

**AGENDA  
IRVINE RANCH WATER DISTRICT  
BOARD OF DIRECTORS  
REGULAR MEETING**

**July 8, 2013**

**PLEDGE OF ALLEGIANCE**

**CALL TO ORDER**

5:00 P.M., Board Room, District Office  
15600 Sand Canyon Avenue, Irvine, California

**ROLL CALL**

Directors Matheis, LaMar, Swan, Withers and President Reinhart

Teleconferencing with Director Mary Aileen Matheis will be used to connect meeting locations (IRWD Board Room and 3 Teal, Irvine, CA 92704). This agenda will be posted at 3 Teal, Irvine, CA 92604. All votes shall be by roll call vote.

**NOTICE**

If you wish to address the Board on any item, including Consent Calendar items, please file your name with the Secretary. Forms are provided on the lobby table. Remarks are limited to five minutes per speaker on each subject. Consent Calendar items will be acted upon by one motion, without discussion, unless a request is made for specific items to be removed from the Calendar for separate action.

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**COMMUNICATIONS TO THE BOARD**

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1. A. Written:  
B. Oral: Mrs. Joan Irvine Smith relative to the Dyer Road Wellfield.

2. **ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

Recommendation: Determine that the need to discuss and/or take immediate action on item(s) introduced come to the attention of the District subsequent to the agenda being posted.

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**PRESENTATION**

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3. **2013 CUSTOMER SATISFACTION SURVEY RESULTS**

Recommendation: That the Board provide input on the 2013 customer satisfaction survey results presented by the District's public opinion, research and strategy consultant Fairbank, Maslin, Maullin, Metz and Associates (FM3).

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**WORKSHOP**

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4. **IRWD GOALS AND PRIORITIES**

Recommendation: That the Board review and discuss the proposed Target Activities Priorities List and provide direction, as appropriate.

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**CONSENT CALENDAR**

**Next Resolution No. 2013-27**

**Items 5-8**

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5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the June 24, 2013 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, Mary Aileen Matheis, Peer Swan, Douglas Reinhart, and John Withers.

7. FISCAL YEAR 2013-14 PERSONNEL LEGAL COUNSEL SERVICES FOR PAYNE & FEARS

Recommendation: That the Board approve and authorize the General Manager to execute the engagement agreement with Payne & Fears effective July 1, 2013 for personnel legal counsel services in the amount not to exceed \$100,000.

8. 2013 STATE LEGISLATIVE UPDATE

Recommendation: That the Board change its position on SB 556 (Corbett) from "OPPOSE" to "WATCH."

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**ACTION CALENDAR**

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9. WATER SMART REPORT PROGRAM

Recommendation: That the Board authorize the General Manager to execute the agreement between IRWD and WaterSmart Software, Inc., subject to non-substantive changes, with \$90,000 in funding for FY 2013-14, to implement an expanded water report program.

10. INDEMNIFICATION AGREEMENT FOR STATE WATER PROJECT WATER POOL DEMONSTRATION PROGRAM

Recommendation: That the Board authorize the General Manager to execute the indemnification agreement with Dudley Ridge Water District (DRWD) to participate in the 2014 Multi-year Water Pool Program and to authorize the General Manager to execute any DRWD indemnification agreements with substantially the same terms that DRWD might require for participation in other future supplemental water programs.

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**ACTION CALENDAR - Continued**

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11. WATER SHORTAGE ASSISTANCE TO BUENA VISTA WATER STORAGE DISTRICT

Recommendation: That the Board authorize the General Manager to execute the letter agreement with Buena Vista Water Storage District (BVWSD) subject to non-substantive changes that allows BVWSD to recover additional water from the Strand Ranch Integrated Banking Project in 2013 and for it to pay all the costs associated with the recovery and return of this water to the BVWSD service area.

12. LUMP SUM PAYMENT OPTION FOR EMPLOYER CONTRIBUTIONS FOR FY 2013-14 TO THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Recommendation: That the Board approve the lump sum payment for employer contributions to the California Public Employees Retirement System (CalPERS) by making a one-time contribution of \$4,315,414 for the District's FY 2013-14 employer contribution.

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**OTHER BUSINESS**

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Pursuant to Government Code Section 54954.2, members of the Board of Directors or staff may ask questions for clarification, make brief announcements, make brief reports on his/her own activities. The Board or a Board member may provide a reference to staff or other resources for factual information, request staff to report back at a subsequent meeting concerning any matter, or direct staff to place a matter of business on a future agenda. Such matters may be brought up under the General Manager's Report or Directors' Comments.

13. A. General Manager's Report

B. Directors' Comments

C. Closed Session

1) CLOSED SESSION CONFERENCE WITH LABOR NEGOTIATORS -  
Government Code Section 54957.6

Agency Designated Representatives: Paul Cook and Gretchen Maswadeh  
Employee Organization: Irvine Ranch Water District Employees Association;

2) CLOSED SESSION CONFERENCE WITH REAL PROPERTY NEGOTIATOR -  
Government Code Section 54956.8

Property: APNs - 042-340-023, 042-340-025, 042-340-039, 042-230-043, 042-340-034, 042-340-035, 042-340-037, 048-010-016, 048-010-018, 048-020-030 (Utica Ranch located in Kings County, CA near Utica Avenue and Interstate 5)

Negotiating Parties: Steven Jackson and Ernest Conant

Agency Negotiator: Paul Cook, General Manager

Purpose of Negotiations: Price and Terms of Payment;

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**OTHER BUSINESS - Continued**

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13. C. Closed Session - Continued

- 3) CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL RELATIVE TO ANTICIPATED LITIGATION - Government Code Section 54956.9(d)(2) - significant exposure to litigation (one potential case);
- 4) CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL RELATIVE TO EXISTING LITIGATION - Government Code Section 54956.9(d)(1) - Irvine Community Land Trust, et al. vs. Ana Matosantos in her capacity as Director of State of California Department of Finance, et al.; and
- 5) CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL RELATIVE TO ANTICIPATED LITIGATION - Government Code Section 54956.9(d)(2) – significant exposure to litigation (one potential case - BBK Working Group notification to IRWD of potential liability, claim and/or litigation, on file with the District).

D. Adjourn.

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Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Irvine Ranch Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Board Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance to the Board of Directors Room of the District Office.

The Irvine Ranch Water District Board Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

July 8, 2013

Prepared By: E. Blaska

Submitted by: B. Beeman/G. Heiertz

Approved by: Paul Cook



## PRESENTATION

### 2013 CUSTOMER SATISFACTION SURVEY RESULTS

#### SUMMARY:

In January 2013, the Board authorized staff to proceed with a Customer Satisfaction Survey designed to assist staff in the development of new programs and services that best meet customers' needs. The results gauge customers' general view of the District, their perception of the quality of the water provided by IRWD, and examine customers' attitudes about the ways in which IRWD communicates with them in areas that include customer service, water use efficiency and outreach programs. The purpose of this report is to provide the Board with the survey findings.

#### BACKGROUND:

With the assistance of survey firm Fairbank, Maslin, Maullin, Metz and Associates (FM3), two focus groups and a telephone survey of 806 randomly-selected IRWD residential customers were conducted to test customers' general perceptions of IRWD, perceptions of water safety, conservation awareness and water usage, satisfaction with District bills and payments, and contact and communication with IRWD. The focus group and telephone survey results were used to create several recommendations for IRWD's customer communications and programs, included in the Report Findings and attached as Exhibit "A".

Listed below are recommended next steps:

- Continue to offer high levels of customer service and strong outreach;
- Highlight the benefits of drinking tap water;
- Increase customers' knowledge of the quality of IRWD's tap water;
- Emphasize water conservation;
- Continue to raise interest in tours, workshops and other resources from IRWD;
- Highlight ways for customers to save money or reduce water costs;
- Target specific messages and use unique message platforms based on customers' water usage and communication preference; and
- Educate customers about the benefits and advantages of using the IRWD website as an alternative to direct communication with IRWD staff.

The results of the Customer Satisfaction Survey will be presented by FM3 at the Board meeting. A copy of the PowerPoint Presentation is included as Exhibit "B".

#### FISCAL IMPACTS:

Not applicable.

Presentation: 2013 Customer Satisfaction Survey Results

July 8, 2013

Page 2

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources and Communications Committee on July 1, 2013.

RECOMMENDATION:

THAT THE BOARD PROVIDE INPUT ON THE 2013 CUSTOMER SATISFACTION SURVEY RESULTS PRESENTED BY THE DISTRICT'S PUBLIC OPINION, RESEARCH AND STRATEGY CONSULTANT FAIRBANK, MASLIN, MAULLIN, METZ AND ASSOCIATES (FM3).

LIST OF EXHIBITS:

Exhibit "A" – Residential Customer Satisfaction Survey – Report of Findings

Exhibit "B" – Residential Customer Satisfaction Survey – PowerPoint Presentation



# Irvine Ranch Water District Residential Customer Satisfaction Survey

## Report of Findings

April 2013

320-553

*Fairbank, Maslin, Maullin, Metz & Associates - FM3*

*Public Opinion Research & Strategy*

SANTA MONICA • OAKLAND • MADISON • MEXICO CITY

EXHIBIT "A"

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## EXHIBIT "A"

### **INTRODUCTION AND METHODOLOGY**

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The Irvine Ranch Water District (IRWD) commissioned a residential customer satisfaction survey in April 2013. The purpose of the survey was to determine customers' opinions and attitudes about the Water District as well as their knowledge about water use and conservation.

Fairbank, Maslin, Maullin, Metz and Associates (FM3) surveyed 806 randomly selected IRWD residential customers from a list of customer telephone numbers provided by IRWD. Individuals whose names appear on IRWD water bills were asked to complete the survey; if those individuals were not available, another adult who paid the household bills was invited to complete the survey. Random selection of survey respondents allows the sample to speak for the universe of IRWD customers within a margin of error due to pure chance. The margin of error for the survey sample of 806 respondents as a whole is plus or minus 3.5 percent at the 95 percent confidence level; for smaller subgroups of the sample, the margin of error is larger. For example, statistics reporting the opinions and attitudes of IRWD customers living in Lake Forest, who make up 14 percent of the sample, have a margin of error of plus or minus 9.4 percent. Thus, for this and other population groupings of similar or even smaller size, interpretation of the survey's findings are more suggestive rather than definitive and should be treated with a certain caution. Note that in some places, percentages may not total 100 due to rounding.

The interviews took place between April 17<sup>th</sup> and April 24<sup>th</sup>, 2013. The survey, which was conducted in English, took an average of 20 minutes to complete. Because the survey respondents conformed closely to the demographics of IRWD customers, the sample was not weighted. Both cell phone and landline phone numbers were included in the sample.

This survey followed the completion of two focus groups of IRWD residential customers conducted in March, the results of which helped inform the development of survey questions. Below is an outline of the report sections. Following the outline, a summary of the findings is presented along with recommendations for IRWD's consideration based on the results of the survey. The remaining portion of this report, consisting of five sections, discusses the survey's principal findings.

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- **Part 1** gauges residential customers' general views of the Water District. This includes its favorability ratings and how it compares to other utility providers in the area, the service provided to customers and customers' opinions about the value they receive from those services.
- **Part 2** considers customers' perceptions of the safety of water provided by IRWD.
- **Part 3** investigates customers' knowledge of water usage and attitudes toward conservation.
- **Part 4** evaluates customers' ratings and experiences making payments, as well as their understanding of water bills from IRWD.
- **Part 5** examines customers' attitudes about the ways in which IRWD communicates with them.

Full topline results of the survey are included at the end of the report as **Appendix A**.

### **SUMMARY OF FINDINGS**

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#### **General Perceptions of the Irvine Ranch Water District (Part 1)**

Irvine Water Ranch District residential customers have positive perceptions of the Water District, including both a generally favorable view of the organization as well as positive reactions to the services it provides. When asked initially about IRWD, a large majority of survey respondents (88 percent) responded that they have a favorable opinion of the organization, with 54 percent having a "very" favorable opinion and 34 percent having a "somewhat" favorable opinion.

While IRWD's favorability ratings compare similarly to other utility providers in the area, the District received the highest percentage of "very" favorable ratings. The Southern California Gas Company has statistically equivalent overall favorability ratings (89 percent) and Southern California Edison has a total favorability rating of 82 percent. A generic question asking about "your T.V., cable or satellite provider" received less positive responses—70 percent of respondents offered a favorable rating.

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Customers also rated the overall service of IRWD positively, with 89 percent of respondents rating its service “excellent” (42 percent) or “good” (47 percent). In an open-ended follow-up question, the most common reason respondents provided for the “excellent” or “good” rating was that they “have never had a problem” or “have no complaints” about the service.

Similar to the positive opinions of a vast majority of IRWD customers about the organization in general, most customers also believe that they are getting a good value from the Water District. Again, more than eight out of ten respondents said that IRWD provides a “very good” (33 percent) or “reasonably good” (52 percent) value for water services. However, customers do not show much awareness that IRWD water rates are some of the lowest in the region. Only about a third agreed that the statement “IRWD has among the lowest water rates in Southern California” is accurate; 13 percent said the statement is inaccurate and a slim majority (52 percent) did not know whether the statement was accurate or inaccurate.

**Perceptions of Water Safety (Part 2).** A majority of IRWD residential customers are not sure about the safety of the tap water in their homes. While 45 percent of respondents said that the water in their homes is “very safe,” 38 percent were more on the fence, and described their water as “somewhat” safe. Another 11 percent believe their tap water is not safe. Eight percent described their tap water as “not too safe” while four percent said it was “not at all safe.” Perhaps connected to this concern, only two out of ten customers reported drinking water straight from the tap, with nearly half of customers (48 percent) drinking filtered tap water. About a third (31 percent) drink water from individual bottles bought at the store and 16 percent drink water from large containers purchased from a service.

**Conservation Awareness and Water Usage (Part 3).** Overall, customers did not indicate a strong sense of obligation to conserve water, or at least to conserve more—only about a third of customers reported that their household “does a lot” to conserve water. Asked to rate how active their households are in efforts to conserve water at home, 34 percent gave a rating of six or seven on a seven-point scale, where one meant their household “does not do anything” to conserve water and a seven meant their household “does a lot” to conserve water. Most respondents indicated that they are taking some steps to conserve, with 50 percent having given a four or five

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and just 13 percent having given a score of three or less. However, in a separate question, two-thirds of respondents said they would be likely to take additional steps to conserve in the next six to twelve months. Of those who said they would not be likely to conserve more (just under one-third of respondents), the most common reason cited was that they are already conserving or making efforts to improve conservation.

Some customers also seem unsure of the most effective steps to take to best conserve water. Respondents were relatively split when asked to identify which, in a series of actions to conserve water, would actually save the most. A plurality (26 percent) chose “fixing a water leak,” but even more respondents selected “all” of the options provided (19 percent) than the next two most common choices, “taking shorter showers” (18 percent) or “watering less outside” (15 percent).

Opinions do seem to converge around the objective of saving money as a driving motivator for water conservation. When asked to select the most important reason for conserving water, one-third chose “lowering your monthly water bill” and another three percent of respondents selected “receiving financial rebates for high-efficiency appliances.” But a similar proportion also indicated an environmental reason—just under a third (31 percent) chose “it’s good for the environment.” A slightly less common response was “our area is experiencing a drought” (20 percent).

**Satisfaction with District Bills and Payments (Part 4).** Just as an overwhelming majority of customers expressed positive ratings of IRWD, most customers who have contacted IRWD have had positive experiences when interacting with the District. Almost three in every ten IRWD households (29 percent) contacted the District in the last two years; among those customers, nearly nine out of ten (87 percent) rated their experience contacting the District as “excellent” or “good.” All of the top reasons for contacting IRWD dealt with billing or account issues, including general billing questions (19 percent), billing disputes or unusually high bills (15 percent) and changing account information or service such as set-up, changing billing, or shutting off water (14 percent). Telephone was far and away the most common method for contacting the District (by 94 percent of those who had contacted IRWD). Other methods

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included in-person (by 25 percent of those who had contacted IRWD), email (23 percent) and regular mail (16 percent).

One-third of respondents receive water bills as eBills, while 62 percent receive a regular bill through the mail. Asked which of multiple methods their household used in the last year to pay their IRWD bill, 32 percent of customers indicated paying through regular mail. A similar percentage (30 percent) paid by web, and about a quarter (27 percent) through a third party. Small numbers of customers paid through the IRWD website directly, in-person, or by phone. When asked about their ability to understand their water bill, more than nine out of ten respondents said it is clear and understandable.

**Contact and Communication with the Irvine Ranch Water District (Part 5).** Overall, customers tend to be satisfied with IRWD's communications efforts. Respondents were asked to rate their satisfaction with communication from IRWD on a scale of one to seven, where one was very dissatisfied and seven was very satisfied. The average of the ratings was 5.3, with just under half (46 percent) having given either a six or seven rating. Just under a quarter (23 percent) offered a rating of five (somewhat satisfied). Fourteen percent provided a neutral rating of four, while 11 percent gave a one, two or three rating to indicate that they were dissatisfied with communications efforts.

When asked about *Pipelines*, the IRWD monthly newsletter, nearly three out of ten respondents (28 percent) said they do not receive it. Close to half of respondents (46 percent) said they receive the newsletter via regular mail. Fourteen percent of respondents receive the newsletter in an email and three percent get an open link in an eBill. About half of those who receive *Pipelines* indicated that they read it often, either every time (20 percent) or most of the time (31 percent).

Finally, when asked to choose which free workshop topic would be most interesting, about a quarter of respondents (26 percent) chose saving money on their water bill, followed by water conservation (18 percent), the area's drinking water supply (17 percent), or creating a drought-resistant garden (11 percent). More than half of respondents indicated a preference for Home

## EXHIBIT "A"

Depot (28 percent) or the IRWD's Sand Canyon Avenue office (28 percent) as the location for a free workshop.

There are a number of actions IRWD may want to consider to maintain and improve its high level of customer satisfaction; increase knowledge of IRWD services; and raise awareness about water quality, financial saving opportunities, and available conservation activities. These suggested actions are presented in the following FM3 recommendations.

### **Recommendations**

**Recommendation #1: Continue to offer high levels of customer service and strong outreach.** IRWD has very high favorability ratings across the board. The vast majority of customers gave positive ratings for IRWD's general favorability, service and value. This is clear evidence that IRWD is meeting the needs of its customers, working with them to resolve concerns and communicating effectively. While it is always a worthwhile goal to increase favorability ratings even further and there are some specific areas where customer awareness could be improved (as discussed below), IRWD can maintain these positive views by continuing to provide the high level of service, outreach and education that its customers know, expect and appreciate.

**Recommendation #2: Work to improve customers' perceptions of the safety of tap water from IRWD.** As noted below (see page 19), while a strong majority (84 percent) of IRWD customers believe that the tap water in their homes is safe to some degree, only 45 percent believe that it is very safe. IRWD should work to improve customers' perceptions of their tap water, so that there is less hesitation, particularly among those who described it as only "somewhat" safe. Specifically, IRWD might consider providing its customers with testimonial statements from leading authorities on public health, the environment and water safety. These outside experts could attest to the overall safety of water in the community, as well as to specific attributes and measures of water quality. For example, state officials could confirm that the water provided by the Irvine Ranch Water District meets or exceeds all of the water quality standards mandated by the State of California. Or water safety experts could explain that water

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from IRWD has the best safety rating of tap water from any water district in Orange County. In expert testimonials and in its own communications, IRWD should focus on clear, easily understood data points that provide concrete evidence of the high quality and safety of the water it provides. IRWD should also communicate that its water meets or exceeds all safety standards to *new* customers, including in a welcome packet introducing them to the Water District. Further, IRWD may want to specifically focus on some of its customers who are least likely to consider the tap water to be “very” safe—namely renters, residents who have lived in the area less than ten years, younger residents, racial/ethnic minorities and women. Among these groups of customers, renters specifically are the least likely to consider their tap water to be “very” safe.

**Recommendation #3: Highlight the benefits of drinking tap water.** As nearly half (47 percent) of IRWD customers reported that they most frequently drink bottled water at home—either from individual water bottles or large bottles purchased from a service—there are many customers who might be receptive to statements that tap water is both economical and good for the environment. Further, as noted in the report below, customers who drink water directly from the tap are much more likely to describe the water IRWD provides as “very safe.”

Simple facts that compare the cost of regularly buying bottled water or subscribing to a water service with the low cost of drinking tap water would address many customers’ financial concerns. Further, highlighting the positive environmental benefits of tap water (less waste, less energy consumption, less use of plastic) would provide additional motivation for customers. Communication efforts to improve perceptions about water safety, in addition, might increase the number customers who drink tap water.

**Recommendation #4: Focus on ways to control or reduce customers’ costs in IRWD communication materials and events.** Customers indicated that saving money and controlling costs were primary factors in their efforts to conserve as well as a key topic of interest for more information from IRWD. More than one in three customers identified money-saving options as the most important reason for conserving water in their homes (see **Figure 14** on page **28**). Further, billing issues were, by far, the most common reason for contacting IRWD directly and customers considered saving money on water bills as the most interesting free workshop topic.

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Money-saving tips and strategies for managing the cost of water bills should be incorporated into all communications opportunities. A few tactics could include:

- Adding money-saving tips and teasers on the IRWD website with frequent new ideas and updated techniques (encouraging customers to return to the website frequently);
- Providing reminders of cost-control options provided by IRWD such as rebates or coupons for high-efficiency appliances, indoor and outdoor water variances, and experts who can provide personalized advice on water-saving strategies;
- Adding easy-to-understand explanations of the IRWD pricing structure in print materials, on the website and through events; and/or
- Updating tips for conservation in *Pipelines* by including strategies that relate to specific events or times of the year (gardening, back-to-school, holidays).

**Recommendation #5: Emphasize information about water conservation and strategies to conserve water with all customers.** Though more than one-third of all customers believe that they are already doing a lot to conserve water (see **Figure 10** on page **23**), residents did not appear to have clear, strong beliefs about the most effective ways to conserve. Further, although renters, new residents, and younger residents (18 to 49) were less likely to indicate they are making efforts to conserve than other demographic groups, fewer than half across all demographic groups said they were doing “a lot” to conserve. As a result, additional education and outreach efforts about conservation could be very effective for a broad audience of IRWD customers.

Moreover, the survey results also show that customers who are more educated about conservation are more likely to conserve. For example, customers who said they read every issue of the *Pipelines* newsletter were more likely to say they will take additional steps to conserve in the future. This indicates that there is an opportunity to raise willingness to conserve by increasing the frequency of *Pipelines* readership.

Communications should emphasize the importance of conservation both as a money-saving strategy and to improve the environment. But specific conservation strategies and information

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about how those strategies actually reduce water usage should be included wherever possible. A few tactics could include:

- Driving IRWD customers to the website, where conservation information can be frequently refreshed and updated;
- Including short teaser information about conservation on all bills, including print and eBills, that encourage customers to learn more online;
- Sending postcards with water-saving tips to customers who receive eBills and receive *Pipelines* electronically (and may be less likely to actually read these materials); and/or
- Linking water conservation to saving money on water bills.

**Recommendation #6: Target specific messages and use certain message platforms with particular demographic groups.** The survey results show that there are particular groups of customers that are less informed and knowledgeable about IRWD in general. Younger residents, residents who are new to the area, racial/ethnic minorities and customers who receive eBills rather than paper bills have lower levels of satisfaction, know less about water issues and prefer different methods of communication. In order to strengthen the positive opinions of these customers and to increase conservation efforts among these groups, IRWD should consider communicating to these customers using new platforms with innovative topics and approaches. Further, on specific issues, some customers may need or want different information about saving money or conserving water. As an example, residents who live in apartments are far less concerned about outdoor water usage and are less likely to be interested in learning about creating drought-resistant gardens. Specific tactics to reach these various audiences could include:

- Targeting racial/ethnic minorities through specific print publications such as ethnic publications, community newspapers and bi-lingual publications or foreign-language publications that will accept general-interest information from English-language sources.
- Creating a “welcome packet” for new customers with relevant information about important topics such as saving money and conservation that specifically target younger customers and racial/ethnic minorities.

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- Using money-saving or water-conservation tips located strategically on eBills (i.e. next to the balance due) to reach younger customers who are more likely to receive eBills and to pay their bill online.
- Incorporating content targeting residents of multi-family housing and renters, who are more likely to be younger customers.
- Sending periodic postcards, as mentioned above, to customers who receive eBills and receive *Pipelines* electronically and who are more likely to be younger and racial/ethnic minorities.
- Incorporating content in print materials and at events that drive customers to the IRWD website and ensuring that website material is optimized for users of mobile devices (tablets, smartphones) and for social media.
- Mailing an appreciation packet to residents two or five years after they first become customers of IRWD. This would provide another direct touch to a relatively new group of residents that tends to be less informed about conservation and water use, reaching them at a time that may be less overwhelming than immediately after a move.

**Recommendation #7: Educate customers about the benefits and advantages of the IRWD website as an alternative or in addition to directly contacting IRWD.** As noted in **Figure 25** on page **39**, only slightly more than one-third of customers (37 percent) have visited the IRWD website in the last two years. IRWD should continue to find ways to emphasize the value of the website to its customers through other materials such as paper bills and eBills, as well as welcome packets that could be sent to customers new to IRWD. Specific benefits of the website that should be communicated include:

- The wide array of information available on the website, especially providing resources on conservation, strategies for saving money and managing water bills;
- Advantages of accessing information online rather than over the phone, including its availability outside of regular business hours and the confidentiality provided from using the website at home; and

## EXHIBIT "A "

- Options for accessing information that is both personal and customized as well as exploring topics of interest in depth (e.g. information for renters, residents of apartments or condos, new customers, etc.).

**Recommendation #8: Continue to raise interest in tours, workshops and other resources from IRWD.** As noted in the first recommendation, IRWD customers are overwhelmingly positive about their experience with IRWD and the service it provides. Interactive tours of facilities and free workshops are examples of this hands-on approach to building and maintaining relationships with customers. These opportunities should be promoted and expanded to ensure that they are reaching residents who would benefit from IRWD's messages about conservation and responsible usages of water.

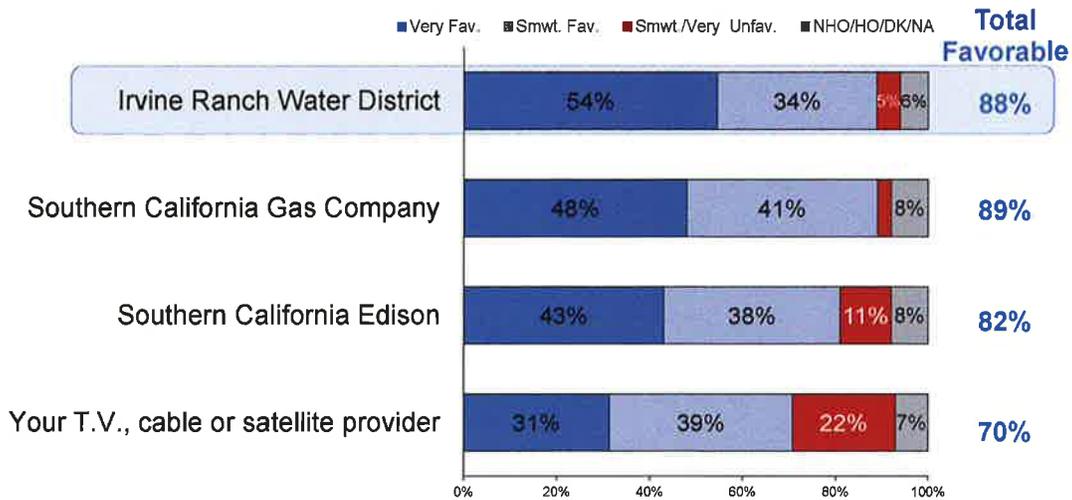
Forward-looking conservation strategies and tips for saving money dominate customers' areas of interest and should be incorporated into all of these events – both in the actual content presented and in the marketing materials as a way to draw in new customers and reinforce those ideas. IRWD should pay particular attention to promoting events to groups that are less informed about the services and resources it provides. School groups, clubs that target students and younger residents in the area, organizations led by or that work with ethnic minorities and communications networks that reach these audiences should all be invited as active participants or partners in these events. IRWD may also consider holding tours on different days and/or times of the year to reach out to the groups who are generally less engaged with IRWD.

**PART 1: GENERAL PERCEPTIONS OF THE IRVINE RANCH WATER DISTRICT**

**1.1 Ratings of Irvine Ranch Water District**

Irvine Water Ranch District customers have positive views of the organization, with the vast majority of survey respondents (88 percent) having indicated a favorable opinion, either “very favorable” (54 percent) or “somewhat favorable” (34 percent). Only six percent of customers expressed an unfavorable opinion (the remaining six percent either never heard of the Water District or did not provide an answer). As shown in **Figure 1**, more customers hold very favorable views about IRWD than the other major utilities tested.

**Figure 1:**  
**Favorability of IRWD Compared to Other Major Utilities**  
*(Ranked by Very Favorable)*



The Southern California Gas Company had a total favorability rating of 89 percent, but respondents’ intensity of those ratings were slightly less than for IRWD—48 percent offered a “very favorable” rating and 41 percent said they have a “somewhat favorable” rating.

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Similarly, 82 percent rated Southern California Edison favorably, including 43 percent holding a “very favorable” view and 38 percent holding a “somewhat favorable” view. A generic question asking about “your T.V., cable or satellite provider” had less positive responses as only 70 percent gave a favorable rating with 31 percent saying “very favorable” and 39 percent saying “somewhat favorable.”

**Customers with positive views of IRWD.** Customers who rated IRWD’s service and the value they receive from the Water District positively were also more likely to have a very favorable opinion of IRWD. Of those who rated the service from IRWD as “excellent,” 78 percent had a “very favorable” opinion of IRWD, compared to 43 percent of those who rated IRWD service as “good” and only 13 percent of those who rated IRWD service as “fair” or “poor.” And of those who rated the value they receive from IRWD as “very good,” 79 percent had a “very favorable” opinion of IRWD compared to 48 percent of those who rated the value from IRWD as “reasonably good” and only 18 percent of those who gave IRWD a poor rating for value.

A similar trend occurred with customers’ ratings of other local utilities. Those who rated the service from IRWD as “excellent” were also more likely to have a “very favorable” opinion of the Southern California Gas Company (66 percent compared to 37 percent of those who rated IRWD service as “good” and 26 percent of those who rated IRWD service as “fair” or “poor”), Southern California Edison (60 percent compared to 34 percent of those who rated IRWD service as “good” and 19 percent of those who rated IRWD service as “fair” or “poor”), and their local T.V., cable or satellite provider (41 percent compared to 26 percent of those who rated IRWD service as “good” and 17 percent of those who rated IRWD service as “fair” or “poor”). But the difference in favorability was not as high as it was for IRWD. It may be the case that those who have a “very favorable” opinion of IRWD have a more favorable outlook *in general*. Yet, there is a stronger connection between favorability ratings of IRWD and its service ratings and value than the connection between favorability of other utilities and ratings of IRWD service and value.

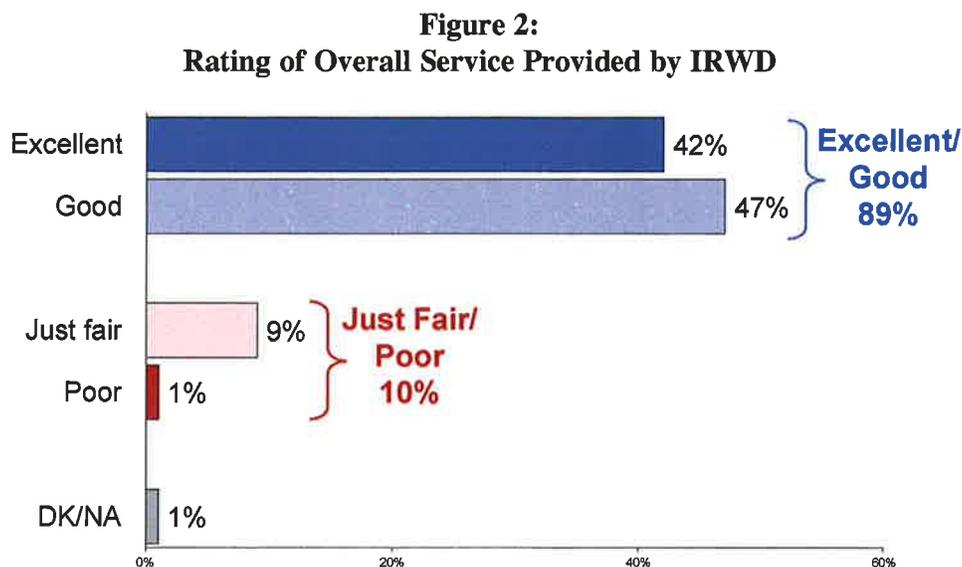
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**Demographic subgroups.** Customers who have lived in the same area of Orange County for more than twenty years were notably more likely to give IRWD a “very favorable” rating (63 percent compared to only 45 percent of residents new to the area in the last five years). Of customers age 65 or older, 68 percent gave IRWD a “very favorable” rating compared to only 48 percent of customers under age 50. White customers had somewhat more favorable views than customers of color: 57 percent said they have a “very favorable” opinion of IRWD, compared to 49 percent of customers who are racial/ethnic minorities.

**Other findings.** Of customers who consider the tap water at home to be “very safe,” 68 percent gave IRWD a “very favorable” rating compared to just 34 percent of those who said it is not safe. Customers who read the IRWD newsletter, *Pipelines*, were also much more likely to give IRWD a “very favorable” rating. Of those who read the newsletter “every time,” 78 percent gave a “very favorable” rating compared to 49 percent of those who never read it.

### 1.2 Service Provided by Irvine Ranch Water District

The vast majority of customers (89 percent) also rated the overall service provided by the District positively, with 42 percent giving a positive rating of “excellent” and 47 percent giving a positive rating of “good,” as shown in **Figure 2**. Ten percent of customers offered less than positive ratings, with only one percent saying the service is “poor.”



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**Customers with positive views of IRWD.** As noted above, customers who gave IRWD a “very favorable” rating were also more likely to rate its service as “excellent” (60 percent compared to 24 percent who provided a “somewhat favorable” rating, and only 13 percent of those who gave an unfavorable rating). Among those who said the value from IRWD was “very good,” 65 percent offered an “excellent” rating, compared to 36 percent who indicated the value from IRWD was “reasonably good” and eight percent of those who said the value was poor.

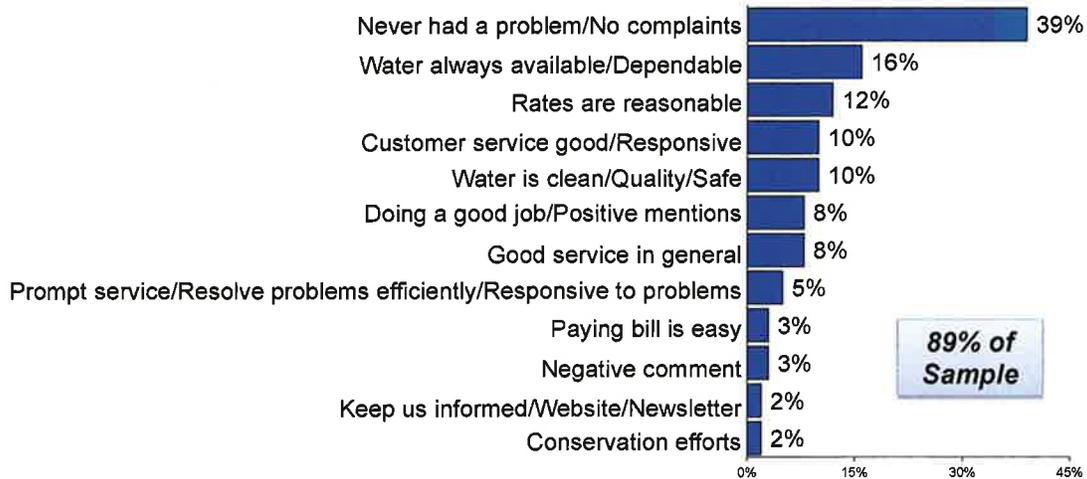
**Demographic subgroups.** White customers who have lived in the area for a number of years appear most likely to give very high marks for IRWD service. Of customers who have lived in the same area of Orange County for more than twenty years, 51 percent rated IRWD service as “excellent,” but only 30 percent of customers who have lived in the area five years or fewer gave an “excellent” rating. Fifty-six percent of customers age 65 or older gave an “excellent” rating, compared to only 36 percent of customers between ages 18 and 49. White customers were more likely to have given an “excellent” rating (47 percent) compared to customers who are racial/ethnic minorities (33 percent).

**Other findings.** Customers who consider the tap water at home to be “very safe” gave IRWD service an “excellent” rating more often (56 percent) than those who said it was “somewhat safe” (33 percent) or those who said it was not safe (21 percent). Customers who read the IRWD newsletter, *Pipelines*, “every time,” gave an “excellent” rating more often (60 percent) than those who read it “most” of the time (47 percent) or “never” (38 percent).

**Figure 3** shows that the most common reason respondents provided for their “excellent” or “good” ratings was never having had a problem with the service or having no complaints (39 percent). Others cited the dependability of water being available and reasonable rates (16 percent and 12 percent, respectively).

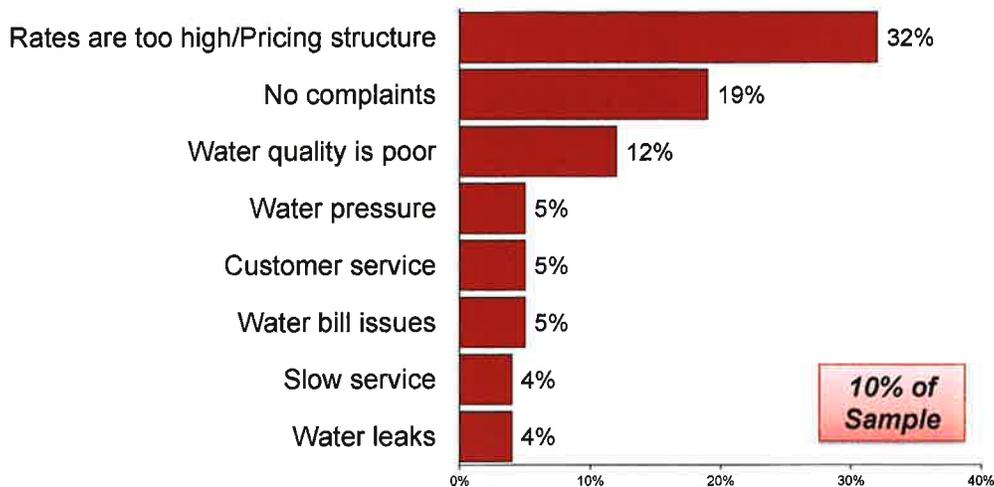
EXHIBIT "A"

**Figure 3:**  
**Reasons Cited for Excellent or Good Ratings of Overall Service**  
*(Open-ended Grouped Responses; Responses 2% or More)*



Those who provided a “fair” or “poor” rating of IRWD’s service most commonly cited high rates or the pricing structure, while nearly two out of ten (19 percent) could not provide a specific reason for their more negative rating (Figure 4).

**Figure 4:**  
**Reasons Cited for Fair or Poor Ratings of Overall Service**  
*(Open-ended Grouped Responses; Responses 4% or More)*

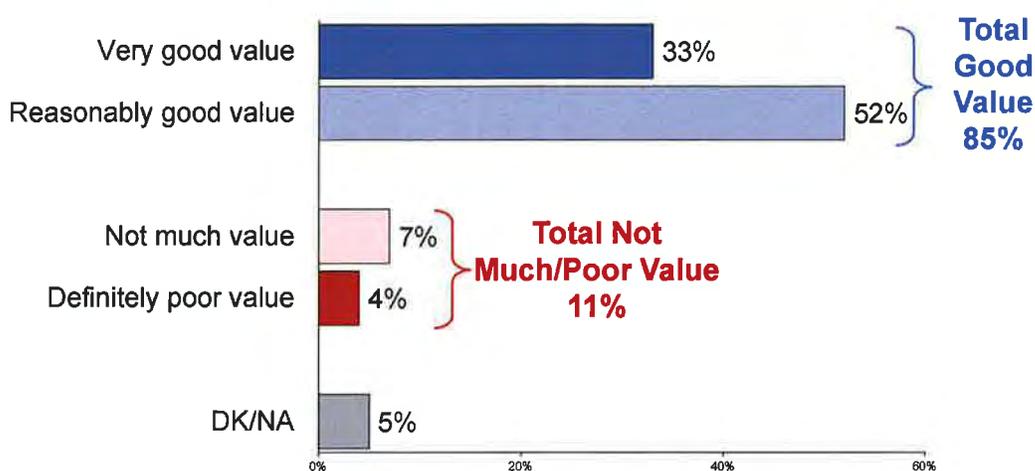


## EXHIBIT "A"

### 1.3 Value of Water Services Provided

A strong majority (85 percent) of customers believe that they are getting a good value for their dollar from IRWD. As shown in **Figure 5**, one-third of survey respondents feel that they are getting a “very good” value while more than half (52 percent) indicated that they are getting a “reasonably good” value. A total of 11 percent responded that they are not getting “much” value or are definitely getting a “poor” value (four percent).

**Figure 5:  
Rating of IRWD Value for Water Services**



**Customers with positive views of IRWD.** Respondents who had “very favorable” views about IRWD generally and who rated their service as “excellent” were also more likely to say that they get a “very good” value for their dollar from IRWD water services. Specifically, 48 percent of those who gave a “very favorable” rating also said they get a “very good” value from IRWD water services, compared to 18 percent of those who gave a “somewhat favorable” rating and only 11 percent of those who gave an unfavorable rating. And 51 percent of those who listed the service from IRWD as “excellent” indicated they get a “very good” value from IRWD water services, compared to 24 percent of those who said the service was “good” and only eight percent of those who described the service as “fair” or “poor.”

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**Demographic subgroups.** Length of time residing in the area, customer age and ethnicity do not have the same strong relationship to perceptions of value from IRWD water service as do other indicators of satisfaction with IRWD as discussed above.

**Other findings.** Here again, customers who trust the safety of their tap water were more likely to believe that IRWD provides a good value, with 45 percent of those who described their tap water as “very safe” having said they get a “very good” value from IRWD, but only 24 percent who said their tap water is “somewhat safe” and only 22 percent who indicated their tap water is not safe. Of those who only drink tap water, 45 percent said they were getting a “very good” value compared to 31 percent of those who do not drink tap water. And again, customers who read *Pipelines* “every time” were more likely to respond they get a “very good” value than even those who read it “most” of the time (48 percent compared to 35 percent who read it most of the time or 33 percent who never read it).

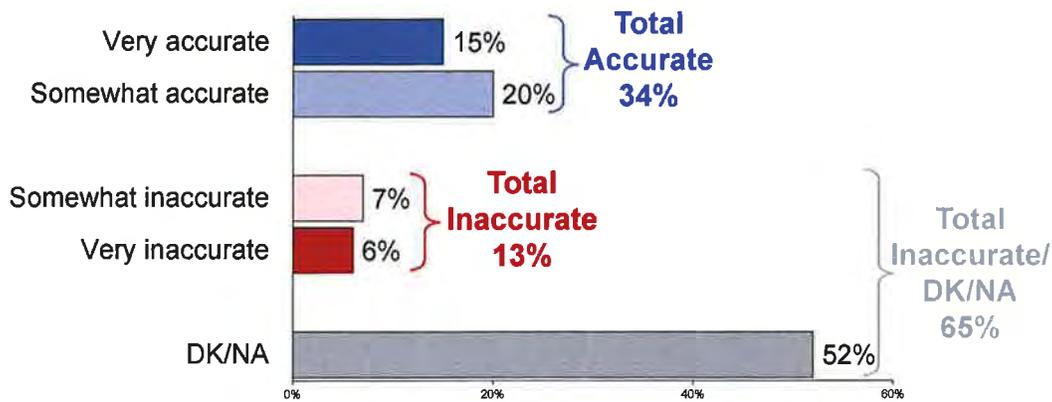
Importantly, there is also an association between customers’ perceptions of the value they are getting from IRWD and their views about the clarity of their water bill. To illustrate, 90 percent of those who consider their water bill to be “very clear and understandable” said they are getting a good value from IRWD, with 40 percent having indicated that the value is “very good.” Among those who called their bill “somewhat clear or understandable,” 79 percent consider IRWD’s value to be good—but intensity drops off—far fewer (19 percent) said they are getting a “very good value.” Finally, among the small proportion of respondents who indicated their bill was not clear or understandable, fewer than six in ten (59 percent) believe they are getting a good value from IRWD, with just 14 percent thinking the value is “very good.” This finding reinforces FM3’s recommendation about IRWD communicating in plainer language on water bills and in all communications generally—the survey results suggest that doing so may improve residents’ perceptions about the value of IRWD water services, and favorability toward IRWD generally.

As shown in **Figure 6**, when asked to evaluate if a series of statements about the District were each accurate, most customers were not aware that “IRWD has among the lowest water rates in Southern California;” only about a third of respondents (34 percent) said the statement was

## EXHIBIT "A"

accurate. Just 15 percent described this as a “very accurate” statement and 20 percent called it a “somewhat accurate” statement. Seven percent identified the statement as “somewhat inaccurate” and six percent considered it “very inaccurate.” Most respondents (52 percent) did not know or would not provide an answer.

**Figure 6:**  
**Agreement with Accuracy that IRWD Rates Are Some of the Lowest in Southern California**



## PART 2: PERCEPTIONS OF WATER SAFETY

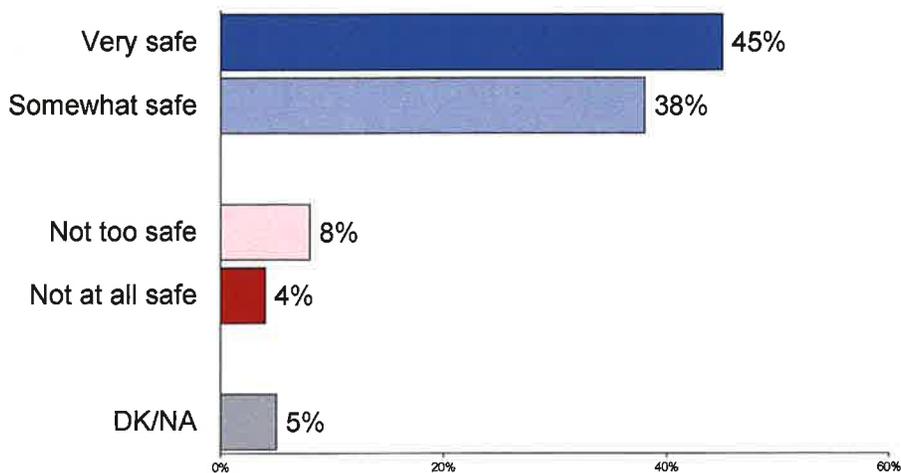
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### 2.1 Safety of Tap Water

As shown in **Figure 7**, while a large majority of Irvine Ranch Water District residential customers (84 percent) believe that the tap water in their homes is safe to some degree, less than half (45 percent) believe that it is “very safe.” Another 38 percent believe that it is somewhat safe, but more than one out of ten consider the tap water at home to be either “not too” safe (eight percent) or “not at all” safe (four percent).

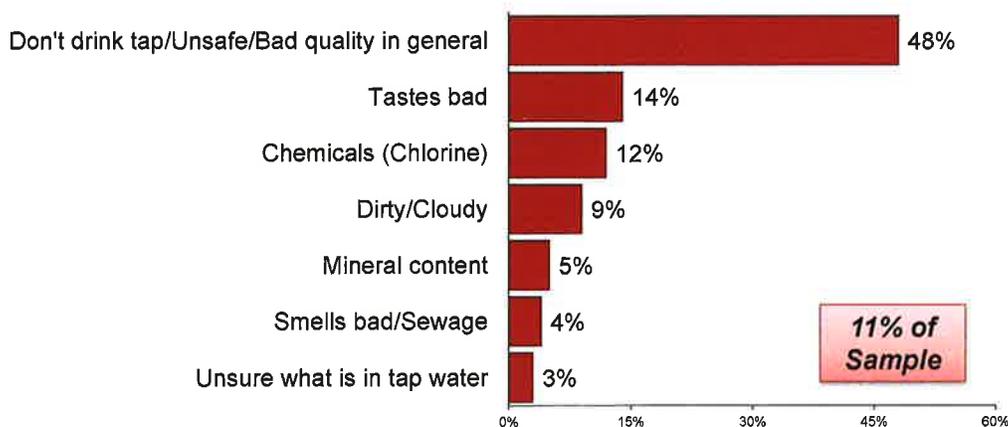
EXHIBIT "A"

**Figure 7:  
Rating of Safety of Tap Water at Home**



In a follow-up question, those who viewed the water as unsafe were asked why; close to half gave generic reasons such as it is unsafe generally, the quality is bad or they don't drink tap water. A "bad taste" was cited by 14 percent as a reason why they consider the water unsafe and another 12 percent said there are chemicals such as chlorine in the water. Common reasons given are shown in **Figure 8**.

