

## MINUTES OF REGULAR MEETING – MARCH 11, 2019

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:11 p.m. by President LaMar on March 11, 2019 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Engineering and Water Quality Burton, Executive Director of Water Policy Weghorst, Executive Director of Operations Chambers, Executive Director of Finance and Administration Clary, Director of Water Recycling Operations Zepeda, Director of Water Resources Sanchez, Director of Public Affairs Beeman, Director of Treasury and Risk Management Jacobson, Legal Counsel Collins, Legal Counsel DeMayo, Legal Counsel Roux, Secretary Bonkowski, Government Relations Officer Compton, Consultant Deborah Diep, staff, legal counsel, and members of the public.

WRITTEN COMMUNICATIONS: None.

ORAL COMMUNICATIONS: Ms. Robin Ganahl, a representative of the Orange County Clean Energy Advocates, invited the Board and staff to attend a public workshop on Community Choice Energy on March 17, 2019.

ITEMS TOO LATE TO BE AGENDIZED: None.

### PUBLIC HEARING

#### EVALUATING A CHANGE IN THE ELECTIONS PROCESS FOR THE IRVINE RANCH WATER DISTRICT BOARD OF DIRECTORS AND ESTABLISHING DIVISION BOUNDARIES

Pursuant to Elections Code section 10010, an additional public hearing, the third public hearing since the drafting and publication of draft maps, is now being held on March 11, 2019 after the drawing of draft maps. The first hearing after the drawing of draft maps was held on December 10, 2018. The second hearing after the drawing of draft maps was held on January 14, 2019. The purpose of both of these hearings, and the current hearing, is to invite and solicit public comments on the draft division maps, which have been published by the District on its website, and the potential sequence of elections for the directors from each division at different times to provide for staggered terms of office.

President LaMar declared the Board meeting of March 11, 2019, to be the time and place for a hearing on evaluating a change in the elections process for the Irvine Ranch Water District Board of Directors and establishing division boundaries, and asked the Board Secretary to announce how the hearing was noticed.

District Secretary Bonkowski said that the hearing was noticed by publication in the *Orange County Register* on Sunday, February 24, 2019; by publication in Spanish in the *Excelsior*

*Unidos* on Friday, February 22, 2019; by publication in Korean in the *Korea Times* on Saturday, February 23, 2019; by publication in English and Traditional Chinese in the *World Journal* on Saturday, February 23, 2019, and Sunday, February 24, 2019; by publication in Farsi in *Hafteh Bazaar* on Friday, February 22, 2019; by electronic posting in English, Farsi, Korean, Traditional Chinese, and Spanish on the IRWD website, through which the notice can be translated into approximately 20 languages; and by physical posting at IRWD's headquarters. She further said that five additional draft maps — Map A-1, Map B-1, Map C-1, Map D-1 and Map E — were published on IRWD's website on February 15, 2019. She presented affidavits of posting and proof of publication to the Board related to the hearing.

On MOTION by Swan, seconded by Matheis and carried (4-0) (Swan, LaMar, Reinhart and Matheis voting aye and Withers absent), the Board of Directors received and filed the affidavits of posting and proof of publication as presented by the Board Secretary.

President LaMar asked legal counsel to describe the nature of the proceedings, and to explain the purpose of the hearing.

Legal Counsel DeMayo said that the purpose of the hearing was an opportunity to invite and solicit public comment on the draft division maps which have been published by the District on its website at least seven days prior to the hearing, and the potential sequence of elections for the directors from each division at different times to provide for staggered terms of office.

Director Withers arrived at 5:17 p.m. President LaMar asked to open the hearing. On MOTION by Matheis, seconded by Swan and unanimously carried, **THE PUBLIC HEARING WAS OPENED TO SOLICIT AND ACCEPT COMMENTS ON THE PROPOSED MOVE TO BY-DIVISION ELECTIONS, THE COMPOSITION OF DIVISIONS, THE DRAFT DIVISION MAPS, AND SEQUENCE OF ELECTIONS.**

In response to Director Swan's inquiry, Legal Counsel DeMayo said he will research and report back if the California Election Code would allow for a combination election within the statute with two at-large Directors and three with division boundaries.

President LaMar asked for a report to the Board regarding the draft division maps, and on any written comments received.

