

## MINUTES OF REGULAR MEETING – SEPTEMBER 13, 2021

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 September 13, 2021 in person at the District's headquarters located at 15600 Sand Canyon Avenue, Irvine, California and via teleconference pursuant to the provisions of the Governor's Executive Order N-08-21 due to COVID-19.

Directors Present: LaMar, Withers (arrived at 5:17 p.m.), Swan, McLaughlin, and Reinhart

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Technical Services Burton, Executive Director of Operations Chambers, Executive Director of Finance and Administration Clary, Director of Treasury and Risk Management Jacobson, Executive Director of Water Policy, Director of Water Quality and Regulatory Compliance Colston, Director of Recycling Operations Zepeda, Director of Information Services Malone, Director of Water Resources Sanchez, Director of Maintenance Mykitta, Director of Human Resources Mitcham, Director of Strategic Communications and Advocacy/Deputy General Counsel Compton, Secretary Bonkowski, General Counsel Collins, Special Legal Counsel Robinson, Consultant Newell, and other staff.

WRITTEN COMMUNICATIONS: None.

ORAL COMMUNICATIONS:

Ms. Marianna Marysheva, the City of Irvine's Interim City Manager, introduced herself and also thanked the Board for the continued good relationships with District staff and the City.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None.

PRESENTATION

General Manager Cook presented a proclamation of service to retiree Henry Solis to commend him for 25 years of dedicated and loyal service to IRWD.

CONSENT CALENDAR

Director Swan asked that Item No. 10 be moved to the Action Calendar for discussion. There being no objection, this item was moved accordingly. There being no further comments, on MOTION by LaMar, seconded by McLaughlin and carried by the following vote (LaMar, Reinhart, Swan and McLaughlin voting aye and Withers absent (4-0 vote), CONSENT CALENDAR ITEMS 4 through 9 and 11 through 14 WERE APPROVED AS FOLLOWS:

4. BOARD MEETING MINUTES

Recommendation: That the minutes of the August 9, 2021, Regular Board meeting be approved as presented.

CONSENT CALENDAR (Continued)

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

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

6. 2021 LEGISLATIVE AND REGULATORY UPDATE

Recommendation: The Board adopt a "WATCH" position on SB 222 (Dodd).

7. ACWA COMMITTEE NOMINATIONS AND REGION 10 ELECTION FOR THE 2022-2023 TERM

Recommendation: That the Board authorize the District to submit the Association of California Water Agencies Committee Consideration Form for Board and staff committee appointment nominees for the 2022-2023 term, and that the Board support the candidates as selected by the ACWA Region 10 Nominating Committee and authorize the General Manager to sign and submit the Region 10 Board ballot for the 2022-2023 term.

8. JULY 2021 TREASURY REPORT

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 July 2021 Summary of Payroll ACH payments in the total amount of \$3,263,522, and approve the July 2021 Accounts Payable Disbursement Summary of Warrants 419654 through 420279, Workers' Compensation Distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$39,173,495.

9. ASSISTANT TREASURER APPOINTMENT

Recommendation: That the Board appoint Jennifer Davis as an Irvine Ranch Water District Assistant Treasurer effective September 13, 2021.

11. CONSTRUCTION INSPECTION SERVICES AGREEMENTS

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with NV5 in the amount of \$664,080 and execute a Professional Services Agreement with Ardurra in the amount of \$717,444 for construction inspection services, both for a two-year term.

12. FINAL INITIAL STUDY/MITIGATED NEGATIVE DECLARATION FOR THE FLEMING ZONE 8 RESERVOIR AND PUMP STATION IMPROVEMENT PROJECT

Recommendation: That the Board find on the basis of the whole record before it, including the Final Initial Study/Mitigated Negative Declaration and the comments received, that there is no substantial evidence that the Fleming Zone 8 Reservoir and

CONSENT CALENDAR (Continued)

Pump Station Improvement Project will have a significant effect on the environment and that the Final Mitigated Negative Declaration reflects IRWD's independent judgment and analysis, adopt the proposed Final Mitigated Negative Declaration for the project and the associated Mitigation Monitoring and Reporting Program, approve the project, and authorize staff to post and file a Notice of Determination.

13. 2020 VAULT REHABILITATIONS FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the 2020 Vault Rehabilitations, 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 for Project 10542.