**Figure 8:  
Reasons Cited for Response that Water at Home is Not Safe  
(Those who said water was "not too safe" or "not at all safe")  
(Open-ended Grouped Responses; Responses 3% or More)**



## EXHIBIT "A"

**Customers with positive views of IRWD.** Perceptions of water safety also track closely with other positive perceptions about IRWD. Fifty-seven percent of respondents who had “very favorable” opinions of IRWD indicated that the tap water in their homes is “very safe,” compared to 35 percent of those who had “somewhat favorable” views and only 15 percent of those who had unfavorable views. Among those who rated IRWD service as “excellent,” 61 percent described the tap water in their homes as “very safe” compared to 38 percent of those who said IRWD’s service is “good” and just 17 percent of those who rated the service as “fair” or “poor.” And of those who stated that they get a “very good” value from IRWD water service, 62 percent think their tap water is “very safe” compared to 40 percent of those who indicated that they get a “reasonably good” value and just 22 percent of those who said the value is “fair” or “poor.”

**Demographic subgroups.** Long-term residents and residents age 65 and older were both more likely to consider their tap water to be “very safe.” Fifty-five percent of residents who have lived in the area 21 years or more said the tap water is “very safe” compared to 34 percent of residents who have lived in the area five years or fewer. And 58 percent of residents 65 and older described their water as “very safe” compared to only 39 percent of residents under age 50. White customers indicated more confidence in the safety of their water, with 49 percent believing it to be “very safe” in contrast to only 37 percent of residents who are a racial/ethnic minority. Homeowners were more likely to say their tap water is “very safe” (48 percent compared to 31 percent of renters) as were men (50 percent versus 38 percent of women).

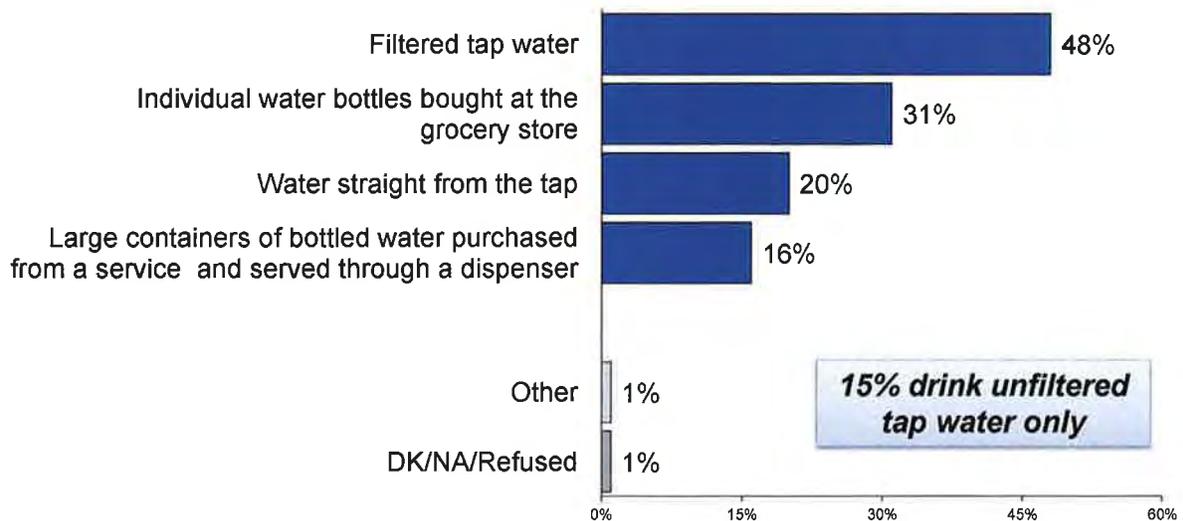
**Other findings.** Not surprisingly, customers who drink tap water at home were much more likely to say their tap water is “very safe,” (71 percent) compared to 39 percent of customers who do not drink tap water at all. Of customers who said they read *Pipelines* “every time,” 58 percent consider their water “very safe” compared to 51 percent of those who read it most of the time and 49 percent who never read it.

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**2.2 Water Customers Drink at Home**

Customers were asked where they get the water that they drink at home and were allowed to give more than one answer. **Figure 9** shows that half of all customers drink filtered tap water (48 percent), and just under one-third drink individual bottles bought at the store (31 percent). Two out of ten customers drink water straight from the tap, and just 15 percent said that this is the only type of water that they drink. Another 16 percent drink water from large containers provided by a service.

**Figure 9:**  
**Sources of Water Customers Most Frequently Drink at Home**  
*(Multiple Responses Accepted)*



**Demographic subgroups.** Of residents who have lived in the area 21 years or more, 26 percent drink water straight from the tap compared to only 11 percent of customers who are new to the area (arriving in the last five years). Residents age 65 and over are far more likely to drink tap water, 34 percent compared to only 11 percent of adult residents under the age of 50. And 23 percent of white customers drink water straight from the tap, compared to only 12 percent of customers who are racial/ethnic minorities.

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**Other findings.** As noted above, customers who drink tap water at home are more likely to feel that the tap water is safe. Of those who believe that their tap water is “very safe,” 31 percent drink water straight from the tap, compared to only ten percent of those who say the water is somewhat safe or not safe. Customers who are aware that IRWD offers free tours of its facilities are more likely to drink water straight from the tap. Among those who know of the tours,<sup>1</sup> but have not attended one, 30 percent drink water straight from the tap; 39 percent of those who have actually attended a tour drink water from the tap.<sup>2</sup> Similarly, 35 percent of customers who said they read *Pipelines* every time report drinking water straight from the tap, compared to 18 percent of those who read it most of the time and 24 percent who never read it.

### **PART 3: CONSERVATION AWARENESS AND WATER USAGE**

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#### **3.1 Current Efforts to Conserve Water**

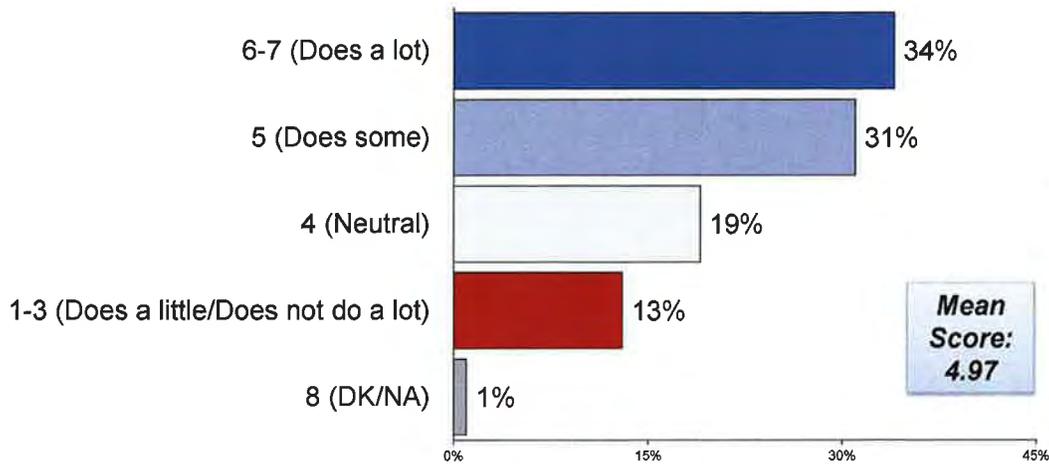
Irvine Ranch Water District customers were asked to rate how active their households are in conserving water at home by providing a number on a scale of one to seven, with one meaning that their household does not do anything to conserve and seven meaning that their household does a lot to conserve. The mean response was 4.97. As shown in **Figure 10**, most respondents indicated that they are making some efforts to conserve; 34 percent of respondents gave a “six” or “seven” rating and 31 percent gave a “five” rating, falling on the side of doing a fair amount to conserve. Another 19 percent selected a neutral “four” rating. Only 13 percent chose a rating between “one” and “three,” indicating that they do nothing or very little to conserve.

<sup>1</sup> The 31 percent of customers described as knowing of tours are those who described the statement “IRWD offers free tours of its facilities to residents of the area” as very accurate.

<sup>2</sup> This survey cannot determine if residents who drink straight tap water are more aware of tours or if it is awareness of the tours that makes residents more likely to drink tap water.

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**Figure 10:  
Rating of Household Efforts to Conserve Water**



For the most part, attitudes about conservation do not show the same fluctuations or patterns across different groups of customers like those of other issues discussed above. However, there were a few distinctions worth noting.

**Demographic subgroups.** Thirty-nine percent of residents who have been in the area for 21 years or more gave a six or seven rating compared to only 23 percent of residents new to the area in the last five years. Those who own their homes are doing more to conserve than renters (35 percent compared to 27 percent that gave a six or seven rating). Of customers age 65 or older, 45 percent said they are doing a lot to conserve with a six or seven rating, while only 29 percent of customers ages 18 to 49 said the same.

**Other findings.** Those who read *Pipelines* every time or most of the time are doing more to conserve water. Among those who read it every time, 52 percent gave a rating of six or seven, as did 43 percent of those who read it most of the time. On the other hand, only 32 percent of customers who do not read *Pipelines* often offered a rating of six or seven, along with only 24 percent of customers who said they never read it. Those who drink straight tap water are doing more to conserve, with 41 percent rating their conservation efforts as a six or seven, compared to only 34 percent of those who do not drink tap water.

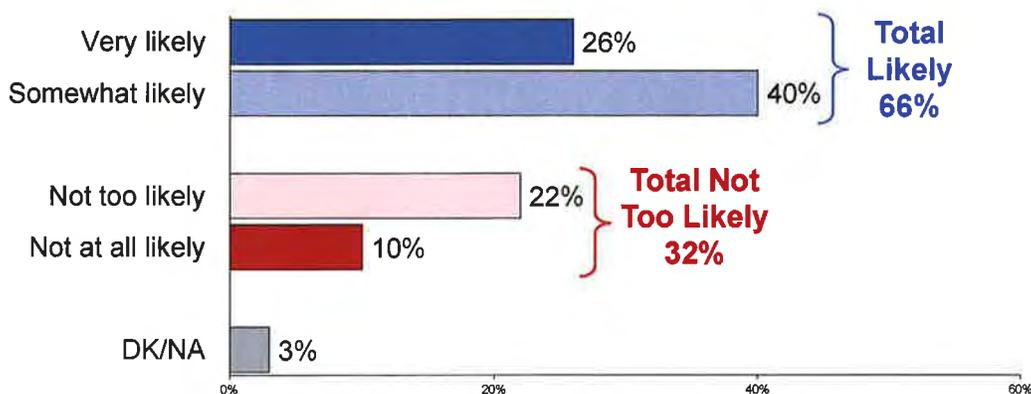
## EXHIBIT "A"

**eBill users.** Customers who receive a regular paper bill through the mail were more likely to describe themselves as doing a lot to conserve water compared to customers who receive eBills (38 percent rated their conservation efforts as a six or seven compared to 29 percent of eBill customers).

### 3.2 Future Efforts to Conserve Water

Survey respondents were also asked if they will be likely to take additional steps to conserve water at home in the next six to twelve months. About two-thirds said that they will be likely, including about a quarter (26 percent) who said they will be very likely and another 40 percent who indicated they will be somewhat likely, as shown in **Figure 11**. About one-third indicated that they would not be likely to take additional steps to conserve, either not too likely (22 percent) or not at all (10 percent).

**Figure 11:**  
**Likelihood of Increasing Water Conservation in the Next Six to Twelve Months**



**Other findings.** Customers who said their households were already doing a lot to conserve were also more likely to indicate that they would take additional steps to conserve water in the next six to twelve months. Of those who gave a six or seven rating to their current steps to conserve, 40 percent answered that they are “very likely” to take additional conservation steps, compared to only 10 percent of those who responded they were doing very little to conserve already (a rating of one, two or three).

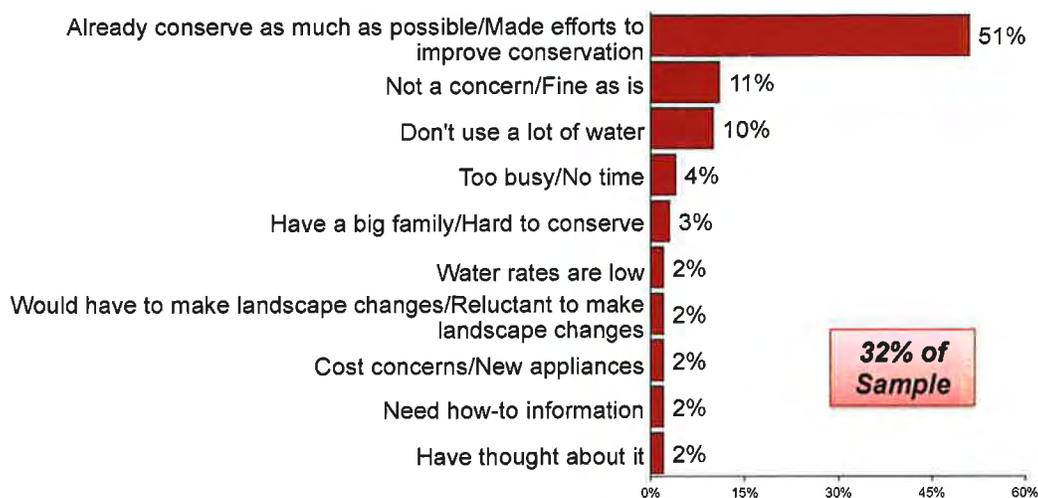
## EXHIBIT "A"

Readers of “every” *Pipelines* newsletter (33 percent) were more likely to indicate that they are “very likely” to take additional steps to conserve than who read it “most of the time” (26 percent) or “never” (21 percent). The type of water customers drink at home, at the same time, corresponds to future conservation efforts: residents who drink bottled water were somewhat more likely than those who drink tap water (directly and filtered) to say they are likely to take additional steps to conserve water in the next twelve months. Thirty-three percent of renters indicated they are “very likely” to take additional conservation steps, compared to 24 percent of homeowners.

**eBill users.** Those who receive paper bills are somewhat more likely to take additional steps to conserve water in the future. Twenty-eight percent of paper bill customers said they are “very likely” to take additional steps to conserve, compared to 21 percent of eBill users.

**Figure 12** shows that of those who said they are not likely to increase their conservation efforts, about half indicated that it was because they have already made efforts to conserve or have done as much as they can. Other common reasons for not conserving included not being concerned about water conservation (11 percent) or not using a lot of water (10 percent).

**Figure 12:**  
**Likelihood of Increasing Water Conservation in the Next Six to Twelve Months**  
*(Open-ended Grouped Responses; Responses 2% or More)*

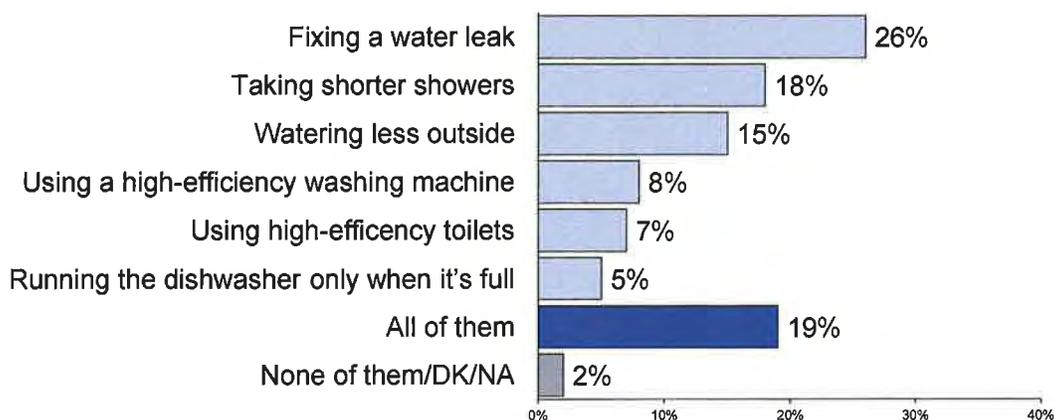


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### 3.3 Perceptions of Ways to Conserve Water

Respondents were asked to identify a single step that would conserve the largest amount of water based on a list of suggested methods. **Figure 13** shows that about a quarter of all respondents (26 percent) believe that fixing a water leak would conserve the most water. This was the only response selected more frequently than the volunteered response that “all of them” would conserve water. Taking shorter showers and watering less outside were selected by 18 percent and 15 percent, respectively.

**Figure 13:**  
**Ranking Suggested Steps to Conserve Water by the Amount of Water Saved**



**Other findings.** Beliefs about which conservation steps would save the most water were quite varied across different types of customers, with very few patterns emerging. Customers' responses showed some fluctuation based on their type of home (single family, condo, townhouse) which is logical given that this could greatly impact customers' outside water use. Those who live in condos are the most likely to say fixing a water leak would save the most water (33 percent), followed by those who live in townhouses (28 percent), and those who live in single-family homes (25 percent). At the same time, those living in townhouses<sup>3</sup> (five percent) were the least likely to say that watering less outside would save the most water, followed by condo residents (11 percent) and those in single-family homes (17 percent).

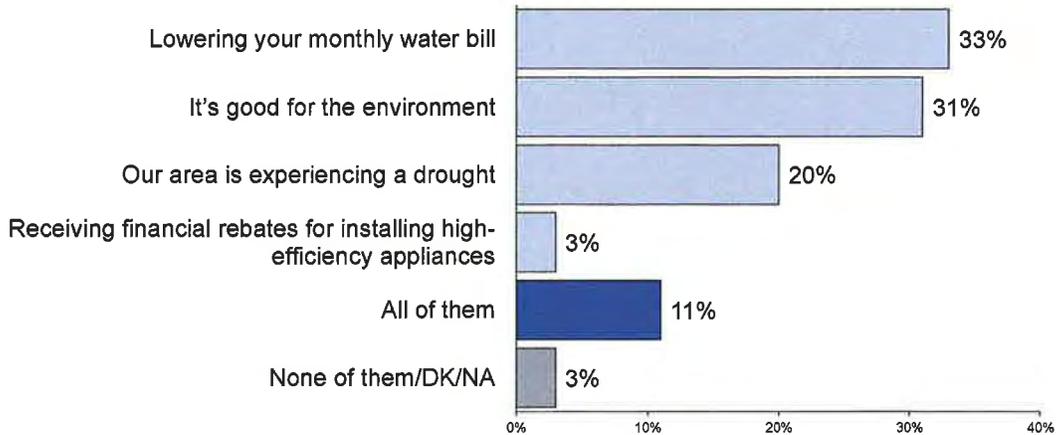
<sup>3</sup> Customers who live in townhouses may or may not have outdoor space and be concerned about outside water usage. The survey did not ask respondents if they were responsible for watering any outside space.

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Again, the varied responses that do not follow patterns identified in other questions may indicate that customers' views on conservation are in flux and not tied to their demographics or even peer groups, providing a rich opportunity for education and awareness building.

As shown in **Figure 14**, customers were also asked to select the most important reason for conserving water from a list of reasons. One-third of respondents identified lowering their monthly water bills as the most important reason. Three percent of respondents selected receiving financial rebates for high-efficiency appliances as the most important reason,<sup>4</sup> bringing the total that identified financial motivations to 36 percent. Just under a third (31 percent) cited the environment as the most important reason. Another 20 percent said that the area experiencing a drought is the most important reason, while 11 percent volunteered that "all" of the suggested steps were important.

**Figure 14:**  
**Ranking Personally Most Important Reason to Conserve Water**



**Demographic subgroups.** Not surprisingly, lower income customers were more likely to identify lowering their monthly water bill as their most important reason for conserving, with 46

<sup>4</sup> While the survey does not provide reasons that customers selected lowering their monthly water bills much more frequently than receiving financial rebates, it may be that lowering monthly water bills implies definitive cost savings on an ongoing basis without any required additional steps. Receiving financial rebates for high-efficiency appliances would provide a one-time savings and implies additional savings in the future but is not specific about when or how those savings would occur. Further, the survey did not directly ask whether residents already have high-efficiency appliances, which would affect the appeal of such rebates.

## EXHIBIT "A"

percent of those with household incomes of \$50,000 or less having selected this option, compared to only 27 percent of those with household incomes of \$100,000 or more.

**Other findings.** Customers who know that IRWD offers free tours of its facilities were less likely to choose lowering their monthly water bill as the most important reason for conserving water. Twenty-eight percent of those who know of tours but have not been on one identified this as the most important reason, and 16 percent of those who have been on a tour selected it, compared to 32 percent of those who were unsure if tours are offered by IRWD<sup>5</sup> and 38 percent of those who did not know about the tours.

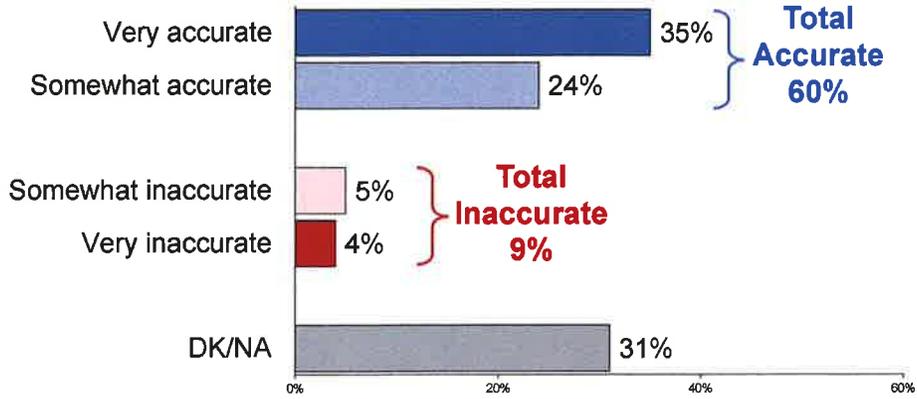
Similarly, customers who have visited the IRWD website were less likely to identify lowering their monthly water bill as the most important reason for conservation compared to those who have not visited the website, 24 percent versus 38 percent. This might indicate that customers with a high level of knowledge about, and/or interest in IRWD and the resources it offers are less motivated to conserve for financial factors and are more motivated by the environment, the current drought, or a combination of factors.

**Figure 15** indicates that six out of ten customers are aware that IRWD offers financial incentives for replacing household items with more water efficient items. When asked if it was an accurate statement that IRWD offers these financial incentives, 35 percent said it is “very accurate” that financial incentives are offered, and another 24 percent responded that it is “somewhat accurate.” Only nine percent answered that it is either somewhat or very inaccurate, though nearly a third (31 percent) did not know.

<sup>5</sup> Customers considered to be unsure about whether IRWD offers free tours are those who responded that the statement was “somewhat accurate.” Those who did not know about the tours responded that they did not know if the statement was inaccurate or did not answer the question.

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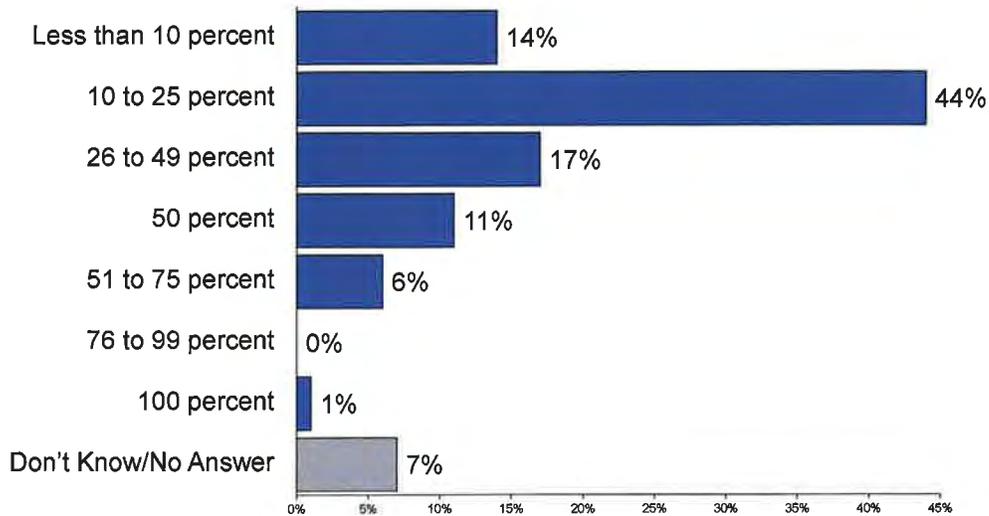
**Figure 15:**  
**Agreement with Accuracy that IRWD Offers Financial Incentives for More Water Efficient Items**



**3.4 Water Usage Outside the Home**

Customers were also asked to provide an estimate of the amount of water they use that is for outside use. Nearly all customers who provided an answer estimated that half or less of the water they use is for use outside the home, with ten to 25 percent being the most frequent estimate. As shown in **Figure 16**, only six percent estimated that half to two-thirds of their water usage is outside (one percent said that all their water use is outside).

**Figure 16:**  
**Approximate Percentage of Water Used Outside the Home**



**Other findings.** Not surprisingly, customers who live in single-family homes were far less likely to say that less than ten percent of their water usage is outside (seven percent) compared to residents of multi-family units<sup>6</sup> (39 percent). Similarly, customers who have an outdoor variance were also far less likely to say that less than ten percent of their water usage is outside (only six percent said this). This suggests that this group is more aware of their outdoor water usage and has responded to the opportunity to expand their allocation for water, thereby reducing their water rates.

## **PART 4: SATISFACTION WITH DISTRICT BILLS AND PAYMENTS**

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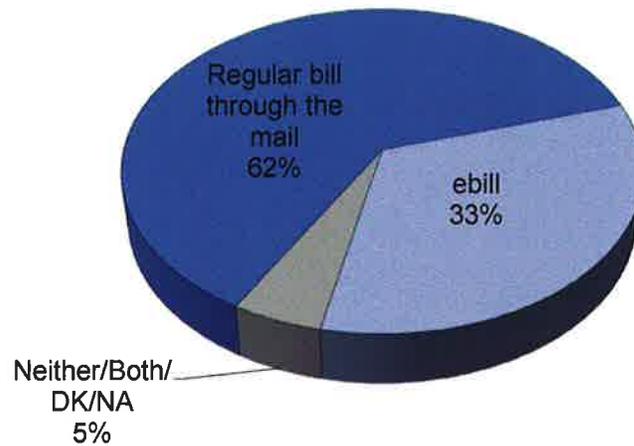
### **4.1 Receiving and Paying Water Bills**

Slightly more than six in ten households receive water bills from the Irvine Ranch Water District through the mail. As shown in **Figure 17**, a third of households receive an eBill.

<sup>6</sup> Multi-family units include both condos and apartments but not townhouses.

EXHIBIT "A"

**Figure 17:  
Method of Receiving Water Bill from IRWD**



**Demographic subgroups.** Some demographic groups are also more likely to receive an eBill. This includes customers who have lived in the area for five years or less (50 percent compared to 25 percent who have lived in the area for 21 years or more), customers of Asian ethnicity (47 percent compared to 29 percent of white customers) and customers under the age of 50 (44 percent compared to 17 percent of customers age 65 or older).

**Other findings.** While a third of all customers receive an eBill, customers who tend to use electronic communication are more likely to receive an eBill. This includes customers who have visited the IRWD website (54 percent compared to 21 percent who have not), customers who were reached on a cell phone (44 percent compared to 27 percent who were reached on a land line) and customers who have contacted IRWD by email (57 percent compared to 32 percent of customers who contacted IRWD over the phone, for example). Customers who pay their bill using the IRWD website (76 percent) or other websites (61 percent) are more likely to receive an eBill than those who who pay their bill in person (15 percent) or pay through regular mail (three percent).

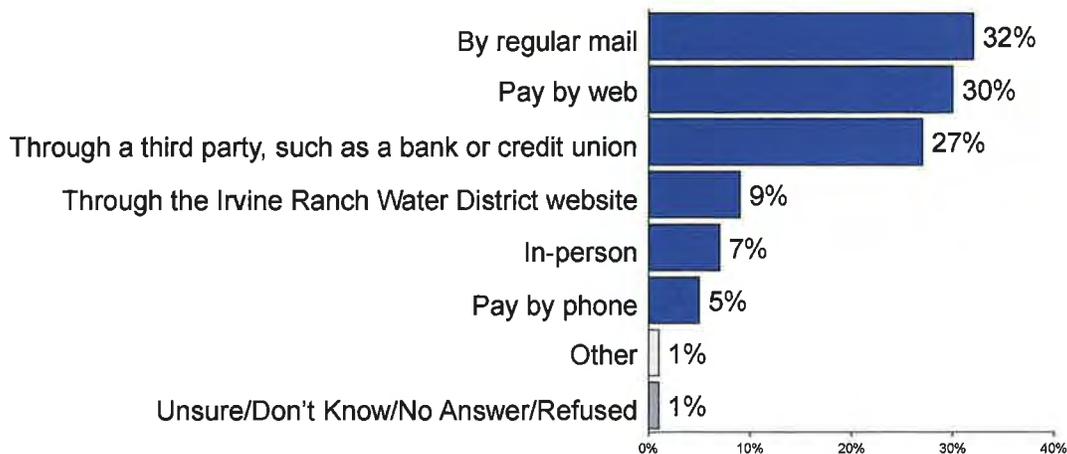
## EXHIBIT "A"

As noted in sections 3.1 and 3.2 above, customers who receive eBills were less likely to say that they are doing a lot to conserve water currently or to say that they are very likely to take additional steps to conserve in the next six to twelve months.

As seen in **Figure 18**, when asked which methods their household has used to pay their IRWD bill in the last year, about a third (32 percent) of customers responded that they paid their water bill through the regular mail.<sup>7</sup> Of those who receive a paper bill through the mail, about half, or 48 percent, pay their bill through the mail, while the rest use a variety of methods, including 27 percent who use a third party and 17 percent who pay by web.

About another third (30 percent) said they have paid their bill through the web in the last year, while more than a quarter (27 percent) paid through a third party such as a bank or credit union. Just seven percent indicated that they have paid their bill in-person, and five percent have paid by phone. About one in ten customers (11 percent) indicated that they used multiple methods to pay their water bills in the past year.

**Figure 18:**  
**Method of Paying Water Bill**  
*(Multiple Responses Accepted)*



<sup>7</sup> Respondents were allowed to give multiple responses.

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**Demographic subgroups.** Residents of the area for 21 years or more are most likely to pay their bill by regular mail (36 percent compared to 27 percent of those new to the area in the last five years), while the newest residents are most likely to pay by web (34 percent of those in the area for ten years or less compared to 26 percent of residents in the area for 21 years or more). Customers age 65 and over are the most likely to pay their bill by regular mail (42 percent compared to 24 percent of those under age 50) while young residents are more likely to pay their bill by web (40 percent of those under age 50 compared to 15 percent of those over age 65). White customers are most likely to pay by regular mail (34 percent compared to 28 percent of racial/ethnic minorities).

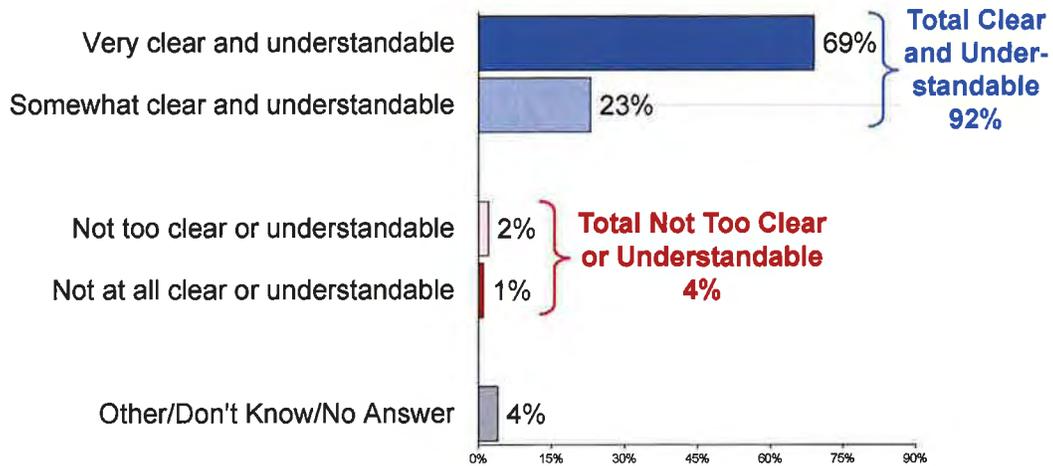
**Other findings.** Again, customers who tend to use electronic communication are more likely to pay their bill by web. This includes customers who have visited the IRWD website (40 percent paid by web compared to 24 percent who had not), customers who were interviewed on their cell phone (40 percent paid by web compared to 25 percent who were not), customers who receive an eBill (55 percent compared to 17 percent who receive a paper bill), and customers who receive *Pipelines* by email (58 percent compared to 19 percent who receive it by mail).

### 4.2 Clarity of Water Bill

**Figure 19** shows that more than nine out of ten IRWD customers (92 percent) said that their water bill is clear and understandable, with nearly seven in ten (69 percent) having said it is “very” and another 23 percent who indicated it is “somewhat” clear and understandable. Only two percent answered that it was “not too” clear or understandable, with a negligible one percent saying it was “not at all” clear or understandable.

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**Figure 19:  
Rating of Clarity of Water Bill**



It should be noted that while many people said in the survey that their water bill is clear and understandable, this was a conceptual question. Customers were not asked to take a look at their bill or identify which components were easy to understand and which were less clear. During the focus groups conducted in March, customers who received a paper bill were asked to review an example and a number of people mentioned that several terms were unclear. While the focus group discussions do not provide statistically valid results, they do suggest that this question may only indicate customers' general perceptions of their water bills from memory, rather than an accurate measurement of their comprehension of specific aspects of their bill.

**PART 5: CONTACT AND COMMUNICATION WITH THE IRVINE RANCH WATER DISTRICT**

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**5.1 Contact with Irvine Ranch Water District**

Figure 20 shows that almost three out of ten households (29 percent) have contacted the Irvine Ranch Water District sometime in the last two years, while seven in ten (71 percent) have not contacted IRWD in the last two years.

EXHIBIT "A"

**Figure 20:**  
**Proportion Contacting the IRWD in the Last Two Years**



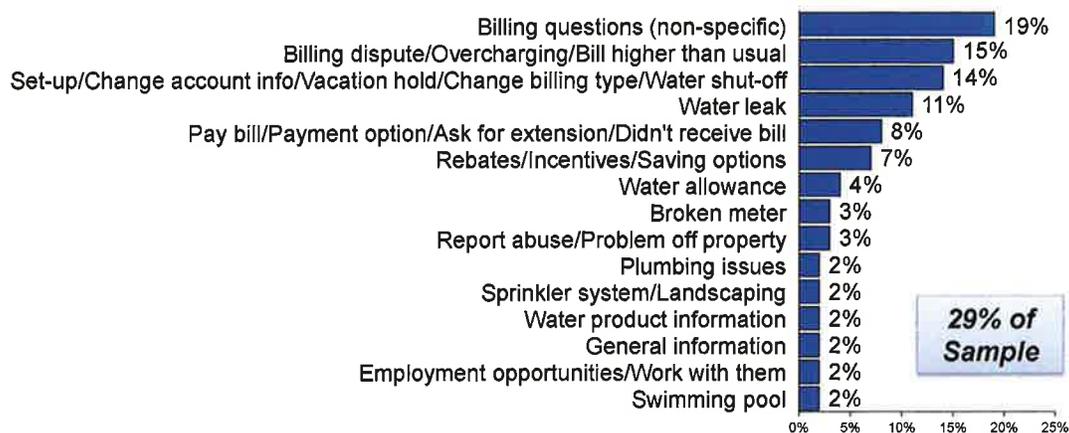
**Demographic subgroups.** Young renters new to the area were typically most likely to contact IRWD to set up or change their account information. This was true for customers new to the area in the last five years (37 percent compared to eight percent of those living in the area for 21 years or more), renters (33 percent compared to 10 percent of owners) and those under age 50 (24 percent compared to only seven percent of those 65 or over).

Those who have contacted IRWD in the last two years were asked in a follow-up question to identify which methods they have used to contact the District in the last two years. **Figure 22** shows that nearly all of those who had contacted the District in the last two years did so by telephone (94 percent). A quarter contacted IRWD in person and another 23 percent did so by email. Regular mail was used by 16 percent. Close to half (44 percent) of those who contacted the District used multiple methods to do so.

Billing issues were the most common reasons provided for contact with the District. Nearly two out of ten customers who had contacted the District identified non-specific billing questions as a reason and 15 percent indicated a billing dispute or unusually high bill as a reason. Other common reasons cited, as shown in **Figure 21**, included changing account information or service such as set up, billing or shutting off water (14 percent) or a water leak (11 percent). The question allowed customers to provide one or two reasons for contacting IRWD.

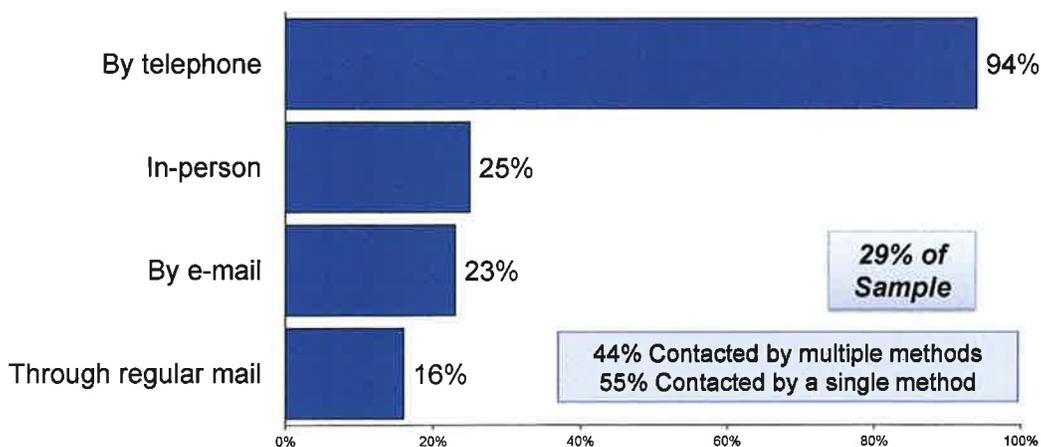
EXHIBIT "A"

**Figure 21:**  
**Reasons Cited for Contacting IRWD**  
*(Open-ended Grouped Responses; Responses 2% or More)*



Note that of the top six categories for contacting the District, five relate to customers' experiences with billing, account and financial issues. This indicates that financial concerns of one sort or another dominate customers' interactions with IRWD.

**Figure 22:**  
**Methods Used to Contact IRWD**  
*(% Yes)*

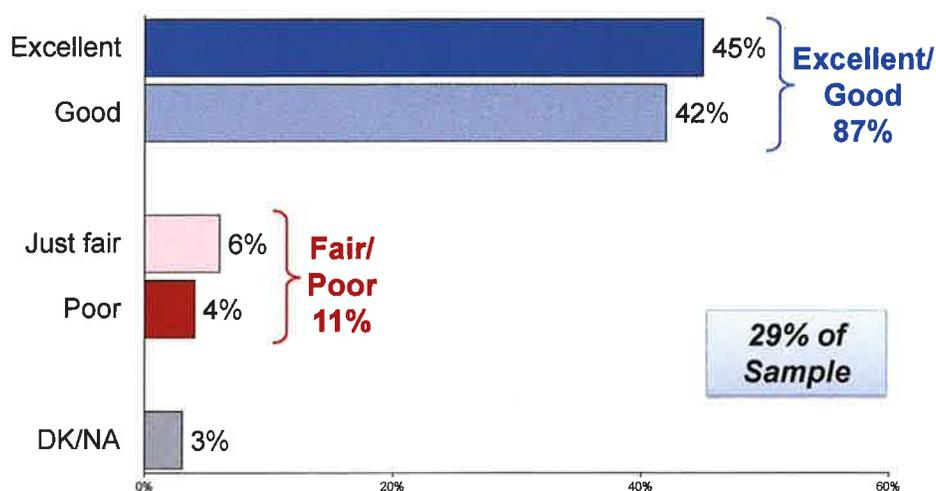


Further, of those who contacted the District, most (87 percent) had a positive experience, rating their contact as "excellent" (45 percent) or "good" (42 percent). As shown in **Figure 23**, only about one out of ten rated their experience as either "fair" (six percent) or "poor" (four percent).

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The experience of contacting IRWD seems to impact customers' perceptions of IRWD generally, with those who said their experience was "excellent" more likely to have a "very favorable" opinion of IRWD (72 percent compared to 54 percent of all customers) and more likely to rate IRWD service as "excellent" (65 percent compared to 42 percent).

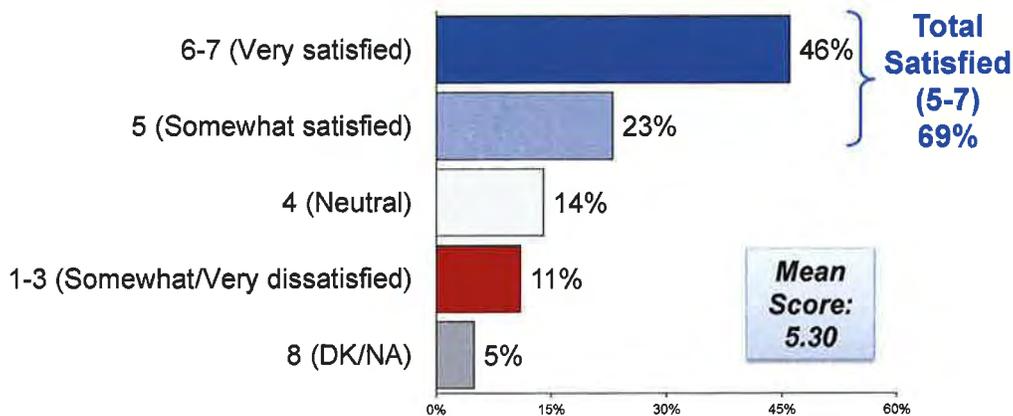
**Figure 23:  
Rating of Experience Contacting IRWD**



When asked to rate IRWD's communications, including newsletters, the website, social media and other means, most respondents answered that they are satisfied, as shown in **Figure 24**. The mean score was 5.3, where a "one" rating indicated customers were very dissatisfied with IRWD's efforts to communicate and "seven" meant they were very satisfied. More than two-thirds of respondents gave a satisfied rating of "five" or above, and nearly half described being very satisfied with a rating of "six" or "seven." Fourteen percent gave a neutral score of "four" while only 11 percent gave a rating of three or lower.

EXHIBIT "A"

**Figure 24:  
Rating of Satisfaction with IRWD Communications**



**Demographic subgroups.** Long-term residents of the area (21 years or more) were more likely to offer a very satisfied rating of six or seven than residents new to the area in the last five years (53 percent compared to 40 percent, respectively). Similarly, 54 percent of customers age 65 or older said they were very satisfied with communications (a six or seven rating) compared to 41 percent of customers under age 50. White customers gave slightly higher ratings compared to customers who are racial/ethnic minorities (48 percent gave a six or seven compared to 41 percent).

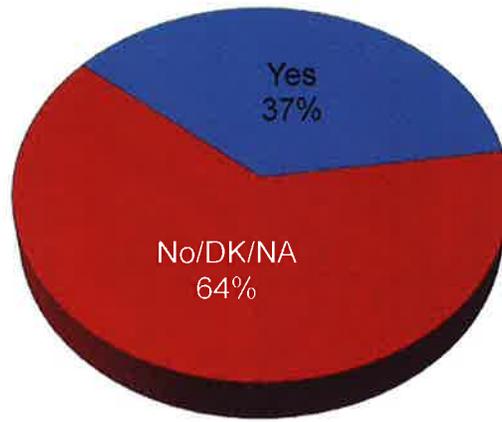
**Other findings.** Customers' opinions about tap water safety and the type of water they drink had some relationship to how they rated IRWD communications. Of those who said the tap water in their homes is very safe, 54 percent gave a very satisfied rating of six or seven, compared to only 29 percent of those who said their tap water is not safe. And 56 percent of those who only drink tap water at home rated IRWD communications as a six or seven, compared to 45 percent of those who do not drink tap water.

## 5.2 Communication with Irvine Ranch Water District Customers

Figure 25 shows that slightly more than one-third of respondents said they have visited the District's website in the last two years, while just under two-thirds (64 percent) have not.

## EXHIBIT "A"

**Figure 25:**  
**Proportion Having Visited the District's Website in the Last Two Years**



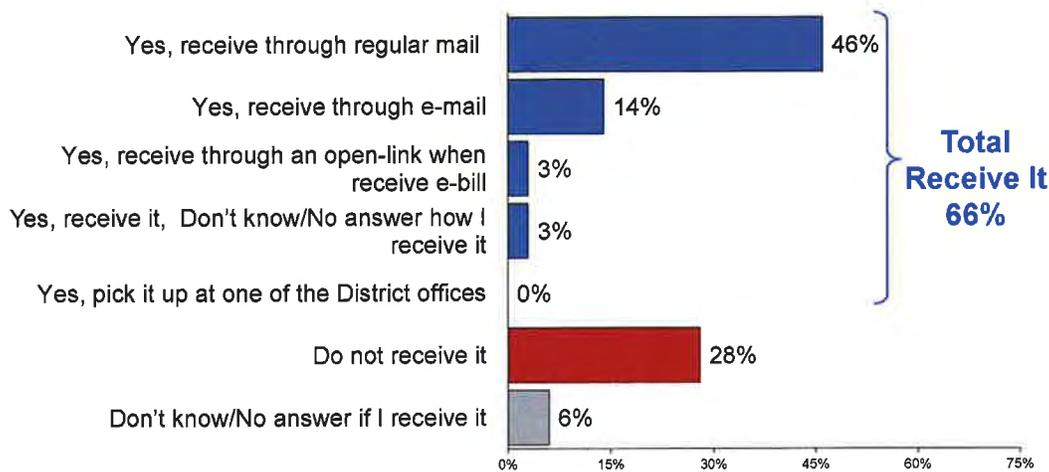
**Demographic subgroups.** Younger customers were more likely to have visited the IRWD website in the last two years (41 percent of those under age 50 compared to only 27 percent of those age 65 or over). In addition, renters (43 percent) were somewhat more likely than homeowners (35 percent) to say they visited the IRWD website in the last two years. However, length of time in the area and ethnicity did not show similarly strong patterns.

**Other findings.** More than half of customers (58 percent) who have contacted IRWD in the last two years have also visited the IRWD website in that time period, compared to only 28 percent of customers who have not contacted the District. This may indicate that many customers do use the website as a resource if they have a question for IRWD, though the survey did not ask that question specifically. Residents who receive the *Pipelines* newsletter electronically are much more likely to have visited the website (73 percent) compared to those who receive it in the mail (31 percent). And residents who said they read *Pipelines* "every time" are more likely to have visited the website (50 percent) compared to those who never read it (39 percent). Not surprisingly, customers who use eBill (60 percent), and those who have *ever used* eBill (57 percent) are more than twice as likely than those who have never used eBill (25 percent) to have visited the IRWD website in the last two years.

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**Figure 26** shows the different ways that respondents receive *Pipelines*, the District’s monthly newsletter. In total, two-thirds of customers (66 percent) said they receive *Pipelines*. The remaining one-third of customers either do not receive it (28 percent) or do not know (six percent). Almost half (46 percent) receive *Pipelines* through regular mail. Others who know how they receive it either do so through email (14 percent) or through an open link in an eBill (three percent). Almost half (46 percent) receive *Pipelines* through regular mail. Others who know how they receive it either do so through email (14 percent) or through an open link in an eBill (three percent).

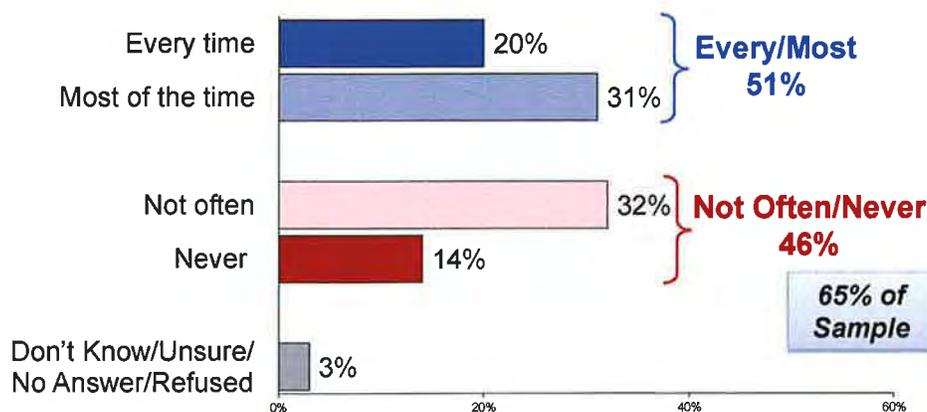
**Figure 26:  
Method of Receiving *Pipelines* Newsletter**



**Demographic subgroups.** Newer residents were more likely to say they do not receive *Pipelines* compared to longer-term residents (35 percent of those in the area five years or less compared to 24 percent of those in the area 21 years or more). Renters were also more likely to say they do not receive *Pipelines* compared to those who own their homes (37 percent compared to 26 percent, respectively).

**Figure 27** shows that, of those who receive *Pipelines*, just over half (51 percent) read it most of the time or every time they receive it. (Note that customers were asked how frequently they read the newsletter, but not how thoroughly). About a third (32 percent) of those who receive it do not read it often, and another 14 percent reported never reading it.

**Figure 27:**  
**Frequency of Reading *Pipelines* Newsletter**



**Demographic subgroups.** Customers who were more likely to say they do not read *Pipelines* regularly include renters (58 percent said they do not read it or do not read it often, compared to 44 percent of owners), customers who are racial/ethnic minorities (55 percent compared to 43 percent of white customers) and customers under the age of 50 (56 percent compared to 28 percent of customers age 65 or over). Those most likely to say they read *Pipelines* every time they receive it include customers who have been on a tour of IRWD facilities (41 percent compared to only 26 percent of those who know of but have not been on a tour) and those who drink tap water at home (35 percent compared to 17 percent of customers who do not drink tap water).

