

## MINUTES OF REGULAR MEETING – APRIL 8, 2019

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:05 p.m. by President LaMar on April 8, 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, Secretary Bonkowski, Assistant Secretary Swan, Government Relations Officer/Deputy General Counsel Compton, Director of Water Quality & Regulatory Compliance Colston, Director of Water Operations Roberts, Director of Maintenance Mykitta, Director of Human Resources Roney, Ms. Deborah Diep, Mr. Bruce Newell, Mr. Joe Adams, and Tony Solorzano from Discovery Cube, staff, and members of the public.

WRITTEN COMMUNICATIONS: None.

ORAL COMMUNICATIONS: None.

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 fourth public hearing since the drafting and publication of draft maps, was held on April 8, 2019, after the redrawing 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, while a third hearing after the drawing of draft maps was held on March 11, 2019. The purpose of these hearings, was 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 April 8, 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.

Secretary Bonkowski said that the hearing was noticed by publication in the *Orange County Register* on Sunday, March 24, 2019; by publication in Spanish in the *Excelsior Unidos* on Friday, March 29, 2019; by publication in Korean in the *Korea Times* on Saturday, March 23, 2019; by publication in English and Traditional Chinese in the *World Journal* on Saturday, March 23, 2019, and Sunday, March 24, 2019; by publication in Farsi in *Hafteh Bazaar* on Friday, March 29, 2019; by electronic posting in English, Farsi, Korean, Traditional Chinese, and Spanish on the IRWD website, which can be translated into approximately 20 languages; and by physical posting at IRWD's headquarters. She announced that two additional draft maps — Map E-1 and Map E-2 — were published on IRWD's website on March 26, 2019. The Board Secretary presented affidavits of posting and proof of publication to the Board related to the hearing. On **MOTION** by Swan, seconded by Matheis, and unanimously carried, **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 as being 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.

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.**

President LaMar requested that the Government Relations Officer/Deputy General Counsel provide a report to the Board regarding the draft division maps, and on any written comments received.

Government Relations Officer/Deputy General Counsel Compton summarized the map revisions requested at the last public hearing. Specifically, the revisions requested were to use the Interstate 5 freeway as a division boundary and to adjust boundary lines to ensure as many community villages were kept wholly within only one division. She stated that Maps E-1 and E-2 reflect these changes. She noted that map overlays of the community villages were being provided. Additionally, she said that the District received two inquiries, one from a California State Fullerton University student, and the other from a law firm inquiring on the Board action made at the March 11, 2019 Board meeting. Using a PowerPoint presentation, Consultant Deborah Diep reviewed the maps and provided the percentage population spreads between each proposed division. In response to Director Reinhart's inquiry, Ms. Diep reviewed the map overlay showing the communities within the various proposed divisions.

President LaMar inquired whether there is any person present who wishes 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 who wished to be heard.

President LaMar inquired whether there are any further comments or questions from members of the Board of Directors. Following discussion on potential sequencing of elections for staggered terms of office, on MOTION by Matheis, seconded by Swan, and carried (Matheis, Swan, Withers, LaMar voting aye and Reinhart voting no (4-1), THE BOARD SELECTED MAP E-2 to move forward for final consideration. On MOTION by Withers, seconded by Swan, and unanimously carried, THE HEARING WAS CLOSED, AND THE BOARD AUTHORIZED STAFF TO AGENDIZE AN ADDITIONAL PUBLIC HEARING FOR MAY 13, 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 E-2, AND A SEQUENCE OF ELECTIONS WITH THE ELECTION FOR DIVISION NUMBERS OPTIONS FOR TWO ELECTIONS TO BE HELD IN 2020 AND THREE ELECTIONS TO BE HELD IN 2022.

## BOARD WORKSHOP

### FISCAL YEARS 2019-20 AND 2020-21 OPERATING BUDGETS AND PROPOSED RATES AND CHARGES

General Manager Cook reported that the proposed Fiscal Year (FY) 2019-20 Operating Budget for IRWD is \$167.0 million, representing an increase of \$9.9 million, or 6.3%, when compared to the Operating Budget for FY 2018-19. The proposed FY 2020-21 Operating Budget for IRWD is \$174.0 million, representing an increase of \$7.0 million, or 4.2%, when compared to the proposed Operating Budget for FY 2019-20.

