARY:

The Irvine Ranch Water District Water Use Efficiency Program includes a “Tactical Incentives” element to encourage customers to install water conservation devices that are cost-effective to the District. In 2015, IRWD executed a multi-year Water Conservation Participation Agreement with the Municipal Water District of Orange County (MWDOC) to administer IRWD’s incentives for regional rebate programs. The Fiscal Year 2017-18 Operating Budget includes funding for IRWD’s tactical incentive programs. Staff recommends that the Board authorize the General Manager to:

- Allocate \$1,400,000 in funding to the Fiscal Year (FY) 2017-18 rebate programs administered through the Water Conservation Participation Agreement with MWDOC, and
- Execute addendums to the agreement as may be necessary to reallocate the funds among the individual rebate programs and to modify incentive levels based on customer participation rates and changes in regional program funding levels.

BACKGROUND:

Tactical Incentives are one of the key elements of IRWD’s Water Use Efficiency Program. The financial incentives provided by IRWD are used to supplement existing regional rebate programs that are administered by Metropolitan Water District of Southern California or MWDOC. The IRWD incentives are provided taking into consideration costs that are avoided by the District as a result of the installation of the various water conservation devices.

In July 2015, the Board approved the multi-year Water Conservation Participation Agreement with MWDOC that is provided as Exhibit “A”. Each fiscal year, addendums to the agreement are executed to allocate funding and to specify device rebate funding levels for the Residential, Commercial, Water Savings Incentive and Turf Removal programs.

Device Funding Levels:

Proposed funding levels per device for FY 2017-18 are the same as FY 2016-17 with the exception of the incentives provided for cooling tower controls. Additional funding will be provided for cooling tower conductivity controllers and pH controllers. The additional funding will help increase customer participation in the incentive program while being cost-effective for IRWD. The proposed allocation of the IRWD tactical incentive funding and the specific device funding levels for FY 2017-18 are shown in Exhibit “B”. The allocation is based on prior customer participation rates and regional funding.

Total incentive program funding in the amount of \$1,400,000 is included in the adopted FY 2017-18 Operating Budget. Authorization from the Board of Directors is needed to allocate funds to the Water Conservation Participation Agreement with MWDOC which is necessary to continue providing program incentives through FY 2017-18.

FISCAL IMPACTS:

Funding from over-allocation revenues for tactical incentives in the amount of \$1,400,000 is included in the adopted FY 2017-18 Operating Budget.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act (CEQA) as authorized under the California Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Policy and Communications Committee on June 6, 2017.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO ALLOCATE \$1,400,000 IN FUNDING TO THE FY 2017-18 REBATE PROGRAMS ADMINISTERED THROUGH THE WATER CONSERVATION PARTICIPATION AGREEMENT BETWEEN MWDOC AND IRWD; AND TO EXECUTE ADDENDUMS TO THE AGREEMENT AS MAY BE NECESSARY TO ALLOCATE FUNDS TO SPECIFIC PROGRAMS AND MODIFY DEVICE INCENTIVE LEVELS BASED ON CUSTOMER PARTICIPATION RATES AND REGIONAL PROGRAM FUNDING LEVELS.

LIST OF EXHIBITS:

Exhibit "A" – Water Conservation Participation Agreement with MWDOC
Exhibit "B" – Device Funding Levels FY 2017-18

EXHIBIT "A"

Water Conservation Participation Agreement between the Municipal Water District of Orange County and Irvine Ranch Water District

This Water Conservation Participation Agreement ("Agreement") is made between the Municipal Water District of Orange County ("MWDOC") and Irvine Ranch Water District ("Participant Agency"). MWDOC and Participant Agency may be collectively referred to as "Parties" and individually as "Party."

Recitals

- A. The Metropolitan Water District of Southern California ("Metropolitan") provides incentive funding to residential, commercial, and industrial water users in its service area for a variety of water conservation activities, including, but not limited to, rebates for the purchase and installation of water-saving devices ("Metropolitan Base Incentives").
- B. MWDOC is a member agency of Metropolitan and has agreements with Metropolitan that enable residential, commercial, and industrial water users in MWDOC's service area, and for the benefit of MWDOC's member agencies, to participate in and take advantage of Metropolitan's Base Incentives.
- C. Participant Agency, as a MWDOC member agency or a direct Metropolitan member agency, may elect to participate in Metropolitan's program to replace non-conserving items within its service area.
- D. The Metropolitan Base Incentives amounts for each eligible device or program available to MWDOC and Metropolitan member agencies are listed in the attached Addendums 1A and 1B. It is expected that Metropolitan will establish funding for additional water conservation items and to change some or all of the existing funding rates throughout the term of this Agreement. Any such changes will be incorporated herein by amendment to Addendums 1A and 1B.
- E. Metropolitan and MWDOC each have fiscal responsibility to manage their individual budgets, and hence may have a need to limit availability of funds.
- F. MWDOC and Metropolitan member agencies may also choose to provide additional supplemental funding of their own to augment the Metropolitan Base Incentives. Based on the terms and conditions of this Agreement, MWDOC will facilitate supplemental funding for Participant Agency through the Metropolitan rebate contractor ("Rebate Contractor") or MWDOC directly. Metropolitan member agencies will coordinate any supplemental funding directly with Metropolitan.
- G. In addition to the Metropolitan Base Incentives, MWDOC has developed and arranged additional local, state, and federal grant funding ("Grant Funding") for eligible devices in a number of water conservation programs ("MWDOC Administered Programs") that MWDOC offers to Participant Agency and Metropolitan member agencies. This grant funding may be used to enhance the Metropolitan Base Incentives. Granting agencies

include, but are not limited to, the Department of Water Resources and the United States Bureau of Reclamation.

- H. Participant Agency may also operate customized, local water conservation incentive programs in their respective service areas (“Participant Agency Administered Programs”) and may have access to the Metropolitan Base Incentives and Grant Funding for such, subject to MWDOC and Metropolitan approval and the terms and conditions of this Agreement and any MWDOC and/or Metropolitan agreements.
- I. The purpose of this Agreement is to create a master water conservation participation agreement between MWDOC and Participant Agency that combines all of the conservation programs and incentives (“Programs”) into one agreement. Addendums to this Agreement will be issued for changes involving Metropolitan approved items, MWDOC Board approved items, Grant Funding, adding and subtracting MWDOC Administered Programs and Participant Agency Administered Programs as identified in Section 2, and changes to incentive programs, including funding and incentive levels.

