

## MINUTES OF REGULAR MEETING – JULY 8, 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 July 8, 2013 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Withers (arrived at 5:13 p.m.), Swan, LaMar and Reinhart

Directors Absent: Matheis\*

Also Present: General Manager Cook, Executive Director of Finance Clary, Executive Director of Engineering Burton, Executive Director of Operations Sheilds, Director of Public Affairs Beeman, Executive Director of Water Policy Heiertz, Director of Risk Management and Treasury Jacobson, Director of Water Resources Weghorst, Assistant Director of Conservation Sanchez, Legal Counsel Arneson, Secretary Bonkowski, Ms. Gretchen Maswadeh, Ms. Christine Compton, Ms. Shannon Reed, Mr. Jim Reed, Mr. Bruce Newell, Ms. Erika Blaska, Mr. Richard Bernard, Director Matheis\* (listened via telephone conference call but did not participate) and Mr. David Silvela and other members of the public and staff.

WRITTEN COMMUNICATION: None.

### ORAL COMMUNICATION

1) 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 4, C-8, C-9, 10, 12, 13, 14, 15, 17 and 18 will operate in accordance with the District's annual pumping plan. Wells 1, 2, 3, 5, 6, 7, 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.

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.

### CONSENT CALENDAR

On MOTION by LaMar, seconded and carried, (Reinhart, Matheis, LaMar and Swan voting aye and Withers and Matheis absent) CONSENT CALENDAR ITEMS 5 THROUGH 8 WERE APPROVED AS FOLLOWS:

5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the June 24, 2013 Regular Board meeting be approved as presented.

6. 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.

7. FISCAL YEAR 2013-14 PERSONNEL LEGAL COUNSEL SERVICES FOR PAYNE & FEARS

Recommendation: That the Board approve and authorize the General Manager to execute the engagement agreement with Payne & Fears effective July 1, 2013 for personnel legal counsel services in the amount not to exceed \$100,000.

8. 2013 STATE LEGISLATIVE UPDATE

Recommendation: That the Board change its position on SB 556 (Corbett) from "*OPPOSE*" to "*WATCH*."

### ACTION CALENDAR

#### WATER SMART PROGRAM

Staff is proposing to expand upon the FY 2012-13 Water Smart Report Pilot Program to capitalize on the effectiveness of providing enhanced water use information to District customers separately from their water bills. The proposed Water Smart Report Program will roll out to approximately 15,000 single family customers. Hard copy or electronic reports will be sent to project participants for a 12-month period. The Water Smart Pilot Program has just concluded and initial results indicate that the experimental homes (approximately 1,000 homes) used 2.3% less water than the control group of homes over the course of a year.

On MOTION by Swan, seconded and carried, (Reinhart, Matheis, LaMar and Swan voting aye and Withers and Matheis absent), SUBJECT TO NON-SUBSTANTIVE CHANGES, THE

BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH WATERSMART SOFTWARE, INC TO IMPLEMENT AN EXPANDED WATER REPORT PROGRAM FOR A TOTAL COST OF \$90,000 FOR FY 2013-14.

INDEMNIFICATION AGREEMENT FOR STATE WATER PROJECT WATER POOL DEMONSTRATION PROGRAM

Director of Water Resources Weghorst reported that in response to continuing dry weather conditions statewide, the Dudley Ridge Water District (DRWD) has established a 2013-2014 Multi-Year Water Pool Demonstration Program to allow water-short SWP contractors to purchase SWP water at a reasonable cost from other willing SWP contractors for a period of two consecutive years. Mr. Weghorst said that this Water Pool Program is in addition to the single year Turnback Pool program which has not functioned as expected in recent years due primarily to low pricing. The Water Pool Program is being established to address pricing issues in the hopes of generating enough water to satisfy basic water needs for all SWP contractors. DRWD expects that its share of the water available in the Water Pool Program will be approximately 4,000 AF per year, assuming that a high percentage of other SWP contractors and DRWD participate in the program. If fewer SWP contractors participate in the program, DRWD's share could be as high as 20,000 AF per year. Director Withers arrived at 5:13 p.m.