### 5.3 Tours of Facilities

When asked if it was an accurate statement that IRWD offers free tours of its facilities, 31 percent agreed that this statement was “very accurate,” meaning about a third of residents definitely know that tours are available. As shown in **Figure 28**, another 16 percent described this as a “somewhat accurate” statement, perhaps indicating that they had some recollection of this but were not sure that it was true. Those who were sure about the tours (described the statement as “very accurate,”) were asked if they had taken a tour and, if so, why. Two out of ten customers who knew about the tours had taken one.

EXHIBIT "A"

**Figure 28:**  
**Level of Awareness of Free Tours and Proportion Who Have Taken a Tour**

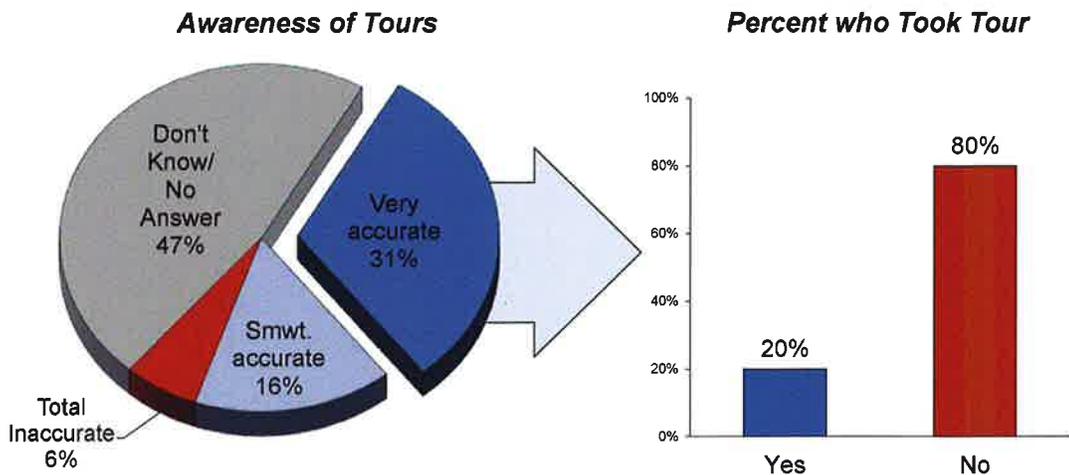
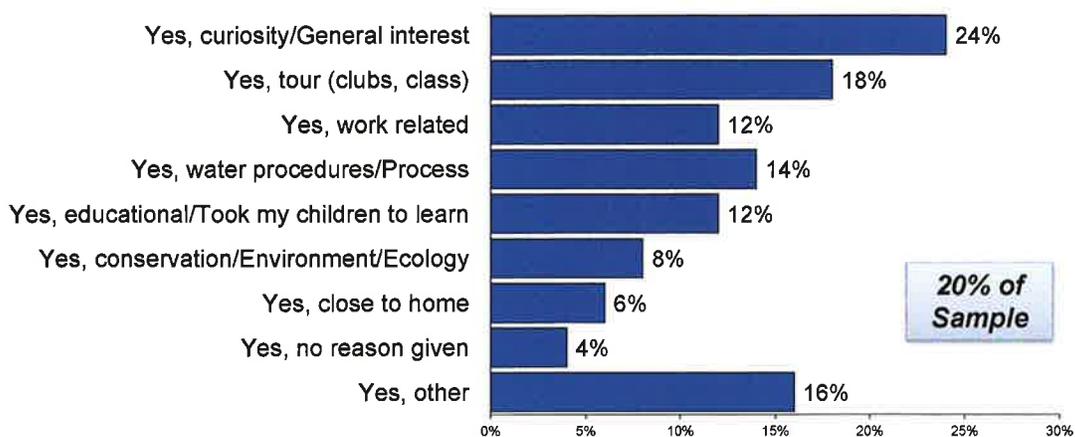


Figure 29 shows that the most frequent reason for taking a tour was general interest or curiosity (24 percent) followed by going with a group such as a club or class (18 percent).

**Figure 29:**  
**Reasons for Taking a Tour of IRWD Facilities**  
*(Open-ended Grouped Responses)*



## EXHIBIT "A "

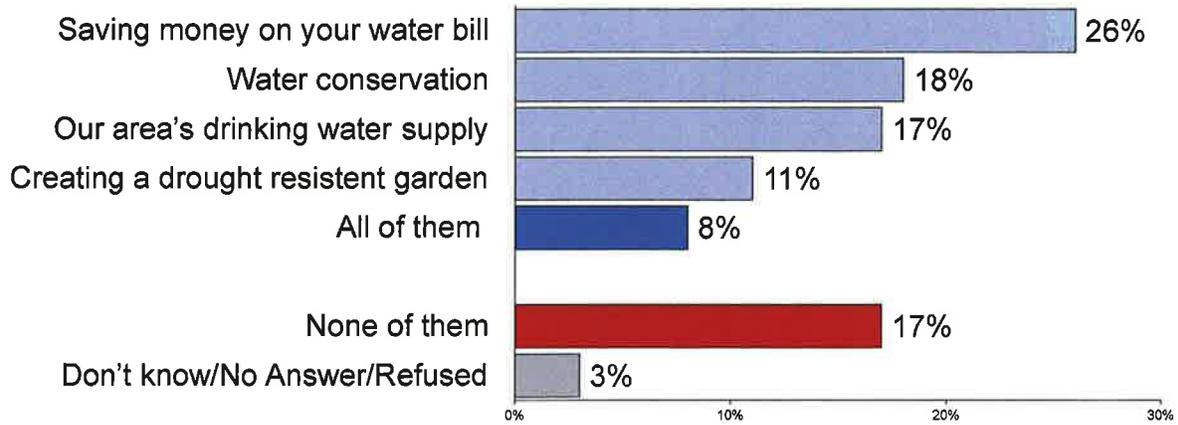
### 5.4 Free Customer Workshops

Respondents were asked about the free workshops that IRWD offers to its customers several times a year. When asked which free workshops would be of interest, about a quarter of customers said that saving money on water bills would be the most interesting topic, with water conservation and the drinking water supply in the area also appealing to smaller numbers of customers. Slightly fewer than two out of ten respondents volunteered that they would not be interested in workshops on the topics listed (see **Figure 30**).

A relatively small number of respondents had generally negative perceptions of IRWD (for example, only six percent of respondents said they had an unfavorable opinion of IRWD). Therefore, survey results from these respondents should be interpreted with some caution. However, those with negative perceptions were particularly likely to say that saving money on their water bills would be the most interesting workshop topic. For example, 43 percent of those who had an unfavorable rating of IRWD generally chose saving money on water bills as the most interesting workshop topic, while water conservation was chosen by only 17 percent of this group (22 percent answered “none of them”). Of those who rated IRWD service as “fair” or “poor,” 41 percent indicated this topic was most interesting (the area’s drinking water supply was chosen by 18 percent) and those who described the value they receive from IRWD as “definitely poor” chose this topic 47 percent of the time (compared to 22 percent who said “none of them”). Ethnic minorities were also more interested in this topic, with 33 percent choosing this as the most interesting topic compared to only 23 percent of white customers. While of course there is an important distinction between customers saying they find a topic interesting and actually going to a workshop, this indicates that saving money on water bills may be an entry point for communication for these difficult-to-reach populations.

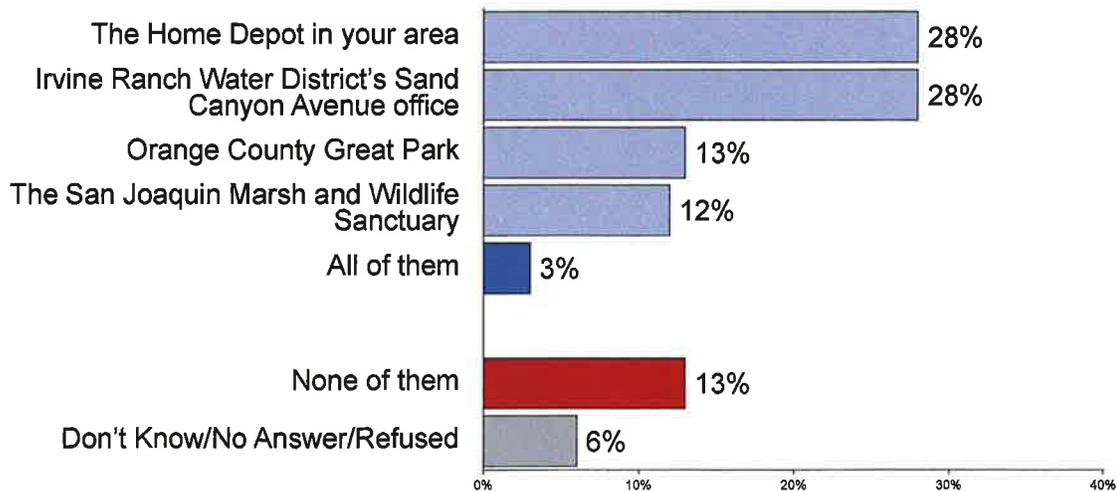
EXHIBIT "A"

**Figure 30:  
Ranked Interest in Workshops about Water-Related Issues**



A local Home Depot or the District's Sand Canyon Avenue office were the preferred locations for attending a free workshop, with slightly more than one-quarter of customers indicating a preference for one of those two options (see **Figure 31**).

**Figure 31:  
Preferred Location for Workshops about Water-Related Issues**

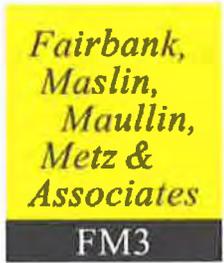


Residents of Irvine were more likely to choose the Sand Canyon Avenue office (32 percent compared to 21 percent of those from other areas) and less likely to choose a Home Depot as the

## EXHIBIT "A"

preferred location (only 23 percent,) while residents of other cities much preferred Home Depot (34 percent) to any other location.

# Appendix A



**IRVINE AREA WATER ISSUE SURVEY**  
**320-553-UT**  
**N=806**  
**MARGIN OF SAMPLING ERROR ±3.5% (95% CONFIDENCE INTERVAL)**

Hello, I'm calling from F-M-Three, a public opinion research company. We are not telemarketers trying to sell anything, or asking for a donation of any type. We're conducting a public opinion survey about issues that concern people in your area of Orange County. May I speak to \_\_\_\_\_? **YOU MUST SPEAK TO THE PERSON LISTED. (IF NOT AVAILABLE, ASK:)** "May I please speak to the person in the household who is most responsible for paying the bills each month?" **(IF NOT AVAILABLE, ASK:)** "May I speak to another adult in the household?"

A. Before we begin, could you please tell me if I have reached you on a cell phone? **(IF YES: "Are you in a place where you can talk safely?"**)

Yes, cell and in safe place----- 34%  
 Yes, cell not in safe place----- **TERMINATE**  
 No, not on cell ----- 66%  
**(DON'T READ) DK/NA/REFUSED ----- TERMINATE**

1. Ok, let's begin. I'm going to read a list of names of organizations. For each one I mention, please tell me if you have a favorable or unfavorable opinion of that organization. If you have no opinion or have never heard of that organization, just say so. **(IF FAVORABLE/UNFAVORABLE, ASK:)** "Is that very or somewhat **(FAVORABLE/UNFAVORABLE)?**" **(DO NOT READ HEARD OF, DON'T KNOW OR NO ANSWER) (RANDOMIZE)**

	<u>VERY FAV</u>	<u>S.W. FAV</u>	<u>S.W. UNFAV</u>	<u>VERY UNFAV</u>	<u>NEVER HEARD OF</u>	<u>(HEARD OF/DK/NA)</u>	<u>TOTAL FAV</u>	<u>TOTAL UNFAV</u>
[ ]a. (T) Irvine Ranch Water District	54%	34%	2%	3%	1%	5%	88%	6%
[ ]b. Southern California Gas Company	48%	41%	2%	1%	1%	7%	89%	3%
[ ]c. Southern California Edison	43%	38%	7%	4%	1%	7%	82%	11%
[ ]d. Your T.V., cable or satellite provider	31%	39%	13%	9%	0%	7%	70%	22%

EXHIBIT "A"

**NEXT, I WOULD LIKE TO ASK YOU A FEW MORE QUESTIONS ABOUT YOUR WATER PROVIDER, THE IRVINE RANCH WATER DISTRICT, ALSO KNOWN AS IRWD**

2. First, on an overall basis, how would you rate the service you receive from I-R-W-D at your residence? Would you say that service is excellent, good, just fair or poor?

**EXCELLENT/GOOD ----- 89%**

Excellent (ASK Q3) ----- 42%

Good (ASK Q3) ----- 47%

**FAIR/POOR ----- 10%**

Just fair (ASK Q4) ----- 9%

Poor (ASK Q4) ----- 1%

**(DON'T READ)**

DK/NA (SKIP TO Q5) ----- 1%

EXHIBIT "A"

(ASK Q3, IF EXCELLENT OR GOOD IN Q2)

3. In a few words of your own, why do you say (EXCELLENT/GOOD)? (OPEN END, RECORD VERBATIM RESPONSE BELOW)

Excellent: *N*=338

Never had a problem/no complaints -----	41 %
Water always available/dependable -----	17 %
Rates are reasonable -----	14 %
Customer service good/responsive -----	11 %
Water is clean/quality/safe -----	11 %
Good service in general -----	9 %
Prompt service/resolve problems efficiently/responsive to problems -----	7 %
Doing a good job/positive mentions -----	6 %
Paying bill is easy -----	3 %
Keep us informed/website/newsletter -----	2 %
Conservation efforts -----	2 %
Negative comment -----	2 %
Water pressure is good -----	1 %
Visited office building -----	0 %
Other -----	2 %
DK/NA/Refused -----	2 %

Good: *N*=378

Never had a problem/no complaints -----	38 %
Water always available/dependable -----	15 %
Rates are reasonable -----	10 %
Customer service good/responsive -----	9 %
Doing a good job/positive mentions -----	9 %
Water is clean/quality/safe -----	8 %
Good service in general -----	6 %
Negative comment -----	5 %
Prompt service/resolve problems efficiently/responsive to problems -----	3 %
Paying bill is easy -----	2 %
Water pressure is good -----	1 %
Keep us informed/website/newsletter -----	1 %
Conservation efforts -----	1 %
Visited office building -----	0 %
Other -----	2 %
DK/NA/Refused -----	5 %

EXHIBIT "A"

**Q3 CONTINUED**

Excellent/Good: *N=716*

Never had a problem/no complaints -----	39%
Water always available/dependable -----	16%
Rates are reasonable -----	12%
Customer service good/responsive -----	10%
Water is clean/quality/safe -----	10%
Doing a good job/positive mentions -----	8%
Good service in general -----	8%
Prompt service/resolve problems efficiently/responsive to problems -----	5%
Paying bill is easy -----	3%
Negative comment -----	3%
Keep us informed/website/newsletter -----	2%
Conservation efforts -----	2%
Water pressure is good -----	1%
Visited office building -----	0%
Other -----	2%
DK/NA/Refused -----	4%

**(ASK Q4, IF JUST FAIR OR POOR IN Q2)**

4. In a few words of your own, why do you say **(JUST FAIR/POOR)?** **(OPEN END, RECORD VERBATIM RESPONSE BELOW)**

Just Fair: *N=69*

Rates are too high/pricing structure -----	28%
No complaints -----	22%
Water quality is poor -----	9%
Water pressure -----	6%
Customer service -----	6%
Water bill issues -----	6%
Slow service -----	4%
Water leaks -----	4%
Other -----	17%
DK/NA/Refused -----	10%

Poor: *N=9*

Rates are too high/pricing structure -----	67%
Water quality is poor -----	33%

EXHIBIT "A "

**Q4 CONTINUED**

Just Fair/Poor: *N*=78

Rates are too high/pricing structure-----	32%
No complaints -----	19%
Water quality is poor -----	12%
Water pressure-----	5%
Customer service-----	5%
Water bill issues-----	5%
Slow service-----	4%
Water leaks-----	4%
Other -----	15%
DK/NA/Refused-----	9%

**(RESUME ASKING ALL RESPONDENTS)**

5. Next, would you say that you are getting a very good value for your dollar, a reasonably good value, not much value or definitely a poor value for I-R-W-D water services?

<b>TOTAL GOOD VALUE-----</b>	<b>85%</b>
Very good value -----	33%
Reasonably good value -----	52%
<b>TOTAL POOR VALUE -----</b>	<b>11%</b>
Not much value -----	7%
Definitely poor value-----	4%
<b>(DON'T READ) DK/NA -----</b>	<b>5%</b>

6. Do you consider your tap water at home to be very safe, somewhat safe, not too safe or not at all safe to drink?

<b>TOTAL SAFE-----</b>	<b>84%</b>
Very safe-----	(SKIP TO Q8) 45%
Somewhat safe -----	(SKIP TO Q8) 38%
<b>TOTAL NOT SAFE -----</b>	<b>11%</b>
Not too safe-----	(ASK Q7) 8%
Not at all safe-----	(ASK Q7) 4%
<b>(DON'T READ) DK/NA -----</b>	<b>(SKIP TO Q8)5%</b>

EXHIBIT "A"

(ASK Q7, IF NOT TOO SAFE OR NOT AT ALL SAFE IN Q6, CODES 3 OR 4)

7. In a few words of your own, why do you say (NOT TOO SAFE/ NOT AT ALL SAFE)?

Not too safe: *N=61*

Don't drink tap/unsafe/bad quality in general-----	49%
Taste bad -----	15%
Dirty/cloudy-----	10%
Chemicals (Chlorine)-----	7%
Mineral content-----	7%
Smells bad/sewage -----	3%
Unsure what is in tap water -----	2%
Other -----	7%
DK/NA/Refused-----	7%

Not at all safe: *N=31*

Don't drink tap/unsafe/bad quality in general-----	45%
Chemicals (Chlorine)-----	23%
Taste bad -----	13%
Smells bad/sewage -----	6%
Unsure what is in tap water -----	6%
Dirty/cloudy-----	6%
Mineral content-----	3%
Other -----	6%

Total Not Safe: *N=92*

Don't drink tap/unsafe/bad quality in general-----	48%
Taste bad -----	14%
Chemicals (Chlorine)-----	12%
Dirty/cloudy-----	9%
Mineral content-----	5%
Smells bad/sewage -----	4%
Unsure what is in tap water -----	3%
Other -----	7%
DK/NA/Refused-----	4%

EXHIBIT "A"

**(RESUME ASKING ALL RESPONDENTS)**

8. Next, I am going to read you some water-related statements about Irvine Ranch Water District. After each statement, please tell me if you find the statement to be accurate or inaccurate. **(IF ACCURATE/INACCURATE ASK:)** "Is that very **(ACCURATE/INACCURATE)** or just somewhat?" **(RANDOMIZE)**

	<u>VERY ACC</u>	<u>SMWT ACC</u>	<u>SMWT INACC</u>	<u>VERY INACC</u>	<u>(DON'T READ) DK/NA</u>	<u>TOTAL ACC</u>	<u>TOTAL INACC</u>
[ ]a. I-R-W-D has among the lowest water rates in Southern California -----	15%	20%	7%	6%	52%	34%	13%
[ ]b. I-R-W-D offers financial incentives for replacing some of your household items with more water efficient items, such as high-efficiency clothes washers or sprinklers -----	35%	24%	5%	4%	31%	60%	9%
[ ]c. I-R-W-D offers free tours of its facilities to residents of the area -----	31%	16%	3%	2%	47%	48%	6%

**(ASK Q9, IF VERY ACCURATE, CODE=1 IN Q8c)**

9. Have you taken a tour of the I-R-W-D facilities in the past? **(IF YES, ASK:)** In your own words, what was your main reason for taking the tour? *N=251*

*N=51*

<b>TOTAL YES, TOOK A TOUR -----</b>	<b>20%</b>
Yes, curiosity/general interest -----	5%
Yes, tour (clubs, class)-----	4%
Yes, work related -----	2%
Yes, water procedures/process -----	3%
Yes, educational/took my children to learn-----	2%
Yes, conservation/environment/ecology -----	2%
Yes, close to home-----	1%
Yes, no reason given -----	1%
Yes, other -----	3%

*N=200*

<b>NO/DK/NA/REFUSED-----</b>	<b>80%</b>
No, did not take a tour -----	79%
DK/NA/Refused-----	1%

EXHIBIT "A"

**(RESUME ASKING ALL RESPONDENTS)**

10. Next, in thinking about all of the water your household uses inside and outside, what approximate percentage would you say you use outside your home? **(RECORD VERBATIM)**

Less than 10 percent -----	14%
10 to 25 percent -----	44%
26 to 49 percent -----	17%
50 percent -----	11%
51 to 75 percent -----	6%
76 to 90 percent -----	0%
91 to 99 percent -----	0%
100 percent -----	1%
<b>(DON'T READ) DK/NA -----</b>	<b>7%</b>

**I WOULD NOW LIKE TO ASK YOU SOME QUESTIONS ABOUT CONSERVATION-RELATED ISSUES**

11. First, I would like you to rate how active your household is in efforts to conserve water at home. Please use a scale of one to seven, where one means your household **DOES NOT DO ANYTHING** to conserve water and seven means your household **DOES A LOT** to conserve water. You can choose any number between one and seven. **(DO NOT READ DON'T KNOW OR NO ANSWER)**

	<u>Does Not Do Anything</u>						<u>Does A Lot</u>	<u>(DK NA)</u>	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	
Efforts to conserve water -----	<b>4.97</b>	3%	3%	7%	19%	31%	14%	20%	1%

12. Thinking about the next six to twelve months, how likely would you say your household will be to take additional steps to conserve water at home? Would you say very likely, somewhat likely, not too likely, or not at all likely?

<b>TOTAL LIKELY -----</b>	<b>66%</b>
Very likely -----	<b>(SKIP TO Q14) 26%</b>
Somewhat likely -----	<b>(SKIP TO Q14) 40%</b>
<b>TOTAL NOT LIKELY -----</b>	<b>32%</b>
Not too likely -----	<b>(ASK Q13) 22%</b>
Not at all likely -----	<b>(ASK Q13) 10%</b>
<b>(DON'T READ) DK/NA -----</b>	<b>(SKIP TO Q14) 3%</b>

EXHIBIT "A "

(ASK Q13, IF NOT TOO LIKELY OR NOT AT ALL LIKELY IN Q12, CODES 3 OR 4)

13. In a few words of your own, why do you say (NOT TOO LIKELY/ NOT AT ALL LIKELY)?

Not too likely: *N=179*

Already conserve as much as possible/made efforts to improve conservation -----	50%
Not a concern/fine as is -----	10%
Don't use a lot of water -----	9%
Have a big family/hard to conserve -----	4%
Too busy/no time -----	3%
Need how-to information -----	3%
Water rates are low -----	2%
Cost concerns/new appliances -----	2%
Have plenty of water/there is no drought -----	2%
Have thought about it -----	2%
Have pool makes it difficult -----	1%
Mentioned something they can do -----	1%
Renting -----	1%
Moving shortly -----	1%
Other -----	7%
DK/NA/Refused -----	4%

Not at all likely: *N=77*

Already conserve as much as possible/made efforts to improve conservation -----	53%
Not a concern/fine as is -----	13%
Don't use a lot of water -----	10%
Too busy/no time -----	5%
Would have to make landscape changes/reluctant to make landscape changes -----	3%
Cost concerns/new appliances -----	3%
Water rates are low -----	1%
Need how-to information -----	1%
Mentioned something they can do -----	1%
Renting -----	1%
Have thought about it -----	1%
Other -----	1%
DK/NA/Refused -----	8%

EXHIBIT "A"

**Q13 CONTINUED**

Total Not Likely: *N*=256

Already conserve as much as possible/made efforts to improve conservation -----	51%
Not a concern/fine as is -----	11%
Don't use a lot of water -----	10%
Too busy/no time-----	4%
Have a big family/hard to conserve-----	3%
Water rates are low -----	2%
Would have to make landscape changes/reluctant to make landscape changes-----	2%
Cost concerns/new appliances -----	2%
Need how-to information -----	2%
Have thought about it-----	2%
Have plenty of water/there is no drought -----	1%
Mentioned something they can do-----	1%
Renting-----	1%
Moving shortly -----	1%
Have pool makes it difficult-----	0%
Other -----	5%
DK/NA/Refused-----	5%

**(RESUME ASKING ALL RESPONDENTS)**

14. Next, I would like to mention a list of things some people do to try to conserve water. After you hear the list, please tell me which one you believe saves the largest amount of water. Please choose one even if it is hard to do so. **(RANDOMIZE AND READ LIST) (REPEAT LIST IF ASKED)**

- Taking shorter showers ----- 18%
- Watering less outside----- 15%
- Fixing a water leak ----- 26%
- Using high-efficiency toilets -----7%
- Using a high-efficiency washing machine -----8%
- OR
- Running the dishwasher only when it's full -----5%
- (DON'T READ)** All of them----- 19%
- (DON'T READ)** None of them-----1%
- (DON'T READ)** DK/NA -----1%

EXHIBIT "A"

15. Next, which of the following do you personally believe is the most important reason for your household to conserve water? Is it (RANDOMIZE) [ ] lowering your monthly water bill, [ ] receiving financial rebates for installing high-efficiency appliances, [ ] it's good for the environment or [ ] our area is experiencing a drought? Please choose one, even if it is hard to do so.

[ ] Lowering your monthly water bill ----- 33%  
[ ] Receiving financial rebates for installing high-efficiency  
appliances ----- 3%  
[ ] It's good for the environment ----- 31%  
[ ] Our area is experiencing a drought ----- 20%  
(DON'T READ) All of them ----- 11%  
(DON'T READ) None of them ----- 2%  
(DON'T READ) DK/NA ----- 1%

**NOW, I'D LIKE TO ASK YOU ABOUT YOUR EXPERIENCES WITH THE IRVINE RANCH WATER DISTRICT.**

16. (T) First, have you visited the District's website, [www.irwd.com](http://www.irwd.com) in the last two years?

Yes ----- 37%  
No ----- 63%  
(DON'T READ) DK/NA ----- 1%

17. Next, in the last two years did you or someone in your household contact the Irvine Ranch Water District for any reason?

Yes (ASK Q18) ----- 29%  
No (SKIP TO BOX BEFORE Q21) ----- 71%  
(DON'T READ) DK/NA --- (SKIP TO BOX BEFORE Q21) 0%

EXHIBIT "A"

(ASK Q18, IF YES, (CODE=1) IN Q17)

18. What was or were the reasons why you contacted the Irvine Ranch Water District? (IF RESPONDENT PROVIDES ONE REASON, ASK:) "Was there any other reason?" (ACCEPT MAXIMUM TWO REASONS)

N=231

Billing questions (non-specific)-----	19%
Billing dispute/overcharging/bill higher than usual-----	15%
Set up/change account info/vacation hold/change billing type/water shut-off-----	14%
Water leak-----	11%
Pay bill/payment option/ask for extension/didn't receive bill-----	8%
Rebates/incentives/saving options-----	7%
Water allowance-----	4%
Broken meter-----	3%
Report abuse/problem off property-----	3%
Plumbing issues-----	2%
Sprinkler system/landscaping-----	2%
Water product information-----	2%
General information-----	2%
Employment opportunities/work with them-----	2%
Swimming pool-----	2%
Water smelled bad-----	1%
Water pressure-----	1%
Other-----	5%
DK/NA/Refused/Don't recall-----	4%

(ASK Q19, IF YES, (CODE=1) IN Q17)

19. I am going to mention a list of methods some people have used to contact the Irvine Ranch Water District over the last two years. After each, please tell me whether you used this method to contact the Irvine Ranch Water District. (RANDOMIZE)

N=231

	<u>YES</u>	<u>NO</u>	(DON'T READ) <u>DK/NA</u>
[ ]a. By telephone-----	94%	6%	0%
[ ]b. By e-mail-----	23%	77%	0%
[ ]c. In-person-----	25%	75%	0%
[ ]d. Through regular mail-----	16%	83%	0%

EXHIBIT "A"

(ASK Q20, IF YES, (CODE=1) IN Q17)

20. In thinking about the contact or contacts with I-R-W-D you just referred to, how would you rate your experience, would you rate your experience as excellent, good, just fair or poor? *N=231*

**EXCELLENT/GOOD** ----- **87%**  
 Excellent ----- 45 %  
 Good ----- 42 %

**FAIR/POOR** ----- **11%**  
 Just fair ----- 6 %  
 Poor ----- 4 %

**(DON'T READ) DK/NA** ----- **3%**

(RESUME ASKING ALL RESPONDENTS)

**NOW, I WOULD LIKE TO ASK YOU A FEW QUESTIONS ABOUT YOUR WATER BILL.**

21. Do you currently receive (ROTATE OPTIONS)  an e-bill or  a regular bill through the mail?

E-bill ----- 33 %  
 Regular bill through the mail ----- 62 %  
**(DON'T READ) Neither** ----- 1 %  
**(DON'T READ) Both** ----- 2 %  
**(DON'T READ) DK/NA** ----- 2 %

22. In the last year, which of the following methods has your household used to pay your Irvine Ranch Water District bill? (RANDOMIZE AND READ LIST) (ACCEPT MULTIPLE RESPONSES)

Through the Irvine Ranch Water District website ----- 9 %  
 Pay by phone ----- 5 %  
 Pay by web ----- 30 %  
 In-person ----- 7 %  
 By regular mail ----- 32 %

OR

Through a third party, such as a bank or credit union ----- 27 %  
**(DON'T READ) Other (PLEASE SPECIFY \_\_\_\_\_)** - 1 %  
**(DON'T READ) Unsure/Don't know** ----- 1 %  
**(DON'T READ) No Answer/Refused** ----- 0 %

EXHIBIT "A"

23. Would you say your water bill is very clear and understandable, somewhat clear and understandable, not too clear or understandable, or not at all clear or understandable?

<b>TOTAL CLEAR AND UNDERSTANDABLE</b> -----	<b>92%</b>
Very clear and understandable-----	69%
Somewhat clear and understandable-----	23%
<b>TOTAL NOT CLEAR OR UNDERSTANDABLE</b> -----	<b>4%</b>
Not too clear or understandable-----	2%
Not at all clear or understandable-----	1%
<b>OTHER</b> -----	<b>4%</b>
(DON'T READ) I don't ever look at my water bill-----	2%
(DON'T READ) I don't pay my water bill, someone else does-----	0%
(DON'T READ) I pay my bill through Auto Pay-----	0%
(DON'T READ) Don't know/No answer-----	2%

**I WOULD NOW LIKE TO CHANGE THE TOPIC SLIGHTLY AND ASK ABOUT IRVINE RANCH WATER DISTRICT'S EFFORTS TO COMMUNICATE WITH YOUR HOUSEHOLD.**

24. Please rate your satisfaction with the Irvine Ranch Water District's efforts to communicate with its customers through newsletters, the website, social media, and other means. Again, use a 1 if you are very dissatisfied, a 7 if you are very satisfied, or you can use any number in between.

	<b>VERY</b>						<b>VERY</b>	<b>(DK/</b>	
	<b>DISSATISFIED</b>						<b>SATISFIED</b>	<b>NA)</b>	
<u>Mean</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	
Communications-----	<b>5.30</b>	4%	2%	5%	14%	23%	15%	31%	5%

25. Next, do you receive Irvine Ranch Water District's monthly newsletter known as Pipelines? **(IF YES, ASK:)** "Which of the following ways do you receive the monthly newsletter? Do you receive it **(RANDOMIZE)** [ ] through e-mail, [ ] **(INCLUDE IF PAYS THROUGH E-BILL Q21=1)** through an open-link when you receive your e-bill, [ ] through regular mail or [ ] do you pick it up at one of the District offices?" **(ACCEPT MULTIPLE RESULTS FROM CATEGORIES 2,3,4,5)**

Do not receive it-----	28%
Yes, receive through e-mail-----	14%
Yes, receive through an open-link when receive e-bill-----	3%
Yes, receive through regular mail-----	46%
Yes, pick it up at one of the District offices-----	0%
Yes, receive it, <b>(DON'T READ)</b> Don't know/No answer how I receive it---	3%
<b>(DON'T READ)</b> Don't know/No answer if I receive it-----	6%

EXHIBIT "A "

(ASK Q26, IF YES RECEIVE IN Q25, CODE 2 THROUGH 6 IN Q25)

26. (T) How often do you read Irvine Ranch Water District's Pipelines, a monthly newsletter that is published and available online or sent to you by the Irvine Ranch Water District? Do you read it every time, most of the time, not often or never? *N=526*

<b>EVERY/MOST</b> -----	<b>51%</b>
Every time -----	20%
Most of the time -----	31%
<b>NOT OFTEN/NEVER</b> -----	<b>46%</b>
Not often -----	32%
Never -----	14%
<b>DK/US/NA/REFUSED</b> -----	<b>3%</b>
(DON'T READ) Don't know/Unsure -----	3%
(DON'T READ) No answer/Refused-----	0%

(RESUME ASKING ALL RESPONDENTS)

27. Several times a year, the Irvine Ranch Water District offers free workshops around the area to educate its customers about various water-related issues. I am going to mention some workshop topics, please choose the one you would be most interested in hearing more about. (RANDOMIZE AND READ LIST)

<input type="checkbox"/> Water conservation-----	18%
<input type="checkbox"/> Saving money on your water bill -----	26%
<input type="checkbox"/> Our area's drinking water supply-----	17%

OR

<input type="checkbox"/> Creating a drought resistant garden -----	11%
(DON'T READ) All of them -----	8%
(DON'T READ) None of them -----	17%
(DON'T READ) Don't know/No answer/Refused -----	3%

28. If you were to attend a free Irvine Ranch Water District workshop, which of the following locations would you prefer? (RANDOMIZE AND READ LIST) (ACCEPT MULTIPLE RESPONSES)

<input type="checkbox"/> Orange County Great Park -----	13%
<input type="checkbox"/> The Home Depot in your area -----	28%
<input type="checkbox"/> Irvine Ranch Water District's Sand Canyon Avenue office -----	28%

OR

<input type="checkbox"/> The San Joaquin Marsh and Wildlife Sanctuary -----	12%
(DON'T READ) All of them -----	3%
(DON'T READ) None of them -----	13%
(DON'T READ) Don't know/No answer/Refused -----	6%

EXHIBIT "A"

**NOW I'D LIKE TO ASK YOU A FEW QUESTIONS FOR STATISTICAL PURPOSES ONLY.**

29. Which of the following best describes the kind of water you most frequently drink in your household:  
**(RANDOMIZE AND READ LIST, ACCEPT MULTIPLE RESPONSES)**

- Water straight from the tap----- 20%
  - Filtered tap water ----- 48%
  - Individual water bottles bought at the grocery store ----- 31%
- OR
- Large containers of bottled water purchased  
from a service and served through a dispenser ----- 16%
  - (DON'T READ) Other ----- 1%**
  - (DON'T READ) DK/NA/Refused ----- 1%**

30. How long you have lived in your area of Orange County? Is it: **(READ CHOICES)**

- Less than two years -----2%
- Two to five years ----- 13%
- Six to ten years----- 17%
- Eleven to twenty years----- 26%
- Or more than twenty years----- 41%
- (DON'T READ) DK/NA -----2%**

31. **(T)** Do you live in a single family home, an apartment, a condominium, a townhouse or a mobile home?

- Single family home----- 74%
- An apartment -----4%
- A condominium ----- 11%
- A townhouse----- 10%
- Mobile home -----0%
- (DON'T READ) DK/NA -----1%**

32. **(T)** And, do you own or rent your home?

- Own----- 82%
- Rent ----- 16%
- (DON'T READ) Refused/NA -----2%**

EXHIBIT "A"

33. In total, how many people live in your household?

One-----	8 %
Two -----	29 %
Three-----	20 %
Four-----	25 %
Five -----	10 %
Six-----	3 %
More than six-----	2 %
<b>(DON'T READ) DK/NA/Refused</b> -----	<b>4 %</b>

34. (T) With which racial or ethnic group do you identify yourself? Are you Latino or Hispanic, White or Caucasian, Asian or Pacific Islander, Persian, Black or African-American, or some other ethnic or racial group?

Latino/Hispanic -----	4 %
White/Caucasian-----	65 %
Asian/Pacific Islander-----	18 %
Persian-----	3 %
Black/African-American-----	1 %
Some other ethnic or racial group -----	4 %
<b>(DON'T READ) DK/NA/Refused</b> -----	<b>5 %</b>

35. (T) In what year were you born?

1995-1989 (18-24)-----	1 %
1988-1984 (25-29)-----	2 %
1983-1979 (30-34)-----	5 %
1978-1974 (35-39)-----	8 %
1973-1969 (40-44)-----	11 %
1968-1964 (45-49)-----	10 %
1963-1959 (50-54)-----	12 %
1958-1954 (55-59)-----	9 %
1953-1949 (60-64)-----	9 %
1948-1939 (65-74)-----	11 %
1938 or earlier (75 & over)-----	10 %
<b>(DON'T READ) Refused/NA</b> -----	<b>12 %</b>

EXHIBIT "A"

36. I don't need to know the exact amount, but I'm going to read you some categories for household income. Please stop me when I have read the category indicating the total combined income for all the people in your household before taxes in 2012.

\$35,000 or less-----	3%
\$35,001 to \$50,000-----	8%
\$50,001 to \$75,000-----	15%
\$75,001 to \$100,000-----	14%
\$100,001 - \$150,000-----	14%
\$150,001 - \$200,000-----	7%
More than \$200,000-----	7%
(DON'T READ) Refused-----	32%

**THANK AND TERMINATE**

Gender: (By observation)	Male-----	62%
	Female-----	38%

**SEWER USAGE**

No-----	4%
Yes-----	96%

**EBILL**

Active Ebill sign-up with 3 <sup>rd</sup> party sponsor-----	9%
Active Ebill via IRWD Customer Web as sponsor-----	24%
Inactivated-----	4%
Not using e-bill-----	63%

**CITY**

Costa Mesa-----	3%
Foothills-----	5%
Irvine-----	60%
Lake Forest-----	14%
Newport-----	5%
Tustin-----	10%
Other-----	2%

**USER WATER DESC**

Single Family-----	71%
Condo-----	25%
Apartment-----	3%
Other-----	0%

**VARIANCE INDOOR**

No-----	93%
Yes-----	7%

**VARIANCE OUTDOOR**

No-----	71%
Yes-----	29%

EXHIBIT "B"



# Irvine Ranch Water District Residential Customer Satisfaction Survey

Survey Conducted:  
April 17-24, 2013

320-553

*Fairbank, Maslin, Maullin, Metz & Associates - FM3*  
*Public Opinion Research & Strategy*

SANTA MONICA • OAKLAND • MADISON • MEXICO CITY

## Methodology

- Telephone survey (April 17<sup>th</sup> to April 24<sup>th</sup>, 2013)
  - Random sample of 806 IRWD residential customers
- Margin of error is +/- 3.5%, 95% confidence interval
- Percentages may not sum to 100% due to rounding
- Two focus groups (March 19<sup>th</sup>, 2013)
  - One group of IRWD eBill users
  - One group of non-eBill users

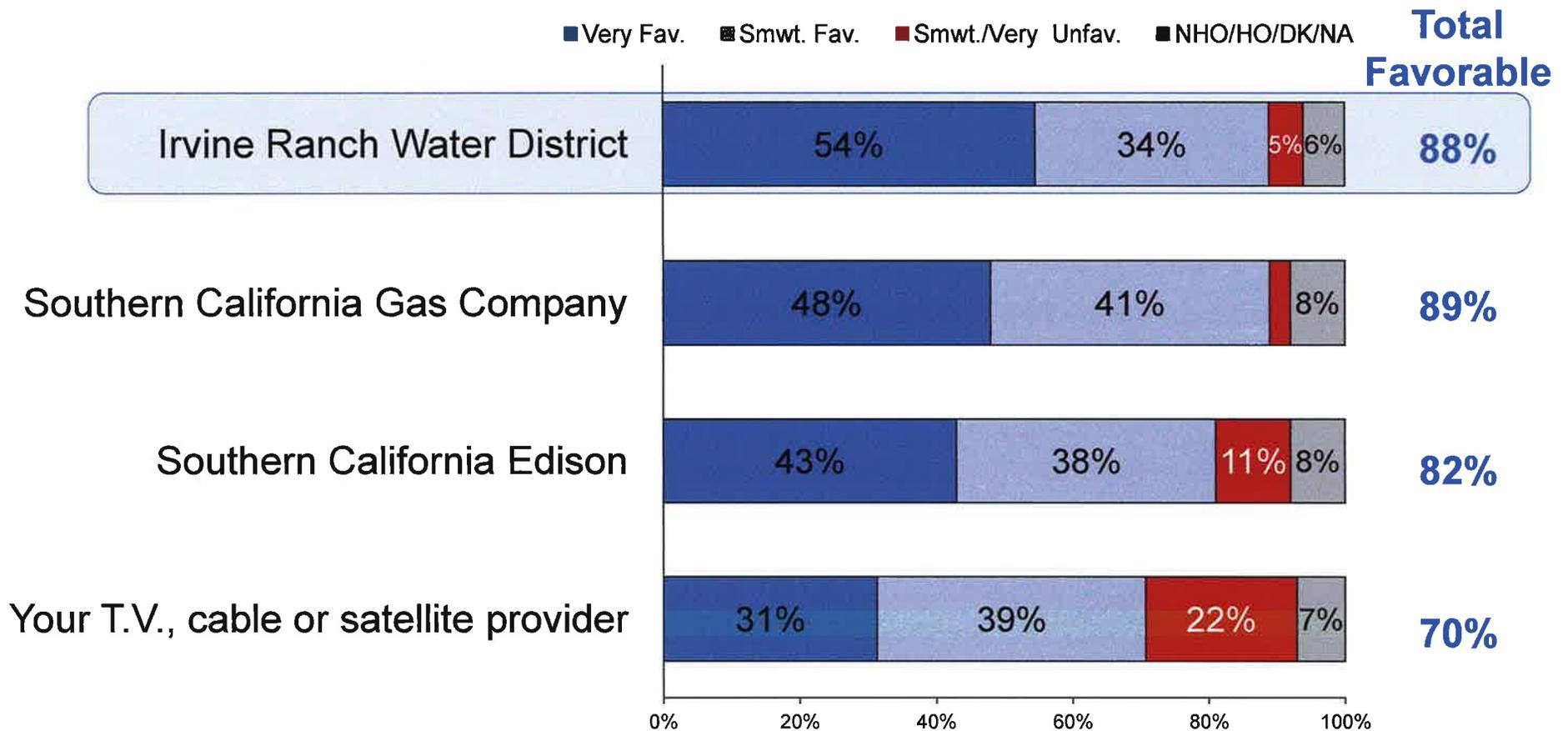


## Survey Results

# Customer Ratings and Perceptions of IRWD on Various Dimensions

# A vast majority of customers have favorable views of IRWD.

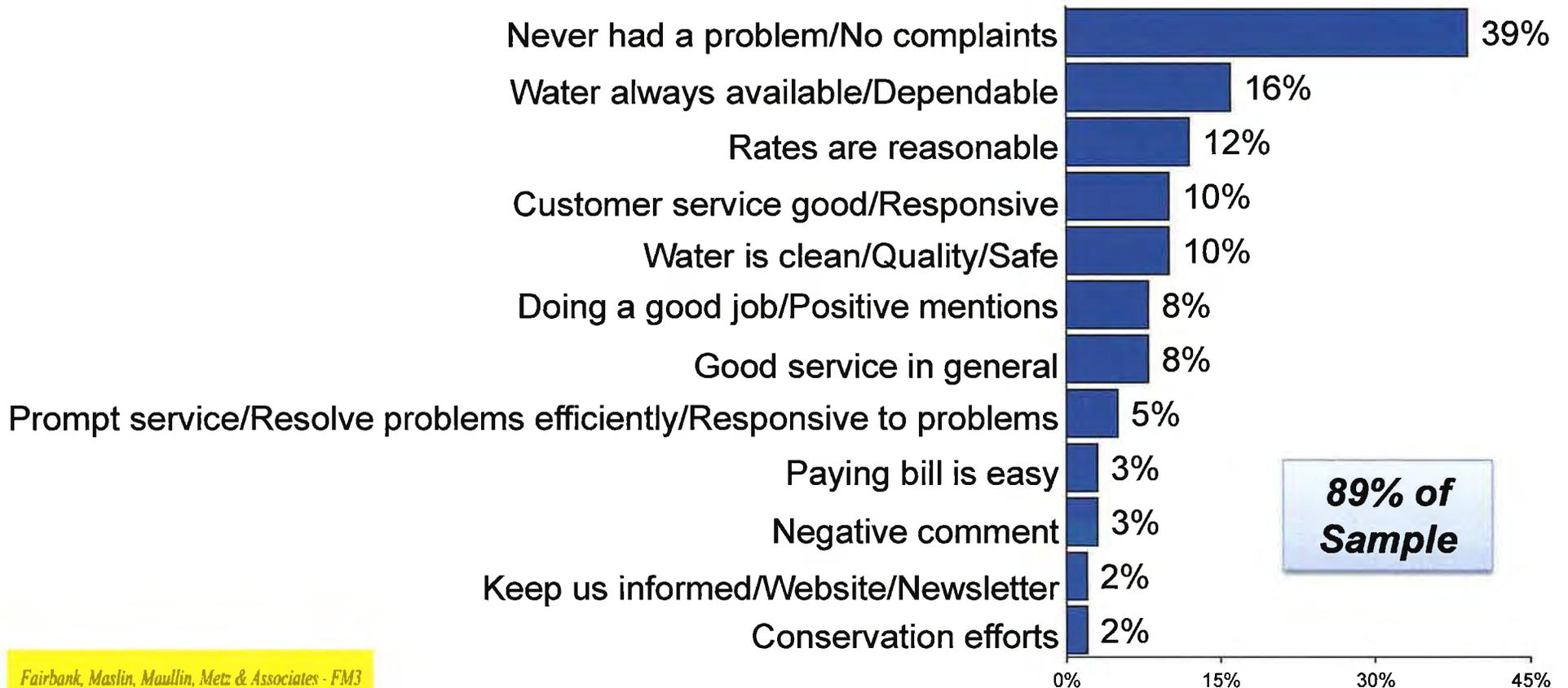
(Ranked by Very Favorable)



1. Please tell me if you have a favorable or unfavorable opinion of that organization. If you have no opinion or have never heard of that organization, just say so. (NHO/HO/DK/NA=Never Heard Of/Heard Of/DK/NA)

**A plurality cited "never have a problem"  
as the reason for an excellent or good rating;  
others mentioned the dependability/availability of  
water and reasonable rates.**

