

MINUTES OF REGULAR MEETING – NOVEMBER 28, 2016

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 Matheis on November 28, 2016 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Swan, Matheis, Reinhart, LaMar and Withers.

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Finance Clary, Executive Director of Water Policy Weghorst, Executive Director of Engineering and Water Quality Burton, Director of Water Resources Sanchez, Director of Administration Services Mossbarger, Director of Public Affairs Beeman, Director of Human Resources Roney, Assistant Director of Maintenance Drake, Legal Counsel Arneson (via teleconference), Secretary Bonkowski, Government Relations Officer Compton, Principle Engineer Akiyoshi, Mr. Barkev Meserlian, Mr. Allen Shinbashi, Ms. Mareen O'Haren, Mr. Jake Vollebregt and other members of the public and staff.

ORAL AND WRITTEN COMMUNICATIONS: None.

CONSENT CALENDAR

On MOTION by Reinhart, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 5 WERE APPROVED AS FOLLOWS:

3. MINUTES OF REGULAR BOARD MEETINGS

Recommendation: That the minutes of the November 14, 2016 Regular Board Meeting be approved as presented.

4. 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, Douglas Reinhart, Peer Swan, and John Withers as described.

5. OCTOBER 2016 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate Swap Summary for October 2016, and disclosure report of reimbursements to Board members and staff; approve the October 2016 summary of payroll ACH payments in the total amount of \$1,656,752 and approve the October 2016 accounts payable disbursement summary of warrants 371567 through 372430, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$27,302,904.

ACTION CALENDAR

REVIEW OF 2016 LEGISLATIVE ACTIVITIES AND 2017 LEGISLATIVE PLANNING

The District's consultant, Ms. Mareen O'Haren, provided a recap of 2016 state activities along with a brief forecast for 2017. Government Relations Officer Compton noted Exhibits A and B in the write-up and asked the Board to let her know if there were any concerns relative to legislative/regulatory issues and activities of high concern to the District in 2017.

ENTERPRISE ASSET MANAGEMENT SOFTWARE PROCUREMENT AND IMPLEMENTATION

Using a PowerPoint presentation, Mr. Barkev Meserlian provided an overview of the implementation of an Enterprise Asset Management (EAM) program which will provide the District the ability to derive maximum value from its business assets, from acquisition to retirement. Mr. Meserlian said that the term Enterprise Asset Management program refers to the lifecycle management of assets through its various states: planning, design, construction, commissioning, operation, maintenance, and decommissioning or replacement. He said that an EAM system records the state and criticality of assets, identifies rehabilitation and replacement needs, and enhances the planning and scheduling of maintenance activities. The system capabilities can ultimately be expanded from the management of core assets (pumps, reservoirs, pipes, hydrants, etc.) to support other types of assets within a water and resource recovery utility such as vehicles, information system equipment, laboratory equipment, and regulatory compliance reports.

Mr. Meserlian said that staff considered multiple software vendors for the new EAM software. Benchmarking visits helped solidify the decision to select IBM Maximo as the District's EAM platform. The District negotiated a final price with IBM for a package of Maximo licenses. Maximo's total cost of \$313,210.80, which includes one year of IBM technical support services, is guaranteed through December 12, 2016. Technical support services beyond the first year, estimated at approximately 20% of the procurement cost, will be included in IRWD's future annual operating budgets. To enhance the administration of Maximo, and provide additional help tools for the end-user, staff recommends the installation of an add-on software developed by the implementer TRM. Total cost for this add-on software is \$41,052, which includes one year of technical support services. The Maximo software solution will require additional hardware components as well as upgrades to existing equipment. The additional hardware includes servers to host Maximo environments. The Oracle Database software required for Maximo is already included in the District's Unlimited License Agreement (ULA), and does not require additional expenditure. The procurement cost of hardware required to implement Maximo is \$165,000.

Mr. Meserlian said that with the input of various IRWD groups, the District's Asset Management consultant, Kayuga Solution, led the effort in preparing a Request for Proposal (RFP) for Part 1 of the Maximo implementation process. The RFP was issued to six consultants with relevant experiences and that four consultants submitted proposals. He said that after completing a thorough evaluation of the proposals, Total Resources Management (TRM) was selected as the clear first choice.

Mr. Meserlian said that in January 2015, the services of a specialty EAM consultant (Mr. Iday Syachrani, PhD., of Kayuga Solution) were retained to optimize the District's approach to EAM, and provide day-to-day management of the District's asset management team. Kayuga's services were also utilized in Summer 2016 for the preparation of the Maximo implementation RFP. Staff is

seeking to extend the services of Kayuga Solution through December 2017 to provide Asset Management Support and provide Maximo Implementation Support. Kayuga staff will provide technical support services during the implementation, ensuring a successful transition to IBM Maximo.

Director Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on November 10, 2016. In response to Director Swan's request, Executive Director of Finance and Administration Clary said that staff will be including Enterprise Asset Management as a key performance indicator. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED THE PROCUREMENT OF SOFTWARE AND HARDWARE FOR A NOT-TO-EXCEED COST OF \$545,000; AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH TOTAL RESOURCES MANAGEMENT FOR *PHASE 2 IMPLEMENTATION - PART 1 WORK & ASSET MANAGEMENT*, FOR A NOT-TO-EXCEED COST OF \$988,330; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES VARIANCE WITH KAYUGA SOLUTION FOR A NOT-TO-EXCEED COST OF \$202,020.

