

## MINUTES OF REGULAR MEETING – OCTOBER 14, 2013

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 October 14, 2013 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Swan, Withers, LaMar and Reinhart

Directors Absent: Matheis (listened via conference call but did not participate)

Also Present: General Manager Cook, Executive Director of Finance Clary, Executive Director of Engineering Burton, Executive Director of Water Policy Heiertz, Director of Water Resources Weghorst, Director of Human Resources Roney, Legal Counsel Hoskinson, Secretary Bonkowski, Director of Public Affairs Beeman, Ms. Shannon Reed, Ms. Christine Compton, Mr. Mike Hoolihan, Ms. Amy McNulty, Ms. Tina Bertsch, Ms. Cheryl Kelly, Mr. Christopher Smithson, Mr. Mark Tettermer, Mr. Dean Kirk, Mr. Jim Reed, Mr. Bruce Newell, and other members of the public and staff.

WRITTEN COMMUNICATION: None.

### ORAL COMMUNICATION

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

With respect to the OCWD annexation of certain IRWD lands, on June 5, 2009, IRWD received a letter from OCWD noting that OCWD has completed the formal responses to comments they previously received on the draft program Environmental Impact Report. The letter further noted that with this task completed, OCWD has exercised its right to terminate the 2004 Memorandum of Understanding (MOU) regarding annexation. OCWD also indicated that due to the lack of progress on the annexation issue, the draft program Environmental Impact Report will not be completed. On June 8, 2009, OCWD completed the Long-Term Facilities Plan which was received and filed by the OCWD Board in July 2009. Staff has been coordinating with the City of Anaheim (Anaheim) and Yorba Linda Water District (YLWD) on their most recent annexation requests and has reinitiated the annexation process with OCWD. IRWD, YLWD and Anaheim have negotiated a joint MOU with OCWD to process and conduct environmental analysis of the annexation requests. The MOU was approved by the OCWD Board on July 21, 2010. This was confirmed by Mr. Cook.

On October 2, 2013, the OCWD Board adopted a resolution approving and authorizing execution of an Annexation Agreement with the IRWD, the City of Anaheim, YLWD; certified the final program/project EIR for the OCWD annexation request for IRWD, the City of Anaheim, YLWD; authorized filing of a CEQA Notice of Determination; and authorized transmittal of a

resolution to LAFCO and directed staff to prepare the necessary documents and application to LAFCO to annex the requested areas into the District. This was confirmed by Mr. Cook.

With respect to the Groundwater Emergency Service Plan, IRWD has an agreement in place with various south Orange County water agencies, MWDOC and OCWD, to produce additional groundwater for use within IRWD and transfer imported water from IRWD to south Orange County in case of emergencies. IRWD has approved the operating agreement with certain south Orange County water agencies to fund the interconnection facilities needed to affect the emergency transfer of water. MWDOC and OCWD have also both approved the operating agreement. This was confirmed by Mr. Cook.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED - None.

PRESENTATION - POSTER CONTEST WINNER

Ms. Cheryl Kelly presented framed art work to a local student whose water awareness poster was selected for honors in 2013 by the Metropolitan Water District of Southern California.

CONSENT CALENDAR

Director Swan asked that Item No. 9 be pulled from the Consent Calendar for discussion under the Action Calendar. There being no objection, Item No. 9 was moved accordingly. On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 – 8 WERE APPROVED AS FOLLOWS:

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the September 23, 2013 Regular Board meeting be approved as presented.

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

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

6. 2013 STATE LEGISLATIVE UPDATE

Recommendation: That the Board authorize staff to continue to work with IRWD's industry and association partners on AB 1330 (Pérez) to seek removal of Section 15 from the bill.

CONSENT CALENDAR

7. SAN JOAQUIN MARSH OUTLET VALVE REPLACEMENT PROJECT FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the San Joaquin Marsh Outlet Valve Replacement, project 10835 (1853); 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.

