

MINUTES OF REGULAR MEETING – JANUARY 22, 2018

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 January 22, 2018 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: LaMar, Reinhart, Matheis, Swan, 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 Engineering and Water Quality Burton, Executive Director of Finance and Administration Clary, Director of Public Affairs Beeman, Public Affairs Manager Fabris, Director of Human Resources Roney, Director of Treasury and Risk Management Jacobson, Director of Water Operations Zepeda, Director of Water Operations Roberts, Director of Water Resources Sanchez, Government Relations Officer Compton, Legal Counsel Smith, Legal Counsel Casey, Secretary Bonkowski, Assistant Secretary Swan, Principle Engineer Cortez, Principle Engineer Mori, Principle Engineer Akiyoshi, Ms. Kellie Welch, Mr. John Dayer, Ms. Amy McNulty, Mr. Allen Shinbashi, Mr. Scott Toland, Ms. Fiona Hutton, Ms. Brenda Deeley, Mr. Sean Joyce, Ms. Veronica Joyce, and members of the public.

WRITTEN AND ORAL COMMUNICATIONS: None.

ITEMS TOO LATE TO BE AGENDIZED: None.

PRESENTATIONS

RESOLUTION COMMENDING SEAN JOYCE FOR HIS YEARS OF DEDICATED SERVICE TO THE CITY OF IRVINE

General Manager Cook presented Mr. Sean Joyce with a resolution. Following the Board commending Mr. Joyce for his service, on MOTION by Swan, seconded and carried (Swan, Matheis, LaMar, and Reinhart voting aye, and Withers absent), THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2018 –1

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT COMMENDING
SEAN JOYCE FOR HIS YEARS OF DEDICATED SERVICE
TO THE CITY OF IRVINE

CONSENT CALENDAR

RESOLUTION COMMENDING MIKE JACK FOR HIS SERVICE TO THE DISTRICT

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

RESOLUTION NO. 2018 -2

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT COMMENDING
MIKE JACK FOR HIS DEDICATED AND
LOYAL SERVICE TO THE DISTRICT

Director Withers arrived at 5:15 p.m. Following a brief discussion on Item No. 14 relative to the Water Right License 4413 which staff is requesting a revocation pursuant to Director Swan's inquiry, on MOTION by Matheis, seconded and unanimously carried, ITEMS 5 THROUGH 19 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 Steven LaMar, Peer Swan, Douglas Reinhart, Mary Aileen Matheis and John Withers as described.

6. MINUTES OF REGULAR BOARD MEETINGS

Recommendation: That the minutes of the December 11, 2017 Regular Board Meeting and the December 19, 2017 Adjourned Regular Board Meeting be approved as presented.

7. RATIFICATION OF MEMORANDUM RELATIVE TO THE OFFICERS OF THE BOARD, COMMITTEES AND OTHER ASSIGNMENTS

Recommendation: That the Board ratify the memorandum dated January 22, 2018 entitled Officers of the Board, Committees and Other Assignments; approve attendance for the Meetings and events for the Board's representation for calendar year 2018 as delineated, and adopt the following resolutions by title:

RESOLUTION NO. 2018- 3

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, RESCINDING
RESOLUTION NO. 2017-3 AND REVISING THE
ASSIGNMENT OF DIRECTORS TO COMMITTEES
OF THE BOARD

CONSENT CALENDAR (CONTINUED)

RESOLUTION NO. 2018-5

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, RESCINDING
RESOLUTION NO. 2017-7 AND APPOINTING
COMMISSIONER AND APPOINTING ALTERNATE COMMISSIONER
TO THE BOARD OF THE SANTIAGO AQUEDUCT COMMISSION

RESOLUTION NO. 2018-6

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT RESCINDING 2015-2
AND APPOINTING MEMBER AND ALTERNATE MEMBERS TO THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (SOCWA) JPA

8. 2018 INDEX TENDER NOTES REMARKETING

Recommendation: That the Board approve the 2018 Index Tender Notes Remarketing Statement, and adopt the following resolution by title:

RESOLUTION NO. 2018-4

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT APPROVING
REMARKETING STATEMENT RELATING TO
UNSCHEDULED MANDATORY TENDERS
(REFUNDING SERIES 2011A-1 AND
REFUNDING SERIES 2011A-2)

9. PROPOSED 2018 INVESTMENT POLICY

Recommendation: That the Board approve the 2018 Investment Policy, authorize the Treasurer and Assistant Treasurers to invest and reinvest funds of the District and of each of its Improvement Districts and to sell and exchange securities, and adopt the following resolution by title:

RESOLUTION NO. 2018-7

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT APPROVING INVESTMENT
POLICY AND AUTHORIZING THE TREASURER AND ASSISTANT
TREASURERS TO INVEST AND REINVEST FUNDS OF THE
DISTRICT AND OF EACH OF ITS IMPROVEMENT DISTRICTS
AND TO SELL AND EXCHANGE SECURITIES

CONSENT CALENDAR (CONTINUED)

10. ZONE 1 RESERVOIR DESIGN VARIANCE

Recommendation: That the Board authorize the General Manager to execute Variance No. 1 in the amount of \$130,400 with Tetra Tech for additional Engineering Services for the 3.7 Mg Zone 1 Reservoir, Project 06401.

11. PLANNING AREA 51 HERITAGE FIELDS CAPITAL FACILITIES

Recommendation: That the Board authorize the General Manager to accept Heritage Field's Construction Contract with FYDAQ in the amount of \$118,077 for Project 06823; approve Contract Change Order No. 5 in the amount of \$106,360 for Project 06018; approve Contract Change Order No. 6 in the amount of \$107,674 for Project 06018; approve Contract Change Order No. 1 in the amount of \$374,922 for Projects 06086 and 06087; and authorize budget increases for Project 06086 in the amount of \$200,000, from \$238,700 to \$438,700, and Project 06018 in the amount of \$200,000, from \$261,600 to \$461,600.

12. PLANNING AREA 39 (LOS OLIVOS) PHASE 2 CAPITALS IMPROVEMENTS

Recommendation: That the Board authorize a budget increase for Project 03735 in the amount of \$243,400, from \$226,600 to \$470,000; authorize the General Manager to execute a Supplemental Reimbursement Agreement with Irvine Community Development Company (ICDC) for the design and construction of recycled water improvements in Planning Area 39 Phase 2; and authorize the General Manager to accept ICDC's construction contract with Shoffeitt Pipeline, Inc. in the amount of \$270,185 for the Planning Area 39 (Los Olivos) Phase 2 Capital Improvements.

13. 2018 LEGISLATIVE AND REGULATORY UPDATE

Recommendation: Receive and file.

14. REVOCATION OF UNNAMED SPRING WATER RIGHT

Recommendation: That the Board authorize the Board President to sign a Request for Revocation of Water Right Form for Water Right License 4413 and submit it to the State Water Resources Control Board.

15. VARIANCE NO. 6 TO SYNERGY COMPANIES AGREEMENT FOR WATER-ENERGY GRANT-RELATED CUSTOMER PROGRAMS

Recommendation: That the Board authorize the General Manager to execute Variance No. 6 to the Agreement for non-consultant services between IRWD and Synergy Companies in the amount of \$30,000 to be reimbursed through the California Department of Water Resources Water-Energy Grant.

CONSENT CALENDAR (CONTINUED)

16. DECEMBER 2017 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Summary of Fixed and Variable Rate Debt, the Monthly Interest Rate Swap Summary for December 2017, and Disclosure Report of Reimbursements to Board Members and staff; approve the December 2017 Summary of Payroll ACH Payments in the total amount of \$1,789,104 and approve the December 2017 Accounts Payable Disbursement Summary of Warrants 382442 through 383225 Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$18,542,051.

17. EASTWOOD RECYCLED WATER PUMP STATION FINAL INITIAL STUDY/ MITIGATED NEGATIVE DECLARATION

Recommendation: That the Board find on the basis of the whole record before it (including the Initial Study/Mitigated Negative Declaration and the comments received), that there is no substantial evidence that the Eastwood Recycled Water Pump Station will have a significant effect on the environment and that the Mitigated Negative Declaration reflects IRWD's independent judgment and analysis; adopt the proposed Mitigated Negative Declaration for the Eastwood Recycled Water Pump Station and the associated mitigation monitoring and reporting program; approve the project; authorize staff to post and file a Notice of Determination; and submit payment for the California Department of Fish and Wildlife service filing fee.

18. PROPOSED 2018 GOALS AND TARGET ACTIVITIES REPORT

Recommendation: Receive and file the IRWD Goals and Target Activities Report for 2018.

19. DROUGHT RELIEF PROJECT UPDATE AND PROJECT COST ACCEPTANCE

Recommendation: That the Board authorize the General Manager to accept the District's remaining share of the drought relief project construction costs for the Central Intake Pipeline and Cross Valley Canal Turn-in Facility in the amount of \$2,953,243 to be paid to Rosedale-Rio Bravo Water Storage District consistent with the drought relief project cost sharing agreement.

ACTION CALENDAR

PUBLIC OUTREACH CONSULTANT SELECTION FOR THE SYPHON RESERVOIR IMPROVEMENT PROJECT

General Manager Cook reported that this program will facilitate multiple opportunities to communicate project-related impacts and to receive input from the community and stakeholders.

Director of Public Relations Beeman said that a Request for Qualifications (RFQ) for outreach services was issued on October 11, 2017 to five public outreach firms: Alliance Outreach, Fiona Hutton & Associates (FHA), Idea Hall, Katz & Associates and Westbound Communications. Ms. Beeman said that based on a review of the RFQ response packages, interviews were conducted with the top three firms. Ms. Beeman said that staff recommends the selection of FHA for the development and implementation of a community outreach program for the proposed project. She then highlighted its key strengths as follows: 1) a project management team that is skilled in developing compelling outreach campaigns dealing with CEQA processes, community impacts and stakeholder engagement; 2) skill at breaking down complicated issues to simple but effective messages that can be shared across multiple platforms to inform target audiences; 3) understanding of California water issues; and 4) experience working with key water-related clients.

Using a PowerPoint presentation, Ms. Fiona Hutton and Ms. Brenda Deeley of FHA provided an overview of their firm and noted that they will create a very thoughtful plan creating tailored communications and public outreach to neighbors, local stakeholders and regional opinion leaders as the project progresses.

Director Matheis reported that this item was reviewed and approved by the Water Resources Policy and Communications Committee on January 15, 2018. Director Swan said that once input is received from blind focus groups with various alternatives for the reservoir upsizing, he will then be able to determine a solid position on this project. Following comments from the other Directors, on **MOTION** by Matheis, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH FIONA HUTTON & ASSOCIATES TO DEVELOP AND IMPLEMENT A PUBLIC OUTREACH PROGRAM FOR THE PROPOSED SYPHON RESERVOIR IMPROVEMENT PROJECT FOR A NOT-TO-EXCEED AMOUNT OF \$1,029,070.**

OWNER'S REPRESENTATIVE CONSULTANT SELECTION FOR THE SYPHON RESERVOIR IMPROVEMENTS

Executive Director of Engineering and Water Quality Burton reported that the proposed project will increase the reservoir's water storage capacity by approximately 4,500 acre-feet by replacing the existing 59-foot high dam with a new 136-foot high embankment dam.

Mr. Burton said that the Owner's Representative (OR) will serve as an extension of IRWD's project management staff and will bring resources and expertise in program management, project scheduling and controls, compliance management, and technical expertise to support both the management and design oversight of the project through the final design phase. He said that responsibilities will include development and implementation of the project management plan, risk management, scheduling, technical support during the environmental compliance process, technical evaluation of recreational concepts, coordination with regulatory agencies and technical advisory group, and design phase oversight. The OR will also provide guidance and technical reviews of reports generated by IRWD's consultants responsible for the environmental compliance (CEQA/NEPA) and public outreach programs.

Mr. Burton said that staff issued a Request for Proposal for OR services to AECOM, Black & Veatch, HDR, and Kleinfelder. Staff received proposals from HDR and the teams of Black & Veatch and Kleinfelder. AECOM declined to submit as it indicated a preference to pursue the detailed design phase of the project rather than the OR role. He said that while each firm presented a broad depth of experience and expertise relative to reservoirs and dams, HDR established a superior depth and knowledge of managing complex reservoir projects and an extensive track record of successfully working with lead regulatory agencies including the California Division of Safety of Dams and the United States Bureau of Reclamation. HDR's proposed project manager, who will be the OR team lead at all project meetings and public forums, demonstrated a high level of knowledge and direct experience with the various aspects of reservoir improvement projects including regulatory agency coordination, design, and construction.

Director LaMar reported that this item was reviewed and approved by the Engineering and Operations Committee on January 16, 2018. Following comments by Director Swan relative to his concerns on this project, on MOTION by LaMar, seconded and unanimously carried, **THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$1,200,000; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH HDR ENGINEERING IN THE AMOUNT OF \$1,551,040 TO PROVIDE ENGINEERING SUPPORT SERVICES AS THE OWNER'S REPRESENTATIVE FOR THE SYPHON RESERVOIR IMPROVEMENTS, PROJECT 03808.**

REHABILITATION OF DYER ROAD WELLFIELD WELLS 12 AND 17 AND LIMITED REDEVELOPMENT OF WELL 52 CONSTRUCTION AWARD

Dyer Road Wellfield (DRWF) Wells 2 and 17 have experienced a reduction in production and specific capacity and need rehabilitation. DRWF Well 2 was taken out of service in April 2017 due to a sharp increase in the sanding rate combined with a sharp loss in production.

Well 52 has not experienced a decline in specific capacity; however, the well has been idle for more than three years and requires limited pumping redevelopment at this time. The project was advertised for construction to a select list of nine contractors and a bid opening was held on January 11, 2018 with three bids received. Best Drilling and Pump, Inc. was the apparent low bidder with a bid amount of \$967,760; the engineer's estimate was \$990,300.

Director Swan suggested that staff investigate a partnership with other agencies to raise the capacity level to approximately 85% for better utilization. On MOTION by LaMar, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH BEST DRILLING AND PUMP, INC. IN THE AMOUNT OF \$967,760 FOR REHABILITATION OF DYER ROAD WELLFIELD WELLS 2 AND 17 AND LIMITED REDEVELOPMENT OF WELL 52, PROJECTS 10097 AND 07090.**

PROPOSED REVISIONS TO THE IRWD WATER CONSERVATION POLICY PRINCIPLES

Government Relations Officer Compton reported that after reviewing the District's Water Conservation Policy Principles paper, which was last adopted in February 2009, and IRWD's Recognition of Local Agency Investments in the Water Conservation Policy Principles paper, which was adopted in June 2005, staff recommends that the Board adopt the proposed Water Use Efficiency and Conservation Policy Principles paper to supersede both policy papers.

Director Matheis reported that this item was reviewed by the Water Resources Policy and Communications Committee on January 15, 2018. Director LaMar commented that this paper will be very helpful with discussions with other agencies. Following suggestions by the Board on minor changes to be made on the paper, on MOTION by Matheis, seconded and unanimously carried, **SUBJECT TO NONSUBSTANTIVE CHANGES, THE BOARD APPROVED THE PROPOSED WATER USE EFFICIENCY AND CONSERVATION POLICY PRINCIPLES PAPERS TO SUPERSEDE THE WATER CONSERVATION POLICY PRINCIPLES AND RECOGNITION OF LOCAL AGENCY INVESTMENTS IN WATER CONSERVATION POLICY PRINCIPLES PAPERS.**

PROPOSED POLICY PRINCIPLES ON ORANGE COUNTY WATER RELIABILITY IMPROVEMENTS

Executive Director of Water Policy Weghorst reported that staff has prepared an update to IRWD's Policy Principles Paper on South Orange County Water Reliability. Mr. Weghorst said that the proposed revisions to the paper take into consideration opportunities that Orange County Water District is contemplating that would allow Orange County water agencies to implement storage accounts and exchanges in the Orange County Groundwater Basin. He said that this revised paper will help guide IRWD in advocating for and pursuing projects and programs to assist Orange County water agencies with improving water supply and system reliability.

Director Swan reported that this item was reviewed by the Supply Reliability Programs Committee on January 18, 2018. Following suggestions by the Board on minor changes to be made on the paper, on MOTION by Swan, seconded and unanimously carried, **SUBJECT TO NONSUBSTANTIVE CHANGES, THE BOARD APPROVED THE REVISED POLICY PRINCIPLES PAPER ON ORANGE COUNTY WATER RELIABILITY IMPROVEMENTS.**

DIRECTORS' COMMENTS

Director Matheis reported on her attendance at the Colorado River Water Users Association conference in Las Vegas.

Director Withers noted an upcoming OCSD Board meeting and a CASA conference in Palm Springs.

Director Swan reported on a meeting he attended with the Sierra Club where trash in the watershed was discussed, a meeting at West Basin relative to MWD's supply program, Newport Beach Chamber of Commerce meetings, an OCWA luncheon, a Colorado River Water Users Association conference in Las Vegas, SAWPA's One Water One Watershed meeting, and that he will be attending a CASA conference this week.

Director LaMar reported that he attended a California Environmental Dialogue Plenary Meeting in Sacramento, a MWDOC Public Affairs and Legislation Committee meeting, a National Water Resources Association Leadership Forum in Las Vegas, an ACWA Orientation meeting in Sacramento, and a Southern California Water Coalition quarterly luncheon meeting in Riverside.

Director Reinhart reported that he attended a MWDOC Public Affairs Committee meeting, a MWDOC Board meeting, a WACO meeting, an MNWD joint meeting with Director Swan, and a Southern California Water Quarterly meeting with Director LaMar.

CLOSED SESSION

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

- 1) 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).
- 2) PUBLIC EMPLOYEE PERFORMANCE EVALUATION Pursuant to Government Code Section 54957(b), Title: Legal Counsel

OPEN SESSION

Following the Closed Session, the meeting was reconvened with five Board members 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 12th day of February, 2018.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Alfred Smith, Legal Counsel – Nossaman LLP