Using a PowerPoint presentation, Executive Director of Finance and Administration Clary said that the assumptions driving the proposed budgets and associated rates include both uncontrollable and controllable increases and reviewed the cost escalators in both areas. Using charts, Ms. Clary reviewed the projected water sales for potable and non-potable budgets. She reviewed the key drivers of the budgets including salaries and benefits, purchased water, repairs and maintenance, and electricity. She reviewed a comparison of the key drivers with the prior year's budget; reviewed tables describing sources of revenue and expenses; proposed rates for a typical residential customer; replacement fund payback over 25 years included in FY 2020-21 rates; current replacement fund balance; proposed pumping surcharges; a comparison of proposed rates with neighboring agencies; a history of rate increases, and non-operating budget for FY 2019-20 and FY 2020-21 which are not part of user rates. She said that based on the recommendation, a typical residential customer will experience an increase of \$1.42 or 2.6%, from \$53.78 to \$55.20, per month for FY 2019-20, and for 2020-21, \$1.56 or 2.8% from \$55.20 to \$56.76 per month. She further reviewed the schedule with the second workshop scheduled for April 22, 2019, mailing of the Proposition 218 notices on or about May 3, 2019, and a public hearing on June 24, 2019. Following discussion, Director Swan reported that this item was reviewed by the Finance and Personnel Committee on several occasions, and made a motion which was seconded by Matheis to direct staff to finalize for board approval a two-year budget consistent with Executive Director Clary's presentation, that would call for a rate increase of 2.6 percent for FY 2019-20 and 2.8 percent for FY 2020-21. Prior to voting, Director Reinhart said he recommended the proposed two-year budget be adjusted so that the proposed user rates for FY 2020-21 would not be increased by an additional \$0.01 in each tier in order to pay back the replacement fund, but instead retain the PERS contribution at 25% so that the proposed budget would instead require a 2.6% rate increase for both fiscal years, and made a substitute motion to that effect to Director Swan's previous

motion. On MOTION by Reinhart, seconded and carried (Reinhart, LaMar, and Withers voting aye and Swan and Matheis voting no) (3-2) THE BOARD RECOMMENDED THAT THE PROPOSED BUDGET AND PROPOSED RATES AND CHARGES TO BE PRESENTED AT THE SECOND WORKSHOP ON APRIL 22, 2019 REFLECT A 2.6% RATE INCREASE FOR EACH OF THE FISCAL YEARS 2019-20 AND 2020-21, AND THAT THE FINAL APPROVAL OF THE BUDGET FOR FISCAL YEARS 2019-20 AND 2020-21 TOGETHER WITH THE APPROVAL OF THE ASSOCIATED PROPOSITION 218 NOTICES ARE AGENDIZED FOR THE APRIL 22, 2019 BOARD MEETING.

### CONSENT CALENDAR

In response to Director Reinhart's inquiry relative to Item No. 8, 2018 IRWD SALARY SURVEY RESULTS, Director of Human Resources Roney provided a summary noting that job descriptions of other entities are compared against IRWD job descriptions, not job titles, to obtain accurate comparisons between salaries of employees performing the same types of jobs. There being no further comments, on MOTION by Matheis, seconded by Withers, and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 10 WERE APPROVED AS FOLLOWS:

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

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

6. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the March 25, 2019 Regular Board meeting be approved as presented.

7. IRWD APARTMENT CONSULTANT CONTRACT RENEWAL

Recommendation: That the Board authorize the General Manager to execute a two-year contract with Market-THINK as IRWD's apartment consultant at a total fee not to exceed \$55,000 for 2019-2020 and \$56,500 in 2020-2021, which includes monthly out-of-pocket expenses estimated at \$50 per month.

8. 2018 IRWD SALARY SURVEY RESULTS

Recommendation: That the Board approve the salary grade changes recommended and authorize the General Manager to implement the competitive wage adjustments based on the 2018 IRWD salary survey results.