8. PARTICIPATION IN MUNICIPAL WATER DISTRICT OF ORANGE COUNTY TURF REMOVAL PROGRAM

Recommendation: That the Board authorize an increase to the Operating Budget of \$150,000 from over-allocation funds for FY 2013-14 to provide funding for the Member Agency-funded MWDOC Turf Removal program.

ACTION CALENDAR

FIRST AMENDMENT TO AGREEMENT FOR PARTICIPATION IN SPECIFIED MUNICIPAL WATER DISTRICT OF ORANGE COUNTY REBATE PROGRAMS

Following an inquiry from Director Swan, Ms. McNulty relayed that there is no mechanism in place in the amendment to specify that the District's funding would go towards the lower flow toilets providing 3.5 gallons per flush. There being no further comments, on MOTION by Swan, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE FIRST AMENDMENT TO THE DISTRICT'S AGREEMENT WITH THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY SUBJECT TO NON-SUBSTANTIVE CHANGES FOR PARTICIPATION AND CO-FUNDING BY IRVINE RANCH WATER DISTRICT IN SPECIFIED MUNICIPAL WATER DISTRICT OF ORANGE COUNTY REBATE PROGRAMS, FOR COST-EFFECTIVE TACTICAL INCENTIVE WATER USE EFFICIENCY MEASURES.**

RESOLUTION OF INTENT TO ANNEX AREAS TO PROVIDE FOR THE CONSOLIDATION OF IMPROVEMENT DISTRICTS INTO DEVELOPED IDS 125/225

General Manager Cook reported that in early 2011, the District undertook a process to review and, if appropriate, develop modifications to the District's current capital funding plan. Mr. Cook said that the focus of the review has been to identify issues with the District's existing capital funding plan and to consider adjustments that would improve and update the plan as the District approaches build-out, when its focus will transition to ongoing operations and maintenance activities. The review process has included the input and direction from the Finance and Personnel Committee, the Board, as well as input from interested outside participants which includes representatives from the development community and allows them to provide input as staff develops its updated Long-Term Capital Funding Plan (LTFP).

Mr. Cook said that the LTFP process resulted in a recommendation for a master consolidation plan that focused on combining developed and developing areas into separate improvement districts (IDs). As part of the reorganization of IDs, the California Water Code requires that a Plan of Works (POW) document be completed which provides the linkage between the engineering plan to fund the necessary infrastructure and the corresponding financial requirements. Staff anticipates the adoption of six new POWs as a result of implementing the District's master consolidation plan which requires a noticed public hearing.

Executive Director of Finance Clary reported that this consolidation process requires three Board meetings. Ms. Clary said that the first step in this process is for the Board to declare its intent to annex and detach portions of 21 IDs to provide for the consolidation of the developed ID 125/225. She said that on October 28, 2013, a Public hearing will be held to order the annexations and detachments of 21 IDs - 125/225 (the developed/underlay ID), declare intent to consolidate coterminous IDs, 21 IDs - 125/225, declare intent to annex and detach parcels, ID 153/253 (the developing ID), declare intent to form IDs 185/285 (portion of the Opportunity Study Area currently in ID 135/235), and declare intent to adopt Plan of Works for 125/225, 153/253, 185/285. She said that on November 11, 2013 another public hearing will be held to order the consolidation of coterminous ID, 21 IDs – 125/225, order annexations and detachments of ID 153/253, order the formation of ID 185/285, and adopt Plan of Works.

Director Swan reported that the process culminating in this action has been discussed at several Committee and Board meetings over the past few years with meetings held with the property owners. On MOTION by Swan, seconded and unanimously carried, the FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2013-37

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
IRVINE RANCH WATER DISTRICT DECLARING ITS  
INTENTION TO DETACH SPECIFIC TERRITORY FROM AND/OR  
TO ANNEX SPECIFIC TERRITORY TO EACH OF IMPROVEMENT  
DISTRICTS NOS. 102, 105, 106, 121, 130, 140, 161, 182, 184, 186,  
2(202), 206, 221, 230, 235, 250, 261, 282, 284, AND 286

RECYCLED WATER USE SITE INSPECTION AND TESTING

Using a PowerPoint presentation, Mr. Mark Tettermer reported that IRWD currently serves recycled water at approximately 5,000 sites that vary in size and complexity. IRWD also serves approximately 580 single-family lots, several industrial customers, and over 50 dual-plumbed commercial buildings where recycled water is used indoors.