NOW THEREFORE, in consideration of the promises and covenants hereinafter set forth, the Parties do agree as follows:

Section I: Agreement Term and Administration

- 1.1 This Agreement will be effective on July 1, 2015 or upon execution of this Agreement by all Parties, whichever is later, and shall terminate on June 30, 2025 (“Term”). Continuance of this Agreement will be subject to annual budget approval by MWDOC’s Board of Directors.
- 1.2 This Agreement may be amended at any time by written mutual agreement of the Parties, or by Addendums issued by MWDOC as set forth in Recital I.
- 1.3 This Agreement may be terminated by either Party for any reason upon thirty (30) days written notice to the other Party.
- 1.4 All Addendums are enforced for the duration of this Agreement unless the Addendums are amended or terminated by either Party.
- 1.5 In the event the Agreement is terminated early, Participant Agency is responsible for payment of any funding contributions required by this Agreement that that were initiated prior to the effective date of the termination. For purposes of this Agreement, an application is deemed initiated when an application has been received by Metropolitan’s rebate vendor, EGIA, by MWDOC, or a reservation has been made within any of MWDOC’s online application portals that is pursuant to any of the programs described within this Agreement and the attached Addendums.
- 1.6 Notwithstanding any other provision in this Agreement, funds for all of the programs described within this Agreement and the attached Addendums are conditioned upon the

availability of funds and MWDOC is under no obligation to provide funding for any of the programs if MWDOC determines, in its own discretion, that such funding is exhausted, reduced, eliminated, or unavailable from any funding source, for any reason.

Section 2: Program Funding

2.1 Supplemental Funding

2.1.1 In addition to the Metropolitan Base Incentives, Participant Agency may provide additional funding to augment the Metropolitan Base Incentives amounts for those programs and devices that Participant Agency identifies, and in the amounts indicated, in the appropriate locations in Addendums 2A, 2B, and 2C (“Supplemental Funding”). The Supplemental Funding listed in Addendums 2A through 2C shall specify the amount of Supplemental Funding Participant Agency will provide per device or program, as well as the total maximum Supplemental Funding amount committed to each category of device or program. If the Participant Agency does not complete, sign, and return Addendums 2A through 2C to MWDOC, notwithstanding any other provision of this Agreement, the Participant Agency will not be bound by this Section or the provisions in Addendums 2A through 2C. In general, Supplemental Funding Addendums submitted by the 15th of a month will become effective the first of the following month.

2.1.2 If Participant Agency elects to provide Supplemental Funding or enhanced incentives under this Agreement for any device or program, Participant Agency is responsible for tracking the use of and the remaining availability of those funds. MWDOC will assist, in every way possible, but the ultimate responsibility for tracking all Participant Agency funding is the responsibility of Participant Agency. Participant Agency will ultimately be responsible for any overuse of Participant Agency Supplemental Funding.

2.1.3 Any requests for changes or revisions to Participant Agency’s Supplemental Funding, including funding transfers between Programs, must be submitted by Participant Agency to MWDOC in the form of revised Addendum 2s listing the new funding amounts/limits.

2.1.4 The Participant Agency may elect to participate in the Supplemental Funding Program and be bound by the provisions of this Section 2.1, Sections 3, 5, 6, 7, and 8 of this Agreement, and Addendum 2A through 2C by having its authorized representative complete and sign Addendum 2A through 2C in the spaces provided.

2.2 MWDOC Administered Programs

2.2.2 Participant Agency may elect to take advantage of the MWDOC Administered Programs by having its authorized representative complete and sign Addendums 3A through 3C in the spaces provided. If Participant Agency completes and signs Addendums 3A through 3C, Participant Agency agrees to be bound by the provisions of this Section 2.2, Sections 3, 5, 6, 7, and 8 of this Agreement, and Addendums 3A through

3C. If the Participant Agency does not complete, sign, and return Addendums 3A through 3C, notwithstanding any other provision of this Agreement, the Participant Agency will not be bound by this Section or the provisions in Addendums 3A through 3C.

2.3 Participant Agency Administered Programs

2.3.1 From time to time, funding may be made available for Participant Agency to operate a customized member agency administered local water conservation incentive program or programs (“Participant Agency Administered” “PA” or “MAA Program”) in its service area and access the Metropolitan Base Incentives for such, subject to MWDOC approval of the program and the terms and conditions of this Agreement and Addendum 4. The Participant Agency Administered Program(s) and requirements in connection with it are described in more detail in Addendum 4.

2.3.2 Upon receipt of approval of a Participant Agency Administered Program by MWDOC, Participant Agency is bound by the provisions of Sections 3, 5, 6, 7, and 8 of this Agreement and Addendum 4.

2.4 Exhaustion of Funding

2.4.1 In the event Participant Agency provided funding for any Program or device is exhausted, and Participant Agency does not elect to add additional funding or transfer available funding from another Program or device, MWDOC will discontinue offering the additional rebate funding for that Program or device in Participant Agency’s service area. Notwithstanding any other provision in this Agreement, MWDOC may terminate this Agreement as it relates to Section 2 at any time without prior notice in the event that MWDOC determines that funding for any device or program on Addendums 2 through 4 or MWDOC Grant Funding is exhausted, reduced, eliminated, or unavailable from any funding source, for any reason.

Section 3: Participant Agency Responsibility and Ownership

- 3.1 Participant Agency, at its sole discretion, may independently contract with its own agents under separate agreements for program administration and management for any Participant Agency Administered Program provided that doing so does not compromise program performance, create or present a conflict of interest, or violate the terms of this Agreement.
- 3.2 Participant Agency and/or its agent shall provide all necessary services and materials for such Participant Agency Administered Programs including, but not limited to the following: program administration, promotion, marketing materials, data collection, and analysis, installation verification, and reporting.
- 3.3 All materials and supplies necessary to implement a Participant Agency Administered Program shall be the exclusive property of Participant Agency. MWDOC shall have no

ownership, right, title, security interest, or other interest in any Participant Agency Administered Program materials or supplies, nor any rights duties, or responsibilities, therefor.

- 3.4 Participant Agency is responsible for assuring that any Participant Agency Administered Program complies with all federal, state, and local requirements.
- 3.5 Participant Agency agrees to cooperate with MWDOC's data management activities related to assessing device saturation and program success.
- 3.6 As part of any Participant Agency Administered Program, Participant Agency shall use, maintain, and submit to MWDOC within the designated timeframe an electronic database, to be approved by MWDOC prior to use, for any conservation items installed, distributed, or rebated by Participant Agency or its agents to avoid duplicate distributions and to determine the saturation rate of items by the appropriate geographic delineation.
- 3.7 Participant Agency is solely responsible for the performance of its staff or representatives in complying with the terms of this Agreement and for the proper allocation and appropriate use of funds provided by Metropolitan and/or MWDOC for the purpose of achieving water conservation savings under this Agreement.