Using a PowerPoint presentation, Consultant Deborah Diep reviewed the maps. Following review, President LaMar asked for boundary revision on Map E along the Interstate 5 freeway with Director Reinhart asking to have prepared an overlay of the larger communities within the service areas. Following Director Reinhart's comments on Maps A and B, on MOTION by Reinhart, seconded by Matheis, and unanimously carried, **MAPS A AND B WERE REMOVED FROM FURTHER CONSIDERATION.** Following discussion, Ms. Deip said that she will move forward with the revisions as discussed and with the goal of trying to keep more communities of interest together.

President LaMar inquired whether there is any person present who wished to provide comments on the proposed move to by-division elections, the composition of divisions, the draft maps, and the sequence of elections. There was no one who wished to be heard.

President LaMar inquired whether there were any other comments or questions from members of the Board of Directors. There were none.

President LaMar asked for a motion to close the hearing. On MOTION by Reinhart, seconded by Swan, and unanimously carried, THE PUBLIC HEARING WAS CLOSED AND THE BOARD AUTHORIZED STAFF TO AGENDIZE AN ADDITIONAL PUBLIC HEARING FOR APRIL 8, 2019, FOR THE BOARD OF DIRECTORS TO CONSIDER FINAL ACTION ON A TRANSITION TO BY-DIVISION ELECTIONS, AND TO CONSIDER ADOPTION OF A FINAL MAP OF DIVISION BOUNDARIES BASED ON MAP C, C-1, D, D-1, E OR ADDITIONAL MAP(S) E, AND A SEQUENCE OF ELECTIONS WITH THE ELECTION FOR DIVISION NUMBERS.

#### CONSENT CALENDAR

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

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

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

5. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the February 11, 2019 Regular Board meeting be approved as presented.

6. SERRANO SUMMIT / LENNAR PROMISSORY NOTE REQUEST TO EXTEND MATURITY

Recommendation: That the Board authorize the General Manager to execute an amendment to the current promissory note between IRWD and Lennar Homes of California for an eight-month extension to April 30, 2020, at the current interest rate of 4.00%, to be applicable to both the principal and accrued interest amount as of September 1, 2019, without changing any other terms of the existing note.

7. SERRANO SUMMIT / CITY OF LAKE FOREST CIVIC CENTER SITE CONSTRUCTION SUPPORT SERVICES VARIANCE REQUEST NO. 5

Recommendation: That the Board authorize the General Manager to execute Variance No. 5 to the Professional Services Agreement with Michael Baker International for \$99,180 to provide remaining construction support services.

CONSENT CALENDAR (CONTINUED)

8. ANNUAL ORACLE SOFTWARE MAINTENANCE AND SUPPORT AGREEMENT RENEWAL

Recommendation: That the Board authorize the General Manager to approve renewal of the annual Oracle software maintenance and support agreements and additional licenses and support in the amount of \$1,121,000 for FY 2019-20 and \$969,000 for FY 2020-21.

9. REVISED IRWD REAL ESTATE INVESTMENT POLICY

Recommendation: That the Board adopt the following resolution by title rescinding Resolution No. 2017-9 and adopting a revised IRWD Real Estate Investment Policy.

RESOLUTION NO. 2019 - 8

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE IRVINE RANCH WATER DISTRICT  
RESCINDING RESOLUTION NO. 2017-9 AND  
ADOPTING REVISED REAL ESTATE INVESTMENT POLICY

10. JANUARY 2019 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Summary of Fixed and Variable Rate Debt, and Disclosure Report of Reimbursements to Board Members and Staff; approve the January 2019 Summary of Payroll ACH payments in the total amount of \$1,924,211 and approve the January 2019 accounts payable Disbursement Summary of warrants 394725 through 395759 Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$30,438,893.

ACTION CALENDAR

SAN JOAQUIN RESERVOIR FILTRATION BUDGET ADDITION AND CONSULTANT SELECTION

Executive Director of Engineering and Water Quality Burton reported that the San Joaquin Reservoir serves recycled water to the IRWD Zone B distribution system primarily from Interstate 405 to the Newport Coast and Crystal Cove areas of the District. Mr. Burton said that algal growth on the surface of the reservoir has become an issue during the summer months as the water temperature rises resulting in increased clogging of customers' onsite private irrigation components (e.g., high efficiency sprinkler heads and fine mesh filters).

