

## MINUTES OF REGULAR MEETING – JULY 10, 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 July 10, 2017 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Swan, Matheis, LaMar, Reinhart and Withers (arrived at 5:15 p.m.).

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Water Policy Weghorst, Executive Director of Operations Shields, Executive Director of Engineering and Water Quality Burton, Executive Director of Finance and Administration Clary, Director of Treasury and Risk Management Jacobson, Director of Administrative Services Mossbarger, Director of Water Resources Sanchez, Director of Recycling Operations Zepeda, Director of Public Affairs Beeman, Director of Water Operations Roberts, Director of Human Resources Roney, Legal Counsel Smith, Legal Counsel Casey, Secretary Bonkowski, Assistant Secretary Swan, Principle Engineer Akiyoshi, Principle Engineer Cortez, Risk Manager Shinbashi, Recycled Water Development Manager Tettermer, Asset System Manager Meserlian, Mr. Bruce Newell, and Mr. Jeff Neemann.

WRITTEN AND ORAL COMMUNICATIONS: None.

ITEMS TOO LATE TO BE AGENDIZED: None.

### CONSENT CALENDAR

Director Matheis asked that No. 5, 2017 LEGISLATIVE AND REGULATORY UPDATE be moved to the Action Calendar to receive an update on several bills. There being no objections, this item was moved accordingly. On MOTION by Matheis, seconded and carried (Matheis, Reinhart, Swan, and LaMar voting aye, and Withers absent), CONSENT CALENDAR ITEM NO. 3, 4, 6 AND 7 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 June 26, 2017 Regular Board Meeting be approved as presented.

## CONSENT CALENDAR (CONTINUED)

### 6. ELECTION OF THE CALIFORNIA SPECIAL DISTRICTS ASSOCIATION SOUTHERN NETWORK SEAT C BOARD MEMBER

Recommendation: That the Board review the candidates for the Southern Network Seat C representative on the California Special Districts Association (CSDA) Board of Directors, and authorize the District to cast its ballot in favor of Costa Mesa Sanitary District Director Arlene Schafer and submit it to CSDA no later than the August 4, 2017 deadline.

### 7. LUMP SUM PAYMENT OPTION FOR EMPLOYER CONTRIBUTIONS FOR FY 2017-18 TO THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Recommendation: That the Board approve the lump sum payment for employer contributions to the California Public Employees Retirement System (CalPERS) by making a one-time contribution of \$3,844,111 for the District's FY 2017-18 employer contribution.

## ACTION CALENDAR

### 2017 LEGISLATIVE AND REGULATORY UPDATE

Government Relations Officer Compton provided an update on AB 574 (Quirk, D-Hayward) which will establish a statutory deadline for the State Board to develop a policy and sequential regulations for potable reuse consistent with the report provided to the Legislature. Ms. Compton said that AB 574 was heard in the Senate Environmental Quality Committee on July 5, 2017 and has been referred to the Senate Natural Resources Committee.

Ms. Compton updated AB 1000 (Friedman) which she said was gutted and amended again. The current version of the bill seeks to prohibit a transferor of water from using a water conveyance facility that has unused capacity to transfer water from a groundwater basin underlying desert, as defined, to outside the groundwater basin unless the State Lands Commission finds that there will be no adverse effect on natural or cultural resources. She said it is targeted at the Cadiz Valley Water Conservation, Recovery and Storage Project. AB 1000 has been set for hearing in the Senate Natural Resources Committee on July 11, 2017. Mr. Cook said that staff is recommending that the Board continue with a "watch" position on this bill.

Ms. Compton reviewed AB 1667 (Friedman) which would have required an urban water supplier to install dedicated irrigation meters for various types of properties within its service area. Specifically, the bill would have required that an urban water supplier install dedicated irrigation meters before set deadlines. Director Withers arrived at 5:15 p.m.

Ms. Compton briefly reviewed various bills, including SB 252 (Dodd)-Napa), which would require a city or county overlying a critically overdrafted groundwater basin to establish a well permitting process for new groundwater wells. Ms. Compton said that SB 252 would have required the District to complete a second evaluation and undergo a second public notice, comment period and public hearing for any new wells associated with its water banking activities. She said that the Water Resources and Policy Committee recommends the Board consider revising the District's position as a result of an amendment made to the bill from a "seek amendments" position to a "watch" position. SB 252 was heard in the Assembly Water, Parks and Wild Life Committee and

passed. It has been referred to the Assembly Local Government Committee and is set for hearing in that committee on July 12.