*(Open-ended Grouped Responses; Responses 2% or More)*



# The vast majority think IRWD water services are a good value.

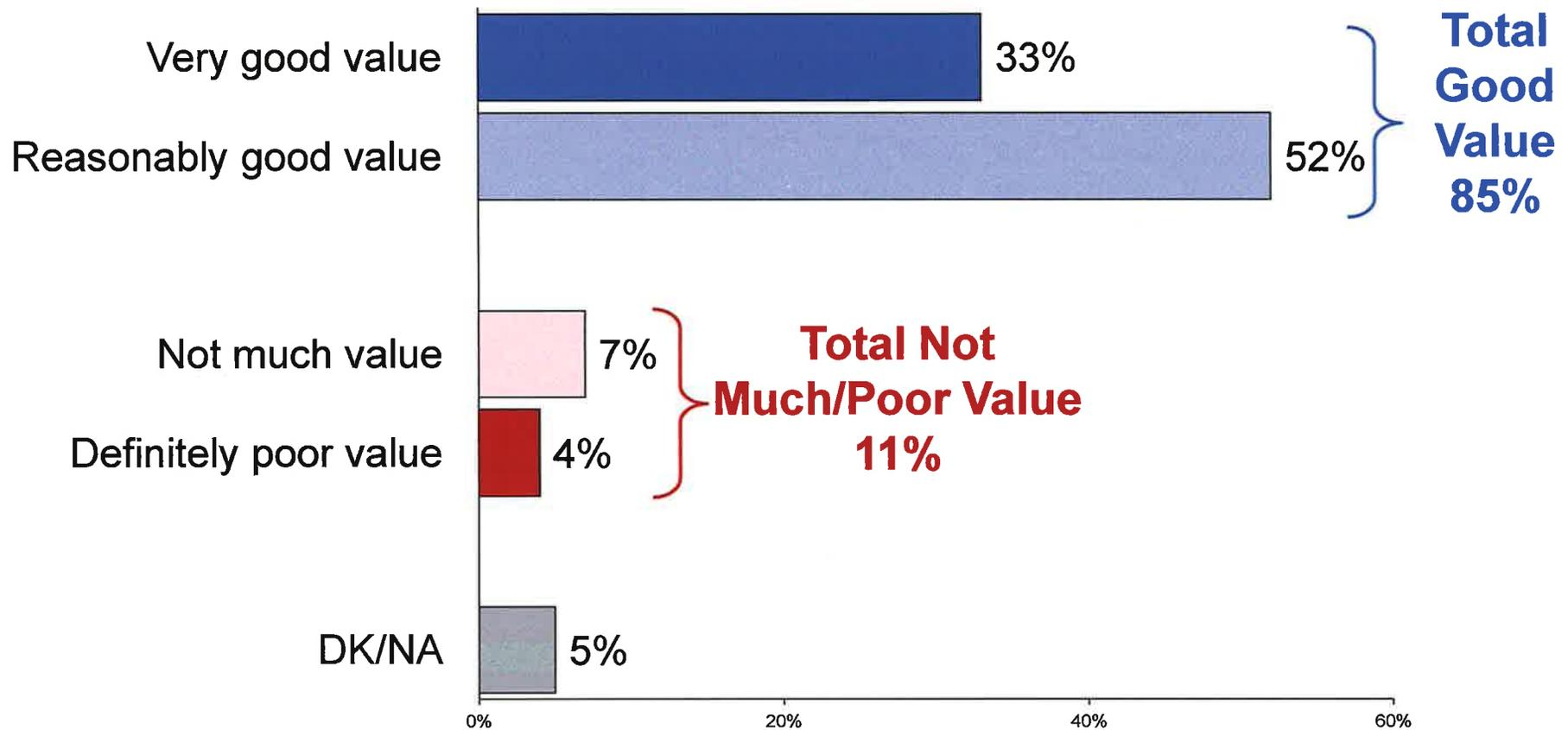
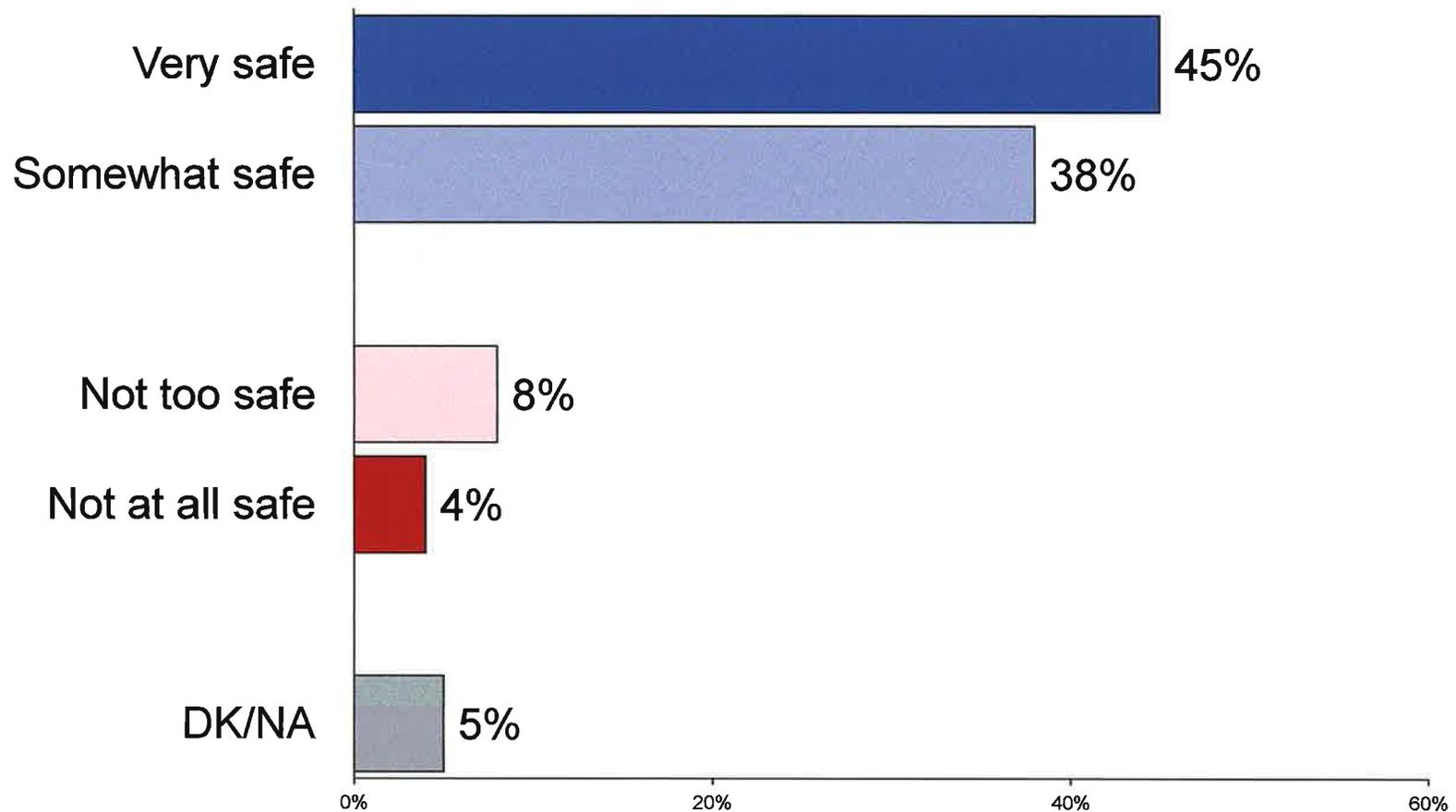


EXHIBIT "B"



# Water Quality

# Eighty-four percent perceive their tap water to be safe.



# Only two in ten drink water straight from the tap.

*(Multiple Responses Accepted)*

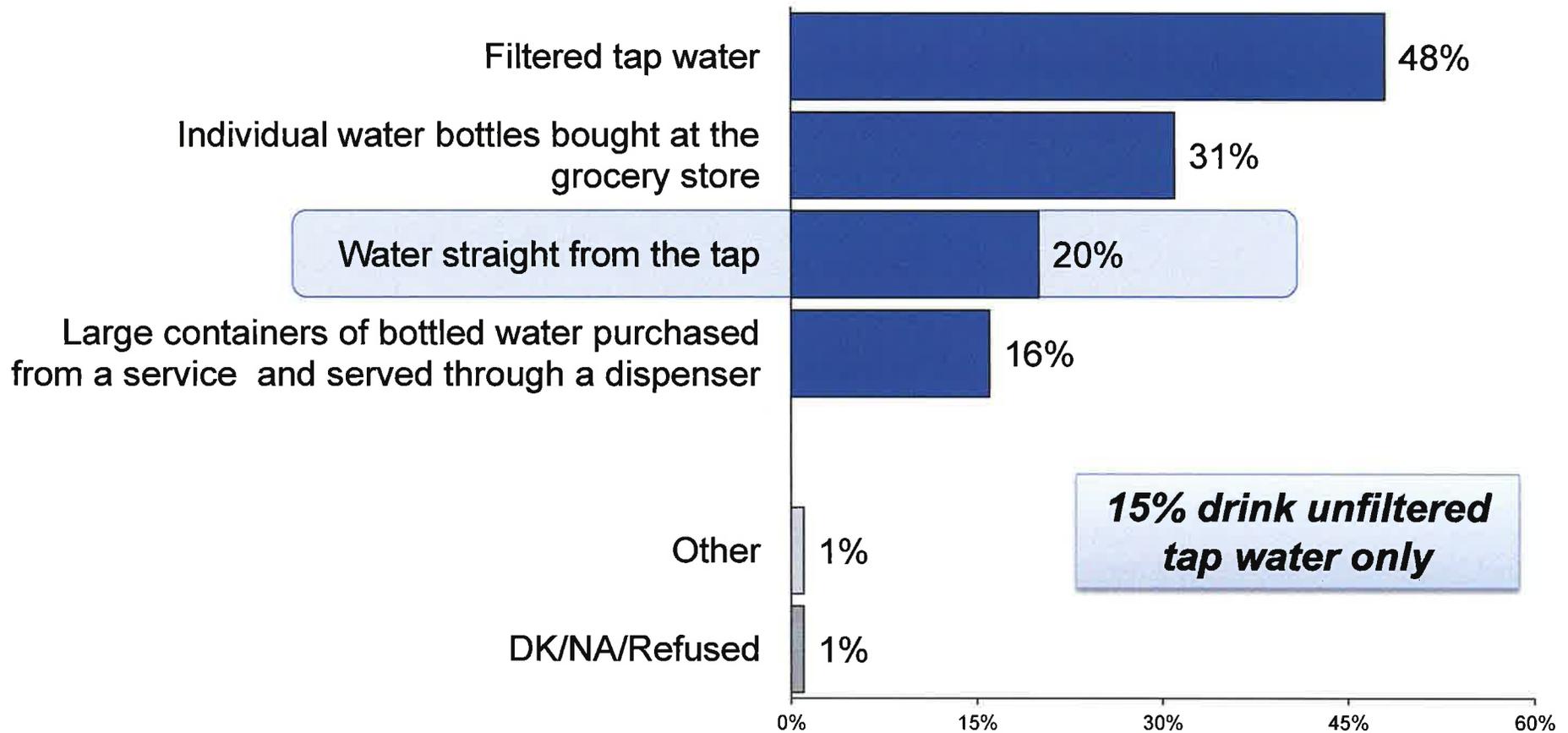
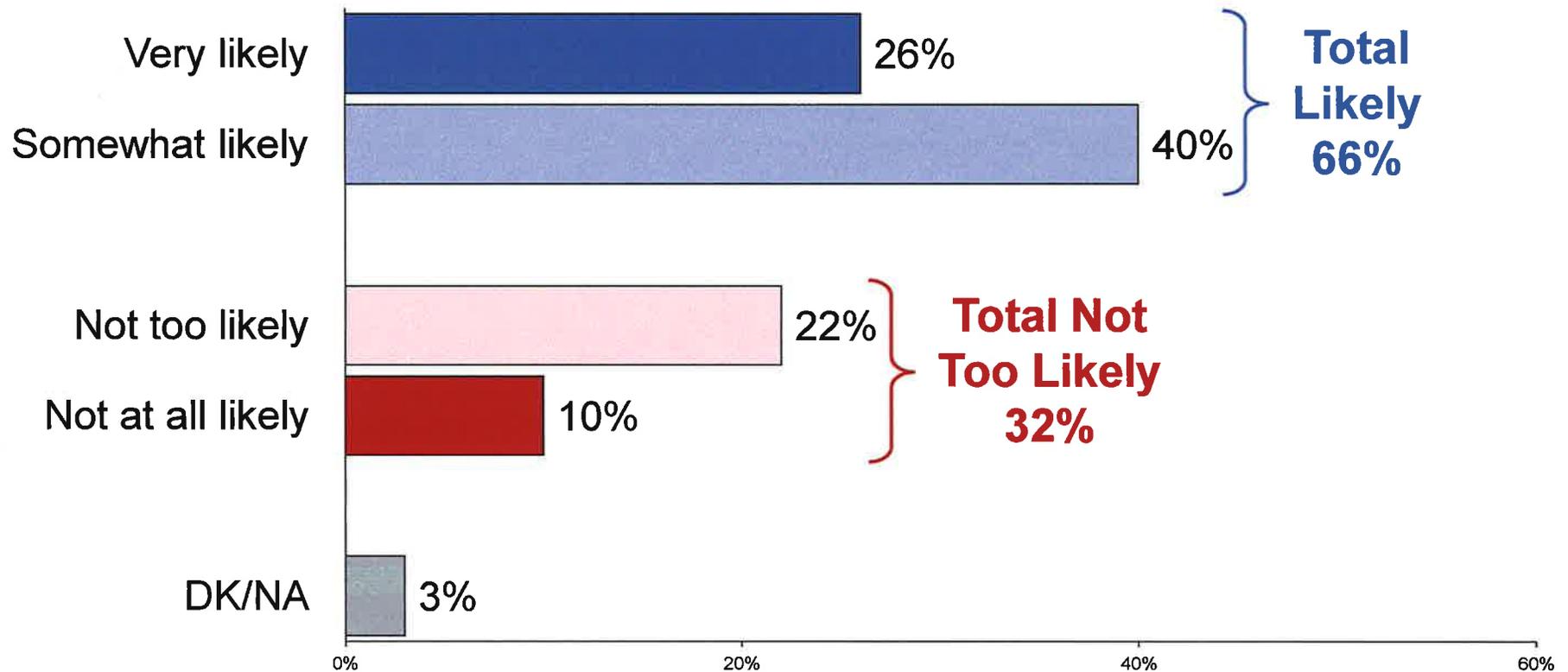


EXHIBIT "B"

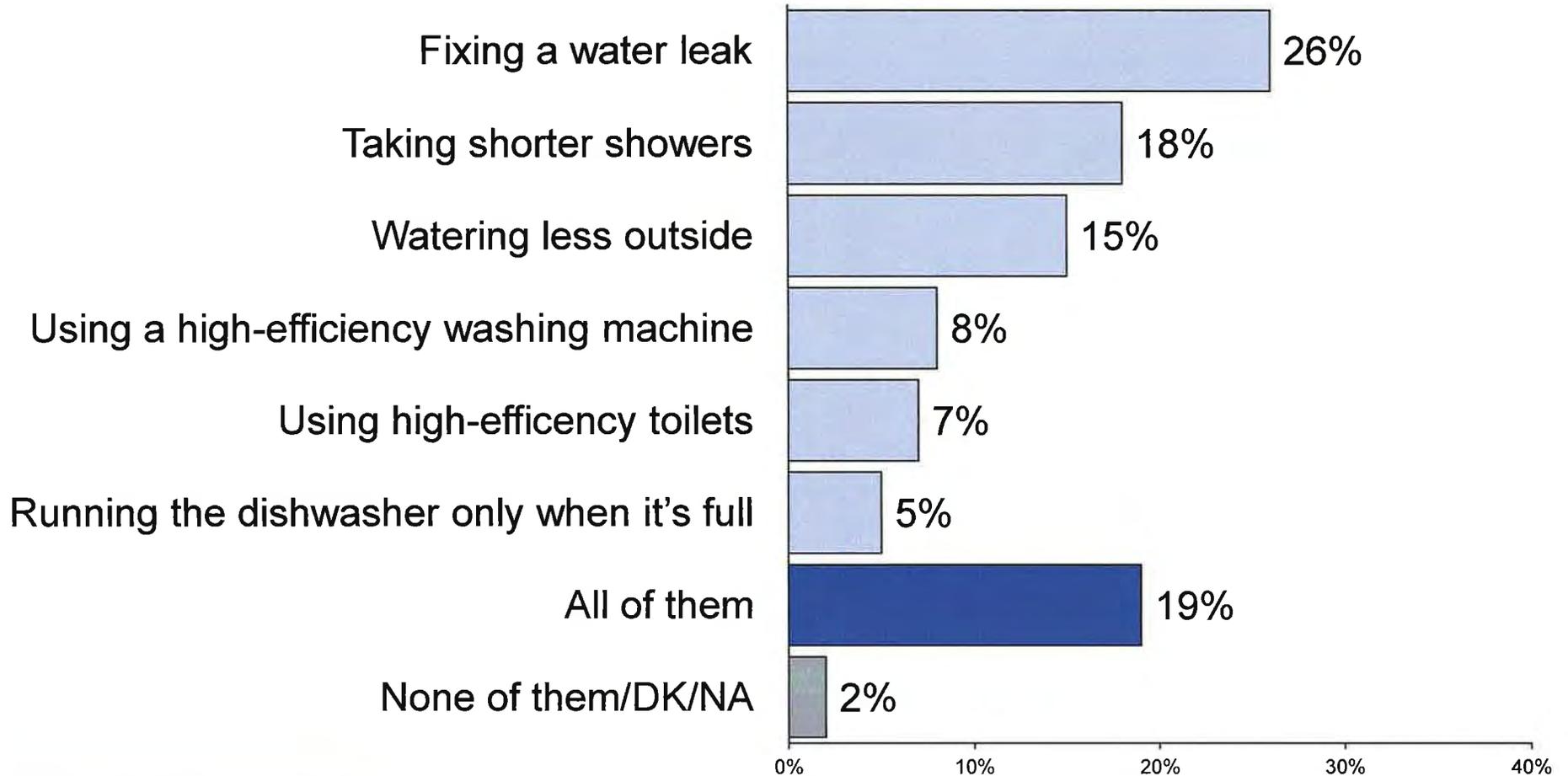


# Conservation Action and Knowledge

# Two-thirds of customers said it is likely their household will take additional steps to conserve water in the near future.



# About one-quarter of customers believe fixing a water leak saves the most water.



# A third of customers said lowering monthly water bills is the most important reason to conserve; about a third cited the environment.

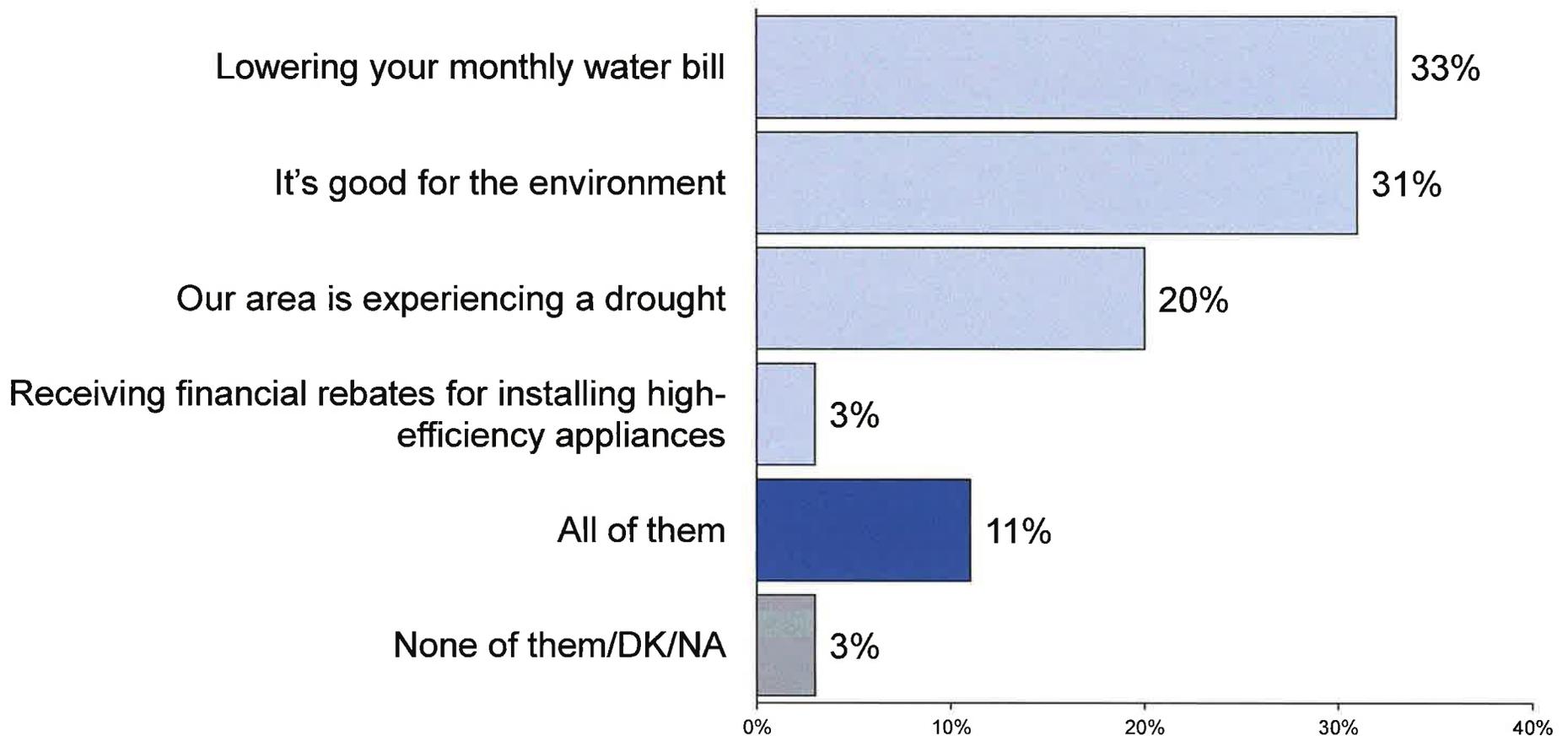
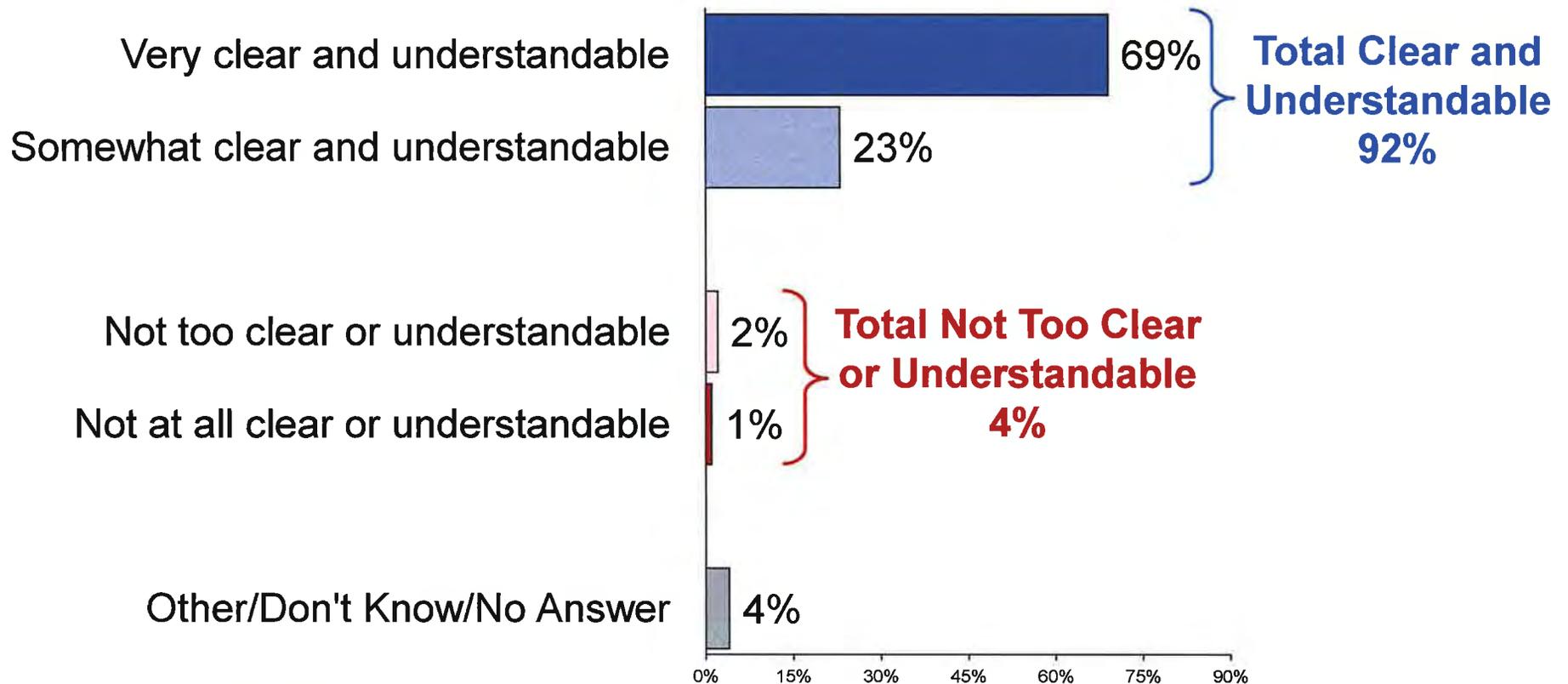


EXHIBIT "B"



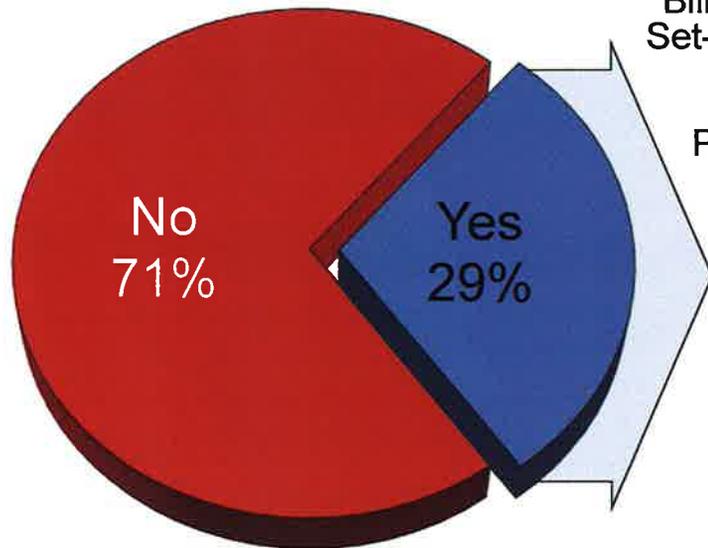
# Communication with IRWD

# Almost all customers find their bill clear and understandable.



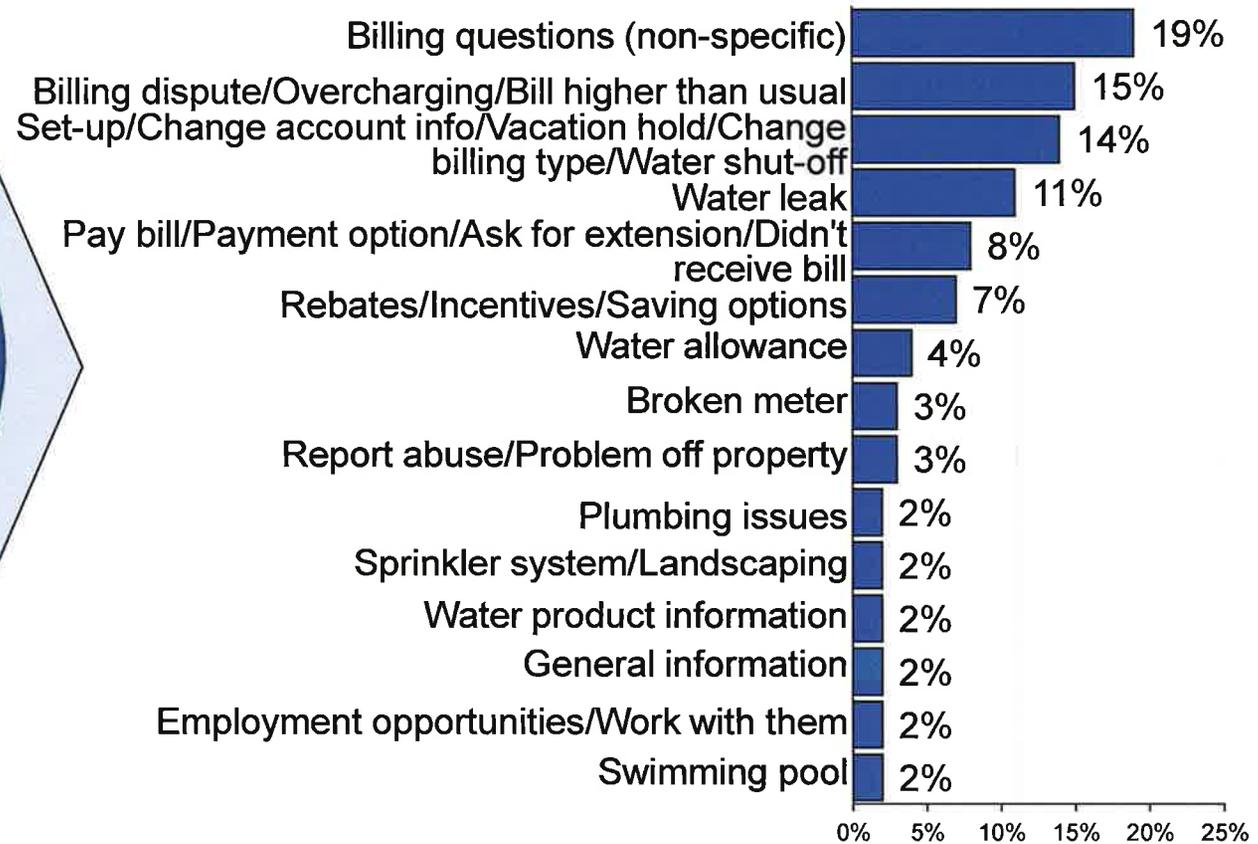
# Almost three in ten IRWD customers' households contacted the District in the last two years.

## Contacted IRWD



## Reason for Contact

(Open-ended Grouped Responses; Responses 2% or More)

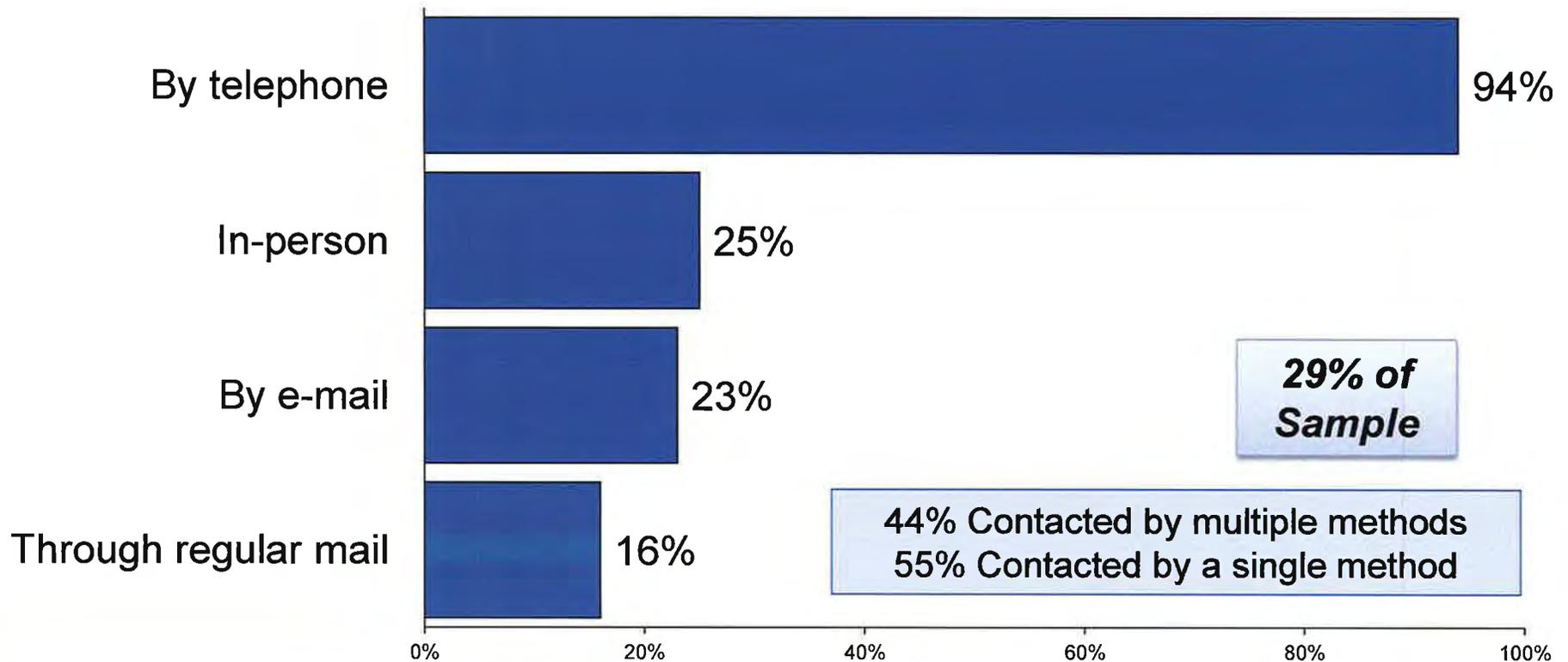


17. In the last two years did you or someone in your household contact the Irvine Ranch Water District for any reason?

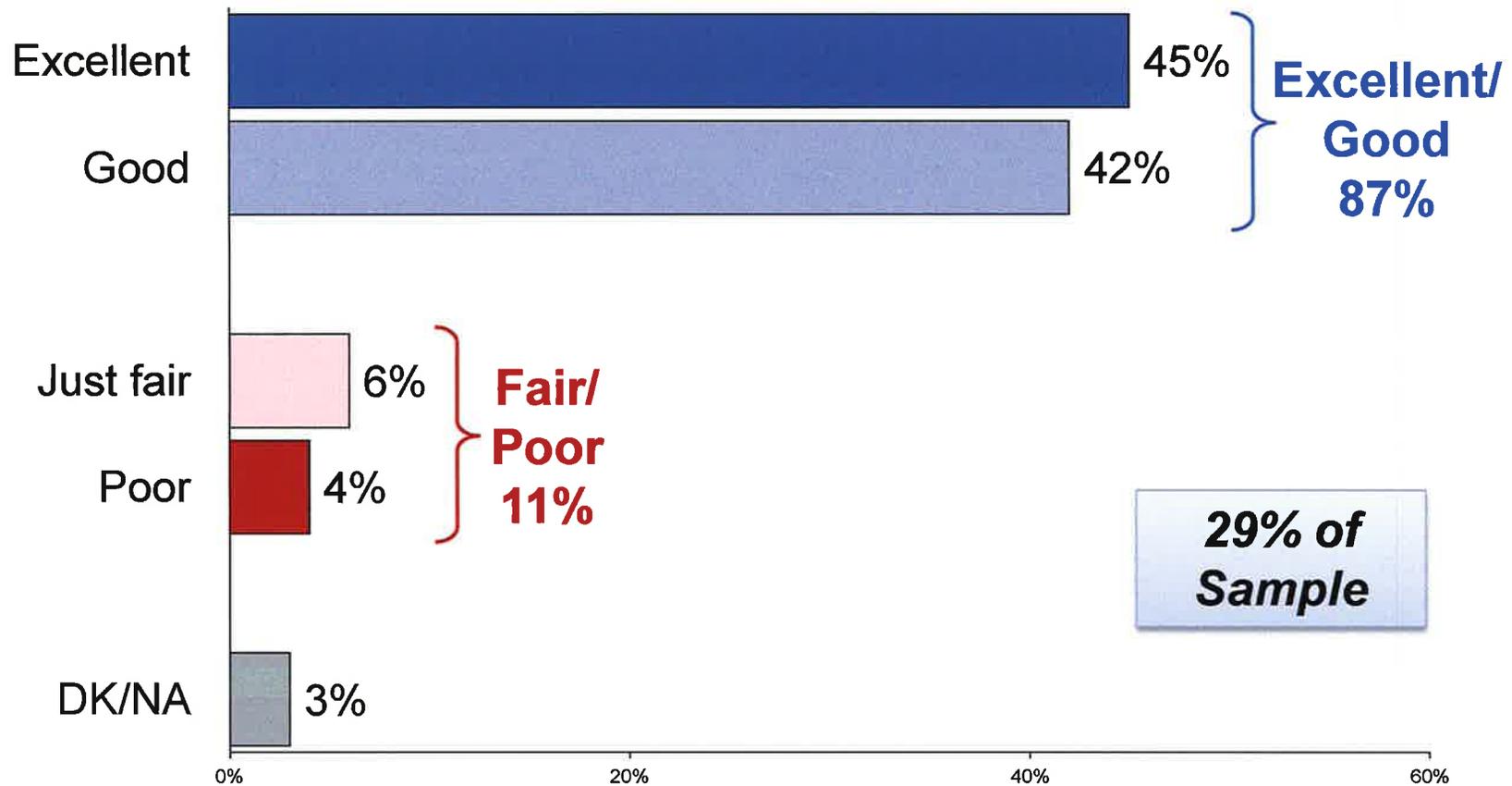
18. What was or were the reasons why you contacted the Irvine Ranch Water District? Maximum of two reasons accepted. N=231

# Most contacted IRWD by telephone; about one-quarter contacted in person or by e-mail, respectively.

(% Yes)

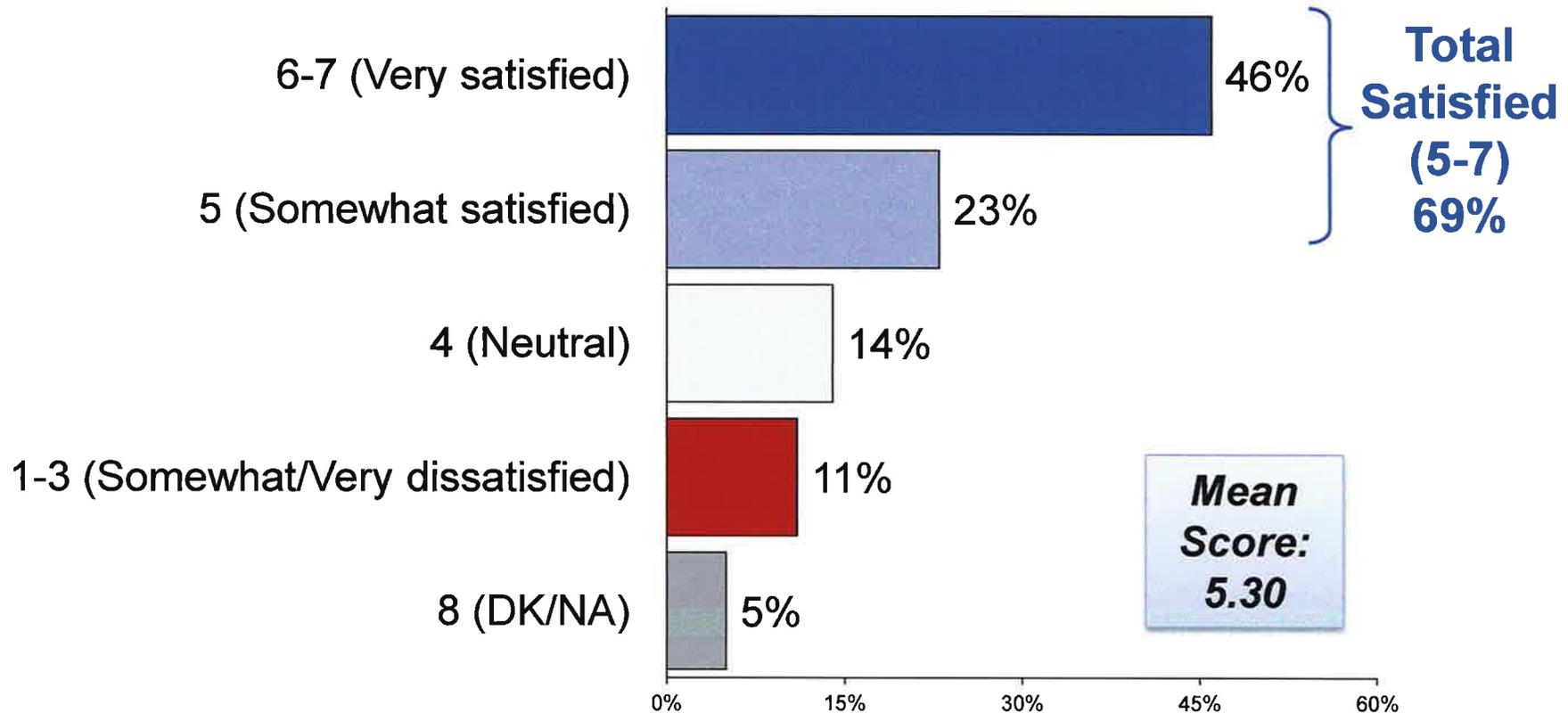


# The vast majority had a positive experience with their IRWD contact.

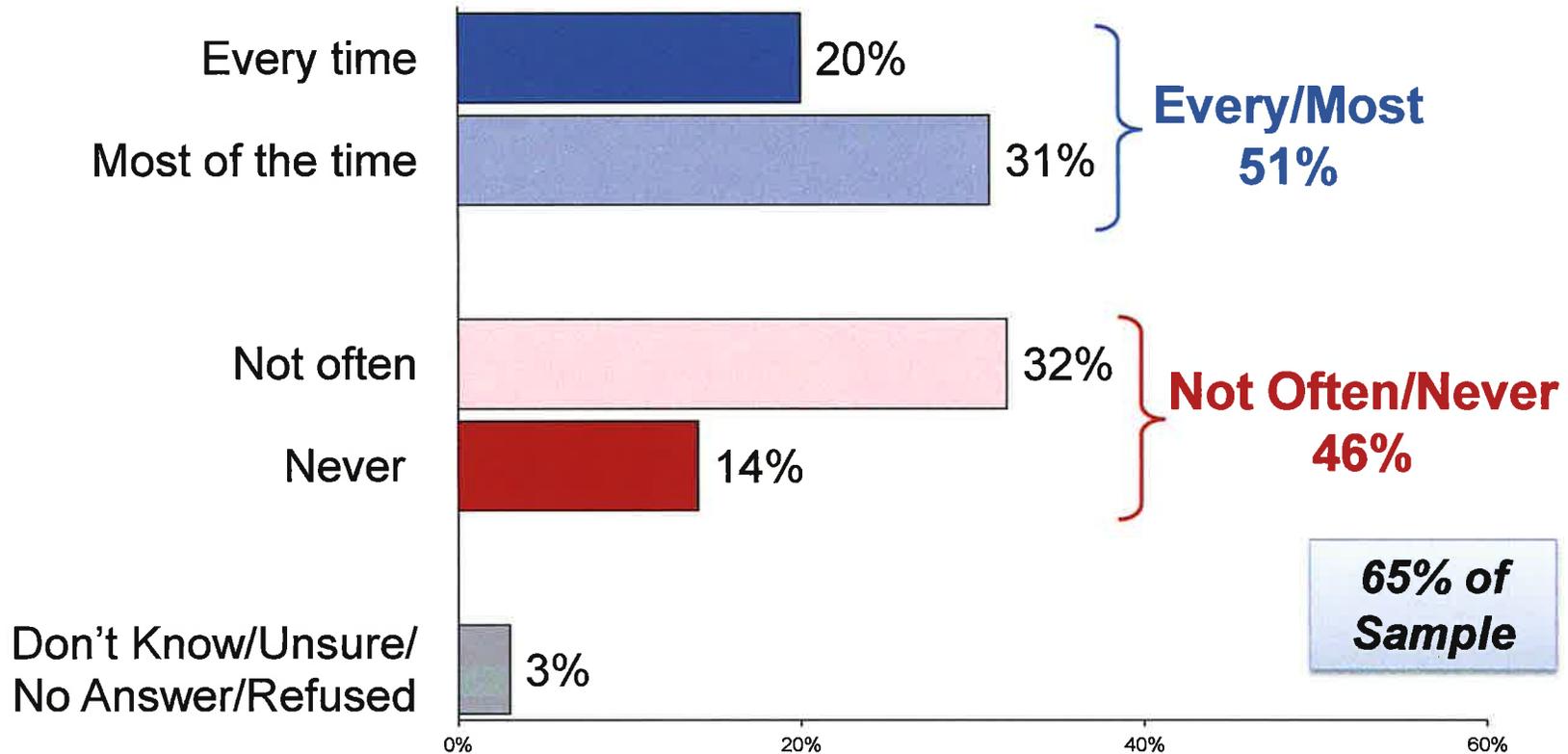


# Over two-thirds are satisfied with IRWD's effort to communicate, with nearly half very satisfied.

## Communications



**About half of customers who remember receiving *Pipelines* reported reading it every or most of the time; only two in ten read it every time.**



# Roughly one-third of customers recall visiting the IRWD website in the last two years.

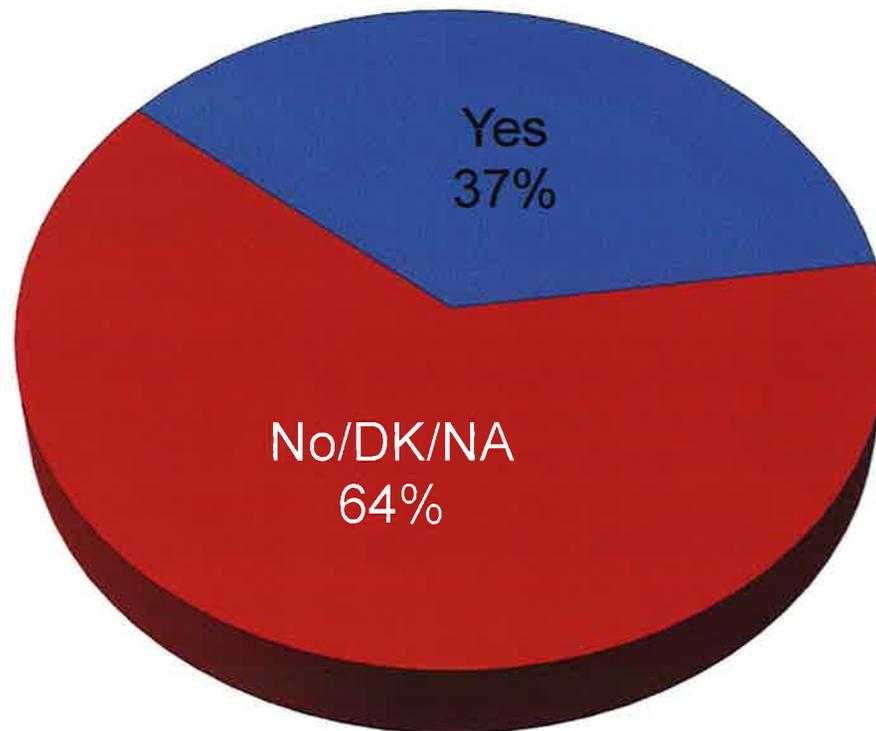


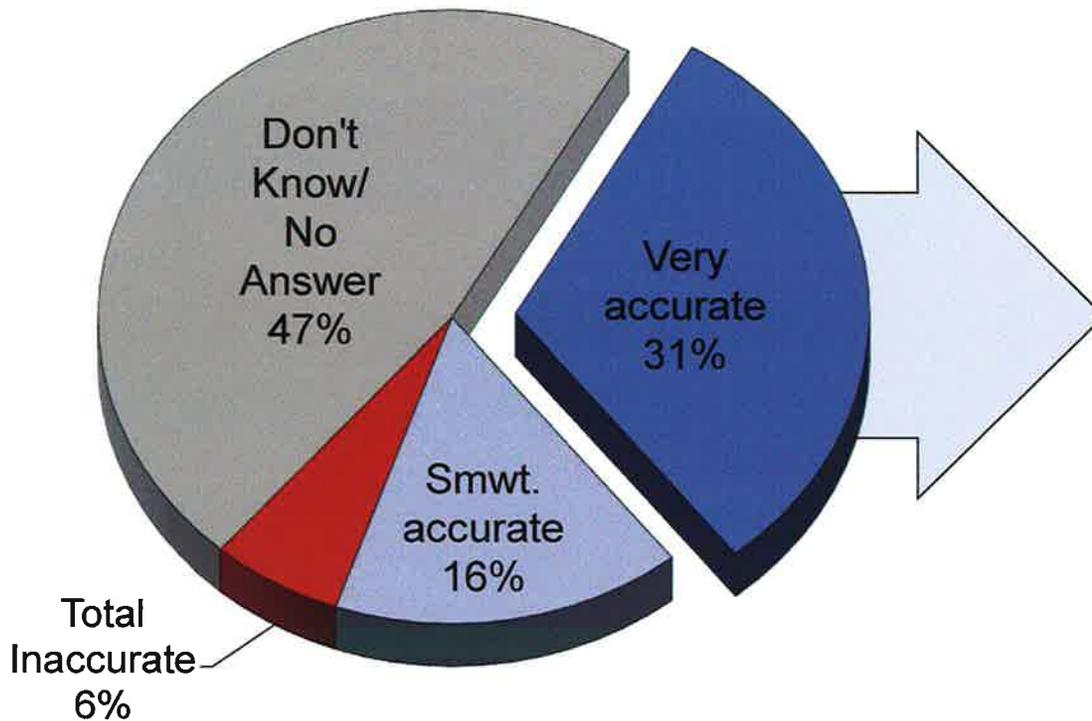
EXHIBIT "B"



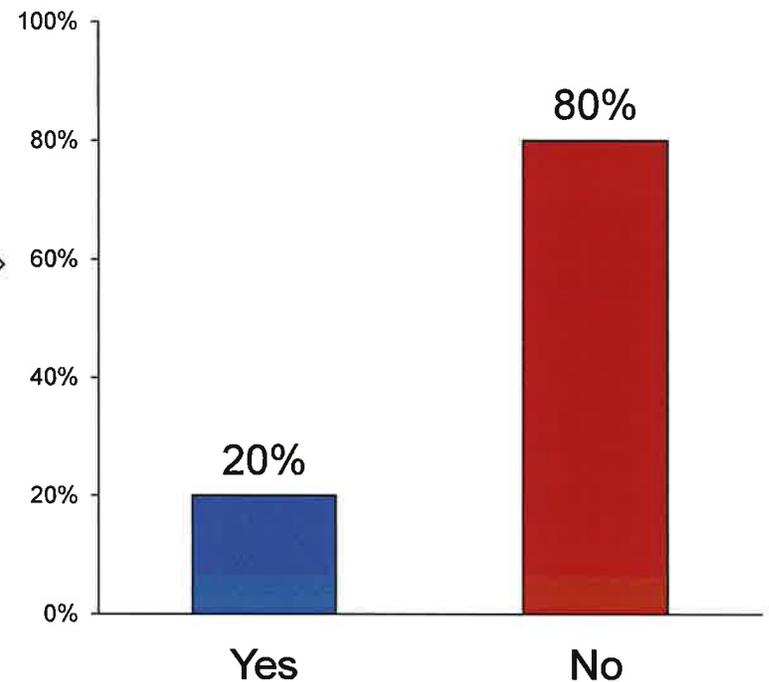
# IRWD Tours and Workshops

# Nearly a third of customers are certain IRWD offers free tours; within this group, two in ten have taken a tour.

*Awareness of Tours*



*Percent who Took Tour*

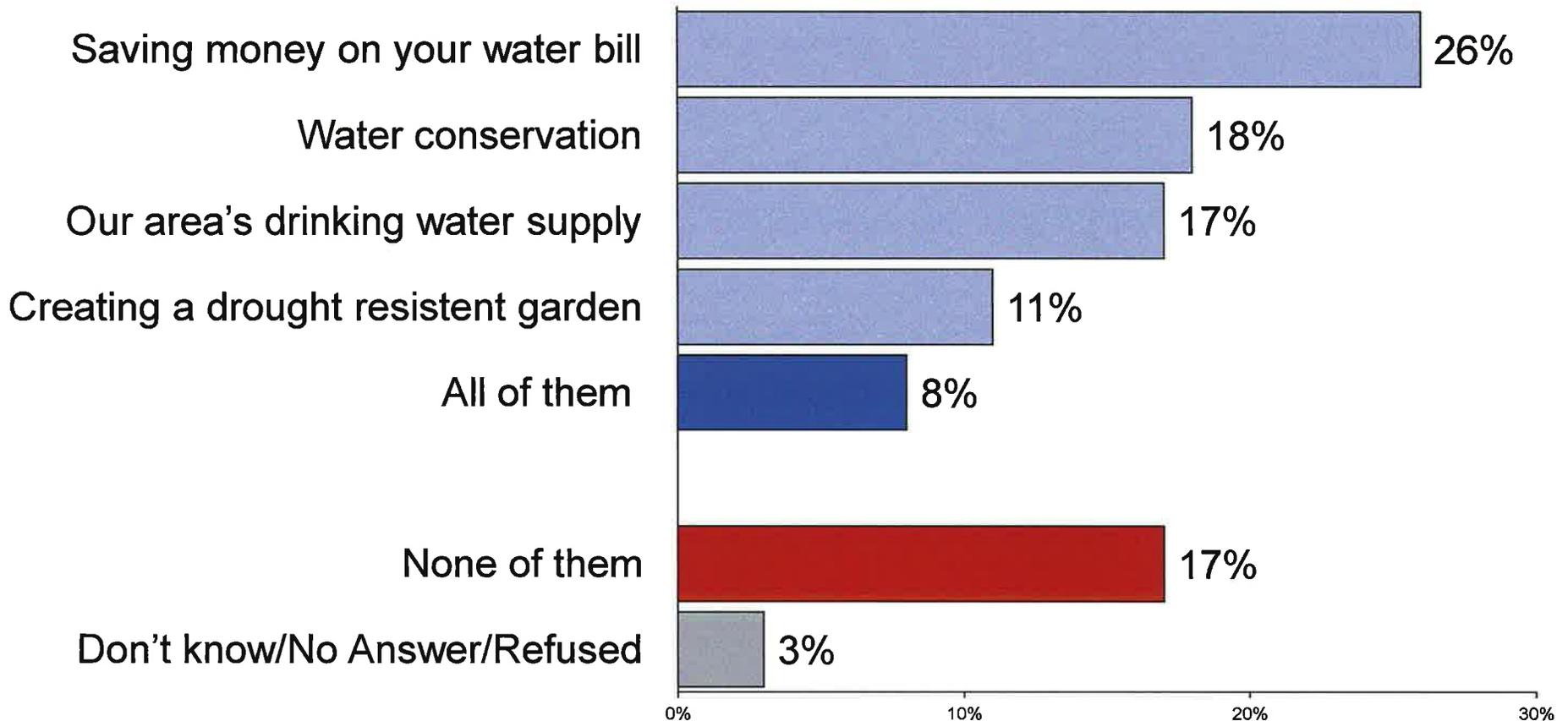


8c. I am going to read you some water-related statements about Irvine Ranch Water District. Please tell me if you find the statement to be accurate or inaccurate: **IRWD offers free tours of its facilities to residents of the area.**

9. Have you taken a tour of the IRWD facilities in the past? In your own words, what was your main reason for taking the tour? N=251

Yes: N=51; No: N=200

# A plurality are interested in workshops about water bill savings; slightly fewer are interested in conservation or drinking water supply.