Section 4: MWDOC's Obligations

- 4.1 MWDOC will be response to Participant Agency for ensuring that timely reports on the Programs' results are prepared by MWDOC's staff.
- 4.2 MWDOC will develop a database of information regarding participation in the Programs and provide monthly electronic and/or written reports of activity to Participant Agency.
- 4.3 MWDOC will invoice Participant Agency for any Participant Agency funding obligations on a monthly basis for rebates issued in the previous month.
- 4.4 MWDOC does not guarantee any minimum number of rebates will be available for Participant Agency's service area.

Section 5 Marketing.

- 5.1 Participant Agency agrees to assist in the marketing of programs it participates in under this Agreement. With regard to Participant Agency Administered Programs, Participant Agency will be solely responsible for marketing its Participant Agency Administered Program to customers in its service area.

Section 6: Installation Verification

- 6.1 Participant Agency shall be responsible for conducting installation verifications of items installed, distributed, and/or rebated by Participant Agency under Participant Agency

Administered Programs, and/or for paying all costs associated with this verification. Installation verification measures for program devices must be designed to ensure that materials, installation verifications of eligible program devices, and services meet requirements established by Metropolitan, which requirements will be provided to Participant Agency by MWDOC.

- 6.2 Participant Agency may be responsible for conducting installation verifications of items installed, distributed, and/or rebated by Participant Agency or MWDOC under MWDOC Administered Programs, and/or for paying all costs associated with this verification. Installation verification measures for program devices must be designed to ensure that materials, installation verifications of eligible program devices, and services meet requirements established by Metropolitan, which requirements will be provided to Participant Agency by MWDOC.
- 6.3 MWDOC reserves the right to conduct installation verification of items within Participant Agency's service area.
- 6.4 Participant Agency acknowledges that any device receiving funding from Metropolitan may be subject to an installation verification to be performed by Metropolitan, or its agent(s), at Metropolitan's discretion.
- 6.5 Participant Agency shall promptly refund to MWDOC any amounts paid under any Participant Agency Administered Program or MWDOC Administered Program for installed or distributed devices in the event MWDOC or Metropolitan establishes via installation verification that the program devices were not installed.

Section 7: Reporting and Invoicing

- 7.1 For any and all Supplemental Funding provided by Participant Agency and/or Participant Agency provided funding or inspection costs under the MWDOC Administered Programs pursuant to Section 2 of this Agreement, and as more particularly described in Addendums 2 and 3, MWDOC will invoice Participant Agency on a monthly basis for the cost of such funding, and Participant Agency must pay the full amount of such invoice within thirty (30) days of receipt of any such invoice.
- 7.2 For any and all Participant Agency Administered Program(s), Participant Agency will invoice MWDOC on a monthly basis, by the 10th of each month, for any approved funding and costs associated with the Participant Agency Administered Program(s) as indicated in and subject to the provisions of Addendum 4. MWDOC is under no responsibility to reimburse Participant Agency for any costs incurred by Participant Agency that are not approved by MWDOC consistent with the terms and conditions of this Agreement and Addendum 4. The invoice package shall include a fully completed, to the satisfaction of MWDOC, Excel customer/applicant spreadsheet showing program activity, and an invoice, signed by the General Manager or designee of Participant Agency, certifying the information provided as accurate. Participant Agency shall use the Excel customer/applicant spreadsheet and Invoice forms approved by MWDOC.

- 7.3 Participant Agency shall maintain all Participant Agency Administered Program information, including Participant Agency applications, water bills, and purchase receipts, for a period of seven years from the end date of this Agreement.
- 7.4 Payment of Participant Agency invoices shall be in the form of either a credit on MWDOC's water bill to Participant Agency or a check made payable to Participant Agency. Method of payment shall be at MWDOC's discretion.

Section 8: Confidentiality

- 8.1 MWDOC agrees to maintain the confidentiality of Participant Agency's customer names, addresses, and other information gathered in connection with this Agreement. MWDOC will not cause or permit the disclosure of such information except as necessary to carry out any of the MWDOC Administered or Participant Agency Administered Programs, or as required by law. To the extent that MWDOC contracts with third party contractors to carry out all or any portion of any of the Programs, MWDOC will require such contractors to maintain the confidentiality of such customer information.
- 8.2 Notwithstanding anything to the contrary in this Agreement, Participant Agency acknowledges and agrees that MWDOC may request and use historical water consumption data for purposes of satisfying any grant water use and water quality evaluation requirements of any of the Programs. Participant Agency also acknowledges and agrees that MWDOC may also request to use Program applicant information, such as name, mailing address, site photos, and email address to market other water use efficiency programs to past applicants. A similar provision will be required of every individual applicant.

Section 9. Indemnification.

- 9.1 The parties agree that each Party shall be responsible for its own actions, and the actions of its officers, employees, and agents, in performing services under this Agreement. Except as provided in this Agreement and its Addendums, each Party agrees to indemnify and hold the other Party and its officers and agents harmless and agrees to defend the other Party against any claim or asserted liability arising out of its actions, either willful or negligent, or the actions of its officers, employees, and agents, in performing services pursuant to this Agreement. Such indemnity will include any losses relating to any claim made, whether or not a court action is filed, and will include attorney fees and administrative and overhead costs related to or arising out of such claim or asserted liability.
- 9.2 Participant Agency shall include the following language in its agreement with any consultant or contractor retained by Participant Agency to work on any of the Program”
“(Consultant) agrees at is sole cost and expense to protect, indemnify, defend, and hold harmless Metropolitan, MWDOC, and their associated Boards of Directors, officers, representatives, agents and employees from and against any and all claims and liability

of any kind (including, but not limited to, any claims or liability for injury or death to any person, damage to property, natural resources or to the environment, or water quality problems) that arise out of or related to Participant Agency's approval, construction, operation, repair, or ownership of any Program. Such indemnity shall include all damages and losses related to any claim made, whether or not a court action is filed, and shall include attorneys' fees, administrative and overhead costs, engineering and consulting fees, and all other costs related to our arising out of such claim or asserted liability."

Section 10. Certification re Lobbying (43 CFR 18)

- 10.1 The undersigned hereby certifies on behalf of Participant Agency that no Federal appropriated funds have been paid or will be paid, by or on behalf of the Participant Agency, to any person for influencing or attempting to influence an officer or employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with a Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying" in accordance with its instructions. To the extent federal funds are involved, the Participant Agency shall require that the language of this certification be included in the awards documents for any sub-awards by the Participant Agency at all tiers (including sub-contracts, sub-grants, and contracts under grants, loans and cooperative agreements) and that sub-recipients, if any, shall certify accordingly.