Following discussion, on MOTION by Matheis, seconded by Swan, and unanimously carried, THE BOARD REAFFIRMED AN “OPPOSE” POSITION ON AB 1667 (FRIEDMAN) AND AMENDED IRWD’S POSITION TO “WATCH” ON SB 252 (DODD) AS A RESULT OF THE RECENT AMENDMENT.

### INFORMATION SERVICES PROFESSIONAL SERVICES SUPPORT CONTRACT RENEWALS

Director of Administration Services Mossbarger reported that the District requires additional resources to supplement existing staff to support and operate the Oracle Financial and Customer Care and Billing (CC&B) systems. Mr. Mossbarger said that the providers include Infosys, who was the CC&B systems integrator, to provide managed support services and Outsource Technical to provide on-call programming, analysis, project management, and networking services. He said that staff has added an additional outside provider, Skoruz Technologies, experienced in providing on-call programming, analysis and project management services. Staff has identified the need to continue these support services through Fiscal Year 2018. In addition, staff has identified specific one-time CC&B-related projects for completion by Infosys, who has provided IRWD with managed support services for the Oracle CC&B system since August 2014. It provides highly skilled, experienced, and reliable resources that are very familiar with IRWD’s systems, standards, and staff. Infosys has proven that it can provide additional resources to handle urgent projects with tight deadlines.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on July 6, 2017. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE PROFESSIONAL SERVICES AGREEMENTS FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018 WITH INFOSYS LTD. FOR \$300,000 FOR MANAGED SUPPORT SERVICES AND ONE-TIME PROJECTS; OUTSOURCE TECHNICAL FOR \$225,000 FOR ON-CALL PROGRAMMING, ANALYSIS, PROJECT MANAGEMENT, AND NETWORKING SERVICES; AND SKORUZ TECHNOLOGIES FOR \$225,000 FOR ON-CALL PROGRAMMING, ANALYSIS, AND PROJECT MANAGEMENT SERVICES.

### RECYCLED WATER USE SITE INSPECTION AND TESTING CONSULTANT SELECTIONS

General Manager Cook reported that the District is required by the State Water Resources Control Board, Division of Drinking Water to regularly inspect and test for cross connections at many recycled water use sites throughout its service area. Mr. Cook said that inspections and tests are performed to assure compliance with regulatory requirements and best management practices. He said that over the past two years, IRWD has contracted with two consulting firms to augment staff’s efforts to complete inspection and testing work in a timely manner. Anticipating the need to continue using consulting services over the next two years, staff solicited proposals from firms to conduct field inspections and cross-connection testing on an on-call basis.

Recycled Water Development Manager Tetteimer said that the District currently serves recycled water to approximately 5,700 sites that vary in size and complexity. Some sites are smaller irrigation sites such as medians and parkways that use only recycled water, while others are larger,

more complex irrigation sites, such as golf courses and homeowners' associations that also use potable water. He said that the District also serves approximately 645 single-family lots, several industrial customers and over 80 dual-plumbed commercial buildings where recycled water is used for flushing toilets and urinals, as well as in cooling towers.

Mr. Tetterer said that the type of recycled water use site determines the regulatory requirements for conducting visual inspections and periodic cross-connection tests. The tests confirm that systems are properly identified and that recycled water systems are not connected to a potable water system. Of the nearly 5,700 IRWD recycled water use sites, approximately 720 sites are homeowners' associations that are required to have inspections and cross-connection tests conducted annually.

Mr. Tetterer said that over the past two years, the District retained John Robinson Consulting and Real Water Inc. to augment staff's efforts to perform recycled water use site inspections and tests. In FY 2016-2017, these firms provided services at approximately 1,700 sites at an average cost of \$236 per site. He said that staff issued a Request for Proposal to John Robinson Consulting, Inc., Real Water Consultants and Aegis Engineering Management to perform recycled water site inspection and testing at 13 types of recycled water use sites in IRWD's service area. He said that based on the anticipated workload and qualifications of the firms, staff recommends the selection of Real Water Consultants and Aegis Engineering Management to assist with recycled water use site inspections and tests.