14. MORSE / GILLETTE DOMESTIC WATER PIPELINE REPLACEMENT CONSTRUCTION CONTRACT AWARD

Recommendation: That the Board authorize the General Manager to execute a construction contract with GCI Construction, Inc. in the amount of \$272,130 for the Morse / Gillette Domestic Water Pipeline replacement, Project 11567.

ACTION CALENDAR

RENEWAL OF GROUP MEDICAL, DENTAL, VISION AND ANCILLARY PLAN SERVICES FOR CALENDAR YEAR 2022

Following Director Swan's comments on the proposed PPO medical plans, he said he would be voting no on this item. Director Withers arrived at the Board meeting at 5:17 p.m. Following discussion with the Board and staff, Director Swan retracted his comment to oppose the item, and said he would instead abstain from voting. On MOTION by LaMar, seconded by McLaughlin and carried, by the following vote (LaMar, Reinhart, Withers and McLaughlin voting aye and Swan abstaining (4-0-1 vote), THE BOARD AUTHORIZED THE CONTINUATION OF IRWD'S HEALTH INSURANCE COVERAGE WITH CALPERS WITH CHANGES IN DISTRICT AND EMPLOYEE CONTRIBUTION RATES AS OUTLINED IN EXHIBIT "A", AUTHORIZED THE CONTINUATION OF THE DISTRICT'S DENTAL INSURANCE COVERAGE WITH ACWA/JPIA WITH NO CHANGE IN PREMIUM RATES, AUTHORIZED THE CONTINUATION OF THE DISTRICT'S VISION INSURANCE COVERAGE WITH EYEMED WITH NO CHANGE IN PREMIUM RATES, AUTHORIZED THE CONTINUATION OF VOLUNTARY DELTA DENTAL AND EYEMED BUY-UP PLANS FOR EMPLOYEE PURCHASE WITH NO CHANGE IN PREMIUM RATES, AUTHORIZED THE RENEWAL OF THE DISTRICT'S TERM LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT, LONG-TERM DISABILITY AND EMPLOYEE ASSISTANCE PROGRAM COVERAGE WITH RELIANCE STANDARD, AND AUTHORIZED THE CONTINUATION OF THE FLEXIBLE SPENDING ACCOUNT, HEALTH REIMBURSEMENT ARRANGEMENT, COBRA AND COMMUTER BENEFITS ADMINISTRATOR CHARD SNYDER.

## WAREHOUSE BUILDINGS AT MICHELSON OPERATIONS CENTER CONSULTANT SELECTION

Executive Director of Technical Services Burton reported that Whitman Requardt & Associates completed a study that evaluated the District's warehousing needs and recommended options for increasing storage at the Michelson Operations Center. Mr. Burton said that the study was reviewed with the Engineering and Operations Committee, and a preferred alternative was selected based on the District's current and future storage needs, site geotechnical considerations, and best value. The selected alternative includes a pre-engineered metal and concrete masonry block storage building of approximately 4,500 square feet sited adjacent to the existing Michelson Operations Center warehouse, and a canopy structure of approximately 1,200 square feet to provide shade over storage racks in the existing fenced material storage yard. A site map of the existing Purchasing Department material storage yard is provided as Exhibit "A".

Mr. Burton said that staff issued a request for proposal for the design to five consultants: AECOM, DCDB Consultants, MWA Architects, Stantec, and Tetra Tech. DCDB Consultants, Stantec, and Tetra Tech were responsive and submitted proposals that reflected a good understanding of the scope of work. Mr. Burton said that Stantec's proposal reflected the most thorough understanding of the project. He said that Stantec also proposed to conduct workshops during the preliminary design to ascertain the District's needs and requirements for material storage, materials handling, and determine the area of storage needed if different from the proposed 4,500 square feet. These workshops would also assist with selecting a storage racking system from alternatives, determining the configuration of storage, confirming the canopy's square footage and the materials requiring canopy shade, and determining the design criteria for warehouse layouts, equipment requirements, and site layout. Stantec proposed to develop a comparative analysis of pre-engineered and traditional constructed building which will include a bridge crane analysis, noting that a pre-engineered metal building with an independent crane could be cost competitive to a traditional building with a crane. Stantec's team is highly qualified and experienced, based on a recent warehouse design for the Orange County Sanitation District, and for these reasons, Mr. Burton said that staff recommended Stantec for this project.