27. Several times a year, the Irvine Ranch Water District offers free workshops around the area to educate its customers about various water-related issues. I am going to mention some workshop topics, please choose the one you would be most interested in hearing more about.

## Key Findings Unique to Focus Groups

- Non-eBill payers are generally satisfied with billing experience, did not see an incentive to change
- EBill payers are very satisfied with billing experience and convenience
- Customers lacked knowledge about how water bills are calculated
- Reactions to website were positive, including content and topics
- EBill customers are aware of the newsletter, but most do not read it
- Customers did not understand many IRWD words and phrases
- Participants expressed strongly favorable views toward rebates, but were unfamiliar with them

## Recommendations:

- 1 Continue to offer high levels of customer service and strong outreach
- 2 Work to improve customers' perceptions of the safety of tap water
- 3 Highlight the benefits of drinking tap water
- 4 Focus on ways to control or reduce customers' costs, emphasizing IRWD rebates, in communication materials and events
- 5 Emphasize water conservation information and strategies among all customers
- 6 Target specific messages and use certain message platforms with particular demographic groups (e.g. renters/homeowners, newer customers, and racial/ethnic minorities)

## Recommendations; Continued:

- 7 Educate customers about the IRWD website as an alternative, or in addition to, directly contacting IRWD
- 8 Continue to raise interest in IRWD tours, workshops and other resources
- 9 Re-design the newsletter's layout and graphics to reengage longtime customers
- 10 Use plainer language on water bills and in other communication efforts
- 11 Use a variety of communication efforts, particularly with eBill users, such as postcards, rebates, messages next to bill totals on eBills and through updated e-mail subject title blasts

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*Public Opinion Research & Strategy*

SANTA MONICA • OAKLAND • MADISON • MEXICO CITY

July 8, 2013

Prepared by: Executive Management Team

Submitted and

Approved by: Paul Cook 

## BOARD WORKSHOP

### IRWD GOALS AND PRIORITIES

#### SUMMARY:

Staff has updated the IRWD Target Activities Priorities List for the Board's review, comment, and approval. The Priorities List is a planning tool used to prioritize the tasks being performed by District Staff. Also attached for the Board's review and comment is the updated Target Activities Descriptions document, which provides more detailed information regarding each activity.

#### BACKGROUND:

##### 2013 IRWD Goals and Objectives:

The draft 2013 IRWD Goals and Objectives were presented to the Board at its Strategic Planning Workshop on December 18, 2012. Staff incorporated the comments made by the Board regarding the draft document; the final 2013 IRWD Goals and Objectives is attached as Exhibit "A".

##### IRWD Target Activities for the Current Quarter:

Staff has prepared an updated version of the IRWD Target Activities Priorities List for the Board's consideration. This draft list, attached as Exhibit "B", incorporates the items stipulated in the final version of the 2013 IRWD Goals and Objectives. The draft IRWD Target Activities Priorities List includes changes to the Priorities List as proposed by staff in bold text.

New items added to the activities list include the following:

- 95. Long Term Finance Plan; and
- 96. NTS Bio-retention Cell Evaluation and NTS Monitoring and Reporting

More details regarding each target activity included on the Priorities List is included Target Activities Descriptions document, attached as Exhibit "C".

#### RECOMMENDATION:

THAT THE BOARD REVIEW AND DISCUSS THE PROPOSED TARGET ACTIVITIES PRIORITIES LIST AND PROVIDE DIRECTION, AS APPROPRIATE.

#### LIST OF EXHIBITS:

Exhibit "A" – 2013 IRWD Goals and Objectives

Exhibit "B" – Draft Update to Target Activities Priorities List

Exhibit "C" – Draft Update to Target Activities Descriptions

\_Target Activities Write-up 7-8-13 - Copy.docx

## **Exhibit "A"**

### **Irvine Ranch Water District Goals and Objectives for 2013**

#### **Strategic Objectives: Water Reliability, Cost Effectiveness, Innovation, Water Policy**

##### IRWD Groundwater Development Program:

- Complete the water quality testing, environmental permitting, design and construction of groundwater production facilities and well head treatment, as required, to produce water at or above IRWD's allowable Basin Production Percentage (BPP). Proceed with the following projects identified as priorities in the Groundwater Work Plan:
  - Well 115;
  - OPA Well 1;
  - Wells 51 and 52 Blending – Preliminary Design Report; and
  - Well 53 Siting and Blending – Preliminary Design Report
- Develop a program and schedule for rehabilitating, refurbishing, and replacing Dyer Road Well Field facilities;
- Participate in discussions to encourage more availability of replenishment water for local groundwater replenishment efforts and for IRWD water banking efforts;
- Work with OCWD to complete and circulate for public comment a draft environmental document regarding the annexation of additional areas of IRWD into OCWD;
- Develop strategy for the inclusion of recycled water demands in OCWD's calculation of the BPP as the highest priority; and
- Pursue the investigation of a joint well project with East Orange County Water District.

##### IRWD Water Banking Program:

- Identify, evaluate, and secure additional land to be incorporated into the District's water banking projects in Kern County;
- Obtain Metropolitan Water District of Southern California's (MWD) consent for a Long-Term Exchange Agreement with Dudley Ridge Water District (DRWD) that will facilitate unbalanced exchanges from the Jackson Ranch to the Strand Ranch Integrated Banking Project;
- Develop and execute a Delivery Agreement between DRWD, California Department of Water Resources (DWR) and MWD for delivery of State Water Project (SWP) water from the Jackson Ranch to the Strand Ranch Project;
- Develop, execute, and obtain MWD's consent for developing long term unbalanced exchange agreements with Carpinteria Valley Water District and/or Antelope Valley-East Kern Water Agency and subsequent unbalanced exchanges to the Strand Ranch Project;
- Finalize and gain approval of a template IRWD/MWD Wheeling Agreement for exchange delivery of non-SWP water from the Strand Ranch Project to IRWD's service area;
- Successfully wheel 1,000 AF of Kern River Water from the Strand Ranch to IRWD's service area, through MWD, for the purposes of exercising the exportability of the non-SWP water and the Wheeling Agreement with MWD;
- Complete and certify an Environmental Impact Report for a Joint Integrated Stockdale Water Banking and Exchange Project with Rosedale that also incorporates construction and operation of water banking facilities on additional lands secured by the District in 2013;
- Procure design services for the recovery facilities on the Stockdale West property as well as recharge and recovery facilities on new lands secured by the District in 2013 for water banking project purposes;

## **IRWD 2013 Goals and Objectives**

### **Page 2**

- Develop a long-term exchange agreement with Rosedale for a Joint Integrated Stockdale Water Banking and Exchange Project.
- Develop and obtain approval of a long-term exchange agreement with Buena Vista Water Storage Agreement for the delivery and storage of high flow Kern River Water to the proposed Stockdale Water Banking on a two-for-one basis;
- Complete the development of a master plan for IRWD's water banking projects and programs; and
- Negotiate and execute long-term farm lease agreements for portions of the Jackson Ranch to make use of water to be returned from unbalanced exchanges at the Strand Ranch Project as well as water available to the leasee's from their own water supply portfolios.

#### **Baker Plant Water Treatment Plant:**

- Complete the final design of the Baker Water Treatment Plant and solicit construction bids;
- Complete agreements among project participants to buy/sell ownership rights in the Baker Pipeline to be consistent with ownership capacities of the Baker Water Treatment Plant;
- Complete revisions to the agreement among project participants for construction, operation and maintenance of Baker Water Treatment Plant;
- Review and revise SAC agreements related to Irvine Lake spillage;
- Complete EIR addenda for non-reclaimable waste handling facilities; and
- Coordinate final design efforts and interrelationship with Serrano Summit real estate project.

#### **Irvine Lake:**

- Continue discussions with Serrano Water District (SWD) to update the methodology used to account for evaporative losses for water stored in Irvine Lake, execute an amended agreement with SWD to reflect the new methodology, and apply the methodology prospectively;
- Complete the seismic analysis of Santiago Creek Dam to determine the extent of the seismic upgrades required for the outlet tower; and
- Develop an operations plan to maximize the utilization of storage capacity in Irvine Lake, taking into account the use of this water as an alternate source of supply for the Baker Water Treatment Plant.

### **Strategic Objectives: Sewage Collection and Treatment Reliability, Cost Effectiveness, Environmental Commitment, Innovation**

#### **Biosolids Dewatering and Energy Recovery Facilities:**

- Complete the bidding process and initiate construction of the MWRP Biosolids and Energy Recovery Facilities;
- Develop odor monitoring and response plan for the proposed project.
- Develop staffing and training plan for the MWRP Biosolids and Energy Recovery Facilities.
- Initiate preparation of a preliminary design report for the LAWRP biosolids dewatering system upgrades;
- Develop a marketing plan for the future sale and distribution of pellets; and
- Discuss potential OCS D to participation in MWRP Biosolids facilities on an interim basis.

San Diego Creek Flood Protection for Michelson Water Recycling Plant:

- Complete construction of 200-year flood wall to protect the MWRP;
- Obtain Letter of Map Revision (LOMR) once the improvements are completed; and
- Advocate for the relocation of mitigation habitat out of the San Diego Creek channel in an environmentally sensitive manner;
- Continue to advocate and create an administrative record of the County of Orange's responsibilities to perform maintenance in San Diego Creek to maintain flow capacity while maintaining the option to seek full or partial reimbursement from the County of Orange.

Wastewater Treatment, Disposal and Recycled Water Supply Optimization:

- Continue to implement a comprehensive long-term wastewater management strategy to minimize sewage treatment cost and maximize the use of recycled water including:
  - Completing the improvements to increase MWRP capacity to 28 MGD and initiate start-up and operations of the new facilities to minimize flows to Orange County Sanitation District (OCSD);
  - Evaluating the potential to direct Irvine Business Complex (IBC) flows to the MWRP instead of OCSD;
  - Evaluating procurement of recycled water storage capacity at Santa Margarita Water District's Upper Oso Reservoir; and
  - Evaluating alternatives for final effluent operational storage at MWRP.
- Develop alternatives for long-term off-season storage/use options of recycled water including:
  - Complete study of wet year/dry year irrigation demand variations to better characterize winter time disposal requirements;
  - Expand IRWD's seasonal storage capacity at Syphon, Peters Canyon, Rattlesnake Canyon Reservoirs; and
  - Initiate conceptual development of indirect potable reuse projects such as an advanced water treatment facility at Peters Canyon to serve replenishment water directly to OCWD's Santiago Pits recharge facility via Handy Creek and other groundwater recharge facilities in the Irvine Sub-basin.

Sewer System Reliability Improvements:

- Update the Sewer System Management Plan, which includes upgrades to the IRWD Sewer Emergency Response Plan, to include the most up-to-date information regarding the collections system and the watershed in which key facilities are located. The update will also identify where the collections system is vulnerable to failure, review options for parallel sewer bypasses redundant and assess the probable impacts from such a failure to the environment and to public safety, with zero tolerance for sewer spills; and
- Develop a work plan, retain a consultant, and complete a preliminary Inflow and Infiltration (I/I) Study for IRWD's wastewater collection system.

**Strategic Objective: Water Quality, Innovation**

Salt Management Plan:

- Develop a work plan and retain a consultant to prepare an IRWD Salt Management Plan; and
- Evaluate and implement opportunities, in conjunction with the necessary funding mechanisms, to manage salt loading within IRWD's service area.

Research Business Plan:

- Continue to support basic research, knowledge management, applied research, and pilot studies that will improve IRWD's ability to provide services safely, reliably, and cost effectively; and
- Ensure that resources dedicated to research and/or pilot studies provide a commensurate level of value to address current and/or future IRWD challenges; and
- Assess the value of Isle Utilities' Technology Approval Group (TAG) process to IRWD and recommend whether IRWD should participate in Southern California TAGs for water and wastewater technologies.

**Strategic Objective: Employee Satisfaction / Development, Cost Effectiveness**

Safety Awareness Program:

- Continue with activities associated with the new Safety Awareness Program, including:
  - Purchasing additional personal protective equipment customized to different tasks performed by employees; and
  - Recognizing employees who are working safely in challenging conditions.

Security Improvements:

- Develop integrated security plan for significant IRWD facilities including the MWRP and LAWRP.

Employee Training:

- Provide employee training which results in continuous improvement and maintains a productive and highly motivated work force including:
  - Project Management Training classes
  - Effective Business Writing classes;
  - Supervisory Training as needed;
  - Policy training on various topics as needed;
  - Retirement Planning; and
  - Effective Communications Skills.
- Implement an optional employee enrichment training program.

Performance Management:

- Redesign existing performance appraisal methodology to create and present job-specific annual performance reviews to employees based on job descriptions and requirements;
- Implement NEOGOV web-based software solution for 360 degree performance appraisals; and
- Integrate key data elements from NEOGOV performance appraisals into Oracle human resources records and compensation information.

Succession Planning:

- Promote and manage active implementation of the key components of the IRWD Succession Plan to effectively align employee career development with IRWD's goals and objectives;
- Complete a four-year manpower plan including a gap analysis of manpower needs to continue effective operation of IRWD's existing and future facilities;

## **IRWD 2013 Goals and Objectives**

### **Page 5**

- Continue partnerships with outside entities to promote careers in the water/wastewater industry (e.g., Santiago Canyon College, CORO) and to assist in growing IRWD's current employees for future promotional opportunities (e.g., Leadership Tomorrow and Leadership Development for Public Agencies sponsored by California State University, Fullerton);
- Continue to promote voluntary cross-training opportunities; and
- Assess the feasibility of developing a systematic cross-training and job rotation program.

#### Pension and Health Benefits Study:

- Complete the Health Benefits study using objectives identified and approved by the Board;
- Ensure that IRWD is well positioned to comply with requirements associated with national health care legislation;
- Implement changes, if any, to existing health benefits on timetables identified through the course of the study; and
- Follow the policy principles established by the Board in June 2010, advocate for appropriate pension reform to eliminate pension spiking or other similar practices that are financially detrimental to IRWD and the CalPERS system.

#### **Strategic Objective: Cost Effectiveness, Water Policy**

##### Enterprise Resource Planning Software Optimization:

- Optimize Oracle eBusiness Suite Enterprise Resource Plan (ERP) implementation for financial and human resources applications, including training and additional reporting ;
- Identify and implement additional business intelligence capabilities;
- Evaluate and implement other business process efficiencies utilizing E Business Suite capabilities;
- Evaluate and implement solutions for improved capital budgeting and planning; and
- Evaluate and implement appropriate staffing levels resulting from the ERP implementation.

##### Utility Billing Software Implementation:

- Begin Phase 1 of the Oracle CC&B software system implementation; and
- Develop a high-level scope for providing outside water agencies with utility billing services.

##### Enterprise Asset Management System:

- Select the appropriate Enterprise Asset Management (EAM) system software based on IRWD's functional needs and develop a work plan to implement the software system.
- Evaluate staffing and resource needs for EAM system implementation and maintenance.

##### State and Federal Funding:

- Secure federal funding authorization under a re-authorized Water Resources Development Act (WRDA) for Army Corps of Engineering funding for the Syphon Reservoir Recycled Water Storage project; and
- Continue to seek grants for renewable energy and other key projects through federal stimulus funding and other sources.

IRWD Long-Term Financing Strategy:

- Adopt policy principles and strategy for long-term capital funding including:
  - Replacement and enhancement projects;
  - Application of 1% tax revenue;
  - Measurement of the traditional 50/50 split between developers and property owners;
  - Debt service coverage;
  - Fiscal health of improvement districts;
  - Maximizing use of general obligation bond financing; and
  - Consolidation of improvement districts.

Debt and other Financial Instruments:

- As market conditions warrant, seek authorization from the Finance and Personnel Committee to execute a basis swap trade consistent with the parameters established by the Board; and
- Continue to evaluate opportunities to capture and lock in historically low interest rates on the District's debt portfolio.

Real Estate Asset Development:

- Lake Forest/Serrano Summit Property:
  - Complete the final tract map processing and resolve the remaining environmental issues; and
  - Distribute comprehensive Serrano Summit marketing plan and evaluate potential structures for the eventual sale of the property.
- Sand Canyon Office Development:
  - Seek primary build-to-suit tenant to develop Phase 2 for remaining vacant site.
- Complete a detailed reference guide of all District real property interests including current use, site description, title restrictions/constraints and property location.

**Strategic Objectives: Environmental Commitment, Innovation**

Natural Treatment Systems (NTS):

- Evaluate the design, configuration, and maintenance costs of a pilot low-impact development bioretention facility as part of the NTS Program;
- Continue to work with partners in Newport Bay Executive Committee to develop and implement the elements of the Nitrogen Selenium Management Plan; and
- Prepare an Annual Report of NTS Operations including nutrient removal performance at each NTS facility, operational objectives, and recommendations for adaptive changes to the NTS program.

Water Use Efficiency Programs:

- Implement enhanced outreach and cost-effective demand management programs, including:
  - Develop partnerships with private and public entities to leverage the effectiveness and reach of water efficiency programs;
  - Research and implement, as appropriate, new technologies and innovative programs to assist customers with improving their water use efficiency, with a special emphasis on outdoor water use;
  - Continue to partner with commercial, industrial and institutional customers to implement cost-effective water use efficiency programs;

## IRWD 2013 Goals and Objectives

### Page 7

- Evaluate the effectiveness of pilot programs using of enhanced customer engagement and reporting as a tool to motivate additional water use efficiency;
- Research and implement, as appropriate, the use of enhanced GIS data to improve customer allocation-setting, outreach and programs targeted toward outdoor water use; and
- Implement the pilot water-energy conservation programs in partnership with Southern California Edison/
- Actively participate in statewide policy discussions addressing the water-energy nexus;
- Actively engage in statewide policy discussions regarding implementation of SBx7-7 (20 x 2020) and implementation of Demand Management Measures required by the Urban Water Management Planning Act;
- Work with the California Urban Water Conservation Council (CUWCC) on statewide conservation issues, refinements to the Best Management Practices (BMP), including the rates BMP, and potential alignment of the CUWCC with state mandated water efficiency; and
- Analyze the effectiveness of IRWD’s water use efficiency program, including completing the evaluation and update of the Conservation Business Plan, updating IRWD’s 20 x 2020 targets, and incorporating water use efficiency objectives into overall planning documents.

#### Recycled Water Customer Development:

- Complete development of the on-line site supervisor training for recycled water customers;
- Evaluate the feasibility satellite recycling plants in remote areas not served by the recycled water distribution system;
- Assess the feasibility of serving recycled water to UCI for use in their cooling towers;
- Pursue partnerships with neighboring agencies to sell them recycled water (e.g. City of Tustin, City of Orange);
- Work with upper Santa Ana River Watershed agencies to develop regional recycled water goals. Review and revise policy position on Santa Ana River Watershed Grant Funding Prioritization as necessary
- Amend the Basin Plan to allow for discharge of recycled water with increased levels of TDS;
- Assist WaterReuse California with its legislative agenda which includes allowing discharge of recycled water from impoundments during storm events;
- Fully develop the Recycled Water Use Site Inspection and Testing Program;
- Determine whether recycled water can be cost-effectively served to the remaining Irvine Lake Pipeline customers; and
- Obtain approvals for dual-plumbing of condominiums and apartment properties.

#### Development of a Solar Power Project:

- Negotiate an agreement with a qualified solar developer for the development of a financially beneficial solar power project on a portion of the Jackson Ranch in Kings County.
- Apply to PG&E for the development of a Power Purchase Agreement for a proposed solar project on the Jackson Ranch under new feed-in tariffs to be approved by the Public Utilities Commission.

**Strategic Objectives: Communication, Customer Satisfaction, Water Policy**

Government Relations/Legislation:

- Implement the IRWD 2013 state legislative strategy as developed by staff and discussed with the Water Resource Policy and Communications Committee. Conduct advocacy activities on legislation impacting IRWD, the water industry and special district interests, including but not limited to:
  - *Law of Recycled Water:* Continue to work with WaterReuse to enact the Law of Recycled Water to streamline and clarify statewide laws and regulatory framework for recycled water; remove recycled water from the definition of waste; and create new definitions and regulatory criteria for “advanced treated recycled water”.
  - *Energy and Water Efficiency Partnerships:* Work with industry colleagues (through CMUA, ACWA, and others) to ensure that new laws and regulations related to energy and water efficiency remove barriers to and encourage more partnerships.
  - *Water Supply and Infrastructure Financing*
    - *Water Bond:* Work with water industry colleagues to determine and advocate for the most feasible approach to effectively passing a statewide water bond.
    - *Public Goods Charge for Water:* Oppose imposition of a Public Goods Charge for water. If legislation related to a public goods charge on water moves forward, work with key legislators and industry associations ensure that the charge is levied and administered fairly and appropriately. Proceeds of a Public Goods Charge must be allocated within the region from which they originate.
    - *San Joaquin Delta:* Continue to support legislation and related efforts to the Bay Delta Conservation Plan.
    - *Water Governance:* Advocate for sensible statewide water governance proposals such as those detailed in the 2010 Little Hoover Commission report “Managing for Change: Modernizing California’s Water Governance.”
  - *California Budget:* Monitor the California budget process and proposals that impact special districts and the water industry, particularly those that would shift revenues away from special districts.
  - *Pension Reform:* Monitor statewide activities related to pension reform including legislation introduced, initiatives files, and proposals considered as part of the budget.
  - *Government Reform:* Work with the California Special Districts Association to monitor and respond to proposed government reform legislation to protect special district autonomy and finances and local control.
  - *CEQA Reform:* Working primarily through industry associations (such as CSDA) to contribute to stakeholder discussions as reform proposals develop.
  - *Renewable and Solar Energy:* Monitor legislation related to renewable energy, particularly solar energy, to determine its impact on potential IRWD projects.
- Continue to build relationships with federal, state and local elected and appointed officials and their staff members, as well as community leaders to support IRWD initiatives.

Enhanced Internal and External Communication and Education Programs:

- Community Outreach and Education Program:
  - Implement a unified IRWD outreach program for customers, business partners, elected officials and other government agencies that includes traditional as well as

- multi-pronged social media and internet programs and is based on measurement tools, metrics and customer feedback;
- Enhance the IRWD customer tour and education programs;
- Design and install new community education signage throughout public spaces at IRWD facilities, including District offices, facilities, community rooms, the Joaquin Marsh and Wildlife Sanctuary and the Marsh Campus;
- Install water bottle filling stations throughout the service area to educate customers about water quality and promote environmental stewardship;
- Upgrade the publications management and branding program to incorporate new design graphics and style components featured on IRWD’s website;
- Develop and implement expanded outreach program with traditional, online and industry media outlets to provide information on IRWD projects and programs; and
- Update IRWD Liquid News website for enhance online communications.
- Construction Project Community Relations:
  - Redesign the construction and maintenance project outreach program utilizing pro-active media relations, social media, and e-Alerts;
  - Implement an outreach program for the completion of the MWRP expansion program including dedication event, media outreach, videos as well as technical and community tours; and
  - Conduct active outreach programs for the proposed Biosolids project including regular community update meetings.
- Transparency Enhancements:
  - Enhance transparency by providing regular updates and content refinements on the IRWD website, including the finance, Board meetings and compensation pages and implementing an updated on-line agenda and calendar program.
- Water Use Efficiency Outreach Programs
  - Develop and implement a yearly outreach plan based on customer feedback, metrics and measurement tools. This plan will include specific outreach campaigns that will be linked to results of measurement tools. Results will drive future outreach and collateral materials;
  - Further enhance the Always Water Smart website portal with updated graphics, videos, website navigation and content, including the newly branded Calscape outdoor landscape and rebate program; and
  - Develop online Water Use Efficiency program.
- Customer Service Outreach
  - Utilize the redesigned IRWD website to create an enhanced customer experience, increasing customer utilization of web-based tools and reducing incoming calls; and
  - Develop and implement a comprehensive outreach plan based on metrics that will encourage customers to use enhanced self-service website options such as e-bill, automated payments, account balance status, usage history.
- Employee Outreach
  - Further enhance the IRWD intranet and complete transition employee communications to web-based format.
  - Develop plan for inter-generational outreach within the employee population; and
  - Work with employees, including representatives from the IRWD Employees Association, to develop a plan for enhancements to the IRWD employee wellness program.

**EXHIBIT "B"**  
**IRVINE RANCH WATER DISTRICT**  
**Target Activity Priorities List DRAFT dated June 28, 2013**

(Changes recommended by staff shown in **bold**)

Priorities are assigned on this date based on urgency, value, resource availability, and connection to IRWD's critical business factors and strategic objectives. They are subject to modification as conditions change.

<b>Estimated Completion Date</b>	<u>Tiers</u>		<u>Activity This Quarter</u>
	<b>Status</b>	<b>Tier 1</b>	
	Tier 1 = Highest Importance		COMPL Completed
	Tier 2 = Important		SPROG Significant Progress Made
	Tier 3 = As Time Permits		LPROG Limited Progress Made
			NPROG No Progress Made
		<u>Tier 1</u>	
Ongoing	SPROG	9. IRWD Water Banking Program	
<b>Oct 2016</b>	SPROG	53. Biosolids Handling and Energy Recovery Facilities	
<b>Oct 2013</b>	SPROG	61. MWRP Phase 2 Expansion	
<b>Mar 2016</b>	SPROG	62. Baker Water Treatment Plant	
Ongoing	LPROG	73. Second Lower Cross Feeder	
<b>Sep 2013</b>	SPROG	83. Inclusion of Recycled Water Demands in OCWD Total Demand Calculation	
<b>Ongoing</b>	SPROG	87. IRWD Retirement and Benefits Study	
		<u>Tier 2</u>	
<b>Dec 2013</b>	SPROG	4. Orange County Water District Annexation	
Ongoing	SPROG	7. IRWD Groundwater Development Program	
Ongoing	SPROG	12. Property Tax Shift and Replacement Fund Protection	
Ongoing	SPROG	16. Water Policy Legislative Advocacy/Analysis	
Ongoing	SPROG	20. Water Conservation Business Plan Implementation	
Ongoing	SPROG	71. Ocean Desalination	
<b>Oct 2014</b>	<b>SPROG</b>	78. Financial Reporting and Control System Upgrade Project	
<b>Aug 2013</b>	SPROG	80. Integration of the Syphon Recycled Water Reservoir	
Ongoing	SPROG	81. Integrated Media Outreach and Customer Communications Plan	
Ongoing	SPROG	89. IRWD Investment Assets Optimization	
<b>Ongoing</b>	SPROG	90. IRWD Enterprise Asset Management System	
<b>Ongoing</b>	SPROG	92. Sewer System Reliability Improvements	
<b>June 2014</b>	LPROG	93. Irvine Lake Operation Plan	
<b>May 2014</b>	LPROG	94. IRWD Salt Management Plan	
<b>Dec 2013</b>	<b>SPROG</b>	<b>95. Long Term Finance Plan</b>	
		<u>Tier 3</u>	
Ongoing	SPROG	17. San Joaquin Marsh Management / Facilities Expansion	
Ongoing	SPROG	18. Recycled Water Retrofits	
<b>Dec 2013</b>	SPROG	26. SCADA Improvements – Transdyn Replacement Project	
<b>Dec 2013</b>	SPROG	44. San Diego Creek Flood Protection	
Ongoing	SPROG	49. Succession Plan Implementation	
Ongoing	SPROG	50. Countywide Urban Runoff Governance and Funding	
Ongoing	SPROG	63. El Toro Base Utilities and Great Park Coordination	
Ongoing	SPROG	65. San Diego Creek Selenium Issues and Cienega Project	
Ongoing	LPROG	85. Purchase of Land behind Prado Dam	
<b>Jun 2014</b>	SPROG	86. Update Irvine Lake Evaporation Methodology	
<b>Dec 2015</b>	LPROG	91. IRWD Jackson Ranch Solar Power Project	
<b>Dec 2013</b>	<b>SPROG</b>	<b>96. NTS Bio-retention Cell Evaluation and NTS Monitoring and Reporting</b>	

**IRVINE RANCH WATER DISTRICT  
2013 TARGET ACTIVITIES DESCRIPTIONS  
Updated June 28, 2013 "Proposed List"**

	<b>ACTIVITIES</b>	<b>PRIMARY COMMITTEE</b>	<b>SENIOR MANAGEMENT LEAD</b>	<b>PROJECT STATUS</b>
4.	<p><u>Orange County Water District (OCWD) Annexation</u> Annex portions of IRWD that are in the Orange County Basin watershed into OCWD to facilitate the production of additional groundwater. In February 2010, IRWD submitted a revised application for annexing territory into OCWD. OCWD executed a Memorandum of Understanding with Anaheim, Yorba Linda Water District and IRWD to initiate the process for negotiating annexation agreements with these agencies and to develop CEQA documents pertaining to the annexations. OCWD is continuing its work on the Draft Environmental Impact Report pertaining to the proposed annexations. A screen check draft is scheduled for release to the CEQA funding partners in September 2012.</p>	WRP	Heiertz	Tier 2 12/2013 SPROG
7.	<p><u>IRWD Groundwater Development Program</u> Develop additional wells to meet IRWD's groundwater production goals. Staff presented the updated Groundwater Work Plan to the Board in September 2012 in which various groundwater development projects were described, analyzed and then divided into three groups: "near-term," "mid-term," and "long-term." A study for implementation of the following "near term" projects will be complete by November 2014: Wells 51 and 52 blending, and Well 53. The OPA-1 "near term" project is expected to be complete by December 2014.</p>	E&O	Burton	Tier 2 Ongoing SPROG

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	<b>ACTIVITIES</b>	<b>PRIMARY COMMITTEE</b>	<b>SENIOR MANAGEMENT LEAD</b>	<b>PROJECT STATUS</b>
9.	<p><u>IRWD Water Banking Program</u>            Staff is focusing its efforts on the following activities:</p> <ul style="list-style-type: none"> <li>• Finalizing and executing a Wheeling Agreement with Metropolitan Water District of Southern California and successfully wheeling 1,000 of high-flow Kern River water to IRWD’s service area.</li> <li>• Negotiating and preparing agreements for long-term unbalanced exchange programs with AVEK and CCWA;</li> <li>• Pursuing additional opportunities to secure State Water Project water through additional purchases of land and water and/or additional unbalanced exchange programs.</li> <li>• Development and certification of an Environmental Impact Report for a Joint Banking Project associated with the District’s Stockdale West Ranch and Rosedale’s Stockdale East Property;</li> <li>• Designing and constructing recovery facilities on the Stockdale West Property;</li> <li>• Finding additional ways to expand IRWD’s groundwater recovery capacities at its Kern County water banking projects.</li> <li>• Negotiating and executing a long-term lease agreement with a tenant farmer on portions of the Jackson Ranch.</li> <li>• Implementing the long-term unbalanced exchange program with Dudley Ridge Water District (DRWD) utilizing the District’s SWP water from the Jackson Ranch for recharge at the Strand Ranch Integrated Banking Project;</li> <li>• Negotiate long-term water supply agreements with Buena Vista Water Storage District and others for the Stockdale West Ranch;</li> <li>• Identifying opportunities for the purchase of additional land in Kern County for augmenting IRWD’s water banking programs;</li> </ul>	Water Banking	Weghorst	Tier 1 Ongoing SPROG

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	<b>ACTIVITIES</b>	<b>PRIMARY COMMITTEE</b>	<b>SENIOR MANAGEMENT LEAD</b>	<b>PROJECT STATUS</b>
	<ul style="list-style-type: none"> <li>• Completing repair work on the well on the Strand Ranch that is missing and end cap;</li> <li>• Managing the recovery and return of water to IRWD’s exchange partners;</li> <li>• Preparing an inventory of information associated with all the water districts in Kern County including water rights, landowners and Board members; and</li> <li>• Developing a water banking master plan for the District.</li> </ul>			
12.	<u>Property Tax Shift and Replacement Fund Protection</u> Continue to play an active role in the protection of IRWD’s property taxes under Proposition 1A and in the protection of IRWD’s reserves. Keep the Board informed of any developments, and propose/implement strategies for protecting IRWD’s interests. Staff is currently reviewing strategies to protect property tax revenues and reserves in light of upcoming State budget issues.	F&P	Jacobson	Tier 2 Ongoing SPROG
16.	<u>Water Policy Legislative Advocacy/Analysis</u> Continue to participate and play an active role in water and sewer industry professional organizations to develop policy advocacy partnerships. Monitor water policy issues at the federal, state, and local levels. Includes coordination with and exposure to local legislative representatives and advocacy efforts supported by the District’s lobbying team in Sacramento and in Washington, D.C.	WRP	Heiertz	Tier 2 Ongoing SPROG

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	<b>ACTIVITIES</b>	<b>PRIMARY COMMITTEE</b>	<b>SENIOR MANAGEMENT LEAD</b>	<b>PROJECT STATUS</b>
17.	<u>San Joaquin Marsh Management/Facilities Expansion</u> Ongoing management of the SJM continues. Staff is working with regulatory agencies to refine and improve monitoring for TMDLs. Regular Operations and Maintenance activities are ongoing as well with an eye toward more efficient operations and costs. Public Affairs continues to work with various interest groups to promote the SJM and is improving interpretive experiences for visitors.	E&O WRP	Sheilds/ Beeman	Tier 2 Ongoing SPROG
18.	<u>Recycled Water Retrofits</u> Continue conversion of dual-plumbed commercial buildings to recycled water in the IBC and other areas. Use IRWD recycled water grant program funds as appropriate to facilitate conversions.	WRP	Heiertz	Tier 3 Ongoing SPROG
20.	<u>Water Conservation Plan Implementation</u> Adopt an updated Plan in August 2013, and continue to implement cost-effective water efficiency programs that maintain IRWD's position as leader in conservation, with an emphasis on outdoor water use: <ul style="list-style-type: none"> <li>• Policy Leadership</li> <li>• Rate Structure Improvements</li> <li>• Focused Customer Interface</li> <li>• Education/Outreach Initiatives</li> <li>• Research and Technology Advancement</li> <li>• Tactical Conservation Measures</li> <li>• Incentive Programs Funded, primarily by IRWD</li> </ul>	WRP	Heiertz	Tier 2 Ongoing SPROG

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	<b>ACTIVITIES</b>	<b>PRIMARY COMMITTEE</b>	<b>SENIOR MANAGEMENT LEAD</b>	<b>PROJECT STATUS</b>
26.	<p><u>SCADA Improvements – Transdyn Replacement Project</u>            This project is to replace the Transdyn SCADA control system HMI for operation of the potable and non-potable water distribution systems. Work on this project continues, though staff and consultant resources are often diverted to IRWD’s large capital projects (MWRP Phase 2, MWRP Biosolids and Baker WTP) to address SCADA needs of these new projects. After the Transdyn Replacement Project is complete, staff efforts will shift its focus to the replacement of the obsolete SCADA systems of the former Los Alisos and Santiago County Water Districts.</p>	E & O	Burton	Tier 3 12/2013 SPROG
44.	<p><u>San Diego Creek Flood Protection</u>            Continue to work with County staff to encourage them to reestablish 100-year flood carrying capacity in San Diego Creek. FEMA issued the Conditional Letter of Map Revision (CLOMR) in September 2010. Construction of the flood protection improvements is complete. FEMA will issue the Letter of Map Revision (LOMR) to remove MWRP from the flood zone upon completion of their review of construction documentation.</p>	E&O	Burton	Tier 3 12/2013 SPROG
49.	<p><u>Succession Plan Implementation</u>            Continue ongoing implementation of the IRWD Succession Plan to identify future gaps in specialty, professional and managerial personnel. This plan will identify potential successors for key positions and develop individual career plans for candidates to prepare them for movement into more senior positions to minimize disruption to our business while maintaining management and skill continuity. As part of this planning process, a four-year manpower plan will be developed which will also take into consideration the addition of new IRWD facilities and processes. Training programs will continue to be conducted for employees participating in the IRWD Mentor Program.</p>	F&P	Maswadeh	Tier 3 Ongoing SPROG

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	<b>ACTIVITIES</b>	<b>PRIMARY COMMITTEE</b>	<b>SENIOR MANAGEMENT LEAD</b>	<b>PROJECT STATUS</b>
50.	<u>Countywide Urban Runoff Governance and Funding</u> Actively participate in County-formed task force of Orange County cities, water and wastewater agencies to evaluate options for governing and funding the various efforts to reduce and clean up urban runoff. Advocate San Diego Creek Watershed Governance Model, and funding from various sources including Measure M, city general fund, special districts and voter-approved assessments (future).	WRP	Cook	Tier 3 Ongoing SPROG
53.	<u>Biosolids Handling and Energy Recovery Facilities</u> IRWD's goal is to be self-reliant in biosolids processing by 2016. An agreement between OCSD and IRWD for the continued interim use of OCSD biosolids facilities through 2016 was executed in April 2010. The Final EIR was approved by the Board in October 2012. The construction Notice of Award was issued to Filanc-Balfour Beatty Joint Venture in April 2013 and the Notice to Proceed was issued in June 2013. Construction is expected to be complete by October 2016.	E&O	Burton	Tier 1 10/2016 SPROG
61.	<u>MWRP Phase 2 Expansion</u> Construction improvements to increase capacity at the MWRP from 18 MGD to 28 MGD. Construction is expected to be complete by October 2013.	E&O	Burton	Tier 1 10/2013 SPROG
62.	<u>Baker Water Treatment Plant</u> An agreement between participating water agencies in south Orange County regarding ownership in the project was executed in January 2009. Final design is expected to be complete in July 2013. Microfiltration membrane procurement was authorized in April 2010. Construction is expected to be complete by March 2016.	E&O	Burton	Tier 1 3/2016 SPROG

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	<b>ACTIVITIES</b>	<b>PRIMARY COMMITTEE</b>	<b>SENIOR MANAGEMENT LEAD</b>	<b>PROJECT STATUS</b>
63.	<p><u>El Toro Base Utilities and Great Park Coordination</u>            The planning process for Heritage Fields development and the Great Park has begun and IRWD is a participant in this process. The Revised Sub-Area Master Plan for Heritage Fields is complete and includes an evaluation of the water and sewer demands and the infrastructure needs for this new development. Staff is also participating in discussions with the developer and the City of Irvine promoting the use of recycled water and the inclusion of water-conserving devices and practices.</p>	WRP	Burton/Heiertz	Tier 3 Ongoing SPROG
65.	<p><u>San Diego Creek Selenium Issues and IRWD Cienega Project</u></p> <ul style="list-style-type: none"> <li>• The Cienega Demonstration Project (ABMet) is complete and decommissioned. The original pilot Cienega selenium and nitrogen removal facilities will remain operational until at least December 2015 per the existing Agreement with the City of Irvine.</li> <li>• CALTRANS, the County of Orange and the Cities of Irvine and Tustin have expressed interest in a selenium diversion project to OCSD along Peters Canyon Wash, for which IRWD has agreed to provide O&amp;M support. The City of Irvine is the lead agency on the project, and has secured grant funding from SAWPA and Measure M to partially cover the project cost. Staff is working to secure offsets from the diversion project to cover IRWD's discharges under the General Permit, as well as temporary construction. Staff anticipates a participation agreement for the diversion pipeline will be brought before the Board in July 2013. Acceptance of the flows by OCSD within the dry weather urban runoff program is critical for the success and cost-effectiveness of the diversion pipeline.</li> </ul>	WRP	Heiertz/ Sheilds	Tier 3 Ongoing SPROG

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	<ul style="list-style-type: none"> <li>Staff is actively participating in discussions with stakeholders to obtain approval by the Regional Board for use of the proposed diversion project as an approved offset for General Dewatering Permits in June 2013, extensions to the Time Schedule Orders (TSO) in September 2013, issuance of new MS4 permits in May 2014, and a revised TMDL in September 2015.</li> </ul>			
71.	<p><u>Ocean Desalination</u>          Poseidon Resources is proposing the construction of a 50 MGD ocean water desalination facility in Huntington Beach. Many public water districts and cities have agreed to negotiate with Poseidon as a consortium. The consortium executed an MOU with Poseidon that provides a framework for the negotiations and protects the interests of the public agencies during the negotiation process with Poseidon. IRWD continues to coordinate water quality requirements as a top priority with Poseidon. Water must cost no more than MWD. No public financing for any project component.</p>	WRP	Heiertz	Tier 2 Ongoing SPROG
73.	<p><u>Second Lower Cross Feeder</u>          Staff has engaged MWDOC and other water agencies to encourage the development of the Second Lower Cross Feeder to improve water supply reliability for IRWD and other areas of southern Orange County. MWDOC engaged DLM Engineering Inc. to prepare a feasibility study and cost estimate for the project. MWD is evaluating hydraulic impact.</p>	E&O	Heiertz	Tier 1 Ongoing LPROG

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	<b>ACTIVITIES</b>	<b>PRIMARY COMMITTEE</b>	<b>SENIOR MANAGEMENT LEAD</b>	<b>PROJECT STATUS</b>
78.	<p><u>Financial Reporting and Control System Upgrade Project</u>            The full implementation of the Oracle E-Business Suite Phase I scope, including Financials, Human Resources, and Business Intelligence applications, was completed in two waves. Both waves are not “live”; staff is working with AST to resolve outstanding issues from the implementation with a target completion date of September 2013. Customer Relationship Management and Utility Billing Software have been purchased and the implementation contract awarded to Ifosys. Staff augmentation for project management, quality assurance, testing, and training has been contracted with Five Point Partners. The implementation began in April 2013 with completion date of October 2014 expected.</p>	F&P	Mossbarger/ Clary	Tier 2 10/2014 SPROG
80.	<p><u>Integration of the Syphon Recycled Water Reservoir</u>            The purpose of this facility is to store recycled water during low-demand periods (winter) so that supplemental water would not need to be purchased during high demand periods (summer). IRWD procured this facility in January 2010. Preliminary design and environmental permitting of the reconstructed and expanded reservoir began in November 2010. Construction of the interim facilities to allow the use of the current Syphon Reservoir for recycled water storage is expected to be complete by August 2013. IRWD continues to develop funding support for this project through WRDA.</p>	E&O	Burton	Tier 2 08/2013 SPROG

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81.	<p><u>Integrated Media Outreach and Customer Communications Plan</u>            Enhance communications with customers through a targeted media outreach and customer communications program. This includes integrated communications infrastructure, multi-faceted IRWD news blog, proactive media relations and customer relationship programs and revamped communications programs and tools. The plan includes eight specific modules and is a two-year effort. To date, significant progress has been made in these areas:</p> <ul style="list-style-type: none"> <li>• Website facelift to be rolled out in July 2013.</li> <li>• Employee Intranet to pilot test in early July 2013.</li> <li>• Customer survey and initial focus groups are complete; outreach business plan is being developed based on findings.</li> <li>• Implemented electronic version of 2013 Water quality report.</li> <li>• Have collected one year of website/customer service metrics for use to develop new programs.</li> <li>• Customer tours for 2014 will be based on Customer Survey feedback.</li> <li>• Hallway graphics are being updated with current information.</li> </ul>	WRP	Beeman	Tier 2 Ongoing SPROG

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	<b>ACTIVITIES</b>	<b>PRIMARY COMMITTEE</b>	<b>SENIOR MANAGEMENT LEAD</b>	<b>PROJECT STATUS</b>
83.	<p><u>Inclusion of Recycled Water Demands in OCWD Total Water Demand Calculation</u>            OCWD’s current practice is to exclude recycled water demands from the calculation of “total water demands” for groundwater producer agencies. This exclusion does not recognize agencies’ efforts to promote the use of recycled water which offsets demands for imported potable water, and in effect penalizes these agencies by lowering the amount of groundwater that each agency is allowed to produce in order to stay within the Basin Production Percentage. IRWD staff is working with OCWD to modify this practice and has requested that OCWD establish a working group of groundwater producer agencies to develop a draft policy for adoption by the OCWD Board and to include recycled water in groundwater producer’s total demands. Submit annual BPP report with and without recycled water demand in September 2013.</p>	WRP	Heiertz	Tier 1 9/2013 SPROG
85.	<p><u>Purchase of Land Behind Prado Dam</u>            The next step in increasing the flood control capacity of Prado Dam involves purchasing land and constructing protective dikes, floodwalls and levees within the basin to protect property and infrastructure from inundation during flooding events. Following completion of these protective measures, the spillway elevation could be increased by 20 feet. The increased spillway elevation may allow OCWD to expand the Conservation Pool behind Prado Dam to capture additional storm flows for groundwater recharge. IRWD has proposed to work with the U.S. Army Corps, the County of Orange, and OCWD to promote and facilitate the purchase of land and installation of flood protection measures behind Prado Dam. Work on this item has been suspended until it becomes a higher priority for the County of Orange.</p>	WRP	Heiertz	Tier 3 Ongoing LPROG

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86.	<u>Update Irvine Lake Evaporation Methodology</u> The current methodology used to account for evaporative losses at Irvine Lake is no longer valid due to changes in the operation of the reservoir which result in a significant overstatement of the losses. An updated methodology is needed to accurately estimate and allocate the losses.	IRWD/Serrano Water District Ad Hoc Committee	Sheilds/Heiertz	Tier 3 <b>6/2014</b> SPROG
87.	<u>IRWD Retirement and Benefits Study</u> As part of its ongoing efforts to minimize IRWD's financial exposure to escalating costs associated with retirement and health benefits, IRWD has recently completed the evaluation of potential alternative retirement structures. The health benefit component of the study, as well as an updated methodology for total compensation analysis, will be completed by the end of 2012.	F&P	Maswadeh/Clary	Tier 1 Ongoing SPROG
89.	<u>IRWD Investment Assets Optimization</u> Part of IRWD's investment holdings include real estate properties. Staff continues to develop and manage these assets in accordance with the District's investment objectives. IRWD has executed a lease agreement with the primary tenant, Coastal Fertility Group, and completed construction in May 2012 on Phase 1 of the property adjacent to the IRWD Sand Canyon offices. Remainder of Phase I building lease 4/13 (10-yr. lease with Orange County Diagnostics). Efforts are now focused on satisfying the conditions of the Tentative Tract Map for IRWD's Serrano Summit Project Lake Forest, and then recording the Final Tract Map. Working with District consultants (Lewis/VCS) and City of Lake Forest on permitting with Army Corps for wetlands area on Civic Center Site.	Asset Management	Jacobson	Tier 2 Ongoing SPROG

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90.	<p><u>IRWD Enterprise Asset Management System</u>            IRWD's Application Strategic Plan recommended the implementation of an Enterprise Asset Management (EAM) system to improve the District's ability to manage its assets from acquisition to retirement, providing tools for preventive and predictive maintenance, financial analysis, and reporting. In September 2011 a consultant team from EMA was retained to develop and implement a strategy for procuring an EAM system; this work is expected to be complete by July 2013.</p>	E&O	Mossbarger/ Sheilds	Tier 2 Ongoing SPROG
91.	<p><u>IRWD Jackson Ranch Solar Power Project</u>            The objective is to enter into a partnership for the design, construction and operation of a solar project on a portion of IRWD's Jackson Ranch in Kings County. Based on recommendations from the District's Energy and Greenhouse Gas Master Plan, staff has completed a feasibility study for developing a large-scale solar power project on the property with a capacity of between 20 and 100 MW. A feasibility summary report and prospectus were prepared for the project and a Request for Qualifications was submitted to numerous solar developers. Qualification statements were received on October 2012 and staff is currently completing negotiations on a Letter of Intent with Solar City to jointly pursue a project on the Jackson Ranch under the proposed ReMAT program being considered by the CPUC.</p>	Water Banking c	Weghorst	<b>Tier 3</b> Ongoing LPROG

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92.	<p><u>Sewer System Reliability Improvements</u>            Update the Sewer System Management Plan (SSMP), which includes upgrades to the IRWD Sewer Emergency Response Plan, to include the most up-to-date information regarding the collections system and the watershed in which key facilities are located. The update will also identify where the collection system is vulnerable to failure and assess the probable impacts from such a failure on the environment and to public safety, with zero tolerance for sewer spills.</p>	E&O	Sheilds	Tier 2 Ongoing LPROG
93.	<p><u>Irvine Lake Operations Plan</u>            Develop an operations plan to maximize the utilization of storage capacity in Irvine Lake, taking into account the use of Irvine Lake water as an alternate source of supply for the Baker Water Treatment Plant. Three operational scenarios have been proposed to include a wet year, dry year and an MWD CRC Reduction Plan. Staff is awaiting information from Planning prior to completion of this task. Once the agreement between Baker Plant members is complete, staff will be able to complete development of the Irvine Lake Operations Plan which is anticipated by December 2013.</p>	E&O	Sheilds	Tier 2 6/2014 LPROG

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94.	<p><u>IRWD Salt Management Plan</u>            Develop a study to examine measures that may be implemented to mitigate or reduce increasing levels of TDS, chlorides, sodium, and other salts in IRWD’s recycled water. Measures to be considered include source control, recycled water desalination, and source water management and treatment. These measures are necessary to ensure continued regulatory compliance and consumer acceptance of recycled water. Revenue sources to implement a salt management program will also be explored. These could include salt discharge surcharges on the sewer rate and expansion of the District’s brine disposal system. Staff has submitted a request for proposal from five qualified consulting firms and staff expects to bring recommendations to the Board for the selection of a firm in August 2013. A draft report will be available for review in spring 2014.</p>	WRP	Heiertz	Tier 2 5/2014 LPROG

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<b>95.</b>	<p><u>Long-term Finance Plan</u>            Review and, if appropriate, modify the District’s current capital funding plan. The focus of this review is to identify issues with the capital funding plan and to consider adjustments that would make the plan more suitable as the District nears build-out and transitions its focus to ongoing operations and maintenance activities. The review includes interested third parties and the input and direction of the Finance and Personnel Committee. Four major tasks will direct future efforts to achieve that goal:</p> <ul style="list-style-type: none"> <li>• Establish a baseline scenario that reflects the outcome of the District’s current capital funding plan if left unchanged and to which changes to the current plan can be compared. This task will also include a modified baseline scenario as described in the Work Plan section below.</li> <li>• Develop a consolidation approach that best addresses the identified issues and provides the most suitable capital funding framework moving forward, including an analysis of the benefits of various consolidation options.</li> <li>• Determine the future disposition of Improvement Districts 110/210 relative to consolidation options and future capital funding participation.</li> <li>• Complete an engineering document that supports and validates an updated capital funding plan, either as part of the plan of works for the ID consolidation or as a supporting document.</li> </ul>	F&P	Clary/Smithson	Tier 2 12/2013 SPROG

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	<b>ACTIVITIES</b>	<b>PRIMARY COMMITTEE</b>	<b>SENIOR MANAGEMENT LEAD</b>	<b>PROJECT STATUS</b>
96.	<p><u>Natural Treatment System Bio-retention Cell Evaluation and NTS Tracking, Monitoring and Reporting</u></p> <ul style="list-style-type: none"> <li>• Monitor and evaluate the first bio-retention cell being developed and constructed by Five Points in 2013. Based on performance, develop a recommendation for consideration by the Board for acceptance of additional bio-retention cell facilities into IRWD's Natural Treatment System.</li> <li>• Develop specifications for an NTS performance tracking and monitoring system that will interface with water quality data, and enhance regulatory reporting capabilities.</li> </ul>	E&O	Heiertz/Sanchez	Tier 2 12/2013 SPROG

July 8, 2013

Prepared and

Submitted by: L. Bonkowski 

Approved by: P. Cook 

CONSENT CALENDAR

MINUTES OF BOARD MEETINGS

SUMMARY:

Provided are the minutes of the June 24, 2013 Regular Board meeting for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE JUNE 24, 2013 REGULAR BOARD MEETING BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – Minutes – June 24, 2013

## EXHIBIT "A"

### MINUTES OF REGULAR MEETING – June 24, 2013

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 June 24, 2013 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Finance Clary, Executive Director of Engineering Burton, Executive Director of Operations Sheilds, Director of Public Affairs Beeman, Executive Director of Water Policy Heiertz, Director of Risk Management and Treasury Jacobson, Director of Water Resources Weghorst, Assistant Director of Conservation Sanchez, Legal Counsel Arneson, Secretary Bonkowski, Ms. Gretchen Maswadeh, Mr. Ian Swift, Mr. Christopher Smithson, Mr. Carl Spangenberg, Mr. Eric Akiyoshi, Mr. Mike Hoolihan, Mr. Steve Malloy, Ms. Christine Compton, Ms. Tina Bertsch, Mr. Chris Fike, Ms. Jane Shafer, Ms. Roberta Sitzler, Mr. Jim Reed, Mr. Bruce Newell, Ms. Lisa Ohlund, Mr. John Jaeger, and other members of the public and staff.