Section 11. Other Terms

- 11.1 Any alteration or variation of the terms of this Agreement will not be valid unless made in writing and signed by both Parties.
- 11.2 This Agreement will inure to the benefit of and be binding upon the Parties and their respective successors.
- 11.3 The partial or total invalidity of one or more parts of this Agreement will not affect the intent or validity of this Agreement.
- 11.4 This agreement shall be deemed a contract made under the laws of the State of California, and for all purposes will be interpreted in accordance with such laws. The Parties hereby agree and consent to the exclusive jurisdiction of the courts of the State of California, and that the venue of any action brought hereunder will be in Orange County, California.


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11.5 This Agreement constitutes the entire agreement between the Parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.


MUNICIPAL WATER DISTRICT
OF ORANGE COUNTY

IRVINE RANCH WATER DISTRICT

By: 
Robert J. Hunter
General Manager
Date: 7-14-15

By: 
Paul Cook
General Manager
Date: 7-9-15

Approved as to Form:
Bowie, Arneson, Wiles & Giannone


Joan C. Arneson
Legal Counsel
Date: 6/25/15

FIRST AMENDMENT TO WATER CONSERVATION PARTICIPATION AGREEMENT

This First Amendment to Water Conservation Participation Agreement ("First Amendment") is effective on July 1, 2016 ("Effective Date"), by and between the Municipal Water District of Orange County ("MWDOC") and Irvine Ranch Water District ("Participant Agency") MWDOC and Participant Agency may be collectively referred to as "Parties" and individually as "Party."

RECITALS

- A. MWDOC and Participating Agency entered into a Water Conservation Participation Agreement regarding the Participating Agency's participation in certain water conservation programs ("Agreement").
- B. The Parties now desire to amend the Agreement to make certain changes to provisions regarding verification of the installation of items and devices installed as part of certain water conservation incentive programs.

TERMS

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to amend the Agreement as follows:

1. **Amendment.** Section J is added to the Recitals to read as follows:
 - "J. The purpose of this Agreement is also to acknowledge that Participating Agency is participating in MWDOC's Choice Water Use Efficiency Program ("WUE Program") and in doing so is agreeing to pay for its proportionate share of MWDOC's administrative and direct program costs of the WUE Program."

2. **Amendment.** Section 1.7 is added to the Agreement to read as follows:
 - "1.7 Participating Agency understands that by entering into this Agreement it is participating in MWDOC's Choice Water Use Efficiency Program ("WUE Program") and agrees to pay MWDOC for its proportionate share of MWDOC's costs for administering the WUE Program based on Participating Agency's level of participation in the WUE Program. MWDOC will annually invoice Participating Agency.

3. Amendment. Section 6 is amended in its entirety to read as follows:

“Section 6: Installation Verification/Inspection

- 6.1 Participant Agency shall be responsible for conducting installation verifications/inspections of items and devices installed, distributed, and/or rebated by Participant Agency under Participant Agency Administered Programs to ensure compliance with program requirements, and/or for paying all costs associated with this verification/inspection. Installation verification/inspection measures must be designed to ensure that materials, installation verifications/inspections of eligible program items and devices, and services meet requirements established by Metropolitan and MWDOC, which requirements will be provided to Participant Agency by MWDOC as Attachment A.
- 6.2 Participant Agency shall be responsible for conducting installation verifications/inspections of items or devices installed, distributed, and/or rebated by Participant Agency or MWDOC under MWDOC Administered Programs to ensure compliance with program requirements, and/or for paying all costs associated with this verification/inspection. Installation verification/inspection measures for program items and devices must be designed to ensure that materials, installation verifications/inspections of eligible program items and devices, and services meet requirements established by Metropolitan and MWDOC, which requirements will be provided to Participant Agency by MWDOC as Attachment A.
- 6.3 Participant Agency may elect to (1) conduct its own installation verifications/inspections by either utilizing its in-house staff or contracting with a third party vendor of its choice; or (2) utilize MWDOC’s installation verification/inspection contractor to conduct the installation verification/inspections. If Participant Agency elects to utilize MWDOC’s verification/inspection vendor, Participant Agency may elect to contract directly with MWDOC’s verification/inspection vendor. If Participant Agency elects not to enter into such contract, MWDOC, in MWDOC’s sole discretion, may require that Participant Agency contract directly with MWDOC’s verification/inspection vendor.
- 6.3.1 Notwithstanding any other provision in this Agreement, Participant Agency understands and agrees that if Participant Agency utilizes MWDOC’s verification/inspection vendor, Participant Agency must still comply with all of the requirements of this Agreement, including the refund requirements in Section 6.6, and MWDOC is in no way liable or responsible for the acts or omissions of such vendor and makes no

representations or warranties regarding the quality of such vendor's work. Participant's sole recourse as to any action, claims or damages arising out of the acts or omissions of MWDOC's verification/inspection vendor is with the vendor and not with MWDOC.

- 6.4 MWDOC reserves the right to conduct installation verification/inspection of items and devices within Participant Agency's service area.
- 6.5 Participant Agency acknowledges that any item or device receiving funding from Metropolitan may be subject to an installation verification/inspection to be performed by Metropolitan, or its agent(s), at Metropolitan's discretion.
- 6.6 Participant Agency shall promptly refund to MWDOC any amounts paid under any Participant Agency Administered Program or MWDOC Administered Program for installed or distributed items or devices, including any grant funds, in the event MWDOC or Metropolitan establishes via installation verification/inspection and/or audit that the program items or devices were not installed in compliance with the requirements established by Metropolitan and MWDOC pursuant to this Agreement. If such a refund is not provided to MWDOC within thirty (30) days of request, the requested amount may be debited by MWDOC on Participating Agency's next water service invoice.
- 6.7 "Items" and "devices" includes, but is not limited to, plumbing fixtures, irrigation devices, turf (removal and replacement), and any other items, devices or materials that are installed in connection with a program covered by this Agreement.

4. Authority to enter into First Amendment. Each Party represents to the other that the person executing this First Amendment has the requisite power and authority to execute the First Amendment and to bind each respective Party.

5. Continuing Effect of Agreement. Except as amended by this First Amendment, all other provisions of the Agreement remain in full force and effect. From and after the date of this First Amendment, whenever the term "Agreement" appears in the Agreement, it shall mean the Agreement as amended by this First Amendment.

