MINUTES OF REGULAR MEETING – NOVEMBER 12, 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 November 12, 2018 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive of Engineering and Water Quality Burton, Executive Director of Finance and Administration Clary, Executive Director of Water Policy Weghorst, Executive Director of Operations Chambers, Director of Treasury and Risk Management Jacobson, Director of Water Resources Sanchez, Director of Water Recycling Operations Zepeda, Director of Public Affairs Beeman, Director of Human Resources Roney, Government Relations Officer Compton, Public Affairs Manager Fabris, Legal Counsel Collins, Assistant Secretary Swan, Asset Systems Manager Meserlian, Principal Engineer Akiyoshi, Principal Engineer Mori, Electrical and Instrumentation Manager O’Neill, Manager of Risk & Contracts Administration Shinbashi, Water Efficiency Manager McNulty, Water Efficiency Supervisor Hastings, Senior Human Resources Analyst Srader, Associate Engineer Marcacci, Associate Engineer Robinson, Financial Analyst Pardee, Operator III Daniel, , Mr. Andrew Pollard, Mr. Gregorio Estrada (HDR), Ms. Jennifer Ziv (Woodard & Curran), Mr. Scott Goldman (Woodard & Curran), Mr. Andrew Lazenby (Brown & Caldwell), Ms. Wendy Browley (Brown & Caldwell), Mr. Colin Lavin (IBEW #47), Mr. Jeff Brown, and members of the public.

WRITTEN COMMUNICATIONS: None.

ORAL COMMUNICATIONS: Mr. Colin Lavin of International Brotherhood of Electrical Workers addressed the Board relative to the status of the labor negotiations.

Mr. Matthew Daniel, a District Employee, introduced himself to the Board and spoke in support of the general unit employees labor negotiations and asked that negotiations move forward.

ITEMS TOO LATE TO BE AGENDIZED: None.

BOARD PRESENTATION

POTABLE REUSE CONCEPTUAL STUDY

Associate Engineer Marcacci presented a PowerPoint presentation regarding the Potable Reuse Conceptual Study to identify beneficial potable reuse options that was initiated by the District in December 2017. He outlined the three core elements of the project: 1) survey the current regulatory and industry environment; 2) conceptually analyze potable reuse alternatives for IRWD;

BOARD PRESENTATION (CONTINUED)

and 3) conduct a workshop with the Board of Directors regarding potable reuse. Mr. Marcacci indicated that staff and project consultant Brown and Caldwell completed the first two elements and presented nine alternatives to implementing potable reuse. Based on the screening criteria, staff identified four top recommended alternatives. Staff then responded to several comments made by the Board and staff was thanked for their efforts regarding the study.

CONSENT CALENDAR

President Reinhart asked that Item No. 9, IRVINE RANCH WATER DISTRICT STRATEGIC MEASURES be moved to the action calendar for discussion. There being no further comments, this item was moved to the action calendar (See page 3).

Prior to the consideration of the Consent Calendar, President Reinhart provided comments on Item No. 6, Changes to General Manager’s Compensation. Mr. Reinhart reported that on October 22, 2018, the Board conducted its annual performance evaluation of the General Manager. The Board was asked to consider changes to his compensation as a result of that performance review.

Mr. Reinhart said that pursuant to Government Code Section 54953(c)(3), prior to taking final action on changes to the General Manager’s compensation, he was providing a summary of the recommended action before the Board. The recommendation is to increase the annual base salary of the General Manager by 4%, or $11,800, to $306,800, a one-time performance award of $9,000 as a taxable lump sum cash payment, and adjust the automobile allowance to $725 per month, effective October 1, 2018. All other aspects of the General Manger’s compensation would remain unchanged.

There being no further comments, on MOTION by Withers, seconded by LaMar, and unanimously carried (Withers, LaMar, Swan, Matheis, and Reinhart voting aye), CONSENT CALENDAR ITEMS 4 THROUGH 8 AND 10 WERE APPROVED AS FOLLOWS:

4. RATIFY/APPROVE BOARD OF DIRECTORS’ ATTENDANCE AT MEETINGS AND EVENTS

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

5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the October 22, 2018 Regular Board Meeting be approved as presented.