WRITTEN COMMUNICATION: None.

### ORAL COMMUNICATION

1) Mrs. Joan Irvine Smith's assistant addressed the Board of Directors with respect to the Dyer Road wellfield. She said it was her understanding that currently wells 4, C-8, C-9, 10, 12, 13, 14, 15 and 17 will operate in accordance with the District's annual pumping plan. Wells 1, 2, 3, 5, 6, 7, 11 16 and 18 will be off. This was confirmed by Mr. Cook, General Manager of the District.

With respect to the OCWD annexation of certain IRWD lands, on June 5, 2009, IRWD received a letter from OCWD noting that OCWD has completed the formal responses to comments they previously received on the draft program Environmental Impact Report. The letter further noted that with this task completed, OCWD has exercised its right to terminate the 2004 Memorandum of Understanding (MOU) regarding annexation. OCWD also indicated that due to the lack of progress on the annexation issue, the draft program Environmental Impact Report will not be completed. On June 8, 2009, OCWD completed the Long-Term Facilities Plan which was received and filed by the OCWD Board in July 2009. Staff has been coordinating with the City of Anaheim (Anaheim) and Yorba Linda Water District (YLWD) on their most recent annexation requests and has reinitiated the annexation process with OCWD. IRWD, YLWD and Anaheim have negotiated a joint MOU with OCWD to process and conduct environmental analysis of the annexation requests. The MOU was approved by the OCWD Board on July 21, 2010. This was confirmed by Mr. Cook.

With respect to the Groundwater Emergency Service Plan, IRWD has an agreement in place with various south Orange County water agencies, MWDOC and OCWD, to produce additional

groundwater for use within IRWD and transfer imported water from IRWD to south Orange County in case of emergencies. IRWD has approved the operating agreement with certain south Orange County water agencies to fund the interconnection facilities needed to affect the emergency transfer of water. MWDOC and OCWD have also both approved the operating agreement. This was confirmed by Mr. Cook.

2) Mr. John Jaeger relative to Item No. 3 regarding proposed changes to the water rates (see page 3).

ITEMS TOO LATE TO BE AGENDIZED: None.

## PUBLIC HEARING

### PROPOSED CHANGES TO THE SCHEDULE OF RATES AND CHARGES EFFECTIVE JULY 1, 2012

General Manager Cook reported that pursuant to the requirements of Proposition 218, a Public Hearing on the rates and charges is required. Following the Public Hearing, staff recommends that the Board adopt the proposed changes to the Schedule of Rates and Charges required to fund operating expenses.

President Reinhart declared this to be the time and place for a hearing on the proposed changes to the rates and charges. He asked the Secretary how the hearing was noticed.

Secretary Bonkowski reported that the hearing was noticed by an independent processing firm, PSB Integrated Mark, by mail. She then presented the affidavit of mailing to be received and filed.

On MOTION by Swan, seconded and unanimously carried, THE AFFIDAVIT OF MAILING BY AN INDEPENDENT PROCESSING FIRM AS PRESENTED BY THE SECRETARY WAS RECEIVED AND FILED.

President Reinhart asked Legal Counsel Arneson to describe the nature of the proceedings.

Legal Counsel Arneson said that the public hearing is held, pursuant to Proposition 218 and Article XIII D of the Constitution of the State of California, for all persons interested to be heard, to present objections or protests, including any written comments submitted, concerning the increase in property-related rates and charges and any proposed new property-related rates and charges.

President Reinhart requested a staff report from Executive Director of Finance Clary on the proposed rates and charges, and inquired whether there had been any written communications.

Ms. Clary said for the noticing procedure, on May 6, 2013, notices were mailed including separate notices for the Irvine rate area for residential, commercial, and landscape customers; for the Los Alisos rate area for residential, commercial, and landscape customers; and for the Orange Park Acres rate area. She said that as of today, there is a total of 10 responses received, of which the last two responses had been placed before each Board member. She said that the protests represented 0.01% of the 87,114 notices sent, and under Proposition 218, more than 50% of the

IRWD customers would have had to protest in order to prevent the Board from adopting the proposed rates and charges. She further said that the proposed changes were reviewed at three Finance and Personnel Committee meetings and two Board workshops.

Using a PowerPoint presentation, Mr. Christopher Smithson reviewed the proposed rate adjustments and made a comparison from the current to the proposed charges in the various rate areas for water, sewer/recycled service for the three rate areas. He then reviewed a typical residential customer's rates from the current rate to the proposed rate for FY 2013-14 for the three separate rate areas.

President Reinhart inquired whether there was anyone present who wished to address the Board regarding the proposed changes to the rates and charges. Mr. John Jaeger suggested that the District forego this year's rate increase and instead take funds from the District's reserves. He further commented that Orange Park Acres (OPA) has the same rates for all of its meters and that homeowner associations pay for oversized meters they do not need. Director Swan said that once the acquisition agreement term ends with OPA, the District will adjust the rate for these meters, and further said that large meters for homeowner associations can easily be changed out if requested by an association. Director Matheis said that she read the protest letters received, that the District has responded very well to questions received from the public, and that she was planning to vote in favor of the rate increase. President Reinhart said that it was prudent to fiscally balance the budget annually and would not want to postpone the one or two percent increases to a future year. Following discussion, President Reinhart inquired whether there are any further comments or questions from members of the Board of Directors. There were none.

On MOTION by Swan, seconded by LaMar, and unanimously carried, THE HEARING WAS CLOSED AND THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2013 - 23

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA ADOPTING CHANGES TO THE SCHEDULE OF RATES AND CHARGES AS SET FORTH IN EXHIBIT "B" TO THE RULES AND REGULATIONS OF IRVINE RANCH WATER DISTRICT FOR WATER, SEWER AND RECLAIMED WATER SERVICE

PRESENTATIONS

ORANGE COUNTY TRANSPORTATION AUTHORITY BLUE DIAMOND RIDESHARE AWARD

Ms. Gretchen Maswadeh presented to the Board OCTA's 2012 Blue Diamond Rideshare Award for employee ridership participation that includes 20 vans for employees. Ms. Maswadeh also recognized Ms. Jane Shafer, Ms. Roberta Sitzler, Mr. John Dayer and Mr. Rick Perry for their efforts with this program. Director Swan said that he was very proud of the employees for making this program work using vanpools, carpools and bicycling to work. He further said that the District entered into its rideshare program when it was mandated; however, due to the District's size, the program became exempted. The District, however, decided to continue with the program to reduce emissions.

PRESENTATIONS (CONTINUED)

2013 DISTINGUISHED SERVICE AWARD FROM SOUTHWEST MEMBRANE OPERATORS ASSOCIATION

Mr. Eric Owens, President of the Southwest Membrane Operators Association, presented the 2013 Distinguished Service awards to the Board and Mr. Carl Spangenberg.

CONSENT CALENDAR

Director Swan asked that item No. 9, Strategic Measures Dashboard, be moved to the Action Calendar for discussion. There being no objections, this item was moved accordingly. On MOTION by Swan, seconded and unanimously carried, CONSENT CALENDAR ITEMS 6 THROUGH 8 AND 10 THROUGH 18 WERE APPROVED AS FOLLOWS:

6. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the June 10, 2013 Regular Board Meeting be approved as presented.

7. 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, Doug Reinhart, John Withers and Peer Swan.

8. MAY 2013 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the monthly Interest Rate Swap Summary for May 2013; approve the May 2013 summary of payroll ach payments in the total amount of \$2,121,252 and approve the May 2013 Accounts Payable disbursement summary of Warrants 338887 through 339700, workers' compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$13,040,749.

10. QUITCLAIM OF REAL PROPERTY GRAYBEARD TOO, LLC SEWER PIPELINE EASEMENT PER TR. 15105 NEWPORT COAST

Recommendation: That the Board adopt the following resolution by title approving execution of a Quitclaim Deed to Graybeard Too, LLC.

RESOLUTION NO. 2013-24

RESOLUTION OF THE BOARD OF DIRECTORS OF  
IRVINE RANCH WATER DISTRICT APPROVING  
EXECUTION OF THE QUITCLAIM DEED TO  
GRAYBEARD TOO, LLC

CONSENT CALENDAR (CONTINUED)

11. INITIAL DISINFECTION FACILITY CHLORINE INJECTION LINE REPLACEMENT EXPENDITURE AUTHORIZATION

Recommendation: That the Board approve an Expenditure Authorization in the amount of \$152,300 for the Initial Disinfection Facility Chlorine Injection Line Replacement, project 11669 (4285).

12. PLANNING AREA 51 HERITAGE FIELDS EXPENDITURE AUTHORIZATION ALLOCATION ADJUSTMENTS

Recommendation: That the Board approve Expenditure Authorizations for projects 11660 (3977), 21660 (3980), and 31660 (3983) to update the allocation to Improvement Districts 112/212.

13. SANTIAGO CREEK DAM OUTLET TOWER SEISMIC EVALUATION BUDGET INCREASE, EXPENDITURE AUTHORIZATION, AND CONSULTANT SELECTION

Recommendation: That the Board authorize a budget increase in the amount of \$17,600, from \$133,100 to \$150,700, for project 30331 (1813); approve an Expenditure Authorization in the amount of \$90,700; and authorize the General Manager to execute a Professional Services Agreement with URS Corporation in the amount of \$59,000 for Phase 1 of the Santiago Creek Dam Outlet Tower Seismic Evaluation, project 30331 (1813).

14. FISCAL YEAR 2013-14 EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board approve expenditure authorizations for FY 2013-14 in the amount of \$99,000 for Engineering Planning Study Reserve (water), project 11055 (1780); \$85,800 for Engineering Planning Study Reserve (sewer), project 21055 (1350); \$88,000 for Engineering Planning Study Reserve (recycled), project 31055 (1575); \$1,877,000 for OCSD CORF, project 20114 (1543); \$1,264,000 for OCSD Solids Handling, project 20811 (1400); \$165,000 for raise manholes to grade 13/14, project 20946 (4572); \$84,700 for Health Department fees, project 30400 (4463); \$145,800 for Recycled Conversions Off-site, project 30399 (4464); \$250,000 for Recycled Conversions On-site, project 30398 (4465).

15. WASTEWATER OPERATIONS FISCAL YEAR 2013-14 EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board approve expenditure authorizations for project 11677 (4421) for \$400,000; project 21144 (4431) for \$350,000; project 30395 (4424) for \$350,000; project 20958 (4574) for \$275,000; project 20913 (4437) for \$264,000; project 21009 (4419) for \$210,000 and project 21052 (4573) for \$44,000.

## CONSENT CALENDAR (CONTINUED)

### 16. WATER OPERATIONS FISCAL YEAR 2013-14 EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board authorize the addition of Project 10391 (1214) for \$424,900 to the Fiscal Year 2013-14 Capital Budget and approve expenditure authorizations for; Project 11579 (1282) for \$294,100; Project 11584 (1295) for \$650,100; Project 31584 (1333) for \$206,800; Project 21584 (1491) for \$200,200; Project 11583 (1300) for \$203,500; Project 11581 (1292) for \$170,500; Project 31581 (1415) for \$170,500; Project 11580 (1277) for \$91,700, Project 30364 (1011) for \$120,500 and Project 11582 (1285) for \$135,300.

### 17. MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION AND FLOOD PROTECTION IMPROVEMENTS VARIANCES

Recommendation: That the Board authorize the General Manager to execute Variance No. 3 in the amount of \$115,600 with EI&C Engineering, Inc. for engineering support services related to start-up activities for the MWRP Phase 2 expansion, projects 20214 (1599) and 30214 (1706), and authorize the General Manager to execute Variance No. 4 in the amount of \$22,800 with Borchard Surveying and Mapping for supplemental survey services for the MWRP Phase 2 and Flood Protection Improvements, projects 20214 (1599), 20542 (1150), 30214 (1706), and 30542 (1118).

### 18. AGREEMENT FOR RELOCATION OF THE MICHELSON PARK PLACE SEWER LIFT STATION

Recommendation: That the Board authorize the General Manager to execute the agreement for relocation of the Michelson Park Place Sewer Lift Station and the subsequent dismantling and quitclaiming of the existing site and pipeline easements to LBA IV-PPI, LLC, subject to non-substantial changes and at LBA's sole cost and expense.

## ACTION CALENDAR

### STRATEGIC MEASURES DASHBOARD

Following discussion of the reasons for lower water levels for both the San Joaquin and Sand Canyon reservoirs than what is recommended in the operational plan, on MOTION by Swan, seconded and unanimously carried, THE BOARD RECEIVED AND FILED THE STRATEGIC MEASURES DASHBOARD AND INFORMATIONAL ITEMS.

### VAULT AND VAULT LID REPLACEMENT CONSTRUCTION AWARD

General Manager Cook reported that the Vault and Vault Lid Replacement Project will replace broken or heavy, unhinged vault lids at four valve vault sites and will replace three small valve and meter vaults with larger vaults throughout the IRWD service area. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE IN THE AMOUNT OF \$188,100, FROM \$297,600 TO \$485,700, FOR PROJECT 11358 (1800);

APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$331,100 FOR PROJECT 11358 (1800); AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH PAULUS ENGINEERING, INC. IN THE AMOUNT OF \$211,575 FOR THE VAULT AND VAULT LID REPLACEMENT, PROJECT 11358 (1800).

#### ORANGE PARK ACRES RESERVOIR DEMOLITION CONSTRUCTION AWARD

General Manager Cook said that due to the completion of the Orange Park Acres transmission main project in October 2012, the 1928 reservoir in the Orange Park Acres is no longer necessary for domestic water service. Mr. Cook said that he would like to amend staff's recommendation to proceed with the project without Schedule "B" which would have demolished and removed East Orange County Water District's items including the removal and salvage of its appurtenances which will now be cordoned off until the issues are resolved. In response to President Reinhart's inquiry, Mr. Cook said that once the reservoir is demolished, the contractor will be filling the reservoir with soils and at the time, if not sooner, staff will be resolving the issues with EOCWD with the possibility of relocation the appurtenances to another location. Both Directors Reinhart and LaMar said that the District needs to maximize that property by selling it. Following discussion of the location of these appurtenances, on MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE OF \$112,200, FROM \$275,000 TO \$387,200 FOR PROJECT 11416 (1337); APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$387,200 FOR PROJECT 11416 (1337); AND SUBJECT TO THE OMISSION OF SCHEDULE "B" FROM THE CONTRACT'S SCOPE OF WORK UNTIL THE ISSUE WITH APPURTENANCES IS RESOLVED WITH THE EAST ORANGE COUNTY WATER DISTRICT, AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH SCHULER ENGINEERING, INC. IN THE AMOUNT OF \$255,121 FOR THE ORANGE PARK ACRES RESERVOIR DEMOLITION, PROJECT 11416 (1337)

#### NON-POTABLE WATER SYSTEM HYDRAULIC MODEL CONSULTANT SELECTION

General Manager Cook reported that the 2013 Non-Potable Water System Hydraulic Model project will provide an important tool to more efficiently plan, manage, and operate the District's non-potable water distribution system. Major components of the project include a calibrated, extended period simulation, existing system model and an "ultimate" (in 2035) system model. The model will include operating scenarios for peak summer demand operations and low winter demand operations during seasonal storage fill periods.

Executive Director of Engineering Burton reported that a Request for Proposal was issued to six consulting firms including AKM, Brown & Caldwell, Dudek and Associates, HDR, Inc., Carollo, and Stantec. Mr. Burton said that proposals were received from AKM, Brown & Caldwell, HDR, Carollo, and Stantec. He said that the proposals were reviewed and ranked based on project understanding, technical approach, project team qualifications and experience, with the intent of interviewing the top two or three ranked consultants. He said that based on the proposal evaluations, AKM, Carollo, and Stantec were selected for interviews. All three teams were given an opportunity to present their approaches for model development, model calibration, and working with and training District staff on model usage. He further said that staff recommends that the project be awarded to AKM as they demonstrated understanding of the

District's system and the project, they have a local presence with their office located within five miles of the District's office, and the approach to collaborate, train, along with data collection will fit well with the needs and culture of the District. AKM demonstrated how this can be accomplished with minimal impacts to the project schedule and budget.

Director Withers said that this item was reviewed and approved by the Engineering and Operations Committee on June 18, 2013. Following discussion on adaptability of new facilities to be simulated, on MOTION by Withers, seconded and unanimously carried, **THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$467,500 FOR PROJECT 31384 (1106) AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH AKM CONSULTING ENGINEERS, IN THE AMOUNT OF \$299,640, FOR DEVELOPMENT OF THE NON-POTABLE WATER SYSTEM HYDRAULIC MODEL, PROJECT 31384 (1106).**

#### IRWD 2013 SEWER SYSTEM MANAGEMENT PLAN

General Manager Cook reported that the State Water Resources Control Board (SWRCB) is the permitting agency for sewage collection systems throughout California and requires that the owner of a sewage collection system develop and implement a Sewer System Management Plan (SSMP). Mr. Cook said that as part of the implementation of the SSMP, the SWRCB also requires that the governing body of the agency that owns the sewer system certify the SSMP stating that the District is in compliance with the general waste discharge requirements (WDS).

Executive Director of Operations Shields said that the SSMP is designed and maintained to prevent sewer system overflows and the plan contains a Spill Response Plan that establishes standard procedures for immediate response to a sewer system overflow (SSO) in a manner designed to minimize health and water quality impacts, along with potential nuisance conditions. Additionally, the SSMP must be updated every five years and include any significant program changes. In accordance with the SWRCB's WDRs, the District is required to self-audit its SSMP a minimum of once every two years. Certification by the governing board of the District is required in accordance with D.14 of the WDRs when significant updates to the SSMP are made. Once the Board has certified the SSMP, staff will complete the certification process by entering the required data into the CIWQS SSO database; post a certified copy of the SSMP on the IRWD website; and mail a certified hard copy to the SWRCB.

On MOTION by Swan, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO RECEIVE AND FILE THE 2008-2011 SEWER SYSTEM MANAGEMENT PLAN AUDIT REPORT AND CERTIFY THE IRWD 2013 SEWER SYSTEM MANAGEMENT PLAN.**

#### SETTING CONNECTION FEES AND PROPERTY TAX RATES FOR 2013-14

General Manager Cook reported that staff is currently in the process of reviewing the existing long-term capital funding plan (LTFP) and considering adjustments that will make the plan more practical as the District nears build-out and transitions its focus to ongoing operations and maintenance activities. Mr. Cook said that the District continues to work closely with local stakeholders to determine the impact on existing rate setting practices including the possible consolidation of existing improvement districts (IDs) as well as the impact on future connection

fees and property taxes. Much progress has been made to date and more will be required before changes can be implemented. Based on the progress made to date and work that remains to be completed, staff recommends taking an interim step in the connection fee and property tax rate setting for Fiscal Year (FY) 2013-14.

Executive Director of Finance Clary said that based on the existing enterprise model with no changes in the IDs, preliminary estimates identify a need to increase connection fees to fund future capital requirements. Ms. Clary said that staff recommends that the Board consider adopting the intermediate increase ranging from \$185-\$332 per unit in developing improvement districts for FY 2013-14 and holding the property tax rates as established in FY 2012-13.

Director Swan said that this item was reviewed and approved by the Finance and Personnel Committee on June 6, 2013. On MOTION by Swan, seconded and unanimously carried, THE BOARD APPROVED A 5.0% INCREASE IN CONNECTION FEES AND ADOPTED THE FOLLOWING RESOLUTIONS BY TITLE:

RESOLUTION NO 2013-25

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA ADOPTING CHANGES TO CONNECTION FEES AS SET FORTH IN THE SCHEDULE OF RATES AND CHARGES IN EXHIBIT "B" TO THE RULES AND REGULATIONS OF IRVINE RANCH WATER DISTRICT FOR WATER, SEWER, RECYCLED WATER AND NATURAL TREATMENT SYSTEM SERVICE

RESOLUTION NO 2013-26

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA ESTABLISHING AD VALOREM TAX REVENUES FOR FISCAL YEAR 2013-14

RETIREMENT BENEFIT FUNDING TRUST AGREEMENT AND FUNDING APPROVAL

General Manager Cook said at its May 13, 2013 meeting, staff provided the Board with information regarding a retirement trust structure to facilitate the investment of District assets for future funding of the District's CalPERS unfunded liability, and potentially Other Post Employment Benefit (OPEB) obligations. Mr. Cook said that staff recommends approval of a Section 115 Trust Agreement (115 Trust) and related Retirement Board to facilitate funding of future retirement obligations.

Using a PowerPoint presentation, Executive Director of Finance Clary reviewed the expected benefits offered by a separate retirement funding trust include: 1) increased risk diversification of District retirement contributions through additional / different asset management; 2) oversight and control of fund management selection, monitoring of performance and ability to replace fund management based on performance criteria; 3) increased flexibility on use of trust assets (if also

used for OPEB obligations); and 4) potential for positive rating agency and investor consideration.

Ms. Clary reviewed the 115 trust structure which: 1) is currently used by other public agencies for other post employment benefits (OPEB) obligations; 2) legal counsel has provided its opinion - the structure is also suitable for pensions (to fund CalPERS obligation); 3) staff/counsel will apply for IRS tax-exempt determination; and 4) it will be structured as an irrevocable trust (unless unfavorable IRS ruling is received).

Ms. Clary reviewed the retirement Board's responsibilities and structure noting that the 115 Trust structure requires that a Retirement Board be established to act as the plan Trustee and that the voting members of the Board assume fiduciary responsibility for ongoing prudent investment of the Trust assets. As Trustee, the Retirement Board's responsibilities will include implementing and updating the Investment Policy, defining the Trust's investment strategy (asset allocation, risk tolerance, etc.), selection of consultants including an investment advisor and fund manager and ongoing monitoring of the Trust's performance. The proposed retirement Board will consist of the two appointed members of the Finance and Personnel Committee and the District's General Manager as voting members, with the District's Executive Director of Finance and the Treasurer providing analyses and recommendations to the Retirement Board.

Ms. Clary reviewed the initial trust funding considerations. She said that based on discussions with the Finance and Personnel Committee, initial recommended funding is for an amount of \$35 million. Following establishment and initial funding of the IRWD Trust, next steps for the Retirement Board shall include: 1) selecting an Investment Advisor to assist the District in developing the trust's investment policy and asset allocation strategy; 2) identifying the appropriate investment fund management types (based on the trust's asset size, asset allocation strategy, etc.); and 3) evaluating, interviewing and selecting the fund manager(s).

Director Swan reported that establishing and funding a retirement benefit trust was discussed with the Finance and Personnel Committee at multiple meetings and most recently on June 6, 2013, and that the Committee concurs with the staff recommendation. Director LaMar complimented Director Swan as he said that the trust was his initial idea. He said that following careful analysis, that he believed the fund will be beneficial to the District. Directors LaMar and Matheis thanked staff for their efforts in accomplishing this item in a short time frame. In response to President Reinhart's comment, Ms. Clary said that she will verify that the Board will be insured for its fiduciary activities. There being no further comments, on MOTION by Swan, seconded by LaMar, **THE BOARD AUTHORIZED THE FUNDING OF THE IRVINE RANCH WATER DISTRICT POST-EMPLOYMENT BENEFITS TRUST FOR AN AMOUNT UP TO \$35 MILLION. AND ADOPTED THE FOLLOWING RESOLUTION BY TITLE:**

RESOLUTION NO. 2013-27

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE IRVINE RANCH WATER DISTRICT  
APPROVING DECLARATION OF TRUST FOR THE  
IRVINE RANCH WATER DISTRICT  
POST-EMPLOYMENT BENEFITS TRUST**

## LETTER OF CREDIT EXTENSIONS AND REMARKETING REALLOCATION

Staff is recommending the Board approve the extension of the letters of credit on the Series 1995 and Series 2008-A bonds with Sumitomo Mitsui Banking Corporation (Sumitomo) until April 2017, the Series 2009-A bonds with US Bank until November 2016, and the Series 2009-B bonds with Bank of America until December 2016, which will result in a \$1.9 million savings in letter of credit (LOC) fees over four years. Additionally, staff recommends the Board approve reallocating the Series 2009-A bonds from Goldman Sachs as remarketing agent to US Bank as remarketing agent, and convert the interest rate mode from weekly interest rate mode to daily reset; and replace JP Morgan with Goldman Sachs as remarketing agent on the 2009-B bonds. The remarketing agent restructuring will result in an average annual remarketing fee savings of \$31,250. On MOTION by Swan, seconded and unanimously carried, THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

### RESOLUTION NO. 2013-28

RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE IRVINE RANCH WATER DISTRICT AUTHORIZING  
CERTAIN ACTIONS IN CONNECTION WITH EXTENSIONS  
OF LETTERS OF CREDIT, CONVERSION OF INTEREST  
RATE MODE AND SUBSTITUTION OF REMARKETING AGENTS  
(CONSOLIDATED SERIES 1995, CONSOLIDATED  
REFUNDING SERIES 2008A, CONSOLIDATED  
SERIES 2009A AND CONSOLIDATED SERIES 2009B)

### GENERAL MANAGER'S COMMENTS

General Manager Cook reported that he will be presenting an overview of IRWD's rate structure at an MWD workshop on Wednesday. Director Reinhart suggested that at a future ACC-OC meeting for staff to educate the city councils on IRWD's rate structure allocations.

### DIRECTORS' COMMENTS

Director Matheis reported on her attendance at a meeting with El Toro Water District staff relative to mutual interests.

Director Swan reported on his attendance at various OCWD meetings including a Water Issues Committee meeting, an annexation meeting, and an Ad Hoc meeting. He also said that he attended a WACO planning meeting and an OCWD 80<sup>th</sup> anniversary meeting where he spoke with Colonel Toy who believes that there are still opportunities to obtain CORPS funding for the Prado Dam if there is a local match.

Director LaMar reported that he attended the second O.C. Fire Authority meeting where they discussed improvements on reaction times to wild land fires, and a Southern California Water Committee meeting on storm water capture. He also attended an NROC Quarterly Board meeting and said he is continually impressed with its new Executive Director Jim Sulentic.

Director Matheis said that the Urban Water Institute is holding a meeting on June 26 in Long Beach, and if any of the Board is interested in attending, to let her know.

Director Reinhart said that he attended an OCWD Ad Hoc Committee meeting and a meeting with Director Matheis and General Manager Cook with ETWD relative to mutual issues.

CLOSED SESSION

President Reinhart said that a Closed Session would be held with legal counsel relative to: Anticipated litigation - Government Code Section 54956.9(b) - significant exposure to litigation – 1 claim filed under the Tort Claims Act, on file with the District.

OPEN SESSION

The meeting was reconvened with LaMar, Matheis, Reinhart, Withers and Swan present. President Reinhart said that no action was reported from the Closed Session.

ADJOURNMENT

There being no further business, President Reinhart adjourned the meeting to June 28, 2013 at 11:00 a.m. to the District's multi-purpose room to hold a Strategic Planning Workshop.

APPROVED and SIGNED this 8<sup>th</sup> day of July, 2013.

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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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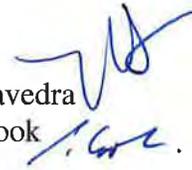
Legal Counsel - Bowie, Arneson, Wiles & Giannone

July 8, 2013

Prepared and

Submitted by: N. Savedra

Approved by: P. Cook



## CONSENT CALENDAR

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

#### SUMMARY:

Pursuant to Resolution 2006-29 adopted on August 28, 2006, approval of attendance of the following events and meetings are required by the Board of Directors.

#### Events/Meetings

##### Steven LaMar

6/12/13	Orange County Fire Authority Meeting
6/26/13	MWD-Southern California Water Dialogue Meeting
7/02/13	Briefing and Tour for Lake Forest Councilman Dwight Robinson
7/11/13	US Army Corps of Engineers-Change of Command Ceremony
7/16/13	IRWD ID Consolidation Committee Meeting
7/22/13	Long Term Finance Workshop
7/24/13	MWDOC Water Policy Forum

##### Mary Aileen Matheis

6/26/13	IRWD Representation-Urban Water Institutes Membership Appreciation Event
7/17/13	OCBC/Orange County Forum
7/22/13	Long Term Finance Workshop
7/24/13	MWDOC Water Policy Forum

##### Douglas Reinhart

7/09/13	Briefing and Tour for Fullerton Mayor and OCWD Director Bruce Whitaker
7/18/13	Monthly meeting with Paul Cook regarding District activities
7/24/13	MWDOC Water Policy Forum

##### Peer Swan

7/16/13	IRWD ID Consolidation Committee Meeting
7/24/13	MWDOC Water Policy Forum

##### John Withers

6/14/13	UCI Water Center Working Group w/Professor Ken Janda, et al
7/17/13	OCBC/Orange County Forum
7/24/13	MWDOC Water Policy Forum

Consent Calendar: Ratify/Approve Board of Directors' Attendance at Meetings and Events  
July 8, 2013  
Page 2

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.

LIST OF EXHIBITS:

None

July 8, 2013

Prepared and

Submitted by: Gretchen Maswadeh *gm*

Approved by: Paul Cook *PC*

CONSENT CALENDAR

FISCAL YEAR 2013-14 PERSONNEL COUNSEL  
SERVICES FOR PAYNE & FEARS

SUMMARY:

Payne & Fears LLP has provided a proposed letter of engagement for the purpose of providing legal services to the District for Fiscal Year (FY) 2013-14, effective July 1, 2013. Payne & Fears' services shall not exceed \$100,000 without additional authorization from the District.

Attached as Exhibit "A" is the proposed terms of the Legal Services Agreement. Payne & Fears hourly rates are as follows:

Partner/Principal:	\$445-550/hour
Associate:	\$235-395/hour
Paralegal/Clerk:	\$165/hour

FISCAL IMPACTS:

Payne & Fears' services shall not exceed a total of \$100,000 for FY 2013-14 without additional authorization from the District.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on July 2, 2013.

RECOMMENDATION:

THAT THE BOARD APPROVE OF AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE ENGAGEMENT AGREEMENT WITH PAYNE & FEARS EFFECTIVE JULY 1, 2013 FOR PERSONNEL COUNSEL SERVICES IN THE AMOUNT NOT TO EXCEED \$100,000.

LIST OF EXHIBITS:

Exhibit "A" – Terms of Legal Services Agreement from Payne & Fears



JAMES L. PAYNE  
(949) 797-1212  
jlp@paynefears.com

File No.: 1008.000

June 17, 2013

**ATTORNEY-CLIENT PRIVILEGE**

Paul Cook  
IRVINE RANCH WATER DISTRICT  
15600 Sand Canyon Avenue  
Irvine, California 92619-7000

Re: *Engagement Letter / Fiscal Year 2013-14*

This letter will confirm that, upon all signatures, Payne & Fears LLP ("P&F") has been engaged to represent Irvine Ranch Water District ("IRWD") in the above matter, subject and limited to the terms of this letter. We appreciate your retention of our firm. Although you are retaining P&F and not any particular attorney, it is anticipated that services will be performed principally by James L. Payne and Jeffrey K. Brown.

P&F is committed to providing efficient and responsive service to its clients in an atmosphere of mutual trust, confidentiality and candid communication. In that spirit, this letter sets forth our agreement with you regarding our engagement and the firm's billing practices.

P&F has been retained by IRWD to provide legal services for general legal matters and other matters as may be requested from time to time. It is expressly understood that we are not retained to advise IRWD in any other matter, and any engagement of P&F in any other matter will only be in writing signed by both you and our firm. Our legal services to the Fiscal Year 2013-14, shall not exceed the amount of \$100,000 without the prior authorization from IRWD.

Our billings will be at our standard rates, which presently range from \$445 to \$550 per hour for Partners and Principal Attorneys and from \$235 to \$395 per hour for Associates. These hourly rates are subject to periodic review and possible increase upon reasonable notice. In an effort to reduce fees, we may from time to time engage paralegal and/or law clerk assistance which will be billed at \$165 per hour. Secretarial overtime, although seldom used, is presently billed at \$40 per hour. In addition, our monthly invoices will include such charges and disbursements as photocopying (at 18¢/page), long-distance telephone, facsimiles, parking, mileage at the IRS reimbursement rate, filing fees, postage, courier costs, travel expenses, and deposition transcript costs. Rather than

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Paul Cook  
June 17, 2013  
Page 2

paying larger items of disbursement ourselves, we may, as is our normal practice, forward such items to you for direct payment. In addition, fees or costs for electronic billing requested by IRWD, if any, are solely the responsibility of IRWD. You also agree that any fees paid to expert witnesses or consultants, witnesses or other costs shall be your responsibility and not that of P&F.

Our fees are determined on the understanding that our statements will be paid within 30 days. If any of our billings are not paid on time, we may immediately stop work, and any continuation of work thereafter will not be a waiver of our right to stop work at any time thereafter. Any billings not paid after 30 days will accrue a finance charge of 10% per annum.

Any dispute relating to P&F's fees and costs incurred under this agreement may be submitted to arbitration in Orange County before the Orange County Bar Association in accordance with the provisions of Business & Professions Code Section 6200 *et seq.* All other disputes (including those involving fees and costs not resolved pursuant to Business & Professions Code Section 6200 *et seq.*) between the parties hereto arising out of this agreement or the professional services rendered, errors or omissions, negligence, breach of fiduciary duty or other alleged wrongdoing by P&F and/or any of its attorneys or employees shall be resolved by binding arbitration in Orange County pursuant to the provisions of California Code of Civil Procedure Sections 1280 *et seq.* By signing this agreement, each of the parties hereto waives his/her and/or its right to a jury or court trial, the right to appeal and full discovery rights otherwise available with respect to any and all disputes between them and agrees to be bound by binding arbitration as described herein. The parties further agree that the time for commencement of arbitration shall be governed by statutes of limitation that would apply under the California Code of Civil Procedure to commencement of civil actions, and that no party may commence arbitration with respect to a claim that is not timely filed under those provisions. The parties further agree that the arbitrator shall have the discretion to order the losing party in the arbitration proceedings to reimburse the prevailing party for all costs incurred in connection with the arbitration including, without limitation, arbitrator's fees.

Please contact us immediately if there should be any question or concern of any kind about any of our billings. Open and candid communication about billings is critical, and you should not harbor any unexpressed concern. Often we can answer billing questions (and provide a more detailed description of time spent) from our notes, memories or other materials if the question is promptly raised. Unless promptly contacted by you upon receipt of one of our billings, it will be understood that our billing is acceptable.

This engagement letter is an integrated agreement. If the contents of this letter are satisfactory, please sign and return this letter to us, retaining a copy for your own files.

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Upon receipt of this signed engagement letter, our engagement will be complete and we will be able to proceed.

Thank you again for engaging us in this matter. We look forward to working with you.

Very truly yours,



James L. Payne  
PAYNE & FEARS LLP

JLP/mih

AGREED AND APPROVED  
this \_\_\_\_ day of \_\_\_\_\_, 2013.

IRVINE RANCH WATER DISTRICT

By: \_\_\_\_\_  
Paul Cook

4828-7111-5796.1

July 8, 2013

Prepared by: C. Compton

Submitted by: G. Heiertz

Approved by: Paul Cook



## CONSENT CALENDAR

### 2013 STATE LEGISLATIVE UPDATE

#### SUMMARY:

This report provides an update on the 2013 State legislative session and IRWD State legislative priorities. An updated copy of the 2013 State Legislative Matrix is attached as Exhibit "A". Staff is recommending that the Board take a "WATCH" position on SB 556 (Corbett):  
Ostensible: nongovernmental entities.

#### BACKGROUND:

With the State budget adopted, the California Legislature is looking forward to summer recess. This year the dates for the Assembly and Senate summer recesses differ, which has also impacted the policy committee deadlines for each house. The Assembly began its summer recess on July 3, 2013, and will return on August 5. Its policy committee deadline is August 16. The Senate will begin its summer recess on July 12, and will return on August 12. Its policy committee deadline is July 12.

#### State Budget Update:

On June 14, 2013, one day before the constitutional deadline, the Legislature passed the Fiscal Year 2013-14 budget. The budget authorizes \$96.3 billion in General Fund expenditures, and assumes the Governor's more conservative revenue estimates instead of the higher projections developed by the Legislative Analyst's Office (LAO). The budget also includes \$206 million to improve mental health care, \$80 billion to restore Medi-Cal adult dental benefits, additional base revenue for school districts, and a middle-class college scholarship program implementation.

Of interest to IRWD, the adopted budget, like the May Revise, designated all Proposition 39 revenues to cost-effective energy savings opportunities for K through 12 school facilities. It also loaned \$500 million in cap-and-trade revenues to the General Fund this year while the California Air Resources Board continues to do more work on how to invest cap-and-trade auction proceeds. It is important to note that the budget did not contain a plan for repayment of the \$500 million in cap-and-trade revenues.

Despite many believing that the adopted budget was constrained in its spending, its critics continue to raise concerns that it did not do enough to address California's looming "Wall of Debt," substantially build the State's reserves, or address the CalPERS or CalSTRS unfunded liability.

Governor Brown signed the adopted budget on June 27. He had until June 30 to act on the budget. Staff will provide an oral update on any new developments.

*ACA 8 and SCA 11 Taken Up As Part of the Budget:*

In addition to the budget bill, the Legislature also acted on a number of budget trailer bills. One of the bills taken up in the Assembly, as a budget trailer bill, was ACA 8 (Blumenfield, D-Van Nuys). ACA 8 would place a constitutional amendment on the next statewide ballot allowing California voters to decide whether local communities may approve special district and local government bond funding with a fifty-five percent voter approval instead of the current two-thirds required. The Assembly passed ACA 8 by the required two-thirds vote. The proposal is currently awaiting referral to a policy committee in the Senate.

The Senate is considering a similar measure in SCA 11 (Hancock, D-Oakland). The measure would place a proposition on the next statewide ballot amending the California Constitution to permit the imposition, extension, or increase of a local government special tax upon the approval of fifty-five percent of the voters instead of the current two-thirds required. SCA 11 was passed by the Senate Elections and Constitutional Amendments Committee on June 18, 2013, and was referred to the Senate Committee on Rules for additional discussion. Senate President pro Tem Darrell Steinberg has indicated that the full Senate will not take up either measure for consideration until early next year.

*May State Revenue Numbers Released:*

On June 10, 2013, State Controller John Chiang released his monthly report on the State's finances. He announced that the State took in \$7.27 billion in revenues during the month of May, which was \$799.1 million or 12.4% higher than estimates. The State ended the 2011-12 Fiscal Year with a cash deficit of \$9.6 billion, which was covered by external borrowing. With the greater than projected revenue received last December and the higher revenues received in recent months, the State's cash deficit has narrowed to \$3.2 billion.

Despite the higher than anticipated revenues, Controller Chiang cautioned that the "news should be tempered by nagging questions regarding its sustainability and by the need to repay years of accumulated debt." The revenues received in May typically account for seven percent of California's annual revenues. The June figures are expected to provide better insight into the State's financial situation.

IRWD 2013 Legislative Priorities:

*AB 803 (Gomez) – Water Recycling Act of 2013:*

On May 29, 2013, the Assembly passed AB 803 on a 77-to-0 vote. Upon moving to the Senate, the bill was assigned to the Senate Environmental Quality Committee (Senate EQ). Senate EQ has set the bill for hearing on July 3.

AB 803 was amended on June 19 to address concerns raised by the Metropolitan Water District of Southern California (Met) and to include language addressing hose bibs in cemeteries, which was sought by the group of interested WaterReuse Association members who were working with the International Association of Plumbing and Mechanical Officers (IAPMO). As amended, the bill now provides that before a Regional Board permits a discharge of advanced treated purified

water into a conveyance facility owned or operated by another agency that the agency must consent to the discharge into its facility. The bill also now contains the following language regarding hose bibs in cemeteries:

“A cemetery supplied with disinfected tertiary recycled water that installs a hose bib in an area subject to access by the general public shall post signage and labeling visible to the general public that the water is nonpotable. The signage and labeling shall be regularly inspected by the water purveyor, as defined in Section 512 of the Water Code, to ensure that the general public has proper notice of this fact.”

Staff will provide an update to the Water Resources Policy and Communications Committee meeting on the new developments. IRWD currently has a “SUPPORT” position on this bill.

*AB 1200 (Levine) – Recycled water: agricultural irrigation impoundments:*

AB 1200, which would create a voluntary pilot project for the purpose of investigating the potential water quality impacts associated with maximizing the use of recycled water in agricultural irrigation impoundments in the San Francisco Bay Regional Water Quality Board, has been referred to Senate EQ. It was heard and passed by Senate EQ on June 26, 2013.

IRWD currently has a “SUPPORT” position on this bill.

Updates on Other 2013 Legislation of Interest to IRWD:

*AB 145 (Perea/Rendon) – Relocation of Responsibility for the State’s Drinking Water Program:*

On June 12, 2013, Senate EQ heard AB 145 (Perea, D-Fresno). After a lengthy discussion, the Committee passed the bill on a 7-to-0 vote, with the Republican members of the Committee abstaining. A portion of the Committee’s discussion on the bill focused on the LAO’s May evaluation of the advantages and disadvantages of transferring the Drinking Water Program (DWP) from the Department of Public Health (DPH) to either the State Water Resources Control Board (SWRCB) or to a newly created stand-alone entity under Cal-EPA. The LAO has estimated the annual reoccurring cost of moving the DWP to SWRCB at \$1 million, and the annual reoccurring cost of moving the program to a separate stand-alone entity under Cal-EPA is estimated at \$6 million. Assemblymember Perea has cited the \$6 million cost as the reason he is currently not willing to consider moving the DWP to a stand-alone division at Cal-EPA as proposed by the Association of California Water Agencies (ACWA) and the California Municipal Utilities Association (CMUA). A copy of the LAO’s evaluation is attached as Exhibit “B”.

AB 145 was doubled referred, and will next come before the Senate Health Committee. It is set for hearing on July 3. Staff will provide an oral update on the outcome of this hearing to the Water Resources Policy and Communications Committee.

*AB 543 (Campos) – CEQA: translation:*

AB 543 (Campos, D-San Jose), which would require a lead agency to translate certain CEQA documents and notices when a project is proposed that will impact a community comprised of a substantial number of non-English-speaking people, has been referred to Senate EQ. It is set for hearing on July 3, 2013.

The Public Works Coalition, a broad alliance of public agencies and associations representing nearly every school, county and special district in California, sent a letter opposing AB 543 on June 14 which IRWD signed. A copy of the letter is attached as Exhibit “C”. Staff will provide an oral update on any new developments as appropriate.

IRWD currently has an “OPPOSE” position on this bill.