6. Execution in Counterparts. This First Amendment may be executed in duplicate counterparts, each of which shall be deemed an original.


MWDOC and Participating Agency have each caused this First Amendment to be executed by its duly authorized representative as of the date set forth below the authorized signature.

IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment.

MUNICIPAL WATER DISTRICT
OF ORANGE COUNTY

PARTICIPANT AGENCY

By: _____
Robert Hunter
General Manager

By: 
Name Paul Cook
Title General Manager


Date: _____

Date: 18 OCTOBER 2016

Approved as to Form:

Approved as to Form:

Joseph Byrne
General Counsel



Joan C. Arneson
General Counsel

Date: _____

Date: September 8, 2016

Exhibit “B”

Rebate Program Funding Allocation FY 2017-18

Program	Maximum Funding	Devices	IRWD Rebate Funding Level Per Device
<u>SoCal Water\$mart</u> Residential Program	\$300,000	High Efficiency Clothes Washer	\$165
		High Efficiency Toilet (Premium)	\$110
		Residential Smart Timer	Up to \$75

Program	Maximum Funding	Devices	IRWD Rebate Funding Level Per Device
<u>SoCal Water\$mart</u> Commercial Program	\$500,000	Commercial High Efficiency Toilet	\$60
		Multi-Family High Efficiency Toilet	\$110
		Zero Water/Ultra Low Water Urinals	\$100
		Connectionless Food Steamer	\$485 Per Compartment
		Commercial Ice Making Machine (Tier III)	\$250
		Cooling Tower Conductivity Controller	\$700
		Cooling Tower pH Controller	\$400
Water Savings Incentive Program	\$100,000	Performance Based	\$3 Per 1,000 gallons/ 1 year
Turf Removal Program	\$500,000	Turf Removal	Not to exceed \$2/sqft
Total Funding for All Rebate Programs	\$1,400,000		

June 12, 2017

Prepared by: A. Murphy/M. Cortez

Submitted by: K. Burton *KB*

Approved by: Paul Cook *PC*

CONSENT CALENDAR

CHLORAMINE BOOSTER STATIONS AT FOOTHILL ZONE 6 AND PORTOLA ZONE 8 RESERVOIRS FINAL ACCEPTANCE

SUMMARY:

Construction of the Chloramine Booster Stations at Foothill Zone 6 and Portola Zone 8 Reservoirs project is complete. The contractor, Olsson Construction, Inc., completed the required work and all punch list items. The project has received final inspection and acceptance of construction is recommended.

BACKGROUND:

This project constructed two chloramine booster stations at Foothill Zone 6 and Portola Zone 8 domestic water reservoirs. The new chloramine boosters will increase chlorine residuals in the Foothill Ranch and Portola Hills domestic systems, which are at the end of the domestic water system and experience nitrification events.

URS Corporation completed the design in December 2015. Olsson Construction, Inc. was awarded the construction contract on March 15, 2016 and completed construction of the improvements in May 2017.

Project Title:	Chloramine Booster Stations at Foothill Zone 6 and Portola Zone 8 Reservoirs
Project No.:	04409
Design Engineer:	URS Corporation
Construction Management by:	IRWD Staff
Contractor:	Olsson Construction, Inc.
Original Contract Cost:	\$1,921,500.00
Final Contract Cost:	\$1,922,256.71
Original Contract Days:	360
Final Contract Days:	391
Final Change Order Approved On:	October 26, 2016

FISCAL IMPACTS:

Project 04409 is included in the FY 2016-17 Capital Budget. The existing budget is sufficient to fund the final payment for the project.

ENVIRONMENTAL COMPLIANCE:

Section 15164 of the State of California Environmental Quality Act (CEQA) Guidelines provides for the preparation of an Addendum to a previously certified Environmental Impact Report/Mitigated Negative Declaration (EIR/MND) by a lead agency or a responsible agency if some changes or additions to the project are necessary, but none of the conditions described in CEQA calling for preparation of a subsequent EIR/MND have occurred. The information and analysis conducted for Addendum No. 1 determined that the modifications did not change the regulatory framework, impact the mitigation measures or the conclusions of the Mitigated Negative Declaration, adopted by the Board on April 30, 2007 and for which a Notice of Determination was filed with the County of Orange on May 1, 2007. Therefore, Addendum No. 1 was approved by the Board on May 11, 2015 and a Notice of Determination was certified by the County of Orange and the State Clearinghouse on May 12, 2015.

COMMITTEE STATUS:

This item was not reviewed by a Committee.

RECOMMENDATION:

THAT THE BOARD ACCEPT CONSTRUCTION OF THE CHLORAMINE BOOSTER STATIONS AT FOOTHILL ZONE 6 AND PORTOLA ZONE 8 RESERVOIRS, PROJECT 04409; AUTHORIZE THE GENERAL MANAGER TO FILE A NOTICE OF COMPLETION; AND AUTHORIZE THE PAYMENT OF THE RETENTION 35 DAYS AFTER THE DATE OF RECORDING THE NOTICE OF COMPLETION.

LIST OF EXHIBITS:

None.

June 12, 2017

Prepared by: Tony Mossbarger/Jeff Bertsch

Submitted by: Cheryl Clary

Approved by: Paul Cook 

ACTION CALENDAR

NETWORK INFRASTRUCTURE UPGRADES

SUMMARY:

Staff issued a Request for Proposal (RFP) for Network Infrastructure Upgrades and received responses from three firms. Based on a thorough evaluation of the proposals, staff recommends that the Board approve a General Plant expenditure of \$504,400 with Resilient Communications for purchase, installation, and configuration of Network Infrastructure Upgrades at Sand Canyon Headquarters, Operations Center, Baker Water Treatment Plant, and Los Alisos Water Recycling Plant.

BACKGROUND:

The current network infrastructure equipment, purchased and installed in 2007, provides access to the District's enterprise network and is nearing end of service. The District's enterprise network supports the interconnection of personal computers, laptops, wireless devices, printers, telephones, servers, and other network-based devices.

Staff issued an RFP for Networking Infrastructure Upgrades to four pre-qualified vendors that are certified providers of Cisco networking equipment. Proposals were received from Glass Box Technology, Resilient Communications, and Sirius Computer Solutions. The proposal results were as follows:

<u>Vendor</u>	<u>Proposal Amount</u>
Resilient Communications	\$504,400
Sirius Computer Solutions	\$787,536
Glass box Technology	\$1,117,496

Resilient Communications had the best overall pricing for the Network Infrastructure Upgrades, providing the District significant discounts from list pricing, and has experience providing networking equipment and implementation services to public agencies including Orange County Water District and Moulton Niguel Water District. Staff believes that Resilient Communications is the best equipped to implement the Network Infrastructure Upgrades at the Sand Canyon Headquarters, Operations Center, Baker Water Treatment Plant, and Los Alisos Recycling Plant.