Mr. Weghorst said that according to the information provided by DRWD, the purchase price of the water from the program decreases as the SWP allocation percentage increases. The pricing structure makes it reasonable for IRWD to participate in the Water Pool Program when the SWP water allocation is above 60% with a maximum price of \$115 per AF and a minimum price of \$25 per AF at an allocation of 100%.

Mr. Weghorst said that any water secured by IRWD through its participation in the Water Pool Program would be stored in the Strand Ranch Integrated Banking Project under the IRWD / DRWD Unbalanced Exchange Program (Exchange Program). He said that based on the DWR pricing structure for the Water Pool Program, staff recommends IRWD request water from the Water Pool Program for year 2014 when the SWP allocation is above 60% in amounts that would round out IRWD's supply to its full Table A allotment of 1,748 AF plus an additional 50% of a full allocation.

Mr. Weghorst said that DRWD has determined that the Water Pool Program is consistent with DRWD policy and has agreed to facilitate the project for interested DRWD's water users. DRWD wants to ensure that its costs incurred for the benefit of those interested participants do not impact other DRWD landowners, and therefore DRWD is requiring that those water users wishing to participate in the Program execute an indemnification agreement.

Director Swan said that the demonstration project is the first step in assisting landowners and the Water Banking Committee concurs with the staff recommendation with the caveat that any subsequent indemnification be submitted to Committee for review. On MOTION by Swan, seconded and carried (Matheis absent), SUBJECT TO ANY SUBSEQUENT INDEMNIFICATIONS TO BE SUBMITTED TO THE WATER BANKING COMMITTEE, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE INDEMNIFICATION AGREEMENT WITH DUDLEY RIDGE WATER DISTRICT (DRWD)

TO PARTICIPATE IN THE 2014 MULTI-YEAR WATER POOL PROGRAM AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE ANY DRWD INDEMNIFICATION AGREEMENTS WITH SUBSTANTIALLY THE SAME TERMS THAT DRWD MIGHT REQUIRE PARTICIPATION IN OTHER FUTURE SUPPLEMENTAL WATER PROGRAMS.

## PRESENTATION

### 2013 CUSTOMER SATISFACTION SURVEY RESULTS

Ms. Erika Blaska reported that in January 2013, the Board authorized staff to proceed with a Customer Satisfaction Survey designed to assist staff in the development of new programs and services that best meet customers' needs. The results gauge customers' general view of the District, their perception of the quality of the water provided by IRWD, and examine customers' attitudes about the ways in which IRWD communicates with them in areas that include customer service, water use efficiency and outreach programs.

Using a PowerPoint presentation, Mr. Richard Bernard of Fairbank, Maslin, Maullin, Metz & Associates, provided the survey results of customer ratings and perceptions of IRWD on various issues including overall perception of IRWD, water quality, conservation actions and knowledge, communications with IRWD, IRWD tours and workshops. Mr. Bernard summarized the key findings unique to the focus group which included: 1) non e-Bill payers are generally satisfied with the billing experience, and did not see an incentive to change; 2) EBill payers are very satisfied with billing experience and convenience; 3) customers lacked knowledge about how water bills are calculated; 4) reactions to website were positive, including content and topics; 5) EBill customers are aware of the newsletter, but most do not read it; 6) customers did not understand many IRWD words and phrases; and 7) participants expressed strongly favorable views toward rebates, but were unfamiliar with them. Following discussion, staff was asked to publish the survey results in the Pipelines newsletter over several months; to include a section on the website for individuals to voice opinions; change language of the bills from cfs to gallons used to have a clearer understanding of water usage; community activities to be placed on the website for other areas of interest, and a suggestion of have periodic contests to increase website enthusiasm.

## ACTION CALENDAR

### WATER SHORTAGE ASSISTANCE TO BUENA VISTA WATER STORAGE DISTRICT

Director of Water Resources Weghorst reported that in December 2010, IRWD and Buena Vista Water Storage District (BVWSD) executed an Agreement for Water Acquisition by Irvine Ranch Water District from Buena Vista Water Management Program (Water Acquisition Agreement) that allows BVWSD to deliver up to 17,500 AF of high-flow Kern River Water into storage at the Strand Ranch in any year on an unbalanced exchange basis. This agreement allows BVWSD to recover up to 6,667 AF of its water in any year with IRWD paying the cost of the recovery of this water on BVWSD's behalf.