*AB 792 (Mullin) – Local Government: open meetings:*

AB 792 (Mullin, D-San Mateo), which was sponsored by the California Special Districts Association (CSDA), was introduced to address the electronic posting of agendas and a local government’s compliance with the Brown Act. It was referred to the Senate Governance and Finance Committee, and set to be heard on June 26, 2013. However, the hearing was canceled at the author’s request. On June 25, the bill was gutted and amended. The bill would now exempt from any utility user tax imposed by a local jurisdiction, the consumption of electricity generated by a renewable distributed generation system that is installed for the exclusive use of a single customer. Despite the June 25 amendments to AB 792, CSDA and Assemblymember Mullin have committed to continuing to work on clarifying the Brown Act requirements for electronic posting of agendas. Staff will provide an oral update on any new developments as appropriate.

IRWD took a “SUPPORT” position on this bill when it dealt with the electronic posting of agendas and a local government’s compliance with the Brown Act.

*SB 322 (Hueso) – Water Recycling:*

SB 322 (Hueso, D-San Diego), which would require DPH to administer an expert panel to evaluate Direct Potable Reuse (DPR) no later than January 30, 2014, and evaluate the feasibility of developing uniform water recycling criteria for DPR, has been doubled referred to the Assembly Environmental Safety and Toxic Material Committee and the Assembly Water, Parks and Wildlife Committee. A hearing date has not been set for either committee as of yet. Staff will provide an oral update on any new developments as appropriate.

IRWD currently has a “SUPPORT” position on this bill.

*SB 556 (Corbett) – Agency: ostensible:*

SB 556 (Corbett, D-San Leandro), which would have provided that a public agency that contracts for labor or services is jointly and severally liable for damages caused during or in connection with the performance of work under the contract, was substantially amended on June 19, 2013. The bill now would prohibit a person, firm, corporation, or association that contracts

with a public entity to perform labor or services from displaying on a vehicle or uniform a seal, emblem, brand name, or any other term, symbol, or content that reasonably could be interpreted as implying that the labor or services are being provided by employees of the public agency, unless the vehicle or uniform conspicuously displays a disclosure stating that either “The operator of this vehicle is not a government employee or “Not a government employee.”

On June 10, 2013, the Board adopted an “oppose” position on SB 556 because the bill would have exposed the District to additional liability. With the June 19 amendments, the placement of additional liability upon public agencies has been removed from the bill. Staff recommends that the Board consider modifying its position on the bill and changing its position from “OPPOSE” to “WATCH.”

SB 556 was referred and passed by the Assembly Committee on Judiciary.

A copy of SB 556, as amended, is included as Exhibit “D”.

*Water Bond:*

As expected after the State budget’s adoption, the Assembly has begun work on the water bond. Towards that end, an Assembly working group has been formed to evaluate the current water bond and develop proposed changes to the bond for the 2014 ballot. The members of the working group are Assemblymembers Toni Atkins (D-San Diego), Raul Bocanegra (D-Arleta), Wesley Chesbro (D-Santa Rosa), Susan Eggman (D-Stockton), Mike Gatto (D- Burbank), Richard Gordon (D-Los Altos), Kevin Mullin (D-San Mateo), Henry Perea (D-Fresno), and Anthony Rendon (D- Lakewood).

The Southern California members of the working group have begun holding meetings to better understand the current bond and the water financing needs of the state. They have met with Mark Cowin, Director of the California Department of Water Resources, and on June 19, 2013, received presentations from a number of select Southern California water agencies. ACWA has also begun educating these members on the water funding needs of the state and sharing its perspective on the bond with members of the working group.

AB 1331 (Asm. Water, Parks and Wildlife Committee) continues to be the expected vehicle for any changes to the water bond. AB 1331 has been double referred to the Senate Natural Resources and Water Committee, and Senate EQ.

IRWD has reached out to Assemblymember Rendon’s office to determine how the District might be helpful to the working group. Staff will provide an oral update on any new developments.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed at the Water Resources Policy and Communications Committee on July 1, 2013.

RECOMMENDATION:

THAT THE BOARD CHANGE ITS POSITION ON SB 556 (CORBETT) FROM “*OPPOSE*” TO “*WATCH*.”

LIST OF EXHIBITS:

Exhibit “A” – 2013 IRWD Legislative Matrix

Exhibit “B” – LAO Evaluation of Options for State Drinking Water Program Relocation

Exhibit “C” – Public Works Coalition Letter on AB 543 (Campos)

Exhibit “D” – SB 556 (Corbett), As Amended on June 19, 2013

**EXHIBIT "A"**  
**IRWD 2013 LEGISLATIVE MATRIX**  
Updated June 26, 2013

<b>Bill No. Author</b>	<b>Title</b>	<b>IRWD Position</b>	<b>Summary/Effects</b>	<b>Status</b>	<b>Notes</b>
<b><u>AB 1</u></b> Alejo (D)	Water Quality: Integrated Plan: Salinas Valley		Appropriates funds for use by the Greater Monterey County Regional Water Management Group, referred to as the management group, to develop the integrated plan to address the drinking water and wastewater needs of disadvantaged communities in the Salinas Valley whose waters have been affected by waste discharges.	05/24/2013 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.	
<b><u>AB 11</u></b> Logue (R)	Reserve Peace Officers: Emergency Rescue Personnel		Requires specified employers to permit an employee who performs emergency duty as a volunteer firefighter, reserve peace officer, or as emergency rescue personnel to take a leave of absence for the purpose of engaging in fire, law enforcement, or emergency rescue training.	06/25/2013 - In SENATE. Read second time. To third reading.	
<b><u>AB 21</u></b> Alejo (D)	Safe Drinking Water Small Community Grant Fund		Authorizes the assessment of a specified annual charge in lieu of interest on loans for water projects made pursuant to the Safe Drinking Water State Revolving Fund, and the deposit of that money into the Safe Drinking Water State Small Community Emergency Grant Fund. Authorizes the expending of the money in the fund for grants for specified water projects that serve disadvantaged and severely disadvantaged communities.	06/12/2013 - From SENATE Committee on ENVIRONMENTAL QUALITY: Do pass to Committee on HEALTH.	
<b><u>AB 25</u></b> Campos (D)	Employment: Social Media		Applies existing law that prohibits a private employer from requiring or requesting an employee or applicant for employment to disclose a username or password for the purpose of accessing personal social media, to access personal social media in the presence of the employer, or to divulge any personal social media to public employers. Provides that these provisions apply to public employers generally, including charter cities and counties.	06/25/2013 - In SENATE. Read second time. To third reading.	
<b><u>AB 30</u></b> Perea (D)	Water Quality		Amends the Porter-Cologne Water Quality Control Act to authorize the Water Resources Control Board to assess an annual charge in connection with any financial assistance under the Water Pollution Control Revolving Fund without a change unless the board makes a prescribed determination, at which time the board would replace the charge with an identical interest rate. Relates to deposits into the State Water Pollution Control Revolving Fund Small Community Grant Fund and expansion of grants from the fund.	06/24/2013 - In SENATE Committee on APPROPRIATIONS: To Suspense File.	
<b><u>AB 37</u></b>	Water Management:		Requires that in each integrated regional water management region	06/24/2013 -	

**EXHIBIT "A"**  
**IRWD 2013 LEGISLATIVE MATRIX**  
Updated June 26, 2013

Bill No. Author	Title	IRWD Position	Summary/Effects	Status	Notes
Perea (D)	Funding: Disadvantaged Communities		not less than a specified percentage of any funding for such planning purposes be used to facilitate and support the participation of disadvantaged communities in such planning and for project that address critical water supply or water quality needs for disadvantaged communities.	Withdrawn from SENATE Committee on ENVIRONMENTAL QUALITY.;06/24/2013 - Re-referred to SENATE Committee on RULES.	
<b>AB 52</b> Gatto (D)	Native Americans: California Environmental Quality Act		Requires a lead agency to make best efforts to avoid, preserve, and protect specified Native American resources with a project that may have a significant effect on the environment. Requires the agency to take specified actions if the project may adversely affect tribal cultural resources, a reservation or rancheria. Requires the revision of guidelines to include criteria for determining whether a proposed project has a significant effect on the environmental to include effects on tribal cultural resources.	06/24/2013 - From ASSEMBLY Committee on NATURAL RESOURCES: Do pass.	
<b>AB 69</b> Perea (D)	Groundwater: Drinking Water: Nitrate at Risk Fund		Requires the State Water Resources Control Board to develop a public information program on matter involving groundwater quality monitoring and to place the information on its Internet Web site. Expands the assessment on bulk fertilizer to all commercial and retail sales with the revenue deposited into the Fertilizer Research and Education Program Fund. Establishes the Nitrate at Risk Fund for loans and grant to water system for specified purposes. Provides for a nitrogen fertilizer materials charge.	06/24/2013 - Withdrawn from SENATE Committee on ENVIRONMENTAL QUALITY.;06/24/2013 - Re-referred to SENATE Committee on RULES.	
<b>AB 72</b> Holden (D)	Municipal Water District: Board of Directors		Requires the directors of a municipal water district, except directors elected at a district formation election, to take office on the first Friday in December succeeding their election.	06/17/2013 - Signed by GOVERNOR.;06/17/2013 - Chaptered by Secretary of State. Chapter No. 8	
<b>AB 115</b> Perea (D)	Safe Drinking Water State Revolving Fund		Relates to the state Safe Drinking Water Act. Authorizes the Department of Public Health to fund projects by grant or loan where	06/17/2013 - In SENATE. Read	

**EXHIBIT "A"**  
**IRWD 2013 LEGISLATIVE MATRIX**  
Updated June 26, 2013

Bill No. Author	Title	IRWD Position	Summary/Effects	Status	Notes
			multiple water systems apply for funding as a single applicant for the purpose of consolidating water systems or extending services to households relying on private wells. Authorizes funding of a project to benefit a disadvantaged community.	second time and amended. Re-referred to Committee on APPROPRIATIONS.	
<b>AB 118</b> Env Safety & Toxic Material Cmt	Safe Drinking Water State Revolving Fund		Limits loans and grants from the Safe Drinking Water State Revolving Fund for planning and preliminary engineering studies, project design, and construction costs to those incurred by community and not-for-profit public water systems. Specifies that certain water systems have no ability to repay a loan. Authorizes a loan applicant to receive up to the full cost of a project in the form of a loan, subject to specified conditions.	06/17/2013 - In SENATE. Read second time and amended. Re-referred to Committee on HEALTH.	
<b>AB 122</b> Rendon (D)	Energy Assessment: Nonresidential Buildings: Financing		Enacts the Nonresidential Building Energy Retrofit Financing Act. Requires the Energy Resources Conservation and Development Commission to establish a program to develop a request for proposal for a third-party administrator and to develop and operate the program to provide financial assistance, through authorizing the issuance of, revenue bonds, to owners of eligible nonresidential buildings for implementing energy property improvement. Requires a public report on program efficacy.	05/24/2013 - In ASSEMBLY Committee on APPROPRIATIONS: Not heard.	
<b>AB 142</b> Water, Parks and Wildlife Cmt	Water Resources: Infrastructure		Requires the Department of Water Resources to initiate and complete a comprehensive study of state and local water supply infrastructure needs and to provide a report to the Legislature that summarizes those findings.	05/06/2013 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.	
<b>AB 145</b> Perea (D)	State Water Resources Control Board: Drinking Water		Transfers to the State Water Resources Control Board the various duties and responsibilities imposed on the State Department of Public Health by the State Safe Drinking Water Act and the Safe Drinking Water State Revolving Fund Law of 1997. Requires the State Environmental Protection Agency to prepare a project initiation document for the transfer of the state drinking water program from the State Department of Public Health to a Division of Drinking Water Quality.	06/18/2013 - In SENATE. Read second time and amended. Re-referred to Committee on HEALTH.	

**EXHIBIT "A"**  
**IRWD 2013 LEGISLATIVE MATRIX**  
Updated June 26, 2013

Bill No. Author	Title	IRWD Position	Summary/Effects	Status	Notes
<b>AB 153</b> Bonilla (D)	Global Warming Solutions Act of 2006: Offsets		Amends the Global Warming Solutions Act of 2006. Requires the State Air Resources Board to adopt a specified process for the review and consideration of new offset protocols for reducing greenhouse gases and, commencing in 2014 and continuing thereafter, use that process to review and consider new offset protocols. Requires the board to adopt guidelines and incentives that prioritize the approval of specified offset protocols. Requires the board to submit a specified annual report to the Legislature.	05/24/2013 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.	
<b>AB 183</b> Dickinson (D)	Delta Protection Commission: Executive Director		Amends the Johnson-Baker-Andal-Boatwright Delta Protection Act of 1992. Requires the Executive Director of the Delta Commission to determine a discretionary project located in the primary zone to be consistent with the resource management plan provided that the project satisfies specified criteria. Authorizes appeals to specified decisions.	02/15/2013 - To ASSEMBLY Committees on WATER, PARKS AND WILDLIFE and NATURAL RESOURCES.	
<b>AB 194</b> Campos (D)	Open Meetings: Protections for Public Criticism		Makes it a misdemeanor for a member of a legislative body, while acting as a chairperson of a legislative body of a local agency, to prohibit public criticism protected under the Ralph M. Brown Act. Authorizes a district attorney to commence an action for the purpose of obtaining a judicial determination that an action taken by a legislative body of a local agency in violation of the protection for public criticism is null and void.	02/07/2013 - To ASSEMBLY Committee on LOCAL GOVERNMENT.	
<b>AB 218</b> Dickinson (D)	Employment Applications: Criminal History		Prohibits a state or local agency from asking an applicant for employment to disclose information regarding a criminal conviction until the agency has determined the applicant meets the minimum employment qualifications for the position. Includes specified findings and declarations of the Legislature in support of this policy.	06/13/2013 - To SENATE Committees on LABOR AND INDUSTRIAL RELATIONS and JUDICIARY.	
<b>AB 229</b> Perez J (D)	Infrastructure and Revitalization Financing Districts		Authorizes the creation of an infrastructure and revitalization financing district and the issuance of debt with voter approval. Authorizes the creation of a district for up to 40 years and the issuance of debt with a final maturity date of up to 30 years.	06/25/2013 - In SENATE. Read second time. To third reading.	

**EXHIBIT "A"**  
**IRWD 2013 LEGISLATIVE MATRIX**  
**Updated June 26, 2013**

Bill No. Author	Title	IRWD Position	Summary/Effects	Status	Notes
			Authorizes a district to finance projects in redevelopment project areas and former redevelopment project areas and former military bases.		
<b>AB 243</b> Dickinson (D)	Local Government: Infrastructure Financing Districts		Authorizes the creation of an infrastructure and revitalization financing district and the issuance of debt with voter approval. Authorizes a district to finance projects in redevelopment project areas and former redevelopment project areas and former military bases if special conditions are met. Authorizes a district to fund various projects, including watershed land used for the collection and treatment of water for urban uses, flood management, open space, habitat restoration and development purposes.	06/18/2013 - In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.	
<b>AB 294</b> Holden (D)	Local-State Joint Investment Partnership Program		Establishes a pilot program whereby certain local government entities, upon the approval and oversight of the Infrastructure and Economic Development Bank, are authorized to reallocate their annual payments of property tax revenue directed to the Educational Revenue Augmentation Fund to instead finance certain kinds of public works that further state policy. Requires each entity operating a project under the program and the bank to submit reports on program results.	05/24/2013 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.	
<b>AB 295</b> Water, Parks and Wildlife Cmt	Water: Water Supply: Infrastructure		Requires the State Water Resources Control Board and the Drinking Water and Environmental Management Division of the State Department of Public Health to initiate and complete a comprehensive study relating to the need for state funding for water projects and to provide a report to the Legislature summarizing those findings.	05/06/2013 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.	
<b>AB 371</b> Salas (D)	Sewage Sludge: Kern County		Authorizes the Kern County Board of Supervisors, upon a majority vote, to regulate or prohibit by ordinance, in a manner more stringent than state or federal law and in a nondiscriminatory manner, the land application of sewage sludge in unincorporated areas in the jurisdiction of the county. Relates to applications for waste discharge.	05/16/2013 - In ASSEMBLY. To Inactive File.	
<b>AB 378</b> Hueso (D)	Resources: Delta Research		Requires a person conducting Delta research whose research is funded, in whole or in part, by the state, to take specified actions	03/07/2013 - To ASSEMBLY	

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Bill No. Author	Title	IRWD Position	Summary/Effects	Status	Notes
			with regard to the sharing of the primary data, samples, physical collections, and other supporting materials created or gathered in the course of that research. Authorizes the Delta Independent Science Board to adopt guidelines to provide adjustments to, and, where essential, exceptions from, these requirements.	Committees on ACCOUNTABILITY AND ADMINISTRATIVE REVIEW and WATER, PARKS AND WILDLIFE.	
<b>AB 380</b> Dickinson (D)	California Environmental Quality Act: Notice		Amends the California Environmental Quality Act. Requires that notices regarding environmental impact reports filed by lead agencies need to be filed with the Office of Planning and Research and the county clerk and posted by the clerk for public review. Provides notice requirements for projects that are determined to be exempted from the Act.	06/13/2013 - To SENATE Committee on ENVIRONMENTAL QUALITY.	
<b>AB 410</b> Jones-Sawyer (D)	Public Employee Health Benefits: Enrollment		Permits an annuitant who reinstates from retirement under the Public Employees' Retirement System for employment by the state or a contracting agency and who subsequently retires again on or after a specified date to enroll in a health benefit plan under the Public Employees' Medical and Hospital Care Act for which they are eligible as an annuitant of the employer from which they retired, upon specified conditions. Requires the person's retirement to occur within a specified time period after separation.	06/24/2013 - In SENATE Committee on APPROPRIATIONS: To Suspense File.	
<b>AB 416</b> Gordon (D)	Local Emission Reduction Program		Creates the Local Emission Reduction Program and requires money to be available from the general fund for providing grants and other financial assistance to develop and implement greenhouse gas emissions reduction projects in the state, giving consideration to the ability of a project to create local job training and job creation benefits and achieve greenhouse gas emissions reduction. Provides the public entities that will be required to administer the program.	05/24/2013 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.	
<b>AB 426</b> Salas (D)	Water Transfers: Water Rights Decrees		Amends existing law that provides that any water right determined under a court decree issued after a specified date, is transferable. Eliminates the requirement that a court decree be issued after a specified date.	06/25/2013 - From SENATE Committee on NATURAL RESOURCES AND WATER: Do pass to	

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<u><b>AB 436</b></u> Jones-Sawyer (D)	Inverse Condemnation: Comparative Fault		Applies the doctrine of comparative fault to inverse condemnation actions. Requires a court or arbitrator to reduce the compensation paid to a plaintiff in an inverse condemnation proceeding in direct proportion to his or her percentage of fault, if any, in the damaging of property that constitutes a taking. Provides the circumstances under which the plaintiff shall not recover his or her postoffer costs and shall pay the defendant's postoffer costs, including expert witness costs.	Committee on <b>APPROPRIATIONS.</b> 06/24/2013 - From SENATE Committee on JUDICIARY with author's amendments.;06/24/2 013 - In SENATE. Read second time and amended. Re-referred to Committee on JUDICIARY.	
<u><b>AB 507</b></u> Garcia (D)	Public Employees Retirement: Retirement Death Benefit		Requires that the amount paid pursuant to the Public Employees Retirement Law Post Retirement Death Benefit be a specified amount for a death occurring during a specified period. Increases that amount each year as specified at which point the amount would be a specified amount and would be adjusted annually thereafter.	05/24/2013 - In <b>ASSEMBLY</b> Committee on <b>APPROPRIATIONS:</b> Held in committee.	
<u><b>AB 515</b></u> Dickinson (D)	California Environmental Quality Act: Judicial Review		Establishes a CEQA Compliance Division of the Superior Court in a county in which the Attorney General maintains an office. Provides the division with original jurisdiction over actions of proceedings brought pursuant to the CEQA and matters related to land use and environmental laws. Provides decisions of the division may be reviewed by way of a petition for an extraordinary writ. Provides the contents of a writ if a public agency is found to be in error and what action the agency must take to comply.	04/23/2013 - In <b>ASSEMBLY</b> Committee on <b>JUDICIARY:</b> Not heard.	
<u><b>AB 536</b></u> Wagner (R)	Contractors: Payments		Amends existing law that allows specified persons to withhold from a contractor or subcontractor no more than a specified percentage of any disputed amount if there is a good faith dispute over the amount due on a contract payment. Excludes specified amounts from being considered disputed amounts, provides that disputed amounts shall not include any action related liquidated damages assessed by the owner against the prime contractor, and any amount regarding a mechanic's lien to stop payment notice.	04/16/2013 - In <b>ASSEMBLY</b> Committee on <b>BUSINESS,</b> <b>PROFESSIONS &amp;</b> <b>CONSUMER</b> <b>PROTECTION:</b> Not heard.	

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<b>AB 543</b> Campos (D)	California Environmental Quality Act: Translation	Oppose	Requires a lead agency to translate certain notices required by the California Environmental Quality Act and a summary of any negative declaration, mitigated negative declaration, or environmental impact report when a group of non-English-speaking people comprises at minimum percentage of the population within the lead agency's jurisdiction and the proposed project is to be located at or near an area where the group of non-English-speaking people comprises that same percentage of residents of the area.	06/13/2013 - Re-referred to SENATE Committee on ENVIRONMENTAL QUALITY.	
<b>AB 551</b> Ting (D)	Local Government: Urban Agriculture Incentive Zones		Enacts the Urban Agriculture Incentive Zones Act. Authorizes, under specified conditions, a county or a city and county and a landowner to enter into a contract to enforceably restrict the use of vacant, unimproved or otherwise blighted lands for small-scale production of agricultural crops. Require the county assessor to consider, when valuing real property for property taxation purposes, property that is enforceably restricted by a contract entered into pursuant to the act.	06/25/2013 - From SENATE Committee on GOVERNANCE AND FINANCE with author's amendments.;06/25/2013 - In SENATE. Read second time and amended. Re-referred to Committee on GOVERNANCE AND FINANCE.	
<b>AB 607</b> Perea (D)	Worker's Compensation: Dependent Children		Amends existing law that establishes a workers' compensation system. Eliminates the requirement that, in order to conclusively presume that children under 18, or certain adult children, are wholly dependent for support on the deceased employee-parent, there not be a surviving totally dependent parent.	05/02/2013 - To SENATE Committees on LABOR AND INDUSTRIAL RELATIONS and APPROPRIATIONS.	
<b>AB 613</b> Hueso (D)	Water Reclamation		Makes technical, nonsubstantive changes to a provision of the Water Recycling Law that provides that a person recycling water or using recycled water in violation of specific provisions is guilty of a misdemeanor.	02/20/2013 - INTRODUCED.	
<b>AB 621</b> Wagner (R)	Local Government: Bonds		Relates to local government bonds and investment firms. Prohibits a local agency from entering into a financial advisory, legal advisory,	06/04/2013 - From SENATE Committee	

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			underwriting, or similar relationship with an individual or firm that provides or will provide bond campaign services to the bond campaign. Defines certain terms for those purposes.	on GOVERNANCE AND FINANCE with author's amendments.;06/04/2013 - In SENATE. Read second time and amended. Re-referred to Committee on GOVERNANCE AND FINANCE.	
<b><u>AB 662</u></b> Atkins (D)	Local Government: Infrastructure Financing Districts		Deletes a prohibition on the inclusion of redevelopment project areas in infrastructure financing districts. Relates to the dissolution of redevelopment and community development agencies and designation of successor agencies. Authorizes a successor agency to enter into contracts, make land use decisions, and administer certain projects if the project will not commit new tax funds or affect the flow of tax increment to taxing agencies. Relates to obligation payments. Regards highway improvement contracts.	06/11/2013 - In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.	
<b><u>AB 683</u></b> Mullin (D)	Local Government: Fines and Penalties: Assessments		Authorizes a city, county, city and county, or special district to, after notice and public hearing, specially assess any fines or penalties not paid after demand by the city, county, city and county or district against real property owned by the person owing those fines or penalties, where the fines or penalties are related to ordinance violation on the real property upon which the fines or penalties would be specially assessed, and the ordinance violations constitute a threat to public health and safety.	06/05/2013 - In SENATE Committee on GOVERNANCE AND FINANCE: Not heard.	
<b><u>AB 687</u></b> Hernandez R (D)	Electricity		Requires the Public Utilities Commission, when authorizing additional direct transactions for retail nonresidential end-use customers, to provide the highest priority to acquire electric services from other providers to entities treating and remediating groundwater that is identified as contaminated on a site listed as a Superfund site or a public drinking water system of a disadvantaged community. Requires those entities to use moneys saved as a result	06/18/2013 - From SENATE Committee on ENERGY, UTILITIES AND COMMUNICATION S: Do pass to Committee on	

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			of treatment and remediation of groundwater.	ENVIRONMENTAL QUALITY.	
<b>AB 690</b> Campos (D)	Jobs and Infrastructure Financing Districts		Revises and recasts the provisions governing infrastructure financing districts. Provides for the creation of jobs and infrastructure financing districts without voter approval. Makes various conforming changes. Authorizes a public financing authority to enter into joint powers agreements with affected taxing entities with regard to nontaxing authority or powers only. Authorizes a district to implement hazardous cleanup under the Polanco Redevelopment Act.	04/09/2013 - From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.;04/09/2013 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.	
<b>AB 743</b> Logue (R)	Local Government Reorganization		Amends Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Provides that the authority to initiate, conduct and complete specified changes in organization or reorganizations does not apply to any territory that became surrounded or substantially surrounded by a city to which the annexation is proposed, except for islands that were created as a result of boundary adjustments between two counties.	06/11/2013 - In SENATE. Read second time and amended. To third reading.	
<b>AB 756</b> Melendez (R)	Environmental Quality Act: Court Review: Public Works		Applies the provisions of the California Environmental Quality Act and the Jobs and Economic Improvement Through Environmental Leadership Act of 2011 to a public works project, defined to mean an infrastructure project carried out by the city, county, special district, or state government or contracted out to a private entity by the special district or local or state government.	04/11/2013 - From ASSEMBLY Committee on JUDICIARY with author's amendments.;04/11/2013 - In ASSEMBLY. Read second time and amended. Re-referred	

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				to Committee on JUDICIARY.	
<b><u>AB 766</u></b> Gaines B (R)	Attorney General: Investigations		Prohibits the Attorney General from offering a promise of use or transactional immunity during the course of an investigation into the misuse of public funds, unless specified findings are made. Requires the Attorney General to submit a written copy of the findings to a presiding judge.	04/16/2013 - In ASSEMBLY Committee on PUBLIC SAFETY: Not heard.	
<b><u>AB 792</u></b> Mullin (D)	Local Government: Open Meetings	Support	Requires a local agency, if the agency is unable to post an agenda or notice on its Internet Web site because of software, hardware or network services impairment beyond the agency's reasonable control, to specify that the agency may conduct the meeting as long as the legislative body meets specified requirements, including posting the agenda or notice immediately upon resolution of the technological problems. Provides the delay in posting would not preclude the conduction of the meeting.	06/25/2013 - From SENATE Committee on GOVERNANCE AND FINANCE with author's amendments.;06/25/2013 - In SENATE. Read second time and amended. Re-referred to Committee on GOVERNANCE AND FINANCE.	
<b><u>AB 794</u></b> Gorell (R)	Environmental Quality: Use of Landfill & Organic Waste		Exempts from the requirements of the California Environmental Quality Act a project that takes landfill materials or organic waste and converts then into renewable green energy if the lead agency finds that the project will result in a net reduction in greenhouse gas emissions or support sustainable agriculture. Exempts from the requirements of the act a project that uses biological processes to convert organic waste streams into nonchemical soil fertility products.	03/04/2013 - To ASSEMBLY Committee on NATURAL RESOURCES.	
<b><u>AB 801</u></b> Brown (D)	Junk Dealers and Recyclers: Nonferrous Materials		Requires junk dealers and recyclers to obtain specified information before providing payment for nonferrous materials marked with an indicia of ownership. Requires that this information be retained as part of the written record of purchases.	03/04/2013 - To ASSEMBLY Committee on BUSINESS, PROFESSIONS & CONSUMER	

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<b>AB 803</b> Gomez (D)	Water Recycling Act of 2013	Support	Creates the Water Recycling Act of 2013. Authorizes compliance with effluent limitations and any other permit or waste discharge requirements for the release or discharge of advanced treated purified water that meets certain conditions. Requires certain notification prior to any discharge being allowed. Requires a cemetery supplied with disinfected tertiary recycled water that installs a hose bib in a public access area to post visible signage and labeling indicating that the water is nonpotable.	PROTECTION. 06/19/2013 - From SENATE Committee on ENVIRONMENTAL QUALITY with author's amendments.;06/19/2013 - In SENATE. Read second time and amended. Re-referred to Committee on ENVIRONMENTAL QUALITY.	
<b>AB 811</b> Lowenthal B (D)	Excavations: Regional Notification Center System		Amends existing law that requires any person planning to conduct an excavation to contact a regional notification center prior to excavation. Requires statewide information provided by operators and excavators regarding facility events to be compiled and made available in an annual report by regional notification centers and posted on the Internet Web sites of those regional notification centers.	06/03/2013 - From SENATE Committee on GOVERNANCE AND FINANCE with author's amendments.;06/03/2013 - In SENATE. Read second time and amended. Re-referred to Committee on GOVERNANCE AND FINANCE.	
<b>AB 823</b> Eggman (D)	Environment: State Farmland Protection Act	Oppose	Enacts the Farmland Protection Act. Requires that a lead agency reviewing a development project require that all feasible mitigation of the identified significant environmental impacts associated with the conversion of agricultural lands be completed by the project applicant and to consider the permanent protection or replacement of such land as feasible mitigation for identified significant effects on the land caused by the project.	04/29/2013 - From ASSEMBLY Committee on NATURAL RESOURCES: Do pass to Committee on AGRICULTURE.	

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<b>AB 841</b> Torres (D)	Junk Dealers and Recyclers: Nonferrous Materials		Amends existing law that prohibits a junk dealer or a recycler from providing payment for nonferrous material unless the payment is made by cash or check, and the check is mailed or the cash or check is provided no later than three days after the date of the sale, and other requirements are met. Allows the payment for nonferrous materials only by check mailed to the seller's address.	06/11/2013 - In SENATE. Read second time. To third reading.	
<b>AB 850</b> Nazarian (D)	Public Capital Facilities: Water Quality		Authorizes specified joint powers authorities, upon application of a local agency that owns and operates a publicly owned utility to issue rate reduction bonds to finance a utility project. Provides the bonds are secured by utility project property. Authorizes the authority to impose on customers a separate nonbypassable charge, to finance the rate reduction bond, and to adjust utility project charge to correct for any overcollection or undercollection to ensure timely payment of bond financing costs.	06/25/2013 - In SENATE Committee on GOVERNANCE AND FINANCE: Not heard.	
<b>AB 892</b> Daly (D)	Parcel Taxes		Requires the State Board of Equalization to annually report specified information relating to the imposition of locally assessed parcel taxes including the type and rate of a parcel tax and the number of parcels subject to or exempt from the parcel tax.	05/24/2013 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.	
<b>AB 953</b> Ammiano (D)	California Environmental Quality Act		Amends the California Environmental Quality Act, which defines environment and significant effect on the environment for certain purposes. Revises those definitions. Requires a lead agency to include in an environmental assessment report, a detailed statement on any effects that may result in the locating a proposed project near natural hazards or adverse environmental conditions.	05/31/2013 - In ASSEMBLY. To Inactive File.	
<b>AB 993</b> Linder (R)	Contractors: Arbitration		Amends the Contractors' State License Law. Provides a party that submits a dispute with contractor to arbitration waives any right to recover attorney's fees or to challenge the arbitrator's award attorney's fees in a related civil action. Relates to the setting of the time, date, and location for a arbitration related hearing. Requires good cause to exclude any person from a hearing. Revises requirements regarding the recording of the hearing. Authorizes the reopening of a hearing prior to any award.	06/17/2013 - From SENATE Committee on BUSINESS, PROFESSIONS & ECON. DEVELOPMENT: Do pass to Committee on	

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				JUDICIARY.	
<b><u>AB 1035</u></b> Muratsuchi (D)	Local Agencies: Financial Reports		Raises the amount forfeited for failure to submit financial reports to all local agencies. Doubles fines if the agency fails to submit the report to the Controller for 2 consecutive years. Triples the fines if the agency fails to submit the report to the Controller for 3 or more consecutive years. Requires the Controller to conduct an independent audit report of an agency that issues conduit revenue bonds. Specifies the agency that has a forfeiture or payment still must file the report.	06/11/2013 - In SENATE Committee on GOVERNANCE AND FINANCE: Not heard.	
<b><u>AB 1043</u></b> Chau (D)	Drinking Water, Quality, Flood, River Protection		Amends the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006. Eliminates the requirement to develop and adopt regulations and requires a grantee of certain initiative bond act funds to take specific actions to recover the costs of cleanup and to utilize those funds for certain groundwater contamination cleanup projects.	06/25/2013 - In SENATE Committee on NATURAL RESOURCES AND WATER: Not heard.	
<b><u>AB 1080</u></b> Alejo (D)	Community Revitalization & Investment Authorities		Authorizes certain public entities of a community revitalization and investment area to form a community revitalization plan within a community revitalization and investment authority to carry out the Community Redevelopment Law in a specified manner. Requires the authority to adopt a community revitalization plan for a community revitalization and investment area and authorizes the authority to include in that plan a provision for the receipt of tax increment funds.	06/25/2013 - In SENATE. Read second time and amended. Re-referred to Committee on TRANSPORTATION AND HOUSING.	
<b><u>AB 1090</u></b> Fong (D)	Public Officers: Conflicts of Interest: Contracts		Provides that a person who violates the prohibition against being financially interested in a contract, or who causes another person to violate or who aids and abets another person in violating the prohibition, is subject to administrative and civil fines. Authorizes the Fair Political Practices Commission to enforce these violations by bringing an administrative or civil action against a person who is subject to the prohibition, upon specified authorization. Relates to requests for advice.	06/13/2013 - Re-referred to SENATE Committee on ELECTIONS AND CONSTITUTIONAL AMENDMENTS.	
<b><u>AB 1131</u></b> Skinner (D)	Firearms		Extends the prohibitory period for possession of a firearm or deadly weapon for a person who communicates to a licensed	06/24/2013 - From SENATE Committee	

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			<p>psychotherapist a serious threat of physical violence against a reasonably identifiable victim or victims. Allows a person to petition the court to allow them to possess a firearm under specified provisions of existing law. Relates to procedures for the return of a confiscated firearm for individual detained for examination and mentally ill individuals. Relates to required reporting.</p>	<p>on ENERGY, UTILITIES AND COMMUNICATION S with author's amendments.;06/24/2013 - In SENATE. Read second time and amended. Re-referred to Committee on ENERGY, UTILITIES AND COMMUNICATION S.;06/24/2013 - Withdrawn from SENATE Committee on ENERGY, UTILITIES AND COMMUNICATION S.;06/24/2013 - Re-referred to SENATE Committee on RULES.</p>	
<p><b>AB 1140</b> Daly (D)</p>	<p>Public Works: Prevailing Wages</p>		<p>States that if the Director of Industrial Relations determines, within a semiannual period, that there is a change in any prevailing rate of per diem wages in a locality, that determination applies to any public works. Authorizes any contractor, awarding body, or representative affected by a change in rates to file with the director a verified petition to review the determination of that rate. Requires the initiation of an investigation or hearing to make a final determination.</p>	<p>06/13/2013 - To SENATE Committee on LABOR AND INDUSTRIAL RELATIONS.</p>	
<p><b>AB 1149</b> Campos (D)</p>	<p>Identity Theft: Local Agencies</p>		<p>Relates to disclosure of any breach of an agency security to any resident whose unencrypted personal information was acquired by an unauthorized person. Provides disclosure requirements applying to a</p>	<p>06/25/2013 - From SENATE Committee on JUDICIARY: Do</p>	

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			breach of computerized data that is owned or licensed by a local agency.	pass to Committee on APPROPRIATIONS.	
<b>AB 1181</b> Gray (D)	Public Employee Organizations: Members: Paid Leave		Requires the local public agency to give reasonable time off, without loss of compensation or other benefits, to employee representatives when they are testifying or appearing as the designated representative of the employee organization in proceedings before the Public Employment Relations Board concerning a charge filed by the organization against the public agency or by an agency against the organization, or when they are testifying or representing the organization in personnel or merit matters.	06/24/2013 - From SENATE Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Do pass.	
<b>AB 1200</b> Levine (D)	Recycled Water: Agricultural Irrigation Impoundments	Support	Requires the San Francisco Bay Regional Water Quality Board to authorize a voluntary pilot project for the purposes of investigating potential water quality impacts associated with maximizing the supplementation of agricultural irrigation impoundments with disinfected tertiary treated recycled water, if the board finds the project satisfies specified criteria. Requires the project to include a stakeholder advisory group to review and provide input on the project design, implementation, and data analysis.	06/12/2013 - In SENATE Committee on ENVIRONMENTAL QUALITY: Not heard.	
<b>AB 1212</b> Levine (D)	Public Contracts: Bids: Equal Materials or Service		Prohibits certain bid specifications from requiring a bidder to provide submission of data substantiating a request for a substitution of an equal item prior to the bid or proposal deadline.	03/07/2013 - To ASSEMBLY Committee on ACCOUNTABILITY AND ADMINISTRATIVE REVIEW.	
<b>AB 1248</b> Cooley (D)	Local Agencies: Internal Control Guidelines		Requires the Controller to develop internal control guidelines applicable to a local agency to prevent and detect financial errors and fraud. Requires the Controller to post the completed guidelines on the Controller's Internet Web site and update them.	06/25/2013 - From SENATE Committee on GOVERNMENTAL ORGANIZATION: Do pass to Committee on APPROPRIATIONS.	

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<b><u>AB 1251</u></b> Gorell (R)	Water Quality: Stormwater		Requires the Secretary for Environmental Protection to convene a stormwater task force to review, plan, and coordinate stormwater-related activity to maximize regulatory effectiveness in reducing water pollution. Requires the task force to submit a statewide stormwater management plan to the Legislature. Requires the task force to consider specified issues in developing the plan.	05/24/2013 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.	
<b><u>AB 1331</u></b> Water, Parks and Wildlife Cmt	Water Resources: Assessments of Public Funding		Requires the Department of Water Resources to provide an analysis that assesses currently available public funding and estimates the additional public investment needed to ensure the state meets priority needs related to infrastructure, integrated water management, water supply reliability, water recycling, flood management, and watershed and aquatic ecosystem conservations and protection and for access to safe drinking water. Requires an assessment of needed funds to implement the Delta Plan.	06/13/2013 - To SENATE Committees on NATURAL RESOURCES AND WATER and ENVIRONMENTAL QUALITY.	
<b><u>AB 1349</u></b> Gatto (D)	CalConserve Water Use Efficiency Revolving Fund		Establishes the CalConserve Water Use Efficiency Revolving Fund for the purpose of water use efficiency projects. Requires moneys in the fund to be used for purposes that include, but are not limited to, at-or-below market interest rate loans.	05/24/2013 - In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.	
<b><u>AB 1365</u></b> Perez J (D)	State and Local Agency Reports: Legislative Counsel		Requires the Legislative Council to make a list of agency reports available to the public by posting it on an Internet Web site. Authorizes state and local agencies to file certain reports with the Counsel electronically, with a hyperlink for report access. Removes the requirement to remove obsolete reports from the list of reports and that the list be provided to each member of the Legislature. Requires providing a hyperlink to each member whereby the list or report could be accessed.	06/25/2013 - From SENATE Committee on GOVERNMENTAL ORGANIZATION: Do pass to Committee on APPROPRIATIONS.	
<b><u>ACA 1</u></b> Donnelly (R)	Administrative Regulations: Legislative Approval		Requires an administrative agency to submit all regulations to the Legislature for approval. Authorizes the Legislature, by means of a concurrent resolution, to approve a regulation adopted by an administrative agency of the state.	05/01/2013 - In ASSEMBLY Committee on ACCOUNTABILITY AND ADMINISTRATIVE	

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<b>ACA 8</b> Blumenfield (D)	Local Government Financing: Voter Approval		Proposes an amendment to the Constitution to create an additional exception to the 1% limit for an ad valorem tax rate imposed by a city, county, city and county, or special district, to service bonded indebtedness incurred to fund specified public improvements and facilities, or buildings used primarily to provide sheriff, police, or fire protection services, that is approved by 55% of the voters of the city, county, city and county, or special district.	REVIEW: Failed passage. 06/15/2013 - In ASSEMBLY. Read third time. Adopted by ASSEMBLY. *****To SENATE.	
<b>SB 1</b> Steinberg (D)	Sustainable Communities Investment Authority		Authorizes certain public entities of a Sustainable Communities Investment Area to form a Sustainable Communities Investment Authority to carry out the Community Redevelopment Law. Provides for tax increment funding receipt under certain economic development and planning criteria. Establishes prequalification requirements for receipt of funding. Requires monitoring and enforcement of prevailing wage requirements within the area.	06/14/2013 - To ASSEMBLY Committees on HOUSING AND COMMUNITY DEVELOPMENT and LOCAL GOVERNMENT.	
<b>SB 13</b> Beall (D)	Public Employees' Retirement Benefits		Corrects an erroneous cross-reference in the Public Employees' Pension Reform Act of 2013 regarding the Judges' Retirement System I and II defined benefit formula adoption. Amends the act regarding employers offering one of more defined benefit formulas to new safety members. Relates to contribution rates for defined pension plans. Repeals provisions regarding disability retirements. Relates to state miscellaneous or industrial members contributions or service credit. Requires related regulations.	05/16/2013 - To ASSEMBLY Committee on PUBLIC EMPLOYEES, RETIREMENT AND SOCIAL SECURITY.	
<b>SB 14</b> Gaines T (R)	Bear Lake Reservoir: Recreational Use		Relates to existing law which prohibits recreational use in which there is bodily contact with water in a reservoir in which water is stored for domestic use. Exempts from this prohibition any participant in the Bear Lake Reservoir, and establishes standards in this regard, including water treatment, monitoring, and reporting requirements. Subjects the Lake Alpine Water Company to suspension or revocation of any permit issued. Deems a violation would be subject to fines, penalties, or enforcement actions.	06/18/2013 - From ASSEMBLY Committee on ENVIRONMENTAL SAFETY AND TOXIC MATERIALS: Do pass to Committee on	

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				APPROPRIATIONS.	
<b>SB 24</b> Walters (R)	Public Employees' Retirement: Benefit Plans		Authorizes a local agency public employer or public retirement system that offers a defined benefit pension plan to offer a benefit formula with a lower benefit factor at normal retirement age and that results in a lower normal cost than the benefit formulas that are currently required, for purposes of addressing a fiscal necessity.	01/10/2013 - To SENATE Committee on PUBLIC EMPLOYMENT AND RETIREMENT.	
<b>SB 33</b> Wolk (D)	Infrastructure Financing Districts: Voter Approval		Revises provisions governing infrastructure financing districts. Eliminates the requirement of voter approval for creation of the district and for bond issuance, and authorizes the legislative body to create the district subject to specified procedures. Authorizes the creation of such district subject to specified procedures. Authorizes a district to finance specified actions and project. Prohibits the district from providing financial assistance to a vehicle dealer or big box retailer.	06/12/2013 - From ASSEMBLY Committee on LOCAL GOVERNMENT: Do pass to Committee on APPROPRIATIONS.	
<b>SB 39</b> De Leon (D)	Energy: School Facilities: Energy Efficiency Projects		Enacts the Clean Energy Employment and Student Advancement Act of 2013. Requires the Office of Public School Construction to award grants to a school district for energy efficiency upgrades pursuant to the State Clean Energy Jobs Act. Establishes a program to provide related assistance in such upgrades for districts and charter schools. Provides related contracting and contractor requirements.	06/17/2013 - To ASSEMBLY Committees on NATURAL RESOURCES and UTILITIES AND COMMERCE.	
<b>SB 40</b> Pavley (D)	Safe, Clean, and Reliable Drinking Water Supply Act		Changes the name of the Safe, Clean, and Reliable Drinking Water Supply Act of 2012 to the Safe, Clean, and Reliable Drinking Water Supply Act of 2014. Declares the intent of the Legislature to amend the act for the purpose of reducing and potentially refocusing the bond.	01/31/2013 - Re- referred to SENATE Committees on NATURAL RESOURCES AND WATER and RULES.	
<b>SB 42</b> Wolk (D)	Clean, Secure Water Supply and Delta Recovery Act		Enacts the Clean, Secure Water Supply and Delta Recovery Act of 2014. Authorizes the issuance of general obligation bonds for the Sacramento-San Joaquin Delta Recovery.	01/10/2013 - To SENATE Committee on NATURAL RESOURCES AND	

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<b>SB 64</b> Corbett (D)	Global Warming Solutions: Clean Technology Investment		Creates the Clean Technology Investment Account within the Greenhouse Gas Reduction Fund. Requires appropriations of moneys in the fund or other funds to the account in the Budget Act. Makes such funds available for grants to nonprofit public benefit corporations and regional technology alliances to design and implement program that accelerate the development, demonstration, and deployment of technologies that would reduce greenhouse gas emissions and foster job creation in the state.	WATER. 06/24/2013 - Re-referred to ASSEMBLY Committee on NATURAL RESOURCES.	
<b>SB 123</b> Corbett (D)	Environmental and Land-Use Court		Requires the Judicial Council to direct the creation of an environmental and land-use division within the Superior Courts selected by the Council to process civil proceedings brought pursuant to the California Environmental Quality Act or in specified subject areas, including air quality, biological resources, climate change, hazards and hazardous materials, land use planning, and water quality. Increases the fees for environmental license plates with revenue for the environmental and land use court.	05/23/2013 - In SENATE Committee on APPROPRIATIONS: Held in committee.	
<b>SB 124</b> Corbett (D)	Public Contracts: Bid Preferences: Clean Energy		Requires state agencies and the Trustees of the California State University that accept bids or proposals for a contract for the purchase or installation of a clean energy device, technology, or system, to provide a preference to a bidder that certifies that all of the parts of the clean energy device, technology, or system to be installed have been manufactured in the state, to reduce toxic emissions and greenhouse gases. Authorizes energy service contracts.	06/24/2013 - Re-referred to ASSEMBLY Committees on UTILITIES AND COMMERCE and ACCOUNTABILITY AND ADMINISTRATIVE REVIEW.	
<b>SB 176</b> Galgiani (D)	Administrative Procedures		Requires the Office of Administrative Law to allow electronic submission to the office by a state agency of notices required to be published and information required to be submitted pursuant to specified provisions of existing law. Expands the public discussion required described in existing law to require a state agency proposing to adopt regulations, prior to publication of a notice of	06/18/2013 - From ASSEMBLY Committee on ACCOUNTABILITY AND ADMINISTRATIVE	

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			proposed adoption, amendment, or repeal, to involve parties that would be subject to the regulations in such discussions.	REVIEW with author's amendments.;06/18/2013 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on ACCOUNTABILITY AND ADMINISTRATIVE REVIEW.	
<b>SB 182</b> Governance and Finance Cmt	Validations		Enacts the Second State Validating Act of 2013, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.	06/24/2013 - In SENATE. From Unfinished Business. To Inactive File.	
<b>SB 183</b> Governance and Finance Cmt	Validations		Enacts the Third State Validating Act of 2013, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.	06/24/2013 - In SENATE. From Unfinished Business. To Inactive File.	
<b>SB 184</b> Governance and Finance Cmt	Local Government: Omnibus Bill		Relates to the procedures governing the offering of subdivided lands for sale or lease, the definition of family member and domestic partner under the Public Cemetery District Law, the provisions of law regarding the abuse of public office or position to include bribery of a Member of the Legislature, subdivision map provisions, facsimile signatures and the county recorder, historical property use contracts recording, and the Baldwin Hill Conservancy, and the Ventura County Resource Conservation District.	06/10/2013 - From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.;06/10/2013 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on	

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Bill No. Author	Title	IRWD Position	Summary/Effects	Status	Notes
<b>SB 193</b> Monning (D)	Hazard Evaluation System and Information Service		Relates to the repository of data on toxic materials and harmful physical agents in places of employment. Requires, upon request from the repository, chemical manufacturers, formulators, suppliers, distributors and importers to provide names and addresses of customers who have purchased specified chemicals or commercial products. Provides for current and past customers and confidentiality of records. Requires notification of the Secretary of Environmental Protection of relevant information.	LOCAL GOVERNMENT. 06/25/2013 - From ASSEMBLY Committee on JUDICIARY: Do pass to Committee on ENVIRONMENTAL SAFETY AND TOXIC MATERIALS.	
<b>SB 322</b> Hueso (D)	Water Recycling	Support	Relates to water recycling. Requires the State Department of Public Health to investigate the feasibility of developing uniform water recycling criteria for direct potable reuse. Requires the department to convene and administer an expert panel to establish uniform regulatory criteria for direct potable water reuse. Provides for a task force and funding. Authorizes contracting with a University of California, California State University, or other research institution. Authorizes nonstate funds acceptance.	06/14/2013 - To ASSEMBLY Committees on ENVIRONMENTAL SAFETY AND TOXIC MATERIALS and WATER, PARKS AND WILDLIFE.	
<b>SB 367</b> Block (D)	Developmental Services: Regional Centers		Requires that training and support to contracted regional centers for persons with developmental disabilities include issues relating to linguistic and cultural competency. Requires each regional center to post on its Internet Web site information regarding the training and support provided. Requires a center performance review to include an evaluation of center's director in providing services that are linguistically and culturally appropriate.	06/17/2013 - To ASSEMBLY Committee on HUMAN SERVICES.	
<b>SB 390</b> Wright (D)	Employee Wage Withholdings: Failure to Remit		Makes it a crime for an employer to fail to remit withholdings from an employee's wages that were made pursuant to state, local, or federal law.	06/25/2013 - From ASSEMBLY Committee on APPROPRIATIONS with author's amendments.;06/25/2	

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				013 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.	
<b>SB 395</b> Jackson (D)	Hazardous Waste: Wells		Amends part of the Hazardous Waste Control Law that prohibits a person from discharging hazardous waste into an injection well unless certain conditions are met and imposes other requirements upon the operator of such well and defines injection for these purposes as excluding wells regulated by the Division of Oil and Gas. Deletes the exclusion of those regulated wells from the definition of injection well. Requires testing of the waste. Specifies that oil field waste does not include hazardous waste.	05/30/2013 - In SENATE. From third reading. To Inactive File.	
<b>SB 407</b> Hill (D)	Local Government: Officers and Employees: Contracts		Relates to prohibitions against automatic renewal of contracts that provide compensation increases for local agency executives. Includes within the definition of local agency executive any person who is a deputy or assistant chief executive officer, and any person whose position is held by an employment contract between that person and the local agency.	06/17/2013 - To ASSEMBLY Committee on LOCAL GOVERNMENT.	
<b>SB 424</b> Emmerson (R)	Vehicles: Windshields: Obstructions		Exempts from the prohibition against placing an object that obstructs or reduces the driver's clear view in or upon a vehicle owned by a government agency if those objects or materials do not interfere with the driver's clear view of approaching traffic.	03/11/2013 - To SENATE Committee on TRANSPORTATION AND HOUSING.	
<b>SB 425</b> DeSaulnier (D)	Public Works: the Public Works Peer Review Act of 2013		Allows a public agency, principally tasked with administering, planning, developing, and operating a public works project, to establish a specified peer review group. Requires the administering agency, if a peer group is established, to draft a charter, published on the agency's Internet Web site, related to the duties of the peer review group.	06/17/2013 - To ASSEMBLY Committee on ACCOUNTABILITY AND ADMINISTRATIVE REVIEW.	
<b>SB 436</b>	California Environmental		Relates to the California Environmental Quality Act. Requires a lead	06/24/2013 - From	

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Jackson (D)	Quality Act: Notice		agency to conduct at least one public scoping meeting for the specified projects and to provide notice to the specified entities of at least one public scoping meeting. Revises the meeting notice requirements to requires the notice be given to a list of specified parties including the State Clearinghouse and project applicants.	ASSEMBLY Committee on NATURAL RESOURCES: Do pass to Committee on APPROPRIATIONS.	
<b>SB 449</b> Galgiani (D)	Local Water Supply Programs or Projects: Funding	Oppose	Prohibits the State Department of Water Resources from funding, through loans, grants or direct expenditure, specific programs or projects within the service area of an urban or agricultural water supplier that receives water from, transferred through, or used in the CALFED Bay-Delta watershed, unless the department determines that the supplier is reducing its dependence on the Delta.	05/23/2013 - In SENATE Committee on APPROPRIATIONS: Held in committee.	
<b>SB 462</b> Monning (D)	Employment: Compensation		Amends existing law which requires a court in any action brought for the nonpayment of wages, fringe benefits, or health and welfare or pension fund contributions, to award reasonable attorney's fees and costs to the prevailing party. Makes the award where the prevailing party is not an employee contingent on a finding that the employee brought the court action in bad faith.	06/17/2013 - To ASSEMBLY Committees on LABOR AND EMPLOYMENT and JUDICIARY.	
<b>SB 536</b> Berryhill T (R)	Property-Related Services		Provides that a county shall not be obligated to provide subsidies to cure any deficiencies in funding of property-related services provided within the jurisdiction of a defined district, under any of certain specified circumstances. Provides that this prohibition would not apply if the county's governing board had agreed to subsidize the district's services before the completion of a majority protest proceeding or election.	06/17/2013 - To ASSEMBLY Committee on LOCAL GOVERNMENT.	
<b>SB 556</b> Corbett (D)	Agency: Ostensible: Nongovernmental Entities	Oppose	Relates to third person contracts and ostensible agencies. Prohibits a person, firm, corporation, or association that is a nongovernmental entity and contracts to perform labor or services for a public entity from displaying on a vehicle or uniform a seal, emblem, insignia, trade, brand name, or any other term, symbol, or content that reasonably could be interpreted as implying the labor or services are being performed by employees of a public agency, unless the vehicle and uniform displays a disclosure.	06/25/2013 - From ASSEMBLY Committee on JUDICIARY: Do pass as amended.	