FISCAL IMPACTS:

Funds for the Network Infrastructure Upgrades are included in the FY 2015-16 and FY 2016-17 Operating Budgets for General Plant replacement.

Action Calendar: Network Infrastructure Upgrades
June 12, 2017
Page 2

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on June 6, 2017.

RECOMMENDATION:


THAT THE BOARD APPROVE A GENERAL PLANT EXPENDITURE OF \$504,400 WITH RESILIENT COMMUNICATIONS TO PURCHASE AND IMPLEMENT THE NETWORK INFRASTRUCTURE UPGRADES.

LIST OF EXHIBITS:

Exhibit "A" – Vendor Evaluation Matrix for Network Infrastructure Upgrades

EXHIBIT A - VENDOR EVALUATION MATRIX

Network Infrastructure Upgrades						
Item	Description	Weights	Glass Box Technology		Resilient Communications	Sirius Computer Solutions
A	<u>TECHNICAL APPROACH AND SCHEDULE</u>	40%				
1	Overall Project Understanding / Approach	30%	3.0		1.0	2.0
2	Scope of Proposal	60%	3.0		1.0	2.0
3	Schedule	10%	3.0		1.0	2.0
	<u>Weighted Score (Technical Approach)</u>		3.0		1.0	2.0
B	<u>QUALIFICATION AND EXPERIENCE</u>	60%				
1	Vendor Team	40%	3.0		1.5	1.5
2	Vendor References	20%	2.5		1.0	2.5
4	Vendor Experience	40%	2.0		2.0	2.0
	<u>Weighted Score (Experience)</u>		2.5		1.6	1.9
	<u>COMBINED WEIGHTED SCORE</u>		2.7		1.4	1.9
	Ranking of Vendors					
C	<u>SCOPE OF WORK</u>					
				COSTS		COSTS
	Equipment, maintenance, tax, shipping			\$617,498		\$480,106
	Professional Services			\$457,949		\$22,800
	Additional Expenses			\$42,049		\$1,494
				Tools, patch cables, travel		Patch cables
	TOTAL COSTS			\$1,117,496		\$504,400
						\$787,536
D	<u>OTHER</u>					
	Joint Venture			Unknown	None	None
	Sub Consultants			Yes	Yes	Unknown
	Exceptions taken to IRWD Std. Contract			None	None	None
	Insurance (Professional & General Liability)			Unknown	Yes	Yes
	RANKINGS:					
	1 - Best					
	2 - 2nd Best					
	3 - 3rd Best					

June 12, 2017
Prepared and
submitted by: Jenny Roney
Approved by: Paul A. Cook 

ACTION CALENDAR

RETIREE HEALTH COSTS ASSISTANCE PROGRAM

SUMMARY:

During a legal review of the District's Retiree Health Costs Assistance Program (RHCAP), staff was informed that the current structure of the benefits plan that requires employees to complete 10 years of service to IRWD to qualify for the benefit does not meet the Internal Revenue Service discrimination testing requirements. Staff recommends the Board authorize staff to change the RHCAP benefits plan structure to provide benefits to IRWD retirees with three to nine years of service to meet the Internal Revenue Service (IRS) discrimination testing requirements.

BACKGROUND:

Effective July 2002, the Board authorized a retiree benefit program to assist retirees with eligible medical-related expenses. The benefit was designed to offer retirees a specific monthly amount for a specific number of months, depending on the employee's total years of service to IRWD at retirement. Retirees must be age 55 and retiring through CalPERS in order to qualify for the benefit. The minimum benefit level was set at \$300 per month for 36 months for retirees with 10 years of service to IRWD. The maximum benefit was set at \$600 per month for 60 months for retirees with 25 years of service. The benefit levels for this program have not changed since the inception of this program.

Staff was asked to review the benefit levels and compare them to current medical premiums and the medical component of the Consumer Price Index. Staff reviewed the information and asked the District's legal counsel if increasing the benefit for one specific group of employees, and not all employees, would result in the program failing IRS discrimination testing. Upon review, legal counsel opined that IRS regulations require the program to provide a benefit for retirees with three to nine years of service in order to be non-discriminatory. Legal counsel proposed a benefit design that would meet the IRS discrimination testing requirements, which is attached as Exhibit "A". Attached as Exhibit "B" is a memorandum from legal counsel dated April 25, 2017 recommending that the RHCAP benefits plan structure be modified to provide benefits to IRWD retirees with three to nine years of service to meet the IRS discrimination testing requirements.

FISCAL IMPACTS:

In the nearly 15 years since the inception of the RHCAP (July 2002), 130 employees have retired from IRWD. Of these 130 retirees, 10 retirees did not meet the minimum eligibility for participation in the benefit program. Eight of the 10 retirees did not qualify because they did not meet the minimum age requirement of 55. Only two of the retirees did not qualify because they did not meet the minimum of 10 years of service. Under the proposed revised benefit levels, which include benefits for employees with three to nine years of service, the two retirees would have received a total of \$4,800 in benefit payments.

Although the addition of the benefit for those retiring with three to nine years of service to the District could result in employees considering an earlier retirement date, the current average years of service at retirement is over 23 years. The fiscal impact of modifying the program to comply with IRS regulations is negligible.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act (CEQA), Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on February 7, 2017, May 2, 2017, and June 6, 2017.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE STAFF TO MODIFY THE DISTRICT'S RETIREE HEALTH COSTS ASSISTANCE PROGRAM BENEFITS PLAN STRUCTURE TO PROVIDE BENEFITS TO IRWD RETIREES WITH THREE TO NINE YEARS OF SERVICE TO MEET THE INTERNAL REVENUE SERVICE DISCRIMINATION TESTING REQUIREMENTS.