Mr. Tettermer said that depending on the type of recycled water use site, there are different regulatory requirements to conduct visual inspections and periodic cross-connection tests to confirm the systems are properly identified and the recycled water system is not connected to the potable water system. He said that over the past year, staff has incorporated inspection and testing into its regular activities, but has not been able to complete the inspection and testing

work within the frequency currently required by the Department of Public Health. To augment efforts to complete the inspection and testing of the District's recycled water sites, staff recommends retaining the services of a qualified firm to conduct inspections and testing under the direction of IRWD staff. To facilitate the inspection and testing process, staff categorized the recycled water use sites according to type and developed a list of 13 types. The sites vary from a regular agriculture field to dual-plumbed commercial buildings that use recycled water for toilets, urinals and trap primers. These various types have different configurations and recycled water uses and therefore have different testing protocols and frequencies for inspection and testing.

Mr. Tetteimer said that staff prepared a Request for Proposal (RFP) which requested qualifications and experience as well as the cost "per site" to complete the identified work. The RFP stipulated that each proposal includes costs on a "per site" basis based on the 13 different types. The tasks for the work include contacting the Site Supervisor to arrange for the field meeting, conducting the field meeting and associated paperwork, and entering the results into the District's computerized tracking system.

Mr. Tetteimer said that the RFP was sent to six companies that perform this type of work. He said that staff reviewed the four proposals received and conducted interviews with the firms. Staff determined that Real Green Inc. possessed the best understanding of the requirements for this work, coupled with a team of highly qualified and experienced inspectors. He further said that staff recommends compensating Real Green on a "per site" basis as a pilot test and will closely monitor the outcomes to ensure IRWD is cost-effectively achieving its goals.

Director LaMar reported that this item was reviewed and approved by the Water Resources Policy and Communications Committee on October 7, 2013. Director Swan made suggestions for assessing data for a reduction of inspections and to work with the Department of Public Health to make recommendations for any adjustments, especially in relation to homeowner association inspections. On MOTION by LaMar, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH REAL GREEN INC. IN AN AMOUNT NOT TO EXCEED \$500,000 OVER A 12-MONTH PERIOD TO PROVIDE FIELD INSPECTORS TO ASSIST STAFF WITH PERFORMING INSPECTION AND TESTING OF RECYCLED WATER USE SITES.

#### ORANGE COUNTY WATER DISTRICT ANNEXATION AGREEMENT

General Manager Cook reported that the Irvine Ranch Water District has requested the annexation of additional areas within IRWD into the Orange County Water District (OCWD). Mr. Cook said that OCWD is processing this application simultaneously with two other applications: one from Yorba Linda Water District (YLWD) and the other from the City of Anaheim. He said that on October 2, 2013, by a 10-0 vote, the OCWD Board certified the Final Program/Project Environmental Impact Report Orange County Water District Annexation Request by the City of Anaheim, Irvine Ranch Water District, and Yorba Linda Water District and then approved the annexation agreements between the OCWD and each of the three

annexing agencies. He further recognized Board members and staff for their efforts on this long process.

Executive Director of Water Resources Heiertz provided an overview of the past annexation efforts. He then reviewed the current annexation agreement and terms noting: 1) payment of the direct EIR and annexation processing costs; 2) payment of the cost of any required environmental mitigation; 3) payment of the annual Annexation Charge; 4) indemnification of OCWD for challenges to the EIR and annexation process; 5) commitment by IRWD to utilize the DATS Wells Nos. 8 and 9 to serve the demand of the annexing territory; 6) commitment by IRWD to continue sending a minimum amount of four million gallons per day of flows from IRWD to the Orange County Sanitation District over the next 20 years; 7) early relinquishment by IRWD of the remaining Basin Equity Assessment exemption for the DATS Wells Nos. 8 and 9 (currently set to expire in 2016); 8) a moratorium on any future annexations by IRWD for the next 10 years; and 9) a maximum of 70% for IRWD's Basin Production Percentage for the next 10 years.