Mr. Weghorst said that as requested by the Water Banking Committee on April 23, 2013, staff has been working with Rosedale, BVWSD and Antelope Valley-East Kern Water Agency (AVEK) identifying if opportunities exist for IRWD to provide water shortage assistance in 2013. AVEK is currently evaluating their needs for water and is considering calling for water under the terms of the Pilot Exchange Program between IRWD and AVEK that was executed in 2012. BVWSD has identified that it is in need of additional water above the 6,667 AF of water that IRWD is currently returning to BVWSD from the Strand Ranch. After the recovery and delivery of the 6,667 AF of water to BVWSD, they will hold 2,326 AF of water in storage at the Strand Ranch. BVWSD maintains a balance of 1,475 AF in the Stockdale West Pilot Project.

Mr. Weghorst that that IRWD legal counsel has prepared a letter agreement that will allow BVWSD to recover additional water during 2013 up to its balance in storage at the Strand Ranch. The letter agreement calls for BVWSD to pay the full cost of the recovery and delivery of the additional water to its service area. Recovery of this additional water by BVWSD will not exceed the 17,500 AF per year recovery limit for the Strand Ranch.

Director Swan said that this item was reviewed and approved by the Water Banking Committee on June 20, 2013. Following discussion, staff was asked to speak with BVWSD to determine the best method to communication tonight's action to provide water shortage assistance. On MOTION by Swan, seconded and carried (Matheis absent), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE LETTER AGREEMENT WITH BUENA VISTA WATER STORAGE DISTRICT (BVWSD) SUBJECT TO NON-SUBSTANTIVE CHANGES THAT ALLOWS BVWSD TO RECOVER ADDITIONAL WATER FROM THE STRAND RANCH INTEGRATED BANKING PROJECT IN 2013 AND PROVIDES FOR IT TO PAY ALL THE COSTS ASSOCIATED WITH THE RECOVERY AND RETURN OF THIS WATER TO THE BVWSD SERVICE AREA.

#### LUMP SUM PAYMENT OPTION FOR EMPLOYER CONTRIBUTIONS FOR FY 2013-14 TO THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM

On MOTION by Withers, seconded and carried (Matheis absent), THE BOARD APPROVED THE LUMP SUM PAYMENT FOR EMPLOYER CONTRIBUTIONS TO THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS) BY MAKING A ONE-TIME CONTRIBUTION OF \$4,315,414 FOR THE DISTRICT'S FY 2013-14 EMPLOYER CONTRIBUTION.

#### WORKSHOP – IRWD GOALS AND PRIORITIES

General Manager Cook reported that the goals and priorities item was deferred from the June 28, 2013 Strategic Planning Workshop. Mr. Cook said that staff has updated the IRWD Target Activities Priorities List for the Board's review, comment, and approval which incorporates two new items, the Long-Term Finance Plan and the Natural Treatment System Bio-retention Cell Evaluation and Monitoring and Reporting plan. The Board provided input and several adjustments were made to the target activity priority list. Staff was asked to revisit the policy relative to expense reimbursements, travel, etc. and submit to the Finance and Personnel Committee; investigate Irvine Lake storage rights before the Baker Plant becomes operational;

follow-up with the Irvine Unified School District for reimbursement of the Cienega project easement; and address the millennial workforce generation in relation to the District's Succession Plan implementation. Director Swan said that with his involvement with ACWA, there has been discussions on water quality issues within disadvantaged communities in central California. He said that in the Jackson Ranch area where the District has water banking activities, perhaps in the future the District could assist with a demonstration project. General Manager Cook said that it would be imperative to obtain state and federal funding before the District could consider assistance. Following discussion, the President Reinhart asked Director Swan to define this project at the next Board meeting. Director LaMar commented on the current status of this issue noting that multiple legislative hearings are occurring in Sacramento. In response to Director Swan's request to have staff look at a future groundwater program for wheeling water from Garden Grove to Santa Ana to expand the current system, President Reinhart said that he would like the Director of Water Resources Heiertz hold a workshop on groundwater optimization discussing basin production percentage and how it fits into the District's program.