LIST OF EXHIBITS:

Exhibit "A" – Proposed Retiree Health Costs Assistance Program Benefits
Exhibit "B" – Pillsbury Winthrop Shaw Pittman LLP Memorandum

Exhibit "A"

Years of Service	Months of Benefit				
	12	24	36	48	60
25+					\$600
24					\$580
23					\$560
22					\$540
21					\$520
20					\$500
19				\$480	
18				\$460	
17				\$440	
16				\$420	
15				\$400	
14			\$380		
13			\$360		
12			\$340		
11			\$320		
10			\$300		
9		\$280			
8		\$260			
7	\$240				
6	\$220				
5	\$200				
4	\$180				
3	\$160				



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MEMORANDUM
Confidential
Attorney-Client Privilege

To: Gretchen Ronin

From: Marcus Wu *MW*

Date: April 25, 2017

Re: Application of Section 105(h) Discrimination Testing to the RHCAP

I. SUMMARY

Irvine Ranch Water District sponsors the Retiree Health Costs Assistance Program ("Plan"), a self-insured medical reimbursement plan that is subject to nondiscrimination rules under section 105(h) of the Internal Revenue Code ("Code" or "IRC").¹ The Plan reimburses eligible retirees' eligible medical expenses up to a certain dollar limit. We conclude that the Plan's current design is discriminatory under Code section 105(h) because retirees with 3–9 years of service are excluded from participating. Consequently, all Plan benefits received by "highly compensated" retirees would be taxable; if the District fails to treat those benefits as taxable, it would be exposed to penalties under the tax laws. Below, we discuss the basis for our conclusion and provide options for restructuring the Plan to mitigate this risk.

II. RELEVANT FACTS

The Plan provides eligible retirees with reimbursements for eligible medical expenses under section 213(d) of the Code, which encompass a wide variety of outlays, including co-pays, deductibles, and out-of-pocket costs for certain medicines and drugs, and others. With this design, the Plan is treated as "self-insured" under the tax laws. (By comparison, if the Plan reimbursed only retirees' medical-insurance premiums, the Plan would be "fully insured.")

Upon terminating from District employment, a District employee is entitled to receive Plan benefits (i.e., reimbursements for eligible medical expenses) only if he or she: (i) retires under CalPERS within 120 days after his or her District employment terminates; (ii) is age 55 or older; and (iii) has completed at least 10 years of District service ("YOS").

¹ IRC § 105(h)(1).



The Plan benefit provided to an eligible retiree is based on his or her total YOS, as follows:

- *Benefit amount:* \$300/month at 10 YOS, increasing by \$20 per each additional YOS up to a maximum of \$600/month at 25+ YOS.
- *Benefit duration:* 36 months for 10–14 YOS; 48 months for 15–19 YOS; and 60 months for 20+ YOS.

III. APPLICABLE TAX LAWS

A. Introduction: Taxation of benefits provided to non-HCIs and HCIs

The rules governing the tax treatment of Plan benefits distinguish between “highly compensated individuals” (“HCIs”) and non-HCIs. Here, an HCI means a District retiree who was among the highest paid 25% of all nonexcludable District employees when his or her District employment terminated.²

Under section 105(b) of the Code, Plan benefits provided to non-HCIs are nontaxable.³

By contrast, under section 105(h) of the Code, Plan benefits provided to HCIs are (i) nontaxable only to the extent those benefits are nondiscriminatory, and (ii) taxable as ordinary income to the extent the benefits are discriminatory.⁴

B. Code section 105(h) discrimination testing

Overview

Section 105(h) of the Code imposes two discrimination tests for self-insured medical reimbursement plans: an “Eligibility Test” that requires the plan to cover a specified percentage of non-HCIs; and a “Benefits Test” that requires that covered non-HCIs receive plan benefits substantially equivalent to those provided to HCIs.⁵

For purposes of these tests, the following persons are excluded: (i) employees with fewer than three years of service; (ii) employees under age 25; (iii) part-time or seasonal employees; (iv) certain non-resident aliens; and (v) represented employees who aren’t covered by the plan.⁶

² Treas. Reg. § 1.105-11(c)(3)(iii) and (d)(3).

³ IRC § 105(b) and (h); Treas. Reg. § 1.105-11(a). Different tax rules apply to benefits provided to persons other than the retiree or his or her spouse or tax dependent; for instance, benefits provided to a retiree’s nondependent domestic partner are subject to federal taxes. Also, benefits are nontaxable only if they are “eligible expenses” under Code section 213(d) and the corresponding expenses (for which the benefits are paid) are properly verified.

⁴ Same as footnote 3.

⁵ IRC § 105(h)(2).

⁶ IRC § 105(h)(3).



“Identical Benefit Rule” for retiree-only plans

Under the tax regulations, a streamlined test applies to medical reimbursement plans that cover only retirees, such as the District’s Plan. The relevant part of the regulations states as follows:

“[A self-insured medical reimbursement plan is nondiscriminatory if] . . . the type, and the dollar limitations, of benefits provided to retired employees who were highly compensated individuals are the same for all other retired participants.”⁷

These words appear to indicate that the Plan would be considered nondiscriminatory as long as all eligible retirees receive identical Plan benefits. But there are several ambiguities, including: Does the Eligibility Test still apply? If yes, how is it applied? May the Plan vary retirees’ benefit amounts or duration according to retirees’ years of service? And so on.

Unfortunately, the IRS hasn’t issued any helpful guidance applying this Identical Benefit Rule. Compounding the challenge, the IRS has stated that for now, it won’t issue rulings on whether a particular employer’s plan is discriminatory.⁸

C. IRS views on application of section 105(h) to retiree-only plans

Covered retirees

A few years ago, while representing a Northern California city, we had extensive discussions about the 105(h) rules with high-level IRS officials in Washington DC.⁹

The city maintained a self-insured medical reimbursement plan for its represented safety (i.e., fire and police) retirees. Like the District’s Plan, the city’s plan provided that only retirees with 10 or more years of service qualified for retiree health benefits. The IRS flagged the design, noting that the plan was discriminatory under section 105(h) because it excluded employees with 3–9 years of service.

The IRS never explained the technical basis for its conclusion. But its position was clearly based on section 105(h)’s Eligibility Test (discussed above). Nothing under the tax laws explicitly states that this test applies to retiree-only plans; and the Identical Benefit Rule (quoted above) arguably overrides the Eligibility Test. Nevertheless, the IRS required that the city’s plan cover retirees with at least three years of service in order to be nondiscriminatory.

⁷ Treas. Reg. § 1.105-11(c)(3)(iii).

⁸ Rev. Ruling 2017-3.

⁹ The IRS representatives included Harry Beker, Chief, Health & Welfare Branch, Office of Associate Chief Counsel (Tax Exempt and Government Entities). Mr. Beker is the head of the IRS division that issues private letter rulings on the tax laws governing health and welfare benefits. In that role, Mr. Beker has signed over 700+ such rulings.



In the end, the city acquiesced by modifying its plan to cover represented safety retirees with at least three years of city service, thereby placating the IRS.