Mr. Burton said that IRWD retained PACE Advanced Water Engineering to evaluate the reservoir's water quality and to recommend filter pore sizes for water treatment. Based on the PACE study, filtration system and disinfection improvements will be constructed at the San Joaquin Reservoir to mitigate algae and debris entering the Zone B system.

Mr. Burton said that staff issued a Request for Proposal for design services to five consultants: AECOM, Carollo Engineers, Gannett Fleming, Lee & Ro and Tetra Tech. Gannett Fleming and Lee & Ro declined to submit proposals citing staff availability. AECOM, Carollo Engineers and Tetra Tech submitted proposals on January 30, 2019. He said that staff recommends this contract be awarded to Carollo based on the design concepts and project approach presented within its proposal, the strength of the project team, and its design experience on similar District projects.

Director Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on February 19, 2019. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE ADDITION OF SAN JOAQUIN RESERVOIR FILTRATION, PROJECT 10379, TO THE FY 2018-19 CAPITAL BUDGET IN THE AMOUNT OF \$3,654,000; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH CAROLLO ENGINEERS IN THE AMOUNT OF \$634,888 FOR ENGINEERING DESIGN SERVICES FOR THE SAN JOAQUIN RESERVOIR FILTRATION, PROJECT 10379.

#### SUSTAINABLE GROUNDWATER MANAGEMENT ACT COMPLIANCE FOR IRWD'S KERN COUNTY WATER BANKING FACILITIES

On September 16, 2014, Governor Brown signed the Sustainable Groundwater Management Act (SGMA). The intent of the legislation was to require local and regional agencies to develop and implement plans to sustainably manage the groundwater resources of basins throughout the State. IRWD's Strand Ranch and Stockdale West water banking projects are located within the Kern County Sub-basin of the San Joaquin Valley Groundwater Basin.

The Kern Groundwater Authority was formed as a local Groundwater Sustainability Agency (GSA), which includes Rosedale-Rio Bravo Water Storage District. Rosedale has offered to provide SGMA coverage for IRWD's water banking lands, which are located outside of Rosedale's boundaries, by including these areas within its chapter of the Groundwater Sustainability Plan (GSP) being prepared by the Kern Groundwater Authority. Rosedale would provide SGMA coverage through the execution of two agreements.

On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE MEMORANDUM OF AGREEMENT - SUSTAINABLE GROUNDWATER MANAGEMENT ACT AGREEMENT WITH ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT AND TO EXECUTE THE GROUNDWATER SUSTAINABILITY PLANNING AGREEMENT BETWEEN ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT AND IRVINE RANCH WATER DISTRICT, SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY LEGAL COUNSEL.

#### DRAFT TERMS FOR ONE-YEAR RECHARGE PROGRAM WITH BUENA VISTA WATER STORAGE DISTRICT

General Manager Cook reported that staff expects that current wet-year conditions will result in water supplies being made available for recharge at the Strand and Stockdale Integrated Banking Projects. Mr. Cook said that in 2017, the Board approved an agreement for a one-year recharge program that allowed Buena Vista Water Storage District (BVWSD) to augment recharge on the

Strand Ranch by utilizing IRWD's Stockdale West basins to recharge high-flow Kern River water. Mr. Cook said that IRWD was able to realize an increase of over 6,800 acre-feet of water in 2017 as a result of the execution of the agreement. He said that in the event high-flow Kern River water may be available this year, staff recommends that the Board authorize the General Manager to execute a letter agreement with BVWSD with similar terms as the 2017 agreement, subject to substantive changes approved by the Supply Reliability Programs Committee.

On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A LETTER AGREEMENT WITH BUENA VISTA WATER STORAGE DISTRICT BASED ON THE PROPOSED DRAFT TERMS FOR A ONE-YEAR RECHARGE PROGRAM FOR 2019 TO AUGMENT RECHARGE ON THE STRAND RANCH BY UTILIZING THE STOCKDALE WEST RECHARGE BASINS, SUBJECT TO SUBSTANTIVE CHANGES APPROVED BY THE SUPPLY RELIABILITY PROGRAMS COMMITTEE.