9. MEMORANDUM OF UNDERSTANDING BETWEEN THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL #47 NON-EXEMPT SUPERVISOR UNIT EMPLOYEES AND IRWD – JULY 1, 2018 – JUNE 30, 2021

Recommendation: That the Board authorize the General Manager to execute a Memorandum of Understanding between IRWD and the International Brotherhood of

Electrical Workers Local #47 Non-exempt Supervisor Unit Employees effective July 1, 2018 through June 30, 2021, subject to non-substantive changes.

10. ADOPTION OF REVISED IRWD SCHEDULE OF POSITIONS AND SALARY RATE CHANGES

Recommendation: That the Board adopt the following resolution by title:

RESOLUTION NO. 2019 -9

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
IRVINE RANCH WATER DISTRICT SUPERSEDING  
RESOLUTION NO. 2019-5 AND ADOPTING A REVISED  
SCHEDULE OF POSITIONS AND SALARY RATE RANGES

ACTION CALENDAR

EDUCATIONAL PROGRAM AGREEMENT WITH DISCOVERY CUBE ORANGE COUNTY

General Manager Cook reported that since 2007, IRWD has collaborated with Discovery Cube Orange County to create and implement meaningful water education programming for schoolchildren throughout the District's service area. Over the course of this 12-year partnership, District-sponsored elementary school assemblies, presentations and field trips to the San Joaquin Marsh have educated approximately 112,000 students about the importance of water and water use efficiency in our lives, communities and environment. Ms. Deniene Rivenburg reported on the successful relationship with Discovery Cube. Using a PowerPoint presentation, Mr. Joe Adams of Discovery Cube provided an overview of its current educational programs. In response to Director Swan's suggestion to add a segment in the classes relative to trash reduction and showing the impacts of the trash on the watershed, Mr. Adams said that this could be included. Director Swan further said that in two years, the District's Biosolids facility will be operational, and suggested that this treatment process of nutrient load reduction is an important concept to teach students. Director Withers said that Board membership with Discovery Cube should be considered in the future. There being no further comments, on MOTION by Matheis, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH DISCOVERY CUBE ORANGE COUNTY TO IMPLEMENT EDUCATIONAL PROGRAMS IN THE AMOUNT OF \$191,542 PER YEAR FOR A TOTAL COST OF \$383,084 FOR A TWO-YEAR PERIOD COVERING FISCAL YEARS 2019-20 AND 2020-21.

AUTHORIZATION TO PURCHASE WATER FROM BUENA VISTA WATER STORAGE DISTRICT

Using a PowerPoint presentation, Water Resources Manager Welch said that in 2010, IRWD and Buena Vista Water Storage District (BVWSD) entered into a long-term Agreement for Water Acquisition by Irvine Ranch Water District from Buena Vista Water Management Program (Exchange Agreement), which established an exchange program at the Strand Ranch Integrated Banking Project. Ms. Welch said that that Exchange Agreement allows BVWSD to recharge up to 17,500 acre-feet (AF) of high-flow Kern River water per year at the Strand Ranch on an unbalanced exchange basis, with IRWD receiving 50% of the water, less a proportional share of losses. The agreement specifies

that high-flow Kern River water supplies may be available from BVWSD when the Kern River runoff index for April to July is at 125% of normal or higher. In March 2019, the Board approved a one-year program with BVWSD, whereby BVWSD could augment its recharge under the Exchange Agreement with a second priority use of the Stockdale West recharge facilities (the One-Year Agreement).

Ms. Welch said that the current forecast for the Kern River runoff index is at a low level of 135%. BVWSD has higher priority options available to it that make deliveries to IRWD's Water Banks this year unlikely under the existing Exchange Agreement. In comparison, BVWSD last delivered high-flow Kern River water to IRWD in 2017 when the Kern River runoff index was 260% of normal. This year to date, BVWSD has been able to store its Kern River water supplies at its new recharge facilities and also in Lake Isabella, which BVWSD uses to regulate its Kern River supplies. In March 2019, the BVWSD Board directed its staff to sell up to 100,000 AF of excess water. As a result of these actions, BVWSD has indicated that until such time as significant high-flow conditions occur, it does not anticipate storing water at the IRWD Water Banks.