CONSENT CALENDAR (CONTINUED)

6. CHANGES TO GENERAL MANAGER’S COMPENSATION

Recommendation:That the Board approve an increase to the annual salary of the General Manager to the amount of $306,800, a one-time performance award in the amount of $9,000, and adjust the General Manager’s automobile allowance to $725 per month, effective October 1, 2018.

7. OFFSITE PIPELINES FOR THE IRVINE LAKE PIPELINE NORTH CONVERSION FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the offsite pipelines for the Irvine Lake Pipeline North Conversion, Project 05823, 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.

8. REVISIONS TO THE DISTRICT’S CONFLICT OF INTEREST CODE

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

RESOLUTION NO. 2018 - 28

# RESOLUTION OF THE BOARD OF DIRECTORS OF

# IRVINE RANCH WATER DISTRICT Rescinding Resolution No. 2015-30 AND ADOPTING a Revised Conflict of Interest Code for the District

10. 2018 LEGISLATIVE AND REGULATORY UPDATE

Recommendation: That the Board approve including IRWD in the attached Orange County Water District letter as one of the Producers in support of the formation of a Funding Area that will allow north Orange County to compete for state bond funds through the Integrated Regional Water Management program.

ACTION CALENDAR

IRVINE RANCH WATER DISTRICT STRATEGIC MEASURES

Following comments by President Reinhart and clarification provided by staff, on MOTION by Reinhart, seconded by LaMar, and unanimously carried (Withers, LaMar, Swan, Matheis, and

Reinhart voting aye), THE IRVINE RANCH WATER DISTRICT STRATEGIC MEASURES WERE RECEIVED AND FILED.

ACTION CALENDAR (CONTINUED)

ANNUAL MICROSOFT ENTERPRISE AGREEMENT SOFTWARE MAINTENANCE RENEWAL

General Manager Cook reported that the Microsoft Enterprise Agreement for Software Maintenance, which provides upgrades and maintenance for all of the Microsoft software used by the District, expires on November 30, 2018. This agreement provides discounted pricing for software maintenance and licenses to state and local government entities.

Director Swan reported that this item was reviewed by the Finance and Personnel Committee on November 6, 2018. On MOTION by Swan, seconded by LaMar, and unanimously carried (Withers, LaMar, Swan, Matheis, and Reinhart voting aye), THAT THE BOARD AUTHORIZED RENEWAL OF THE MICROSOFT ENTERPRISE AGREEMENT FOR A THREE-YEAR PERIOD EFFECTIVE DECEMBER 1, 2018 THROUGH NOVEMBER 30, 2021 IN THE AMOUNT OF $510,000.

BUSINESS INTELLIGENCE CLOUD DISASTER RECOVERY IMPLEMENTATION AND REPORTING CONSULTANT SERVICES VARIANCE APPROVAL

Director of Information Services Mossbarger reported that the District’s Oracle Business Intelligence (BI) Cloud Disaster Recovery Implementation and Reporting project started in October 2017. Mr. Mossbarger said that BI is an Oracle module used for analyzing data and presenting information to enhance decision making. He said the project provides for a backup Cloud Disaster Recovery (DR) environment for BI in the event of a system failure. The scope of the project included several initial user operational reports to be developed. The District entered into a Professional Services Agreement with Dilytics to assist with the implementation. A variance is needed to the Professional Services Agreement for development of additional reports.

Following discussion, on MOTION by Swan, seconded by Matheis, and unanimously carried (Withers, LaMar, Swan, Matheis, and Reinhart voting aye), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A VARIANCE TO THE AGREEMENT WITH DILYTICS FOR VARIANCE NO. 4 IN THE AMOUNT OF $426,000 FOR THE ORACLE BUSINESS INTELLIGENCE CLOUD DISASTER RECOVERY IMPLEMENTATION AND REPORTING AGREEMENT AND APPROVED A BUDGET INCREASE IN THE AMOUNT OF $246,000 EACH TO PROJECTS 10345 AND 10347 FOR A TOTAL OF $492,000.