Director Withers reported that this item was reviewed by the Engineering and Operations Committee on August 17, 2021, and on MOTION by Withers, seconded by Swan and unanimously carried (5-0 vote), **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH STANTEC IN THE AMOUNT OF \$475,632 FOR DESIGN SERVICES FOR THE WAREHOUSE BUILDINGS AT MICHELSON OPERATIONS CENTER, PROJECTS 11854 AND 11855.**

## LAKE FOREST ZONE B TO C RECYCLED WATER PUMP STATION BUDGET INCREASE AND CONSTRUCTION AWARD

Executive Director of Technical Services Burton reported that staff completed an evaluation to identify ways to increase operational flexibility and improve water quality in the Lake Forest Zone C recycled water system, which receives its water supply from the Los Alisos Water Recycling Plant (LAWRP) and Santa Margarita Water District's (SMWD) Upper Oso Reservoir. Mr. Burton said that the evaluation resulted in a recommendation to cover the existing Zone B East Reservoir, establish a closed-loop Zone C distribution system with water supplied primarily from LAWRP, and construct a bi-directional metered interconnection with SMWD that can be used to transfer recycled water between IRWD and SMWD as needed. He said that the installation of the cover is complete, and staff is now proceeding with the construction of a new

interconnection with SMWD and a new pump station to establish the closed-loop Zone C distribution system. The proposed pump station will be located at the site of the recently demolished Lake Forest Well No. 5, and the proposed interconnection will be located near the intersection of Portola Parkway and El Toro Road. The existing Lake Forest Zone B to C recycled water pump station, located adjacent to the Zone B East Reservoir, is an outdoor pump station constructed in 1998; it will be demolished as part of the project.

Mr. Burton said that staff advertised the project for construction bids to a select list of 17 general contractors and that one bid was received from Pacific Hydrotech Corporation in the amount of \$6,148,600. He said that the engineer's estimate, prepared by Stantec, was \$5,150,000. He also said that the bid amount is higher than the engineer's estimate due to overall market conditions and due to recent increases in materials and labor costs associated with COVID-19.

Mr. Burton said that although only one bid was received for this project, Pacific Hydrotech Corporation has a track record of providing the low bid to IRWD on several recent projects where multiple bids were received. He said that in the past four years, Pacific Hydrotech Corporation has bid on 10 IRWD projects and has submitted the low bid on seven of those projects including the 15 MG Zone 1 Reservoir Interior Coating and Improvements (2021), Zone A to Rattlesnake Reservoir Pump Station (2020), Primary Disinfection Facility Sodium Hypochlorite Storage and Feed System (2020), Eastwood Zone A to B and Zone A to C Recycled Water Pump Stations (2018), and 3.7 MG Zone 1 Reservoir (2018).

Mr. Burton said that staff contacted other contractors who were invited to submit bids on the project to discuss the reasons why they did not submit a bid, and that the contractors indicated that the current bidding environment is extremely busy and that they either did not have available staff to prepare a bid or did not have available construction crews to begin the project in the coming months. The contractors also confirmed that the construction plans were clear and that they would have bid the project if they had the available staff. Staff also contacted Pacific Hydrotech Corporation who also confirmed that the construction plans were clear and that the project design is straightforward and buildable.

Mr. Burton further said that staff reviewed Pacific Hydrotech Corporation's bid and has determined that it is responsive. On MOTION by Swan, seconded by LaMar and unanimously carried (5-0 vote), THE BOARD AUTHORIZED A BUDGET INCREASE FOR PROJECT 11168 IN THE AMOUNT OF \$4,705,500, FROM \$3,801,600 TO \$8,507,100, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH PACIFIC HYDROTECH CORPORATION IN THE AMOUNT OF \$6,148,600 FOR THE LAKE FOREST ZONE B TO C RECYCLED WATER PUMP STATION, PROJECT 11168.