Ms. Welch said that under current Kern River water supply conditions, BVWSD has indicated that it is marketing its water for more than \$250 per AF, which is substantially higher than the \$25 per AF sales price reported for 2017 when substantial amounts of high-flow water were available. To maximize IRWD's ability to secure water during the spring runoff season, staff has successfully negotiated the purchase of Kern River water from BVWSD until high-flow conditions occur. The water would be recharged at IRWD's Water Banks consistent with the terms of the One-Year Agreement, as well as the long-term Exchange Agreement. Through a purchase order, IRWD would pay BVWSD for only IRWD's share of the water delivered into storage.

Ms. Welch said that under the purchasing authority of the General Manager, staff has initiated the purchase of a limited amount of water from BVWSD. Staff has also submitted a Transaction Request Form to the Kern County Water Agency to begin deliveries of the water to the IRWD Water Banks on April 6, 2019. To maximize IRWD's opportunity to secure water supplies this year, staff recommends continuing to purchase Kern River water from BVWSD under the negotiated price terms until such time as high-flow Kern River water is available. Accordingly, staff recommends that the Board authorize the General Manager to enter into an agreement with BVWSD to purchase water supplies in an amount not to exceed \$1,650,000.

Ms. Welch said that IRWD recently executed a long-term unbalanced exchange agreement with Antelope Valley-East Kern Water Agency (AVEK) that provides AVEK with first priority rights to the use of the recharge facilities at the Stockdale West Project. To avoid impacts to the program with AVEK, staff will limit recharge of Kern River water using the Stockdale West facilities until AVEK has confirmed whether or not it will be delivering its Table A into storage at the same facilities before the end of the year.

Director Swan reported that this item was reviewed in concept with the Supply Reliability Programs Committee on March 21, 2019. On MOTION by Swan, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO ENTER INTO AN AGREEMENT TO PURCHASE WATER SUPPLIES FROM BUENA VISTA WATER STORAGE DISTRICT IN AN AMOUNT NOT TO EXCEED \$1,650,000 FOR STORAGE AT THE STRAND RANCH AND STOCKDALE WEST INTEGRATED BANKING PROJECTS.**

## GENERAL MANAGER'S REPORT

General Manager Cook reported on the award the District received from the California Municipal Utilities Association for its recent video which featured IRWD employees illustrating on how the District safeguards our drinking water, and thanked staff for their efforts.

## DIRECTORS' COMMENTS

Director Reinhart reported on his attendance at a South Orange County Agencies Group Joint meeting, an IRWD-OCWD Coordination meeting, a SOCWA Board Meeting, and a WACO monthly meeting.

Director Withers reported on his attendance at an ISDOC Executive Committee Meeting, and an OCSD meeting in Sacramento. He said tomorrow he will be attending a swearing-in event for the City of Irvine's Mayor Christina Shea.

Director Swan reported on his attendance at a two-day WaterNow Alliance Annual Summit in Austin, Texas, a Water Education Foundation lecture series event, a Santa Ana Watershed Project Authority One Water One Watershed meeting, a MWDOC elected officials meeting, and a WACO meeting.

Director Matheis reported on her attendance at an ISDOC Executive Committee meeting, a Water Education Foundation conference in Fullerton, and a two-day Water Policy meeting.

Director LaMar reported on his attendance at an ACWA Board and Executive Committee meeting and noted that Ms. Cheryl Clary is the new Chair of ACWA's Finance Committee, a WACO monthly meeting, and an ACWA meeting with the Department of California Water Resources in Sacramento today.

## COMMUNITY UPDATES

Director LaMar read Mr. Bruce Newell's written update as he had to leave the Board meeting due to another commitment. He noted that there was no news from the canyon areas tonight and that the creek levels were going down quickly; that the Inter Canyon League is following County development of on-site wastewater treatment systems, and that Orange County will be adopting a Local Area Management plan recognizing existing septic systems.

## ADJOURNMENT

At 7:21 p.m., President LaMar said that he was honored to adjourn the meeting in memory of the District's Secretary father, Mr. Jack Tognetti, who recently passed after 95 years of life.

APPROVED and SIGNED this 22nd day of April, 2019.

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President, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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Claire Hervey Collins, Legal Counsel  
– Lewis Brisbois