CONSULTANT SELECTION FOR A STUDY OF IRWD’S FUTURE POTENTIAL WATER EFFICIENCY

General Manager Cook reported that a study of IRWD’s Future Potential Water Efficiency is proposed to assist IRWD with understanding the current extent and impacts of water efficiency programs, device saturation, identifying opportunities for future water savings, and evaluating

the potential efficacy of future water efficiency programs within IRWD. Mr. Cook said that the results of the study will inform the strategic planning, design, and implementation of future water

ACTION CALENDAR (CONTINUED)

efficiency programs and support activities that will IRWD’s ensure compliance with statewide

water use efficiency targets. Mr. Cook further said that staff has highlighted benefits noted in the bullet points in the write-up.

Supervisor Hastings reported that on August 21, 2018, staff issued a Request for Proposal to 18 firms to conduct a study on Future Potential Water Efficiency. Three firms submitted proposals: A & N Technical Services, Envirosmart Solutions Group, and EKI. Staff completed a thorough evaluation of the proposals, conducted interviews and completed reference checks.

Ms. Hastings said staff recommends the selection of EKI to complete the work. Key strengths of the EKI’s proposal include: 1) a strong project team that has in-depth understanding and expertise in designing, implementing, analyzing and modeling water efficiency programs to support water resources planning efforts; 2) extensive experience using principles of data science and analytics to conduct and present quantitative analyses of water efficiency program saturation and effectiveness; and 3) significant experience developing unique and proven methods to evaluate water use and savings potential to identify where best to target programs, identify future program opportunities and inform the strategic targeting and implementation of water efficiency programs.

Director Matheis reported that this item was reviewed by the Water Resources Policy and Communications Committee on November 5, 2018, and on MOTION by Matheis, seconded by LaMar, and unanimously carried (Withers, LaMar, Swan, Matheis, and Reinhart voting aye), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH EKI ENVIRONMENT & WATER IN THE AMOUNT OF $158,958 TO CONDUCT A STUDY ON IRWD’S FUTURE POTENTIAL WATER EFFICIENCY.

2019-2020 FEDERAL ADVOCACY SERVICES

General Manager Cook reported on September 4, 2018, the District released a Request for Qualifications (RFQ) for federal advocacy services. Through the RFQ process, IRWD sought to retain the firm best suited to meet the District’s federal advocacy needs. The District received nine responses to the RFQ and interviewed the top two qualified firms, with staff’s recommendation of retaining the services Kadesh & Associates.

Government Relations Officer Compton stated based on the firm’s qualifications and strategic ability to influence policy decisions at the federal level, they bring decades of experience and key contacts that will provide the District with a high level of knowledge, credibility, and access in Washington, D.C., which will assist the District with achieving its federal policy, funding and regulatory goals. The firm has a strong record of engaging with clients on proper messaging, tracking, and monitoring funding and legislative opportunities, coordinating appropriate advocacy meetings, and communicating with clients.

ACTION CALENDAR (CONTINUED)

Director Matheis reported that this item was reviewed by the Water Resources Policy and Communications Committee on November 5, 2018, and on MOTION by Matheis, seconded by LaMar, and unanimously carried (Withers, LaMar, Swan, Matheis, and Reinhart voting aye), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH KADESH & ASSOCIATES FOR FEDERAL ADVOCACY AND CONSULTING SERVICES FOR THE PERIOD OF DECEMBER 1, 2018, THROUGH DECEMBER 31, 2020, AT A RATE OF $10,000 PER MONTH PLUS REASONABLE REIMBURSABLE DIRECT EXPENSES FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED $265,000.

PROPOSED IRWD POLICY PRINCIPLES REGARDING METROPOLITAN WATER DISTRICT’S REGIONAL RECYCLED WATER PROGRAM

General Manager Cook introduced a new policy paper articulating IRWD’s position on “the Carson Plant”, a new groundwater augmentation program that is being developed by Metropolitan Water District of Southern California (MWD).