#### SAND CANYON PROFESSIONAL CENTER PHASE II OFFICE BUILDING LEASE APPROVAL

Director of Treasury and Risk Management Jacobson reported that staff and the District's real estate legal counsel Jackson-Titus have been working with Bandai representatives to finalize lease details, and that the documents were completed today. Mr. Jacobson said that the terms of the final lease agreement are consistent with the approved Letter of Intent price and terms and include a Work Letter to provide for periodic funding of the tenant improvement allowance during construction. A copy of the AIR Single-Tenant Lease Agreement, including an AIR Addendum and Work Letter, is on file with the District Secretary.

Mr. Jacobson said that the leasing commissions for the procuring brokers and listing brokers, Cushman & Wakefield / Colliers International total \$1,141,000 and are payable 50% at lease execution and 50% upon lease commencement (and occupancy). The commencement date of the lease is April 1, 2021, following Bandai's completion of tenant improvements. The initial lease term is seven years and includes two five-year options to extend. Total lease revenue during the initial seven-year term is \$16.5 million.

Director Swan said that this item was reviewed previously by the Finance and Personnel Committee. On MOTION by Withers, seconded by Swan and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE IN THE AMOUNT OF \$684,000, FROM \$5,350,000 TO \$6,034,000, FOR PROJECT 11869, APPROVED THE PAYMENT OF REAL ESTATE COMMISSIONS FOR \$1,141,000, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE ALL REQUIRED DOCUMENTS TO COMPLETE A LEASE AGREEMENT FOR THE SAND CANYON PROFESSIONAL CENTER PHASE II OFFICE PROPERTY WITH BANDAI NAMCO HOLDINGS USA, INC. AT THE PRICE AND TERMS DESCRIBED IN THE LETTER OF INTENT DATED JUNE 28, 2021.

## OTHER BUSINESS

### GENERAL MANAGER'S REPORT

General Manager Cook reported that there were three COVID cases at the Sand Canyon facility within a 13 ½-day period which triggered the Cal-OSHA requirements for staff to mask and social distance. He said that testing was performed on two occasions at Sand Canyon and all tests were negative.

Mr. Cook reported that about 4,000 customer accounts have overdue balances with a current outstanding debt of \$2.7 million.

Mr. Cook said that arrearages were submitted to the State Water Resources Control Board and that staff submitted \$1.8 million which covered approximately 8,400 accounts.

Mr. Cook said that he wanted to report the good news that Moody's approved the District's rating as Aa1.

He further said that SB 323 passed both floors and is currently on the Governor's desk for approval.

## COMMUNITY UPDATES

Consultant Newell updated the Board on SCE rebuilding the entire energy system and met its August 31 deadline. He said that the Tucker Wildlife Sanctuary is planning to reopen to the public. He further said that it is the beginning of the fire season.

## DIRECTORS' COMMENTS

Director LaMar reported on his attendance at the Southern California Water Coalition Legislative Task force meeting, BIA's Southern California Water Conference, OCWD's Communications and Legislative Liaison Committee meeting, an Urban Water Institute conference, and a WACO meeting.

Director McLaughlin said she attended the meetings presented on the list as well as a San Joaquin Marsh Virtual tour.

Director Swan reported on his attendance at two MWDOC administration and Finance Committee meetings, a MWDOC Planning and Operations Committee Meeting, a Southern California Water Dialogue Steering Committee meeting, an Urban Water Institute conference, a WACO meeting, an OCBC Government Affairs meeting, and a meeting with Director Gibson of SMWD.

Director Withers reported said he attended the meetings listed, and noted his upcoming meetings including an OCBC Infrastructure Committee meeting, an NWRI meeting, and a SAC quarterly meeting.

Director Reinhart reported on his attendance at a monthly discussion of District activities with the General Manager, two OCWD Water Issues Committee meeting, two OCWD Administration and Finance Issues Committee meetings, an Urban Water Institute conference, and a WACO meeting.

#### CLOSED SESSION

Legal Counsel Collins said that the following Closed Session would be held:

CONFERENCE WITH LEGAL COUNSEL — ANTICIPATED LITIGATION –  
Pursuant to Government Code Section 54956.9(d)(2): *Significant exposure to litigation:*  
One matter.

#### OPEN SESSION

The meeting was reconvened with Directors Swan, LaMar, Withers, McLaughlin, and Reinhart present. Legal Counsel Collins said that there was no action to report.

#### ADJOURNMENT

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

APPROVED and SIGNED this 27th day of September 2021.

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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, General Counsel  
Hanson Bridgett LLP