PLACING NOMINATION OF STEVEN LAMAR AS VICE PRESIDENT OF ACWA

President Matheis said that the Association of California Agencies (ACWA) Nominating Committee will be seeking nominations for a slate of candidates for Vice President and President of ACWA for a two-year term beginning spring 2017. This slate of candidates will be presented to the ACWA membership for election at the ACWA Fall Conference in November 2017. She said that Director Steven LaMar has expressed an interest in the position of Vice President of ACWA and staff has prepared a resolution placing his name as a potential nominee.

Director Swan asked staff to make a correction on the resolution. On MOTION by Swan, seconded and unanimously carried, THE BOARD SUPPORTED THE NOMINATION OF IRWD DIRECTOR STEVEN LAMAR FOR VICE PRESIDENT OF ACWA FOR A TWO-YEAR TERM BEGINNING JANUARY 1, 2018 AND THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE SUBJECT TO NON-SUBSTANTIVE CHANGES AND IN ACCORDANCE WITH ACWA'S REQUIREMENTS:

RESOLUTION NO. 2016-25

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA
PLACING IN NOMINATION STEVEN LAMAR AS VICE PRESIDENT
OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES

OTHER BUSINESS

GENERAL MANAGER'S REPORT

General Manager Cook said that the Orange County Flood District item agendized on November 22, 2016 relative to fee setting to generate additional revenues had been postponed, and that staff will be meeting with the Director of Public Works in the near future to discuss this item.

Mr. Cook said that he will be attending an ACWA conference in Anaheim this week.

DIRECTORS' COMMENTS

Director LaMar reported on his attendance at ACC-OC's Thanksgiving reception held at the District's Learning Center, an ACWA Board meeting, and a lunch meeting with MWDOC's newly-elected Board member Megan Yoo Schneider.

Director Swan reported on his attendance at the ACC-OC Thanksgiving reception and a WACO Planning Meeting.

Director Matheis reported on her attendance at the ACC-OC Thanksgiving reception, an OCBC Awards Ceremony and an Irvine Community Prayer Breakfast.

Director Withers said that he is planning to attend the City of Tustin's swearing-in ceremony for its new council members on December 9, 2016.

Director Reinhart reported on his attendance at ACC-OC's Thanksgiving reception held at the District's Learning Center and said he was not able to attend MWDOC's Board meeting.

CLOSED SESSION

President Matheis said that the following Closed Sessions would be held this evening:

CLOSED SESSION Conference with Real Property Negotiator (Government Code Section 54956.8).

Property: San Juan Capistrano Water and Sewer Infrastructure

Agency Negotiator: Paul Cook, General Manager

Purpose of Negotiations: Proposed Acquisition of Property - Price and Terms.

CLOSED SESSION Conference with Real Property Negotiator (Government Code Section 54956.8).

Property Parcels: 827-030-004, 827-030-005, 827-110-005, 827-110-006, 827-110-010, 827-110-011, 827-110-014, and 827-110-016, County of Riverside

Negotiating Parties: Lourenco Farm

Agency Negotiator: Paul Cook, General Manager

Purpose of Negotiations: Price and Term of Payment,

CLOSED SESSION Conference with Real Property Negotiator (Government Code Section 54956.8).

Property Parcels: 878-151-003, 878-210-001, 878-270-001, 878-270-002, 878-260-001, 878-260-002, County of Riverside

Negotiating Parties: Barnes and Berger

Agency Negotiator: Paul Cook, General Manager

Purpose of Negotiations: Price and Term of Payment.

CLOSED SESSION Conference with Real Property Negotiator (Government Code Section 54956.8).

Property Parcels: 815-180-018, 827-120-010, 827-130-005, 827-140-001, 830-050-004, 830-050-008, 830-50-010, 827-040-005, 827-040-004, 827-072-001, 827-072-002, 827-072-003, 827-072-004, 827-072-005, 827-072-010, 827-120-002, 827-120-001, 827-040-006, 827-050-003, 827-050-007, 827-050-005, 827-050-001, 827-020-002, 827-030-003, 827-020-004, 827-020-001, 827-020-018, 827-040-003, 827-050-002, 827-020-003, 815-180-011, 815-180-006, 815-180-003, 827-120-003, 827-120-004, 827-120-005, 827-120-007, 827-120-006, 827-120-008, 827-120-009, 827-120-011, 827-130-012, 827-040-001, 830-030-004, County of Riverside

Negotiating Parties: Williams

Agency Negotiator: Paul Cook, General Manager

Purpose of Negotiations: Price and Term of Payment.

OPEN SESSION

Following the Closed Session, the meeting was reconvened with LaMar, Reinhart, Withers, Swan, and Matheis present. President Matheis said there was no action to report.

ADJOURNMENT

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

APPROVED and SIGNED this 12th day of December, 2016.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone