

## MINUTES OF REGULAR MEETING – April 26, 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 April 26, 2021 via teleconference pursuant to the provisions of the Governor’s Executive Orders N-25-20 and N-29-20 due to COVID-19. Members of the public did not attend this meeting in person.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Technical Services Burton, Executive Director of Operations Chambers, Executive Director of Water Policy Weghorst, Executive Director of Finance and Administration Clary, Director of Treasury and Risk Management Jacobson, 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, Government Relations Officer/Deputy General Counsel Compton, Manager of Strategic Planning and Analysis Christopher Smithson, Secretary Bonkowski, General Counsel Collins, Consultant Newell, Special Legal Counsel Robinson, Natural Resources Manager Swift, Engineer Bennett, Engineer Robinson, and members of staff and the public.

WRITTEN AND ORAL COMMUNICATIONS: None.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None.

### WORKSHOPS

### PROPOSED OPERATING AND NON- OPERATING BUDGETS FOR FISCAL YEARS 2021-22 AND 2022-23

General Manager Cook reported that the proposed Fiscal Year (FY) 2021-22 Operating Budget for IRWD is \$180.2 million, representing an increase of \$6.6 million, or 3.8%, when compared to the Operating Budget for FY 2020-21. The proposed FY 2022-23 Operating Budget for IRWD is \$187.7 million, representing an increase of \$7.6 million, or 4.2%, when compared to the proposed Operating Budget for FY 2021-22. The proposed FY 2021-22 Non-operating Net Income Budget is \$76.7 million, representing a decrease of \$12.0 million when compared to the Non-operating Budget for FY 2020-21. The proposed FY 2022-23 Non-operating Budget is \$84.1 million, representing an increase of \$7.4 million when compared to the proposed Non-operating Budget for FY 2021-22.

Using a PowerPoint presentation, Manager of Strategic Planning and Analysis Smithson said that the first workshop was held on April 12, 2021 and that tonight’s workshop would review the proposed budget, review that rate history, and then make recommendations for Board adoption. Using slides and charts, Mr. Smithson reviewed the key assumption for both uncontrollable and controllable cost escalators, reviewed the potable source of supplies, the source cost per acre-foot, and the key driver comparisons. He reviewed the key assumptions for non-operating

net incomes, and annual rate increase history. He reviewed the schedule for budget adoption and

next steps. He said due to the continued economic impact of COVID-19 to IRWD's customers, no changes to water and sewer rates are proposed at this time, and that staff will return to the Finance and Personnel Committee and the Board in Fall 2021 to present updated considerations for rate increases that could be adopted after January 1, 2022.

Director Swan said that the Operating and Non-operating budgets and assumptions were reviewed by the Finance and Personnel Committee on March 2, 2021, March 24, 2021, and April 6, 2021, and on MOTION by Swan, seconded by LaMar and unanimously carried by a roll call vote (5-0) (McLaughlin, Swan, Withers, LaMar and Reinhart voting aye and 0 noes) **THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE APPROVING THE OPERATING AND NON-OPERATING BUDGETS FOR FISCAL YEARS 2021-22 AND 2022-23.**

RESOLUTION NO. 2021 –4

RESOLUTION OF THE BOARD OF DIRECTORS  
OF IRVINE RANCH WATER DISTRICT,  
APPROVING THE DISTRICT'S OPERATING AND NON-OPERATING  
BUDGETS FOR FISCAL YEAR 2021-22 AND FISCAL YEAR 2022-23 AND  
DETERMINING COMPLIANCE WITH  
ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

CAPITAL BUDGET FOR FISCAL YEARS 2021-22 AND 2022-23 AND LONG-TERM  
CAPITAL PROGRAM

General Manager Cook reported that staff will provide a presentation on the Capital Budget for Fiscal Year (FY) 2021-22 and FY 2022-23 and IRWD's Long-Term Capital Program and that the forecasted capital expenditures for FY 2021-22 and FY 2022-23 are \$116.7 and \$107.5 million, respectively.

Using a PowerPoint presentation, Engineer Robinson reviewed what the two-year capital budget would accomplish and compared the previous forecast to actual expenditures for FY 2019-20 and 2020-21. Mr. Robinson said that for the past two fiscal years, FY 2019-20 and FY 2020-21, forecasted expenditures were originally estimated at \$184.6 million, and that actual expenditures are on track to be \$158.5 million (approximately 85% of forecasted expenditures). He said for previewing the upcoming two fiscal years, estimated capital expenditures for FY 2021-22 and FY 2022-23 are \$116.7 and \$107.5 million, respectively. For both FY 2021-22 and FY 2022-23 three expenditure groups make up approximately 50% of projected expenditures: 1) Replacement – Facilities projects, 2) Water Banking – including the Kern Fan Groundwater Storage Project, and 3) Operational projects. This year a change was made to include employee benefits cost allocation as part of the capital budgeting process. The benefits will apply to IRWD labor only and account for a small portion of the Capital Budget that is captured by the 10% contingency built into each project.

Using maps, Mr. Robinson provided an update on development, and then listed expenditure by categories, and the top expenditure projects. He described the long-term capital program, and its program increases.

Director Withers said that this item was reviewed by the Engineering and Operations Committee on April 20, 2021, and on MOTION by Withers, seconded by McLaughlin and unanimously carried by a roll call vote (5-0) McLaughlin, Swan, Withers, LaMar and Reinhart voting aye and 0 noes) THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE APPROVING IRWD'S CAPITAL BUDGET FOR FISCAL YEARS 2021-22 AND 2022-23.

RESOLUTION NO. 2021 – 5

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE  
RANCH WATER DISTRICT, APPROVING A CAPITAL BUDGET  
FOR FISCAL YEARS 2021-22 AND 2022-23

CONSENT CALENDAR

Director Swan asked that Item No. 7, IRWD STRATEGIC MEASURES, be moved to the Action Calendar for discussion. There being no objections, this item was moved accordingly. On MOTION by Swan, seconded by LaMar and unanimously carried by a roll call vote (5-0) McLaughlin, Swan, Withers, LaMar and Reinhart voting aye, and 0 noes) ITEMS 5 AND 6 AND 8 THROUGH 13 WERE APPROVED AS FOLLOWS:

5. BOARD MEETING MINUTES

Recommendation: That the minutes of the April 12, 2021 Regular Board meeting be approved as presented.

6. 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, and John Withers, as described.

8. MARCH 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 March 2021 Summary of Payroll ACH payments in the total amount of \$2,116,670, and approve the March 2021 Accounts Payable Disbursement Summary of warrants 416091 through 416896, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$39,486,509.

CONSENT CALENDAR (CONTINUED)

9. LETTER OF CREDIT EXTENSION FOR IRWD SERIES 2008A BONDS

Recommendation: That the Board approve an extension of the Sumitomo Mitsui Letter of Credit supporting IRWD's 2008A Refunding Bonds to May 2025 at an annual cost of 0.315% and adopt the following resolution by title authorizing certain actions in connection with extension of the Letter of Credit (Consolidated Refunding Series 2008A).

RESOLUTION NO. 2021-6

RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE IRVINE RANCH WATER DISTRICT  
AUTHORIZING CERTAIN ACTIONS IN CONNECTION  
WITH EXTENSION OF LETTER OF CREDIT  
(CONSOLIDATED REFUNDING SERIES 2008A)

10. SHARED SERVICES AGREEMENT WITH THE GROUNDWATER BANKING JOINT POWERS AUTHORITY

Recommendation: That the Board authorize the General Manager to execute a Shared Services Agreement with the Groundwater Banking Joint Powers Authority for reimbursement of IRWD staff resources and other services.

11. HYDROEXCAVATOR CONTRACT AWARD

Recommendation: That the Board authorize the General Manager to execute a contract with Plumber's Depot, Inc. in the amount of \$502,050 to purchase one new hydroexcavator.

12. PLANNING AREA 12 INNOVATION PARK REGIONAL ZONE A RECYCLED WATER IMPROVEMENTS

Recommendation: That the Board authorize the General Manager to accept Irvine Community Development Company's construction contract with Paulus Engineering, Inc. in the amount of \$1,107,770.03 for the Planning Area 12 Innovation Park Regional Zone A Recycled Water Improvements, Project 11584.

13. EASTWOOD RECYCLED WATER PUMP STATIONS CONTRACT CHANGE ORDER

Recommendation: That the Board approve Contract Change Order No. 12 in the amount of \$353,968.15 with Pacific Hydrotech Corporation for work associated with the existing 54-inch diameter recycled water pipeline repairs for the Eastwood Zone A to B and Zone A to C Recycled Water Pump Stations project.

## ACTION CALENDAR

### IRWD STRATEGIC MEASURES

Following Director Swan's inquiries and responses on several measures, on MOTION by Swan, seconded by LaMar and unanimously carried by a roll call vote (5-0) McLaughlin, Withers, Swan, LaMar and Reinhart voting aye, and 0 noes THE IRWD STRATEGIC MEASURES WERE RECEIVED AND FILED.

### WOODBIDGE RECYCLED WATER PIPELINE REPLACEMENT CONSULTANT SELECTION

General Manager Cook reported that the Woodbridge Recycled Water Pipeline Replacement will replace approximately 50,000 feet of asbestos cement pipe (ACP) distribution mains used in the recycled water system in the Woodbridge community of Irvine.

Executive Director of Technical Services Burton said that staff issued a request for proposal for the design to six consultants including Cannon Corporation, Lockwood Andrews & Newman, Inc., MKN Associates, Psomas, Stantec, and West Yost Associates. Mr. Burton said that five of the six firms submitted proposals on March 31, 2021; Psomas declined to submit a proposal. Based on the evaluation of each consultant's project approach, project team and relevant experience, staff recommends the selection of West Yost Associates. He said that West Yost presented a sound approach for the design of the replacement pipeline and separated itself from the other firms by showing the most thorough understanding of the design coordination that will be required with parties who will be affected by this project. He said that West Yost's fee is in the amount of \$848,949 and given the scope of the design and the work effort required, staff finds it fair and reasonable. He further said that for these reasons along with West Yost's Project Manager's vast experience on IRWD projects and familiarity with IRWD's design standards, staff believes West Yost is the best qualified consultant to perform this work.

Director Withers said that this item was reviewed by the Engineering and Operations Committee on April 20, 2021, and that West Yost's proposal was excellent. Following discussion on the pipe failures, on MOTION by Withers, seconded by McLaughlin, and unanimously carried by a roll call vote (5-0) McLaughlin, Withers, Swan, LaMar and Reinhart voting aye, and 0 noes THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH WEST YOST ASSOCIATES IN THE AMOUNT OF \$848,949 FOR ENGINEERING DESIGN SERVICES FOR THE WOODBRIDGE RECYCLED WATER PIPELINE REPLACEMENT, PROJECT 11571.

### SALT MANAGEMENT MODEL PHASE 1 UPDATE BUDGET INCREASE

General Manager Cook reported that the Salt Management Model Phase 1 Update and Validation Project will update IRWD's existing Recycled Water Salt Management Model by incorporating additional historic data and new facilities as well as analyzing and validating a selected alternative proposed in IRWD's Sewage Treatment Master Plan (STMP). In May 2020, consulting engineers at HDR initiated work on the Project. To date, HDR has completed the

incorporation of the additional data and new facilities into the model.

Using a PowerPoint presentation, Energy Manager Bennett provided a chart showing the background of the Salt Balance Model, reviewed the objectives of the model update, provided the results of salinity sources from 2008 to 2019, reviewed the results of historic and predicted MWRP effluent from 2008 to 2016, and discussed the next step for the Sewage Master Plan Alternatives. Mr. Bennet said that an additional budget is required to complete the model validation component of the Phase 1 work because the STMP alternative to be modeled is significantly more complex than the analysis envisioned in the original scope of work. The additional budget will facilitate implementation of work under Variance No. 2 of the Professional Services Agreement with HDR to complete modeling validation work in analyzing the selected alternative. The additional work to be performed on the Salt Management Model under Variance No. 2 includes the following: 1) the ability to divert sewage from several sewersheds that currently discharge to the Los Alisos Water Recycling Plant (LAWRP) to MWRP and/or El Toro Water District (ETWD); 2) the ability to divert a portion of the sewage from the Irvine Business Center (IBC) that currently discharges to OC SAN would discharge to MWRP; 3) expand the LAWRP (secondary/tertiary) treatment capacity from 7.5/5.5 million gallons per day (MGD) to 12.5/10 MGD; 4) incorporate an advanced water purification facility at LAWRP that can process 10 MGD of tertiary treated water and delivery of 8.5 MGD of advanced treated water to the Baker Water Treatment Plant; 5) simulation of a side-stream reverse osmosis (RO) process at MWRP and LAWRP; 6) incorporate a new pipeline and pump station to deliver brine from the new MWRP RO system to the South Orange County Wastewater Authority outfall; and 7) the ability to report alternative results at various stages of implementation such as LAWRP diverted to MWRP, LAWRP diverted to MWRP and ETWD, IBC diversion to MWRP, and MWRP and LAWRP, with and without an RO system. Following suggestions from Director Swan, General Manager Cook said that staff will look at various alternatives for flows and will also provide him a schematic as requested.

Director Withers said that this item was reviewed by the Engineering and Operations Committee on April 20, 2021, and on MOTION by Withers, seconded by Swan and unanimously carried by a roll call vote (5-0) McLaughlin, Swan, Withers, LaMar and Reinhart voting aye, and 0 noes, **THE BOARD AUTHORIZED A BUDGET INCREASE IN THE AMOUNT OF \$65,000, FROM \$187,500 TO \$252,500, FOR PROJECT 11135 TO COMPLETE THE SALT MANAGEMENT MODEL PHASE 1 UPDATE AND VALIDATION PROJECT.**

#### SAN JOAQUIN MARSH OPERATING GUIDELINES AND NATURAL TREATMENT SYSTEM FACILITIES THREE-YEAR LANDSCAPE MAINTENANCE SERVICES CONTRACT

General Manager Cook reported that to ensure effective operation of the San Joaquin Marsh going forward, the San Joaquin Marsh Operating Guidelines have been updated and staff will be providing a summary this evening. Mr. Cook said that additionally, staff will be presenting a proposal to provide landscape maintenance services throughout IRWD's Natural Treatment System (NTS).

Using a PowerPoint presentation, Natural Resources Manager Swift reported that the San Joaquin Marsh Operations and Maintenance Guidelines, first developed in 2006 and updated in 2012, are used by staff to manage water flow through the San Joaquin Marsh to ensure standards for water quality are achieved and to protect Marsh facilities and habitat. Mr. Swift said that

since 2012, the regulatory environment has changed substantially, and staff recognized the need to update the key operating principles and address critical natural resource components. He said that the new plan reflects an adaptive resource management strategy and includes water management, habitat protection, pest management and vector control strategies, and enhanced operating principles. The updated plan will help guide IRWD to manage the Marsh going forward. Using maps and charts, he reviewed the flow schematic and non-storm drain discharge to the San Diego Creek. He further reviewed the plan's objectives, the operation and maintenance programs, and a performance summary. Following comments from Director Swan, staff will provide him with a copy of this document.

Mr. Swift said that landscape maintenance, trash control, and light sediment removal are integral to the operation and maintenance of the San Joaquin Marsh and its campus, Peters Canyon Water Capture and Reuse Pipeline, and 44 Natural Treatment System (NTS) facilities, covering a total of 532 landscaped acres. He said that the current three-year contract to perform landscape maintenance services expires in 2021, and that staff invited five environmental consulting and landscape maintenance companies to participate in the request for proposal process. Firms were selected based on their experience with the District and with projects involving natural habitat restoration and wetland environments. The process included an opportunity to conduct a self-walk-through at the Marsh and three NTS facilities that were representative of the system. He said that of the five companies invited, three did not submit bids, and two firms, LandCare and Endemic Environmental, submitted a joint proposal. He said that LandCare is the current landscape services provider at both facilities and has performed satisfactorily. Of the three firms that did not submit bids, one sent a formal "no bid" letter and the remaining firms sent emails indicating they did not have sufficient labor to successfully bid on this unique, habitat maintenance-focused contract.

Mr. Swift said that the bid was reviewed by staff and the first-year cost of the proposed three-year contract is \$1,453,838 and covers 532 landscaped acres that includes 44 NTS facilities, the Marsh and its campus, and Peters Canyon. He said that the 21% increase in cost over the last year of the current contract is the result of the addition of 12 NTS facilities, increases in the minimum wage the last two years and the requirement that weed abatement be performed without the use of glyphosate-based herbicides to comply with the District's 2019 Integrated Pest Management Plan. The contract includes an annual escalation for wage and cost-of-living adjustments (COLA), and a provision for a two-year extension at the discretion of the District. Following staff's response to Director Swan relative to the higher costs of the Marsh Campus due to additional maintenance work including hand weeding as pesticides are not allowed, staff will forward him a copy of the bid. In response to his inquiry relative to outside funding to assist in the maintenance of NTS sites, staff will provide him with a summary. Director Withers reported that this item was reviewed by the Engineering and Operations Committee on April 20, 2021, and on MOTION by Withers, seconded by McLaughlin and carried by a roll call vote (4-1) McLaughlin, Withers, LaMar and Reinhart voting aye, and Swan abstaining. **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE FIVE THREE-YEAR CONTRACTS FOR LANDSCAPE MAINTENANCE SERVICES AT IRWD'S NATURAL TREATMENT SYSTEM FACILITIES, INCLUDING A PROVISION FOR A TWO-YEAR EXTENSION, WITH LANDCARE AND ENDEMIC ENVIRONMENTAL TOTALING \$4,560,733.**

## DISTRICT-WIDE LANDSCAPE AND IRRIGATION MAINTENANCE THREE-YEAR CONTRACT AWARD

General Manager Cook reported that Tropical Plaza Nursery, Inc. was awarded a three-year landscape and irrigation maintenance contract for 146 IRWD sites in March 2020. Mr. Cook said that midway through its first year of the contract, Tropical Plaza informed IRWD that due to unexpected operating expenses, it could not continue to provide services under the terms of the contract.

Mr. Cook said that in March 2021, staff conducted a competitive bidding process to retain a landscape and irrigation maintenance contractor to provide landscape services at IRWD properties for a three-year term. He said that staff solicited bids from six landscape contractors, and that five conforming bids were received with Trugreen Landcare, LLC as the low bidder. On MOTION by LaMar, seconded by Swan, and unanimously carried by a roll call vote (5-0) McLaughlin, Withers, Swan, LaMar and Reinhart voting aye, and 0 noes, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A THREE-YEAR LANDSCAPE AND IRRIGATION MAINTENANCE CONTRACT WITH TRUGREEN LANDCARE, LLC FOR \$1,557,813 TO MAINTAIN 146 IRWD SITES.

## IRWD REOPENING PLAN CONSIDERATIONS

General Manager Cook said that with California's target reopening date now set, staff evaluated what will be necessary to safely open IRWD facilities to the public. Mr. Cook said that staff recommends a tiered reopening approach along with the District's ongoing social distancing, OSHA-required face coverings and other COVID-19 reduction measures. He then reviewed the proposed tiered reopening, provided California reopens as planned on June 15. For public Board and Committee meetings, staff proposes the District resume full, in-person meetings beginning on June 15, 2021 with a potential hybrid approach of in-person and virtual if the additional audio-visual equipment has been installed.

Mr. Cook then recommended a soft reopening of the Community Room and San Joaquin Marsh Campus facilities with outside camps and tours beginning July 1, 2021, followed by limited indoor activities starting on August 1, 2021. Reservations for fall and winter events would commence on September 1, 2021.

He further said that since March 2020, many IRWD employees have been teleworking and productivity remains high. Metrics regarding IRWD Customer Service remain excellent, with very short on-hold wait-times and very high customer satisfaction rankings. He said that the official date for employees returning to the office has not yet been determined, but that the Customer Service Counter and the Development Services Counter would open when all employees return to work. Departments are currently developing return-to-work plans, based on general guidelines provided by the General Manager.

Following the consensus of the Board on this approach, this item was received and filed.



## OTHER BUSINESS

### GENERAL MANAGER'S REPORT

General Manager Cook reported that there were no new cases of COVID-19.

Mr. Cook reported on the AMP 54" pipeline shutdown occurring April 4 through May 10 and noted that this shutdown did not impact IRWD.

He further said that EMWD appointed a new General Manager, Mr. Joe Mouawad, taking over for Paul Jones, who is retiring.

### COMMUNITY UPDATES

Consultant Bruce Newell reported that the canyons received 1.13" of rain today, and that he recently assisted IRWD in notifying residents of work being done in Silverado Canyon.

### DIRECTORS' COMMENTS

Director Withers reported that this Wednesday he will be participating in a virtual MWRP tour, an OCSD Board meeting, a drought webinar on Thursday as well as an upcoming ISDOC Executive Committee meeting.

Director McLaughlin said that she had nothing to report this evening.

Director Swan reported on his attendance at an OCWD Water Issues Committee meeting, a Newport Beach Chamber of Commerce meeting, MWDOC meetings, and a WACO planning meeting. He said this Wednesday he will be attending a California Water Dialogue meeting and an upcoming MWDOC and OCWD joint meeting.

Director LaMar reported on his attendance at a Water Advisory meeting at Scripps, a Riverside County Task force meeting, a Southern California Water Coalition meeting, and several ACWA meetings.

Director Reinhart reported on his attendance at an OCWD Water Issues Committee meeting, an OCWD Administration and Finance Committee meeting, an OCWD Board meeting, and MWDOC meetings.

### CLOSED SESSIONS

Legal Counsel Collins said that the following Closed Sessions would be held this evening:

CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – Pursuant to Government Code Section 54956.9(d)(1):

- a) *Kern County Water Agency v. Groundwater Banking Joint Powers Authority, Rosedale-Rio Bravo Water Storage District, Irvine Ranch Water District, Kern County Superior Court Case No. BCV-21-100223.*
- b) *City of Bakersfield v. Groundwater Banking Joint Powers Authority, Rosedale-Rio*

OPEN SESSION

At 8:45 p.m. the meeting was reconvened with Directors Swan, LaMar, Withers, McLaughlin, and Reinhart present. General 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 10<sup>th</sup> day of May 2021.

President, IRVINE RANCH WATER DISTRICT

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Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Claire Hervey Collins, General Counsel  
Hanson Bridgett LLP