#### GENERAL MANAGER'S REPORT

General Manager Cook reported that tomorrow that he along with Directors Reinhart and Swan and staff will be providing the City of Lake Forest's Mayor Whitaker with a tour of Operations Center. Mr. Cook said that he was invited for a speaking engagement with Lacy Kelly of ACC-OC tomorrow for the Cox Civic Connection.

#### DIRECTORS' COMMENTS

Director Swan reported his attendance at a Southern California Water Dialogue group meeting and an upcoming WACO meeting this Friday.

Director LaMar also reported on attendance at a Southern California Dialogue group meeting and the on Thursday, he and General Manager Cook will be attending Colonel Toy's changing of command .

Director Withers said that he had an opportunity to change his water service and complimented the Customer Service staff on a very positive experience.

#### ITEM TOO LATE TO BE AGENDIZED

Director Swan recommended that a resolution be adopted to honor Colonel Toy's three years of service as Commander and District Engineer of the Los Angeles District of the United States Army Corps of Engineers. , On MOTION by Swan, seconded and carried (Matheis absent), IT WAS DETERMINED THAT THERE WAS A NEED TO TAKE IMMEDIATE ACTION TO ADOPT A RESOLUTION TO HONOR COLONEL TOY WHO HAS SPENT TIME OVER THE LAST THREE YEARS WITH THE BOARD AND STAFF RELATIVE TO THE SYPHON RESERVOIR AND OTHER WATER MATTERS, AND THIS ITEM WAS ADDED TO THE ACTION CALENDAR.

RESOLUTION RECOGNIZING COLONEL TOY OF THE LOS ANGELES DISTRICT OF THE UNITED STATES ARMY CORPS OF ENGINEERS

On MOTION by Swan, seconded and carried (Matheis absent), THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2013-29

RESOLUTION OF THE BOARD OF DIRECTORS  
OF IRVINE RANCH WATER DISTRICT RECOGNIZING  
COLONEL MARK TOY FOR HIS THREE YEARS OF LEADERSHIP  
AND CONTRIBUTIONS TO THE ORANGE COUNTY  
WATER INDUSTRY

CLOSED SESSION

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

- 1) **CLOSED SESSION CONFERENCE WITH LABOR NEGOTIATORS**  
- Government Code Section 54957.6  
Agency Designated Representatives: Paul Cook and Gretchen Maswadeh  
Employee Organization: Irvine Ranch Water District Employees Association;
- 2) **CLOSED SESSION CONFERENCE WITH REAL PROPERTY NEGOTIATOR –**  
Government Code Section 54956.8  
Property: APNs - 042-340-023, 042-340-025, 042-340-039, 042-230-043, 042-340-034, 042-340-035, 042-340-037, 048-010-016, 048-010-018, 048-020-030 (Utica Ranch located in Kings County, CA near Utica Avenue and Interstate 5)  
Negotiating Parties: Steven Jackson and Ernest Conant  
Agency Negotiator: Paul Cook, General Manager  
Purpose of Negotiations: Price and Terms of Payment;
- 3) **CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL RELATIVE TO ANTICIPATED LITIGATION - Government Code Section 54956.9(d)(2) -**  
significant exposure to litigation (one potential case);
- 4) **CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL RELATIVE TO EXISTING LITIGATION - Government Code Section 54956.9(d)(1) - Irvine Community Land Trust, et al. vs. Ana Matosantos in her capacity as Director of State of California Department of Finance, et al.; and**

CLOSED SESSION (CONTINUED)

- 5) CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL RELATIVE TO ANTICIPATED LITIGATION - Government Code Section 54956.9(d)(2) – significant exposure to litigation (one potential case - BBK Working Group notification to IRWD of potential liability, claim and/or litigation, on file with the District).

OPEN SESSION

The meeting was reconvened with LaMar, Reinhart, and Swan present. President Reinhart said that no action was reported from the Closed Session.

ADJOURNMENT

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

APPROVED and SIGNED this 22nd day of July, 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