Director Matheis said that this item was reviewed and approved by the Water Resources Policy and Communications Committee on July 6, 2017. Following discussion, Director Swan asked staff to provide him with additional information on site inspections. On MOTION by Matheis, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE PROFESSIONAL SERVICE AGREEMENTS WITH REAL WATER CONSULTANTS AND AEGIS ENGINEERING MANAGEMENT, EACH IN AN AMOUNT NOT TO EXCEED \$350,000, TO PROVIDE ON-CALL RECYCLED WATER USE SITE FIELD INSPECTION AND TESTING SERVICES FOR A TWO-YEAR PERIOD.**

**VARIANCE NO. 4 TO SYNERGY COMPANIES AGREEMENT FOR WATER-ENERGY GRANT-RELATED CUSTOMER PROGRAMS**

In October 2015, the District was awarded a Water-Energy Grant from the California Department of Water Resources which provides funding for a program that offers customers the opportunity to upgrade their homes with efficient energy and water fixtures. Since January 2017, over 1,000 IRWD customers have registered to participate in the program so to continue providing funding for single-family customers and to extend the program to include multi-family customers, staff recommends a variance to the agreement. On MOTION by Withers, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 4 TO THE AGREEMENT FOR NON-CONSULTANT SERVICES BETWEEN IRWD AND SYNERGY COMPANIES IN THE AMOUNT OF \$950,000 TO CONTINUE PROVIDING FUNDING FOR SINGLE-FAMILY CUSTOMERS AND TO EXTEND THE PROGRAM TO INCLUDE MULTI-FAMILY CUSTOMERS, WHICH WILL BE FULLY REIMBURSED THROUGH THE CALIFORNIA DEPARTMENT OF WATER RESOURCES WATER-ENERGY GRANT.**

NEWPORT COAST LIFT STATION REHABILITATION BUDGET INCREASE,  
CONSTRUCTION AWARD AND CONSULTANT SELECTION

General Manager Cook reported that the Newport Coast Lift Station Rehabilitation project will recoat the lift station wet well, construct a building to house electrical cabinets and an odor control system, construct a stairway into the lift station dry well and rehabilitate the original ductile iron force main. Mr. Cook said that this lift station has operated nearly 30 years and requires substantial rehabilitation.

The bid opening was held on June 20, 2017 with bids received from five contractors. Pacific Hydrotech Corporation (PHC) is the apparent low bidder with a bid amount of \$3,239,300. Staff solicited a proposal from GHD for construction phase engineering services and negotiated a fee in the amount of \$199,642.

Following discussion, staff will provide Director Swan with a final landscaping design rendering. On MOTION by Withers, seconded and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE IN THE AMOUNT OF \$703,300, FROM \$1,432,200 TO \$2,135,500, FOR PROJECT 05470, AND A BUDGET INCREASE IN THE AMOUNT OF \$595,400 FROM \$2,059,200 TO \$2,654,600, FOR PROJECT 06400; AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT IN THE AMOUNT OF \$3,239,300 WITH PACIFIC HYDROTECH CORPORATION; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH GHD FOR CONSTRUCTION PHASE SERVICES IN THE AMOUNT OF \$199,642 FOR THE NEWPORT COAST LIFT STATION REHABILITATION, PROJECTS 05470 AND 06400.

GENERAL MANAGER'S REPORT

Director of Public Affairs Beeman introduced Mr. John Fabris, the new Public Affairs Manager, who previously worked as Deputy Editor for the Orange County Register for 13 years.

DIRECTORS' COMMENTS

Director Matheis reported on her attendance at an ISDOC quarterly lunch meeting and a WACO monthly meeting.

Director Withers also reported on his attendance at the ISDOC quarterly meeting and noted that at an upcoming ISDOC Executive Committee meeting they will be reviewing funding inequities among the agencies as it appears that smaller agencies may be paying more than their fair share of costs. He said that Mr. Mike Dunbar will be speaking at this meeting to explain the history of how the fees were initially established. He said that this Wednesday he will be attending a LAFCO meeting where they will be selecting an Alternate Public Director, and that on Thursday, he will be attending an ACC-OC event.

Director LaMar reported on his attendance at a WACO monthly meeting and that on August 3, he will be attending an ACWA Region I meeting.

Director Swan reported on his attendance at a Newport Bay Watershed meeting, a Southern California Water Dialogue Committee meeting, a Newport Beach Chamber of Commerce meeting, and a WACO meeting.

Director Reinhart said he was unable to attend the MWDOC Workshop with MWD Directors, but did attend a SOCWA Board Meeting and a WACO monthly meeting.

IRWD's consultant Mr. Bruce Newell, reported that the Silverado School will reopen as a library, and updated the Board on his attendance at an Inter Canyon League meeting.

CLOSED SESSION

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

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

ADJOURNMENT

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

APPROVED and SIGNED this 24th day of July, 2017.

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President, IRVINE RANCH WATER DISTRICT

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Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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Alfred Smith, Legal Counsel – Nossaman LLP