Mr. Heiertz said that for the next steps, OCWD, as the lead agency on the Annexation EIR, has already filed the Notice of Determination. The 30-day period during which the EIR can be challenged in court began on October 3, 2013. Assuming no protests are received by OCWD, the annexations will be sent to the Local Agency Formation Commission (LAFCO) for consideration. OCWD staff has indicated that they expect this process to take three to four months.

Director LaMar reported that this item was reviewed at the Water Resources Policy and Communications Committee on March 7, 2013 and has been reviewed by the Board in past Closed Session discussions. On MOTION by LaMar, seconded and unanimously carried, **THE BOARD ADOPTED THE "FINAL PROGRAM/PROJECT ENVIRONMENTAL IMPACT REPORT ORANGE COUNTY WATER DISTRICT ANNEXATION REQUEST BY THE CITY OF ANAHEIM, IRVINE RANCH WATER DISTRICT, AND YORBA LINDA WATER DISTRICT" AS A RESPONSIBLE AGENCY UNDER CEQA AND DIRECTED STAFF TO FILE A NOTICE OF DETERMINATION, AND AUTHORIZED THE PRESIDENT AND GENERAL MANAGER TO EXECUTE THE "ANNEXATION AGREEMENT BETWEEN ORANGE COUNTY WATER DISTRICT AND IRVINE RANCH WATER DISTRICT REGARDING ANNEXATION TO ORANGE COUNTY WATER DISTRICT"**.

## OTHER BUSINESS

### GENERAL MANAGER'S REPORT

General Manager Cook recognized Mr. Ken Drake on his promotion to Assistant Director of Maintenance. Mr. Drake provided the Board with a brief history of his work experience at the District since 1980.

Mr. Cook discussed the Federal Government shutdown and noted that as of now there are no significant impacts to the District.

Mr. Cook reported on the good news that Standard & Poor's reaffirmed the District's triple A plus rating.

Mr. Cook announced that after 35 years at the District, Executive Director of Water Policy Heiertz will be retiring at the end of December. President Reinhart said that he appreciated all of the fine work that Mr. Heiertz has contributed to the District.

#### DIRECTORS' COMMENTS

Director Withers reported on his attendance at an Irvine Public Schools Foundation event along with General Manager Cook. He said that this Thursday he will be a lecturer at Claremont College on land use policy.

Director Swan reported on his and Director LaMar's attendance at an ACWA Headwaters Committee meeting, a Clean Tech conference, a MWDOC/MWD Committee meeting, an OCWD Board meeting, a Newport Chamber of Commerce meeting, a WACO meeting, an expo opening at the base, OCWD Water Issues meeting, an ACC-OC City Leaders Event at the San Joaquin Wildlife Sanctuary, and a Planning Committee meeting for WACO. In response to Director Swan's inquiry, Mr. Burton updated him on the schedule for the MWRP Phase II with a startup anticipated by mid-February, dependent upon seasonal rains.

Director Reinhart announced that Director Swan is on the slate for Vice President of ACWA. Director Swan said that if elected, he would need to resign from the Region X position.

Director LaMar reported on his attendance at CalDesal Annual conference in San Diego, a drought response workshop hosted by the DWR, an OCBC Infrastructure Committee meeting, and an ACC-OC City Leaders event.

Director Reinhart reported on his attendance at a CalDesal Annual conference, and a south county meeting with General Managers and Directors.

Director Swan asked staff to revisit the Irvine Lake Recreational agreement relative to liability due to the recent recreational activity in and around the lake, including bleachers and RV storage.

#### ADJOURNMENT

President Reinhart adjourned the meeting to Friday, October 18, 2013 at 11:30 a.m. in the Multi-purpose room to hold a Strategic Planning Workshop.

APPROVED and SIGNED this 28th day of October, 2013.

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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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Legal Counsel - Bowie, Arneson, Wiles & Giannone