Benefits provided

The city’s plan also didn’t provide an equal benefit to covered retirees. Instead, similar to the District’s Plan, the city’s plan provided a benefit that increased in tandem with a retiree’s total years of city service. Eventually, the IRS agreed that a design under which all retirees’ benefits increased—by \$10/year—for each year of service after 3 YOS (up to a set maximum) was nondiscriminatory. Notably, contrary to the apparent requirement of the Identical Benefit Rule, this benefit wasn’t identical for all covered retirees—rather, the benefit increased with years of service, and all retirees received benefits over the same time span. Nevertheless, the IRS concluded that because the benefit amount and duration for any particular number of years of service was identical for all covered retirees, the design was nondiscriminatory.

IV. SECTION 105(H)’S APPLICATION TO DISTRICT’S PLAN

As currently written, the Plan provides no benefits to retirees with 3–9 years of service. Consequently, on audit or other review, we believe that there is a substantial risk that the IRS would assert that the Plan is discriminatory and that, therefore, all benefits received under the Plan by retiree HCIs are taxable. If the District doesn’t treat those benefits as taxable, the District would be exposed to tax penalties for failing to:

- withhold income taxes from HCIs’ benefits;
- withhold and pay FICA taxes¹⁰ on the benefits; and
- report the benefits as taxable income on Form W-2.¹¹

Below are options for mitigating section 105(h) risk. The options are ordered from lowest to highest risk of an IRS finding of 105(h) discrimination and—not coincidentally—from most to least costly for the District.

Description of Modification	Comments
Provide retirees with 3+ YOS with proportional benefits	<i>Low risk.</i> As previously recommended, retirees with 3–9 YOS would be provided with benefits proportional to 10+ YOS retirees’ benefits.
Provide retirees with 3–9 YOS with non-proportional benefits	<i>Medium risk.</i> Under this option, the Plan would cover retirees with 3–9 YOS, but provide these retirees with benefits disproportionately lower than 10+ YOS retirees’ benefits.

¹⁰ FICA comprises Medicare taxes and, to the extent applicable to District employees, Social Security taxes.

¹¹ The District’s liability for prior years is limited by a three-year statute of limitations (“SOL”). The SOL starts on April 15th of the year after the year at issue. For instance, the SOL for 2014 expires on April 15, 2018.




Description of Modification	Comments
Do nothing	<i>High risk.</i> Leaves the District exposed to the above-discussed tax risks.

If you have any questions about this memorandum, please contact Marcus Wu, (858) 509-4030, marcus.wu@pillsburylaw.com.

June 12, 2017

Prepared by: Christopher Smithson

Submitted by: Cheryl Clary 

Approved by: Paul A. Cook 

ACTION CALENDAR

SETTING CONNECTION FEES AND PROPERTY TAXES FOR FISCAL YEAR 2017-18

SUMMARY:

Connection fees for Improvement District (IDs) 256 and for the Great Park recycled water facilities are included for review and approval. Staff recommends approving a recycled water connection fee for the Great Park and adjusting the sewer connection fee in the Orange Park Acres. Proposed connection fees and property taxes for all other improvement districts (IDs) will be presented to the Board for approval in July.

BACKGROUND:

Connection fees were last updated for the IRWD IDs in July 2016, with recommended periodic updates based on an updated capital budget and other changing assumptions. The proposed changes below only represent selected improvement districts. The connection fees and property tax rates for the remaining IDs will be presented to the Board in July for approval.

IDs 112/212:

There are three separate developments contributing to IDs 112/212: the City of Irvine (City) Great Park development, the Great Park Neighborhoods development, and the 100-acre parcel owned by the County of Orange. Connection fees for these developments will be set separately.

City of Irvine Great Park Recycled Water Connection Fee

In December 2016, staff presented to the Finance and Personnel Committee a proposed recycled water connection fee for the Great Park development area. Based on direction from the Committee, the fee for the Great Park was reviewed in detail, and staff met with City staff on several occasions to discuss IRWD's calculations. While the potable water and sewer connection fees were calculated in line with the traditional methodology utilized for all IDs, IRWD had not previously established a recycled water connection fee. The Great Park is unique in that significant recycled water infrastructure was built to meet demands and the District needs to establish a connection fee to recover those costs. The costs of the recycled water facilities is \$28.85 million. Staff recommends that the Board approve a recycled connection fee of \$28.85 million that will be paid on a per acre basis as the development of the park occurs.

In addition, the City has requested that: 1) 50% of the fee be paid at the time of connection, and 2) that IRWD provide financing for the remaining 50% payable over 30 years. IRWD is prohibited under Government Code from lending funds to another public agency, but it is permissible for IRWD to provide financing if the financing is considered an investment in the other public agency. (For example, IRWD executed an investment of this nature when it financed El Toro Water District's capacity purchase in the Baker Water Treatment Plant.) If IRWD were to finance 50% of the City's connection fee payment, the interest rate would be set

based on the Bloomberg Fair Value Municipal Index based on the City of Irvine's underlying credit rating for a 30 year issue. Staff plans to request that the City provide a written request for the financing which can then be brought back to the Board for further discussion.

ID 256 – Orange Park Acres (OPA):

In 2011, a connection fee was established for ID 256 related to IRWD sewer service in OPA. The basis for the recommended sewer connection fees was the anticipated construction cost estimate for a community sewer system in OPA, as documented in the OPA Sub-Area Master Plan. This included a full buy-in into the Orange County Sanitation District (OCSD) capital outlay (CORF and Equity). The connection fee for ID 256 is currently \$25,839.

To date, local homeowners have funded the necessary local infrastructure connecting to existing systems. The staff recommendation assumes that IRWD will not provide construction for the community sewer and any community facility costs will continue to be funded by local homeowners. The connection fee will provide for a full buy-in into the OCSD capital outlay. In changing the capital requirements, the sewer connection fee will decrease from \$25,839 to \$5,900 per residential unit.

Improvement Districts	Connection Fees		Property Tax	
	Current	Proposed	Current	Proposed
156/256 (Undeveloped ID)	\$25,839	\$5,900	\$0.0000	\$0.0000

Some homeowners have been charged and paid the current connection fee or made partial payments and the difference will be refunded to existing homeowners. The total amount to be refunded to customers is approximately \$63,000.

FISCAL IMPACTS:

Total Connection Fees discussed above are included in the FY 2017-18 Non-Operating budget.

ENVIRONMENTAL COMPLIANCE:

Not Applicable

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on June 6, 2017.

RECOMMENDATION:

THAT THE BOARD APPROVE THE CONNECTION FEES AND PROPERTY TAXES AS PROPOSED.

EXHIBITS:

None.