#### TERMS FOR A 4-FOR-1 PILOT EXCHANGE PROGRAM WITH MOJAVE WATER AGENCY

Using a PowerPoint presentation, Executive Director of Water Policy Weghorst said that in January 2019, the Supply Reliability Programs Committee approved the terms for a short-term unbalanced exchange program with Mojave Water Agency. Mojave considered the terms and indicated its preference for a revenue component to be part of any established program. Based on this, staff has prepared terms for a 4-for-1 pilot exchange program with Mojave that would result in IRWD receiving three acre-feet for every four acre-feet of State Water Project (SWP) water that Mojave delivers into storage at the Strand and Stockdale Integrated Banking Projects (IRWD Water Bank). The terms provide for Mojave receiving compensation for the water through a separate agreement. The expedited execution of an agreement, based on the proposed pilot program terms, would allow IRWD to secure wet-year water supplies expected to be available this year to Mojave should recharge capacity be available after IRWD receives water from its existing exchange programs with Buena Vista Water Storage District.

Mr. Weghorst reviewed the terms for the pilot program under which IRWD proposes to compensate Mojave in the amount of \$177 per acre-foot for the SWP water it delivers into storage at the IRWD Water Bank. In addition, IRWD proposes to pay the costs associated with recharging the water and the costs of recovering Mojave's share of the water through the use of the IRWD Water Bank wells. Mojave would pay for all costs associated with the use of its capacities in the SWP to deliver water for recharge and to convey recovered return water to Mojave's service area. The effective cost of the water to IRWD would be consistent with the cost of water from IRWD's programs in Dudley Ridge Water District.

Director Swan reported that this item was reviewed and approved by the Supply Reliability Programs Committee on March 5, 2019. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A FOUR-FOR-ONE PILOT EXCHANGE LETTER AGREEMENT AS WELL AS A SIDE AGREEMENT TO COMPENSATE MOJAVE WATER AGENCY FOR THE WATER DELIVERED INTO STORAGE THAT INCORPORATES THE PROPOSED EXCHANGE AND COMPENSATION TERMS, BOTH SUBJECT TO SUBSTANTIVE CHANGES APPROVED BY THE SUPPLY RELIABILITY PROGRAMS COMMITTEE.

## GENERAL MANAGER'S REPORT

General Manager Cook said that Mr. Austin Weatherman of Cal State Fullerton was in the audience attending tonight's meeting for his Public Affairs class.

Director of Administration Mossbarger introduced Mr. Randy Williams as IRWD's newly-hired User Support Manager, who previously worked for the Automobile Club of Southern California and Pacific Life.

## DIRECTORS' COMMENTS

Director Reinhart reported that he attended an OCWD Water Issues Committee meeting, a MWDOC 2019 Water Policy Forum and Dinner, an OCWD Board meeting, and a SOCWA Board meeting.

Director Withers reported on his attendance at an OC Forum Luncheon, a MWDOC 2019 Water Policy Forum and Dinner, a City of Irvine State of the City event, an Urban Water Institute Spring Conference, a Great Park Ice ceremonial opening, and an Orange County Government Leaders breakfast meeting.

Director Swan reported on his attendance at a monthly WACO meeting, a Newport Beach Chamber event, a CASA conference in Washington DC, an ACWA Legislative Symposium in Sacramento, and an ACWA Energy Committee meeting.

Director Matheis reported on her attendance at an ACWA conference in Washington, DC, an Urban Water Institute conference in Palm Springs, a Great Park Ice ceremonial opening, and an Irvine Police Department Awards banquet.

Director LaMar reported on his attendance at an OC Forum luncheon, a MWDOC Water Policy Forum and Dinner, an ACWA State Legislative Committee meeting, an ACWA DC annual conference in Washington, DC, a State legislative meeting, an ACWA legislative symposium, and an Irvine Police Department Awards banquet.

COMMUNITY UPDATES: None.

## CLOSED SESSION

Legal Counsel Collins said that the following Closed Session will be held, and recessed the meeting to the Multi-purpose room.

CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL — EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(d)(1): *SCADA and Control Systems, Inc. v. Delta Systems Engineering, LLC, et al.*, Case No. 30-2018-01039707-CU-BC-CJC.

CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL — EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(d)(1): *Filanc-Balfour Beatty, JV v. IRWD*, Case No. 30-2019-01048770-CU-BC-CXC

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors Withers, LaMar, Matheis, Swan and Reinhart present. President LaMar said no action was reported in Closed Session.

ADJOURNMENT

President LaMar adjourned the meeting at 8:45 p.m.

APPROVED and SIGNED this 28th day of March, 2019.

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President, IRVINE RANCH WATER DISTRICT

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Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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Claire Hervey Collins, Legal Counsel  
– Lewis Brisbois