Executive Director of Water Policy Weghorst provided highlights outlining the District’s support of advocacy for the Carson Plant. He stated while MWD is currently studying the feasibility of developing the Carson Plant, a full-scale project would provide up to 150 MGD of advanced purified water to the region and would become a major source of water for Orange County.

Director Matheis reported that this item was reviewed by the Water Resources Policy and Communications Committee on November 5, 2018, and the Committee recognizes that the policy paper fits into the District’s projections moving forward. After discussion and comments regarding the policy principles with staff, the Board provided four modifications to be executed within the paper. On MOTION by Matheis, seconded by LaMar, and unanimously carried (Withers, LaMar, Swan, Matheis, and Reinhart voting aye), THE BOARD ADOPTED THE PROPOSED IRWD POLICY POSITION PAPER REGARDING METROPOLITAN WATER DISTRICT’S PROPOSED REGIONAL RECYCLED WATER PROGRAM AS AMENDED.

BOARD OF DIRECTORS’ FEES

General Manager Cook reported that the Board of Directors’ fees is an item that is brought to the Board every year and is reviewed by the Finance and Personnel Committee.

Director Swan reported that this item was reviewed by the Finance and Personnel Committee on November 6, 2018. The most recent increase was effective in January 2017; and the Board can elect to increase the fees by 5% each year.

On MOTION by Withers, seconded by Swan, and unanimously carried (Withers, LaMar, Swan, Matheis, and Reinhart voting aye), THE BOARD ACCEPTED THE FIVE (5%) PERCENT COMPENSATION INCREASE FOR CALENDAR YEAR 2019.

GENERAL MANAGER’S REPORT

General Manager Cook reported that the ACC-OC Thanksgiving Reception will be held at the District’s Learning Center Thursday, November 15 and encouraged the Board to attend. Mr. Cook said that the next Board meeting will be cancelled due to insufficient items for approval. He concluded with a tribute to thank and honor all Veterans who work for the District and were present for tonight’s meeting.

DIRECTORS’ COMMENTS

Director Withers reported on the elections for OCSD, congratulated District staff member Mark Tettemer on his election for Lake Forest City Council. He further stated that he attended the NWRI Clarke Prize events.

Director Matheis congratulated fellow Board members on their reelection. She further reported on the Alliance for Community Trees’ visit to the Shadetree Partnership nursery; the dedication of the Philip L. Anthony Water Quality Laboratory at OCWD; and a Shadetree Partnership monthly nursery event.

Director Swan reported on his attendance the NWRI Clarke Prize events; the monthly WACO meeting; the UCI Water event featuring Israel’s experience with water management; and a Localizing California Waters workshop in Groveland.

Director LaMar congratulated Mr. Andrew Pollard on a great campaign. He reported on his participation in the Nation Water Resources Association’s Conference in San Diego.

President Reinhart reported that he had approximately 45 residents participate in his resident tour of the District; he attended MWDOC and SOCWA Board meetings; a monthly WACO meeting; a MWDOC workshop with MWD Directors; and his monthly discussion of District activities with the General Manager.

COMMUNITY UPDATES: None.

CLOSED SESSION

At 7:08 p.m., President Reinhart recessed the Board meeting and announced that the following Closed Session would be held as follows:

 CLOSED SESSION CONFERENCE WITH LABOR NEGOTIATORS – Pursuant to Government Code Section 54957.6

Designated Agency Representatives: Paul Cook and Jenny Roney

Employee Groups: IBEW Local #47 General Unit Employees and

IBEW Local #47 Non-Exempt Supervisor Unit Employees

OPEN SESSION

Following the Closed Session, the meeting was reconvened at 8:00 p.m. with Directors Reinhart, LaMar, Swan, Matheis and Withers present. President Reinhart said that there was no action to report.

ADJOURNMENT

There being no further business, President Reinhart adjourned the meeting at 8:03 p.m.

APPROVED and SIGNED this 10th day of December, 2018.

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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, Legal Counsel

 – Lewis Brisbois