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<b>SB 617</b> Evans (D)	California Environmental Quality Act		Amends various provisions of the California Environmental Quality Act. Requires that notices regarding environmental impact reports filed by lead agencies need to be filed with the Office of Planning and Research and the county clerk and posted by that clerk for public review. Provides additional duties regarding notices by the Office and the clerk. Requires a statement in the report regarding the placement of the project near natural hazards or adverse environment conditions. Repeals specified exemptions.	05/30/2013 - In SENATE. From third reading. To Inactive File.	
<b>SB 620</b> Wright (D)	Water Replenishment Districts		Amends the Water Replenishment District Act. Eliminates a requirement that a specified percentage of a district reserve fund be expended for water purchases. Provides that an operator of a water-producing facility is liable to the district for a specified financial penalty for failing to be registered with the district or to make specified reports. Provides the conditions for the delay in an increase in the penalty. Relates to the awarding of attorney's fees in related civil actions.	06/18/2013 - From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.;06/18/2013 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.	
<b>SB 628</b> Beall (D)	Infrastructure Financing: Transit Priority Projects		Eliminates the requirement of voter approval for the adoption of an infrastructure financing plan, the creation of an infrastructure financing district, and the issuance of bonds with respect to a transit priority project. Requires a specified percentage of the revenue for increasing, improving, and preserving the supply of lower and moderate-income housing. Requires a low-income housing replacement ordinance.	06/17/2013 - From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.;06/17/2013 - In ASSEMBLY. Read second time and amended. Re-referred	

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				to Committee on LOCAL GOVERNMENT.	
<b>SB 633</b> Pavley (D)	CEQA		Amends the California Environmental Quality Act that requires the submission of a subsequent or supplemental environmental impact report when new information which was not known and could not have been known at the time of the original report was certified as complete, becomes available. Requires the new information that becomes available was not known and could not have been known by the lead agency or any responsible agency at the time the report was certified as complete. Relates to exemptions.	06/17/2013 - To ASSEMBLY Committee on NATURAL RESOURCES.	
<b>SB 636</b> Hill (D)	Redevelopment Property Tax Trust		Modifies the provision of law relating to the allocation of remaining local property tax revenues in the Redevelopment Property Tax Trust Fund by deleting language requiring that the provision be construed in such a manner so as to not increase any allocations of excess, additional, or remaining Educational Revenue Augmentation Fund funds that would otherwise have been allocated to cities, counties, cities and counties, or special districts pursuant to existing law.	05/23/2013 - In SENATE Committee on APPROPRIATIONS: Held in committee.	
<b>SB 658</b> Correa (D)	Orange County Water District Act	SupportinCo ncept	Relates to the Orange County Water District Act that requires the person causing or threatening to cause the contamination or pollution to the surface or groundwaters of the district to be liable to the district for reasonable costs actually incurred in cleaning up or containing the contamination or pollution, abating the effects of the contamination or pollution, or taking other remedial action. Makes that person also liable for costs in investigating the contamination and pollution.	05/24/2013 - In SENATE. From third reading. To Inactive File.	
<b>SB 673</b> DeSaulnier (D)	Land Use: Development Project Review		Requires a city, county, or city and county, including a charter city or charter city and county, prior to approving or disapproving a proposed development project to cause a cost benefit analysis to be prepared, which would be paid for by the project applicant. Provides that such analysis would include specified assessments and projections including an assessment of the effect that the	05/30/2013 - In SENATE. From third reading. To Inactive File.	

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			construction and operation of the development would have on the ability to implement general plan goals.		
<b>SB 731</b> Steinberg (D)	Environment: California Environmental Quality Act		Relates to the state environmental quality act. Provides that aesthetic impacts of a residential, mixed-use residential, or employment center project within a transit priority area shall not be considered significant impacts on the environment. Requires guidelines for thresholds of significance and the transportation and parking impacts to be made available to the public. Requires preparation of environmental impact reports. Extends tolling agreements for judicial actions and mitigation measures.	06/17/2013 - To ASSEMBLY Committees on NATURAL RESOURCES and LOCAL GOVERNMENT.	
<b>SB 735</b> Wolk (D)	Sacramento-San Joaquin Delta Reform Act		Amends existing law that establishes the Delta Stewardship Council to create a Delta management plan. Authorizes prescribed local entities to enter into a memorandum of understanding or other written agreement with the council and the Department of Fish and Wildlife regarding multispecies conservation plans that describes how the parties would ensure that multispecies conservation plans that have been adopted or are under development are consistent with the Delta Plan.	06/17/2013 - To ASSEMBLY Committee on WATER, PARKS AND WILDLIFE.	
<b>SB 749</b> Wolk (D)	Habitat Protection: Endangered Species		Authorizes the Department of Fish and Wildlife to lease department-managed lands for agricultural activities. Provides the moneys collected from those leases may be used to support the maintenance and operations of department-managed lands from which the moneys were originally collected. Requires the identification of which lands will be used to restore and enhance upland nesting cover and associated waterfowl brood habitat. Relates to the endangered species determination requirements.	06/25/2013 - From ASSEMBLY Committee on WATER, PARKS AND WILDLIFE with author's amendments.;06/25/2013 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on WATER, PARKS AND WILDLIFE.	
<b>SB 750</b>	Building Standards		Requires a water purveyor that provides water service to a newly	06/17/2013 - To	

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Wolk (D)			constructed multiunit residential structure or newly constructed mixed-use residential and commercial structure that submits an application for a water connection to require the installation of either a water meter or a submeter to measure water supplied to each individual dwelling unit. Requires such meters comply with laws and regulations regarding the meter's usage. Imposes certain requirements regarding meters on landlords.	ASSEMBLY Committees on HOUSING AND COMMUNITY DEVELOPMENT and WATER, PARKS AND WILDLIFE.	
<b>SB 754</b> Evans (D)	Environmental Quality Act		Amends the California Environmental Quality Act. Authorizes a person meeting specified requirements to bring an action or proceeding to enforce the implementation of the mitigation measures specified in a reporting and monitoring program if a project applicant fails to implement those measures. Prohibits a project proponent to contract for, direct or prepare the initial study, environmental impact report or negative declaration. Prohibits the use of a prior EIR for specified purposes.	05/23/2013 - In SENATE Committee on APPROPRIATIONS: Held in committee.	
<b>SB 757</b> Berryhill T (R)	Junk Dealers		Relates to junk dealers and recyclers. Permits a seller to use a passport from any country or a Matricula Consular issued by Mexico, along with another form of identification bearing an address, or an identification card issued by the United States, as identification. Specifies that the provisions governing secondhand dealers and coin dealers do not apply to junk dealers.	06/17/2013 - To ASSEMBLY Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION.	
<b>SB 761</b> DeSaulnier (D)	Family Temporary Disability Insurance		Provides that it is unlawful for an employer who regularly employs 10 or more individuals, or agent of an employer to discharge or in any other manner to discriminate against an individual because he or she has applied for, used or indicated an intent to apply for or use, family temporary disability insurance benefits.	05/30/2013 - In SENATE. From third reading. To Inactive File.	
<b>SB 770</b> Jackson (D)	Unemployment Compensation: Disability Benefits		Relates to family temporary disability leave. Expands the scope of the family temporary disability program to include time off to care for a seriously ill grandparent, grandchild, sibling, or parent-in-law.	06/17/2013 - To ASSEMBLY Committee on INSURANCE.	
<b>SB 772</b>	Drinking Water		Requires the Department of Health, or a local health agency,	03/11/2013 - To	

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Emmerson (R)			annually to provide the address and telephone number for each public water system and state small water system to the Public Utilities Commission and to a local agency formation commission. Relates to requests of information from entities that provide drinking water and the review of retail water suppliers in a county.	SENATE Committees on GOVERNANCE AND FINANCE and RULES.	
<b>SCA 10</b> Huff (R)	Legislative Procedure		Authorizes a committee to hear or act on a bill if the bill, in the form to be considered by the committee, has been in print and published on the Internet for at least 15 days. Prohibits either house of the Legislature from passing a bill until the bill, in the form to be voted on, has been made available to the public, in print and published on the Internet, for at least 72 hours preceding the vote.	01/31/2013 - To SENATE Committee on RULES.	

May 31, 2013

Hon. Henry T. Perea  
Assembly Member, 31<sup>st</sup> District  
Room 3120, State Capitol  
Sacramento, California 95814

Dear Assembly Member Perea:

Your staff asked our office to evaluate the advantages and disadvantages of transferring the Drinking Water Program (DWP) from the Department of Public Health (DPH) to a newly created stand-alone entity under the California Environmental Protection Agency (Cal-EPA), as compared to transferring it to the State Water Resources Control Board (SWRCB). Below, we provide some background on the relevant agencies, analyze the budgetary impact of moving DWP, and outline the relative advantages and disadvantages of such a transfer.

## **BACKGROUND**

### **Overview of DPH, SWRCB, and Cal-EPA**

***Federal Law Allows Flexibility in Water Agency Organization.*** The federal Clean Water and Safe Drinking Water Acts allow states significant flexibility in how they structure their water management agencies. For example; 30 states have consolidated drinking water and water quality programs in a single state entity. Some states have also consolidated their water quality-related revolving loan programs in agencies that focus solely on providing financial assistance. In California, DPH administers the federal Safe Drinking Water Act (and the parallel state statute) and SWRCB administers the federal Clean Water Act (and the parallel state statute).

***DPH.*** The DPH's programs are involved in a broad range of health-related activities, such as chronic disease prevention, communicable disease control, regulation of environmental health (including drinking water quality), and inspection of health facilities. The department's DWP regulates 7,500 public water systems (PWS) in California. (A PWS is a privately or publicly owned water system that serves more than 15 service connections or 25 people.) The DWP's activities include:

- Regulating the quality of drinking water by (1) inspecting PWS to ensure the safety of the water and security of the system, (2) issuing permits, (3) taking enforcement actions when necessary, and (4) implementing new requirements due to changes in law or regulations.

- Responding to emergencies by providing technical assistance to damaged water systems, assessing drinking water contamination, and ensuring access to safe drinking water.
- Providing financial assistance to fund safe drinking water improvements to PWS.
- Providing oversight, technical assistance, and training for local primacy agency personnel.

The total proposed expenditures for the DWP in 2013-14 is \$266 million, comprising \$44 million for state operations and \$222 million in local assistance. The proposed 2013-14 position authority for the DWP is 336 personnel-years.

**SWRCB.** The SWRCB and the nine regional boards perform a variety of activities related to the state's water resources, including:

- Regulating the overall quality of the state's waters, including groundwater, to protect the "beneficial uses" of water by permitting waste discharges into the water and enforcing water quality standards.
- Administering the system of water rights.
- Providing financial assistance to fund wastewater system improvements, underground storage tank cleanups, and other improvements to water quality.

**Cal-EPA.** The Cal-EPA was created by a Governor's reorganization plan in 1991 and coordinates the activities of several boards, offices, and departments charged with protecting environmental quality and public health. These entities generally perform regulatory functions, such as setting allowable concentrations of pollutants, issuing permits, and ensuring compliance with relevant statutes. The Cal-EPA currently consists of the following entities, under the oversight of the Secretary for Environmental Protection:

- SWRCB and the nine regional water quality control boards.
- Air Resources Board.
- Office of Environmental Health Hazard Assessment.
- California Department of Pesticide Regulation (CDPR).
- Department of Toxic Substances Control (DTSC).
- Department of Resources Recycling and Recovery (CalRecycle)—reflecting a reorganization of the state's solid waste management and recycling functions, and subsequent transfer from the Natural Resources Agency, effective July 1, 2013.

## **BUDGETARY EFFECTS OF MOVING DWP**

Below, we estimate the net additional costs to state government if DWP were transferred to a stand-alone entity and compare those costs to the scenario where DWP is transferred to SWRCB.

***Estimated Net Additional Cost if DWP Transferred to a Stand-alone Entity Is About \$6 Million Ongoing.*** Currently, the DWP operates as one piece of a larger department. The DPH's administrative division is able to realize economies of scale as executive and administrative staff—such as human relations, legal counsel, technology services, and human resources—are shared across all its various centers and programs. If the DWP became a new, stand-alone department within Cal-EPA, it would need to establish its own staff to fill these central administrative roles. These new staff would increase DWP's state operating costs.

In order to estimate the administrative costs associated with the creation of DWP as a stand-alone entity, we compared the budget and position authority of DWP to that of CDPR, a stand-alone department under Cal-EPA that is of comparable size. These two entities would be similar in structure, with one main program, rather than several disparate activities. In addition, both would have regional offices for their regulatory activities. The CDPR had executive and central administrative costs (staff and related operating expenses such as travel, information technology, and facilities) of about \$7 million in 2011-12. Accordingly, we think that operating DWP as a stand-alone entity under Cal-EPA would result in about \$7 million per year in additional costs for administration.

These additional costs would be partially offset by modest administrative savings in DPH, as that department's total central administrative workload would be reduced somewhat with the departure of DWP. We estimate these savings to be up to \$1 million per year. Thus, the net additional cost to state government of transferring the DWP to a stand-alone entity in Cal-EPA could be about \$6 million per year on an ongoing basis.

***Estimated Net Additional Cost if DWP Transferred to SWRCB Is Likely Negligible.*** While the SWRCB would likely be able to absorb much of the added administrative workload of the DWP on an ongoing basis, it is unlikely to be able to absorb all of this workload. Accordingly, we think that additional position authority costing about \$1 million per year may be required. These costs could be offset by the savings of a similar amount that DPH could realize from reduced administrative workload, as described above. Thus, the net additional ongoing cost to state government of transferring the DWP to SWRCB is likely negligible.

***One-Time Costs in Both Cases.*** There are likely to be one-time costs associated with a transfer of DWP to either a stand-alone entity in Cal-EPA or SWRCB, totaling potentially several million dollars. These costs could include relocation expenses and costs to develop or combine information technology systems.

## **ADVANTAGES AND DISADVANTAGES OF MOVING DWP TO CAL-EPA**

In a previous analysis, we identified some stakeholder concerns with the current governance structure of the state's drinking water activities and discussed potential advantages and disadvantages of transferring the DWP to SWRCB, summarized in Figure 1 (see next page). (For additional detail, see our hearing handout, *Evaluating the Potential Transfer of Drinking Water Activities From DPH to SWRCB*, which we have enclosed with this letter.)

Figure 1 Potential Advantages and Disadvantages of Transferring Drinking Water Activities From DPH to SWRCB	
Advantages	Disadvantages
Greater policy integration on water issues	Loss of some integration with public health programs
Potential for accelerated rule makings	Temporary disruption to activities
Potential for efficiencies and increased administrative capacity	Potentially increased, mainly short-term, costs
Potential for increased transparency and greater public participation	
DPH = Department of Public Health and SWRCB = State Water Resources Control Board.	

Our analysis, which follows, considers the extent to which these same advantages and disadvantages could apply when transferring the program to a stand-alone drinking water entity under Cal-EPA. We also identified areas of uncertainty where the potential for an advantage or disadvantage would depend on unknown details about how the new entity would be structured.

**Potential Relative Advantages of Transfer to Cal-EPA**

Transferring the DWP to a stand-alone entity under Cal-EPA could have several advantages when compared to transferring it to SWRCB, including: (1) less disruption to the current activities of both SWRCB and the DWP, (2) greater focus within the entity on drinking water policy and public health, and (3) potentially greater visibility for drinking water issues.

**Less Disruption to Current Activities.** As noted in our previous analysis, transferring the DWP to SWRCB could result in some temporary disruption to the activities of SWRCB as it integrated the new drinking water activities and related personnel into its existing operations, and some temporary disruption to DWP activities as DWP staff were moved from their current location into a new entity. While some disruption to DWP activities would still occur if DWP were transferred to a stand-alone entity under Cal-EPA, that disruption may be lessened to the extent that the existing DWP organizational structure remains largely intact. Thus, DWP staff would not have to adjust to significantly new management as it would if it were placed under SWRCB. In addition, SWRCB would not experience disruption to its programs because it would not be required to integrate any new activities. Furthermore, creating a new entity would avoid placing additional demands on SWRCB’s executive staff and on the board itself to develop knowledge in new areas and administer additional programs, which would occur if the DWP were transferred to SWRCB.

**Greater Internal Focus on Drinking Water Policy.** A stand-alone entity would inherently have a greater drinking water and public health focus than if the DWP were to be transferred to SWRCB. A stand-alone entity would focus exclusively on drinking water issues, whereas the SWRCB is required by statute to balance all beneficial uses of water, such as drinking water supply, agricultural supply, and environmental uses. In addition, a stand-alone entity could be headed by an individual with specific public health or drinking water engineering expertise, whereas the SWRCB board members are required by statute to have expertise in other areas of water policy, such as civil engineering or water supply. (We note that statute could be changed to require one board member to have public health expertise.)

***Potentially Greater Visibility for Drinking Water Issues.*** Transferring the DWP to a stand-alone entity could increase the visibility of drinking water issues in policy discussions. First, there would be fewer layers of administration between the DWP and the Governor (relative to placing the program under SWRCB), potentially allowing the new entity to more effectively advance its perspective on policy issues. In addition, establishing a stand-alone entity could signal that drinking water policy is a legislative priority. For example, the state has created ten conservancies as stand-alone entities in part to recognize the importance of specific geographic areas, such as Lake Tahoe and the Sacramento-San Joaquin Delta. Similarly, we note that DPH was specifically created in 2007 partly to elevate the visibility and importance of public health issues. (Public health was formerly a relatively small function under the Medi-Cal-focused Department of Health Services.) However, according to some stakeholders, public health issues have in fact received less attention from policymakers because DPH is no longer part of a larger department that can effectively advocate for adequate resources or promote its perspective. Thus, it is unclear whether a stand-alone entity would significantly increase the visibility of drinking water issues.

### **Potential Relative Disadvantages of Transfer to Cal-EPA**

Creating a stand-alone entity to house the DWP could have several disadvantages relative to moving the program to SWRCB, including: (1) less integration of drinking water with other areas of water policy, (2) increased administrative costs and reduced potential for efficiencies, and (3) less effective financial assistance programs. These disadvantages stem in part from forgoing potential benefits that could be achieved by transferring the program to SWRCB.

***Less Integration With Other Areas of Water Policy.*** Transferring the DWP to a stand-alone entity in Cal-EPA could increase coordination to some degree among drinking water activities and SWRCB's water quality and water rights activities. This is because both entities would be housed under the same agency that could provide overarching policy guidance. However, the coordination and resulting benefits would be less than if the DWP were integrated into SWRCB. For example, different decision makers would be setting policy on the quality of water supplies (such as groundwater) and the quality of drinking water. Therefore, some opportunities to recognize problems or develop innovative solutions could be lost. In addition, we heard from some stakeholders that it can be challenging to encourage communication among existing Cal-EPA departments. Finally, some opportunities to streamline and coordinate regulatory processes for entities that are currently regulated by both DWP and SWRCB could be lost.

***Increased Administrative Costs and Reduced Potential for Efficiencies.*** As described above, establishing a stand-alone entity could increase net costs by \$6 million per year because of the need for additional administrative personnel and related operational expenditures. In addition, such an entity might not achieve the same potential efficiencies through economies of scale that could result from consolidating the SWRCB's clean water and DPH's safe drinking water financial assistance programs. Both the DWP and the SWRCB support some of their activities through fees levied on water service providers. Fees charged by a stand-alone entity would likely be higher than if the DWP was housed under SWRCB in order to provide an equivalent level of service because additional funding would be required to cover the added administrative costs and lost potential for economies of scale described above. We note that the

SWRCB appears to use its existing fee authority to support program administration to a greater extent than the DWP does currently. It is unclear whether a stand-alone entity would be more or less likely than SWRCB to charge fees at rates that provide the administrative resources required to adequately run its programs.

***Less Effective Financial Assistance Programs.*** The DWP has experienced some challenges in distributing financial assistance in order to fund improvements to PWS. This has been highlighted by the recent notice of noncompliance sent to DPH from the United States Environmental Protection Agency (U.S. EPA) regarding DPH's administration of its Safe Drinking Water State Revolving Fund. It is unclear if the performance of DWP's financial assistance program would improve if transferred to a stand-alone entity under Cal-EPA with its executive leadership intact. In contrast, based on U.S. EPA's performance metrics, SWRCB is considered to effectively distribute financial assistance for a variety of purposes, such as funding improvements to wastewater systems, removing leaking underground storage tanks, and constructing projects to improve water quality. Transferring the DWP to a stand-alone entity would not allow for the economies of scale that could be provided by consolidating financial assistance programs and would hinder the new entity's ability to leverage SWRCB's expertise in distributing financial assistance.

We note that some increased effectiveness or economies of scale might be realized by transferring only the DWP's financial assistance programs to SWRCB while creating a stand-alone entity to perform drinking water regulatory activities. However, such a split structure could impair the ability of the DWP to effectively bring water systems into compliance. Currently, because the DWP can provide financial assistance to water systems in addition to taking regulatory actions, it has the ability use a "carrot-and-stick" approach to ensure compliance through a combination of incentives and penalties.

### **Key Areas of Uncertainty**

As discussed below, some other potential advantages of transferring the DWP to SWRCB could also apply to a stand-alone drinking water entity under Cal-EPA if that entity were created with a board structure similar to SWRCB's. However, as there are no specific details at this time on how the Cal-EPA entity might be structured, it is uncertain whether these potential advantages would arise.

***Transparency and Public Participation.*** The SWRCB's board structure provides for regular, structured opportunities for comments on proposed rules or other issues from all interested parties in a public process. The governance structure of a stand-alone drinking water entity would partly determine whether it could achieve the same transparency and opportunities for public participation as transferring DWP to SWRCB. For example, if the new entity had a single department head, public participation and transparency could be reduced relative to that which would be achieved if DWP were transferred to SWRCB, but if it was created to mirror the board structure of SWRCB, the same benefits might be achieved. Alternatively, opportunities for public participation could be built into the new entity, as is done with some other Cal-EPA agencies. For example, while DTSC has a departmental structure, statute provides for extensive public participation processes in connection with its operations.

***Rulemaking Speed.*** The governance structure of a potential stand-alone entity could also affect how quickly rules and regulations are adopted by that entity. The SWRCB is authorized to make some changes to rules by updating its policy handbook—an annual process that allows for public participation through board meetings and can be faster than making changes to regulations that are subject to the Administrative Procedures Act (APA), as currently are DWP’s rulemakings. If a stand-alone entity replicated the SWRCB organizational structure and developed a similar process to amend rules and policies, it could similarly accelerate rulemakings relative to the time it takes under DWP’s current structure. Without such a structure and similar processes, rulemakings could take longer than if the DWP were transferred to SWRCB to the extent they remain subject to the APA.

## CONCLUSION

***Each Model Has Advantages and Disadvantages; Some Uncertainty to Advantages of Stand-Alone Entity.*** There are potentially significant advantages and disadvantages associated with transferring the DWP to a stand-alone entity instead of SWRCB. However, some of the relative advantages of the stand-alone entity may not materialize. For example, while creating a stand-alone entity might result in greater visibility for drinking water issues, it could also have the opposite effect if the new entity were unable to effectively advocate for its perspective as a result of its relatively small size. Furthermore, there is significant uncertainty surrounding the potential for greater transparency and accelerated rulemakings in a stand-alone entity. In the absence of a board structure or another venue for public participation, transparency could be reduced at a stand-alone agency relative to a transfer to SWRCB, and APA requirements could delay some rulemakings relative to rulemakings by SWRCB under its policy handbook process.

***Policy Choice by Legislature.*** There are significant trade-offs associated with choosing between transferring the DWP to SWRCB or creating a new entity, and the preferred approach depends on what policy goals the Legislature is attempting to achieve. Creating a new entity could reduce the short-term disruption to DWP and SWRCB activities but could also reduce overall efficiency and increase costs for drinking water activities. It could also result in increased focus on drinking water issues and could potentially increase the visibility of drinking water issues, but would come at the cost of reduced opportunities to integrate drinking water with other aspects of water policy. Finally, creating a new entity might not improve the performance of drinking water financial assistance programs.

***Legislative Action Could Maximize Potential Advantages of Either Structure.*** Whichever governance model the Legislature chooses for the state’s drinking water activities, there are actions that it could take to maximize the benefits of the chosen structure. For example, the Legislature could take actions to maximize the potential advantages of transferring the DWP to a stand-alone entity by reproducing SWRCB’s organizational structure and public processes in the new entity. On the other hand, the Legislature could maximize the potential advantages of transferring DWP to SWRCB by increasing the drinking water and public health focus of the SWRCB’s board by requiring a board member to have specific expertise in those areas.

If you have any further questions or would like to arrange an in-person briefing on our response, please contact Anton Favorini-Csorba of my office at (916) 319-8336 or [Anton.Favorini-Csorba@lao.ca.gov](mailto:Anton.Favorini-Csorba@lao.ca.gov).

Sincerely,

Mac Taylor  
Legislative Analyst

Enclosure

## EXHIBIT "C"



**California Special  
Districts Association**  
*Districts Stronger Together*



**Association of  
California Water Agencies**  
*Since 1910*  
Leadership • Advocacy • Information • Service



**CASBO**  
Smart business. Smart schools.™



June 14, 2013

The Honorable Nora Campos  
California State Assembly  
State Capitol  
Sacramento, CA 95814

**Re: Assembly Bill 543 – Oppose [As Amended May 24, 2013]**

Dear Speaker pro Tempore Campos:

On behalf the Public Works Coalition members listed below, we write to respectfully oppose your Assembly Bill 543, relating to the California Environmental Quality Act (CEQA). The Public Works Coalition (PWC) is a broad alliance of public agencies, collectively representing nearly every school, county and special district in California. We have a unique and critical perspective on CEQA as both project proponents for public works projects and as "lead agencies" conducting CEQA review.

As you know, AB 543 would require a lead agency to translate specified CEQA notices and summaries of any negative declaration, mitigated negative declaration, or environmental impact report when a community of non-English speaking people comprises at least 25% of the population within a lead agency's jurisdiction and the project is proposed to be located at or near an area where the group of non-English speaking people comprises at least 25% of the residents in that area.

We believe that this issue is best addressed at the local level as public agencies are better suited to identify and address the needs of their constituents. CEQA documents, including the summaries, can be both lengthy and highly technical depending on the project. The state mandate contained in AB 543 would impose additional costs on public agencies that do not have staff dedicated to translation or personnel who are capable of accurately translating technical CEQA documents. Furthermore, the difficulty translating these documents into languages other than English, particularly languages with varying dialects, opens the door to future litigation.

Therefore, we must, regretfully, oppose AB 543 as it creates a new mandate, would increase costs, delay vital infrastructure projects and open up public agencies to potential new avenues for litigation.

Sincerely,

Association of California Healthcare Districts  
Association of California Water Agencies  
California Association of Sanitation Agencies  
California Association of School Business Officials  
California Special Districts Association  
California State Association of Counties  
Irvine Ranch Water District  
Rural County Representatives of California  
Three Valleys Municipal Water District  
Urban Counties Caucus

## EXHIBIT "D"

AMENDED IN ASSEMBLY JUNE 19, 2013

AMENDED IN SENATE MAY 29, 2013

AMENDED IN SENATE MAY 9, 2013

AMENDED IN SENATE APRIL 9, 2013

**SENATE BILL**

**No. 556**

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**Introduced by Senator Corbett**

February 22, 2013

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An act to add Section ~~2810.7~~ 1771 to the Labor Civil Code, relating to agency.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 556, as amended, Corbett. Agency: ~~ostensible~~. *ostensible: nongovernmental entities.*

Existing law specifies the authority of agents in dealing with 3rd persons. Existing law states when an agency is ostensible for purposes of determining the authority of an agent. *Existing law prohibits unfair methods of competition and unfair or deceptive acts or practices undertaken by a person in a transaction intended to result or which results in the sale or lease of goods to any consumer.*

~~This bill would, with certain exceptions, make a public agency that contracts for labor or services with a contractor jointly and severally liable for any damages caused during or in connection with the performance of work under the contract if, at the time of the damage or injury, certain circumstances existed that would cause a member of the public to believe that the contractor or the contractor's employee was an agent of the public agency. This section would apply only to contracts entered into on or after January 1, 2014.~~

*This bill would prohibit a person, firm, corporation, or association that is a nongovernmental entity and contracts to perform labor or services for a public entity from displaying on a vehicle or uniform a seal, emblem, insignia, trade, brand name, or any other term, symbol, or content that reasonably could be interpreted as implying that the labor or services are being provided by employees of the public agency, unless the vehicle or uniform conspicuously displays a disclosure, as specified.*

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 1771 is added to the Civil Code, to read:  
2     1771. (a) It is unlawful for a person, firm, corporation, or  
3     association that is a nongovernmental entity and contracts to  
4     perform labor or services for a public agency to display on a  
5     vehicle a seal, emblem, insignia, trade or brand name, or any other  
6     term, symbol, or content that reasonably could be interpreted or  
7     construed as implying that the labor or services are being provided  
8     by employees of the public agency, unless the vehicle conspicuously  
9     displays the following disclosure:

10  
11     “THE OPERATOR OF THIS VEHICLE IS NOT A  
12     GOVERNMENT EMPLOYEE.”

13  
14     (b) It is unlawful for a person or an employee of a person, firm,  
15     corporation, or association that is a nongovernmental entity and  
16     contracts to perform labor or services for a public agency to wear  
17     a uniform bearing a seal, emblem, insignia, trade or brand name,  
18     or any other term, symbol, or content that together with the  
19     appearance of the uniform reasonably could be interpreted or  
20     construed as implying that the labor or services are being provided  
21     by employees of the public agency, unless the uniform  
22     conspicuously displays the following disclosure:

23  
24     “NOT A GOVERNMENT EMPLOYEE.”

25  
26     (c) For the purposes of subdivision (b), an identifying mark  
27     affixed to a uniform as required by state or federal law, and a

1 local agency regulating the activity of the person, firm,  
2 corporation, or association shall not be construed as implying  
3 that the labor or services are being provided by employees of the  
4 public agency.

5 (d) For the purposes of this section, “conspicuously displays”  
6 means displays in a font size that is at least the same size as the  
7 largest font size otherwise displayed on the vehicle or uniform, in  
8 a manner that clearly calls attention to the language, and located  
9 in close proximity to the seal, emblem, insignia, trade or brand  
10 name, or any other term, symbol, or content as described in this  
11 section, so as to be clearly associated with that seal, emblem,  
12 insignia, trade or brand name, or any other term, symbol, or  
13 content.

14 SECTION 1. ~~Section 2810.7 is added to the Labor Code, to~~  
15 ~~read:~~

16 ~~2810.7. (a) Notwithstanding all other existing theories of~~  
17 ~~liability, and except for damage or injury resulting from gross~~  
18 ~~negligence or a willful act, a public agency that contracts for labor~~  
19 ~~or services with a contractor shall be jointly and severally liable~~  
20 ~~for any damages caused during or in connection with the~~  
21 ~~performance of work under the contract if, at the time of the~~  
22 ~~damage or injury, either of the following occurred:~~

23 ~~(1) The contractor or contractor’s employee was authorized or~~  
24 ~~required by the public agency to wear a uniform that is substantially~~  
25 ~~similar to the uniform of the public agency so as to cause a member~~  
26 ~~of the public to believe that the contractor or contractor’s employee~~  
27 ~~was an agent of the public agency.~~

28 ~~(2) The contractor or contractor’s employee operated a vehicle~~  
29 ~~that was authorized or required by the public agency to display~~  
30 ~~the logo of the public agency so that the vehicle had an appearance~~  
31 ~~that would cause a member of the public to believe that the~~  
32 ~~contractor or contractor’s employee was an agent of the public~~  
33 ~~agency.~~

34 ~~(b) For purposes of this section, an identifying mark affixed to~~  
35 ~~a uniform or vehicle as required by state or federal law, and the~~  
36 ~~local agency that regulates the activity of the contractor, shall not~~  
37 ~~be determinative.~~

38 ~~(c) This section shall apply only to contracts entered into on or~~  
39 ~~after January 1, 2014.~~

1     ~~(d) For the purposes of this section, “public agency” shall not~~  
2     ~~include the state.~~

O

July 8, 2013

Prepared by: N. Adams/F. Sanchez

Submitted by: G. Heiertz

Approved by: Paul Cook

## ACTION CALENDAR

### WATER SMART REPORT PROGRAM

#### SUMMARY:

Staff is proposing to expand upon the FY 2012-13 Water Smart Report Pilot Program to capitalize on the effectiveness of providing enhanced water use information to District customers separately from their water bills. The proposed Water Smart Report Program will roll out to approximately 15,000 single family customers. Hard copy or electronic reports will be sent to project participants for a 12-month period. The Water Smart Pilot Program has just concluded and initial results indicate that the experimental homes (approximately 1,000 homes) used 2.3% less water than the control group of homes over the course of a year. Staff proposes executing agreements with WaterSmart Software, Inc. for \$90,000 to implement the expanded program in FY 2013-14. Funding for the proposed program, from over-allocation revenues, is included in the adopted FY 2013-14 Operating Budget.

#### BACKGROUND:

IRWD continues to advance its reputation for being at the forefront of water conservation research and has been involved in many cutting edge studies that have advanced the cause of water conservation. Research and Technology Advancement is one of the six elements of the IRWD Water Efficiency Plan. Staff recommends capitalizing on the potential water savings demonstrated in a successful pilot program by expanding the size and scope in FY 2013-14.

#### Water Smart Report Program:

Staff is proposing to implement a program to use Water Smart Reports that provide customers with additional, easy-to-understand information regarding their water use. These reports, which can be delivered either electronically or as hard copies, will supplement and enhance the information customers currently receive in their water bills. The reports will allow customers to compare their usage with the IRWD allocation and with other similar households. IRWD's rate structure relies on customers acting upon information about their usage provided in their water bills in order to keep usage within allocation, and is foundational to IRWD's water efficiency efforts. Many customers are switching to e-billing, and if they elect an auto-pay option, they may not benefit from the detailed information provided in their water bills.

IRWD implemented a pilot study in FY 2012-13 to evaluate the effectiveness of whether providing more user-friendly and engaging water usage information helps customers be more water-efficient. The pilot program targeted approximately 1,000 single family customers to receive monthly water reports over a year, with additional customers selected as a control group. Evaluation of the pilot program indicates that homes receiving monthly water reports used 2.3% less water than the control group. Moreover, the experimental group was less prone to going over-allocation each month compared with the control group.

The Water Smart Reports and web application will include general information on IRWD programs and incentives for water efficiency, as well as personalized ways to save, which will be customized based on the individual customer usage. Additional items can be incorporated, such as how to sign up for code red alerts or for e-billing. The Water Smart Report content can be modified for each billing cycle. Participants will receive the Water Smart Reports for 12 monthly billing cycles. An initial group of approximately 13,000 single family homes will be targeted to receive monthly electronic reports, with another 2,000 homes to receive paper reports by standard mail. This latter group will be comprised of high use customers who will receive the paper report and be encouraged to sign up for the monthly electronic water reports, as well as schedule a site survey with IRWD staff. It is anticipated that after a year of implementation, the electronic report distribution list will be larger than the initial 13,000 homes as high-use customers who receive paper reports transition to digital versions.

The cost for the proposed program is \$90,000 and includes all of the services as shown in Table 1. For approximately 15,000 homes, this works out to \$6.00 per participant per year, or \$0.50 per participant per month. While the total number of participants will grow from the initial 15,000 homes, the homes that convert to digital water reports from direct mail water reports will be free for remainder of FY 2013-14. The scope of work for WaterSmart Software, Inc. is included as Exhibit "A".

**Table 1: Proposed Water Report Program Costs FY 2013-2014**

<b>Service</b>	<b>Price</b>	<b>Cost per Year</b>	<b>Cost per Account per Month</b>
2,000 Monthly Direct Mail Water Reports	\$26,208	\$13.10	\$1.09
12,974 Monthly Email Water Reports	\$48,069	\$ 3.71	\$0.31
Customer Web Portal Access for 14,974 Homes	\$ 9,733	\$ 0.65	\$0.05
Utility Web Portal Access to 14,974 Homes	\$ 5,990	\$ 0.40	\$0.03
<b>Total:</b>	<b>\$90,000</b>	<b>\$ 6.01</b>	<b>\$0.50</b>

FISCAL IMPACTS:

The total budget for the proposed program is \$90,000. Funding for the proposed program is included in the adopted FY 2013-14 Operating Budget, to come from over-allocation revenues.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed at the Water Resources Policy and Communications Committee on July 1, 2013.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AGREEMENT BETWEEN IRWD AND WATERSMART SOFTWARE, INC., SUBJECT TO NON-SUBSTANTIVE CHANGES, WITH \$90,000 IN FUNDING FOR FY 2013-14, TO IMPLEMENT AN EXPANDED WATER REPORT PROGRAM.

LIST OF EXHIBITS:

Exhibit "A" – WaterSmart Software, Inc. Scope of Work

EXHIBIT "A"

File No.

AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN  
IRVINE RANCH WATER DISTRICT  
AND  
WATERSMART SOFTWARE, INC.

This AGREEMENT FOR PROFESSIONAL SERVICES (this "Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between IRVINE RANCH WATER DISTRICT, a California Water District formed and existing pursuant to the California Water District Law, hereinafter referred to as "IRWD," and WATERSMART SOFTWARE, INC. hereinafter referred to as "CONSULTANT."

W I T N E S S E T H

WHEREAS, IRWD requires the following technical or professional services of a consultant: PROFESSIONAL CONSULTING SERVICES TO DEVELOP AND IMPLEMENT A CUSTOMER WATER USE REPORT AND WEB-BASED APPLICATION PROGRAM to be rendered on the

WEB-BASED APPLICATION PROGRAM

as further described below; and,

WHEREAS, CONSULTANT represents that by virtue of its experience and training, it is qualified to perform the services required by IRWD, and that it has available and will provide personnel and facilities necessary to accomplish the required services within the required time.

NOW, therefore, IRWD and CONSULTANT agree as follows:

I. Definitions

A. "Scope of Work" means those services described in the scope of work which is attached hereto as Exhibit A and incorporated herein by this reference, as modified by any Variances, and, except to the extent modified by Exhibit A and any Variances, in the Request For Proposal.

- B. "Project" means the Project identified in the first recital of this Agreement.
- C. "Compensation Schedule" means the fee and cost schedule which is attached hereto as Exhibit B and incorporated herein by this reference, as modified by any Variance.
- D. "Work" means all services to be provided by CONSULTANT pursuant to this Agreement.
- E. "Notice to Proceed" is defined in Section II.
- F. "Variance" means a Professional Services Variance executed and approved in the form of Exhibit C, which is attached hereto and incorporated herein by this reference, pursuant to Section VIII.
- G. "Work Product" is defined in Section VI.
- H. "Schedule" means the activity schedule set forth in the Request For Proposal, as modified by Exhibit A and any Variances.
- I. "Request For Proposal" means the document, including any addenda and attachments thereto, used to solicit the proposal for the Work.
- J. "Design Professional Services" means services related to the preparation of engineering or architectural drawings, construction documents and other design-related services required to be performed by or under the supervision of licensed professionals, as well as other services provided by or under the supervision of licensed professionals.
- K. "Professional Services" means (1) services involving the provision of a report, study, plan, design, specification, document, program, advice, recommendation, analysis, review, opinion, inspection, investigation, audit, brokering or representation of the District before or in dealings with another party, or (2) any other services which require a special skill or expertise of a professional, scientific or technical nature. Professional Services includes Design Professional Services.

II. CONSULTANT's Services; Authorization

CONSULTANT agrees to perform the services identified in the Scope of Work. CONSULTANT shall furnish all services, materials, equipment, subsistence, transportation and all other items necessary to perform the Work. IRWD will pay applicable state or local fees necessary to obtain permits for the Project, unless otherwise provided in the Scope of Work.

Specific authorization to proceed with the Work shall be granted in writing by IRWD. CONSULTANT shall not proceed with the Work unless it is authorized. If it is specified in the Scope of Work that the Work or a portion of the Work is to be performed in phases or tasks as authorized, CONSULTANT shall not proceed with any phase or task unless it is separately authorized. The authorization shall set forth the date of commencement of the Work, or phase or task of the Work ("Notice to Proceed"). CONSULTANT shall commence the Work, or phase or task of the Work, immediately upon receipt of the applicable written Notice to Proceed.

III. Compensation

In return for performing the services described in the Scope of Work, IRWD agrees to pay, and CONSULTANT agrees to accept, compensation in accordance with the Compensation Schedule. Unless otherwise specified in the Compensation Schedule, compensation shall be made on a time and materials basis. Compensation shall not exceed the amount authorized in the Notice to Proceed, except as approved under Section VIII: Change in Scope of Work.

CONSULTANT shall submit an invoice to IRWD, on a monthly basis or less frequently, for the Work performed pursuant to this Agreement. Each invoice shall itemize the services rendered by task as set forth in the Scope of Work and the amount due in accordance with the Compensation Schedule. Within fifteen (15) calendar days of receipt of each invoice, IRWD shall notify CONSULTANT in writing of any disputed amounts included on the invoice. Within thirty (30) calendar days of receipt of each invoice, IRWD shall pay all undisputed amounts included on the invoice.

IV. Performance Standards

The standard of care for all Professional Services, including Design Professional Services, performed to execute the Work shall be the care and skill ordinarily used by members of the profession practicing under similar circumstances at the same time and locality of the Project.

CONSULTANT makes no other warranty, either expressed or implied.

V. Integration; Amendment

This Agreement represents the entire understanding by and between IRWD and CONSULTANT as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing signed by both parties hereto.

VI. Documents

All original drawings, specifications, calculations, estimates, studies, reports, memoranda, records, reference material, data, charts, renderings, computations, compilations, submittals and any other documents developed or compiled for the Project based exclusively on residential customer and other data supplied by IRWD (and no third party data), whether in the form of writing, figures, computer disks or other electronic format ("Work Product"), shall be and remain the property of IRWD, without restriction upon their use or dissemination by IRWD, with the exception of any intellectual property rights contained therein, owned, licensed, or created by CONSULTANT prior to the effective date of this Agreement and/or created outside the scope of this Agreement, as and to the extent provided in, and subject to, Exhibit D, which is attached hereto and incorporated herein by this reference. CONSULTANT may make and retain copies of Work Product for its records as desired, but no such items shall be the subject of a copyright application by CONSULTANT.

Reuse by IRWD of Work Product for any project or purpose other than the Project shall be at IRWD's sole risk. Nothing in this paragraph shall constitute or be construed to be any representation by the CONSULTANT that the Work Product is suitable in any way for any project other than the Project.

All data, documents, discussion and other information developed or received by CONSULTANT or provided for performance of this Agreement are deemed confidential and shall not be disclosed by CONSULTANT without IRWD's prior written consent. IRWD shall grant such consent if disclosure is legally required. Upon request, all IRWD information shall be returned to IRWD upon the termination or expiration of this Agreement. For this purpose, IRWD confidential information shall not include (i) information that, at the time of disclosure by CONSULTANT, is publicly available or generally known or available to third parties, or information that later becomes publicly available or generally known or available to third parties through no act or omission by CONSULTANT; (ii) information that CONSULTANT can demonstrate was in its possession prior to receipt from IRWD; (iii) information received by CONSULTANT from a third party who, to CONSULTANT's knowledge and reasonable belief, did not acquire such information on a confidential basis either directly or indirectly from IRWD; or (iv) information CONSULTANT can demonstrate was independently developed by it or a third party or for it or a third party and that was not obtained, in whole or in part, from IRWD. IRWD customer information received by CONSULTANT or provided for performance of this Agreement is subject to the additional provisions set forth in Exhibit E, which is attached hereto and incorporated herein by this reference

Notwithstanding the foregoing, the provisions of Exhibit E, or any similar provision in the Scope of Work or Request For Proposal, IRWD hereby gives its permission to CONSULTANT to use and disclose on an anonymous and/or aggregated basis (excluding any personally identifiable information) any data pertaining to IRWD end customers and their water consumption, for purposes of Project evaluation and any research or product development; and such data is exempted from requirements above to return or destroy the same upon termination or expiration of the Agreement.

CONSULTANT acknowledges that IRWD is a public agency subject to the Public Records Act. Information that CONSULTANT desires to retain as confidential should not be disclosed to IRWD unless expressly requested by IRWD. If IRWD receives a request to disclose information that was provided to IRWD by CONSULTANT in the course of performing this Agreement and was designated by CONSULTANT as

“confidential information,” IRWD will notify CONSULTANT of such request. If CONSULTANT objects to the disclosure, CONSULTANT shall expeditiously, at its sole expense, seek a court protective order to prevent such disclosure, and absent the granting of such an order, IRWD shall release the information as required by applicable law.

VII. Performance and Schedule

Time is of the essence in the performance of this Agreement. CONSULTANT agrees to coordinate the Work to ensure its timely completion and shall promptly notify IRWD of any anticipated delays or causes or casualties beyond the CONSULTANT’s control which may affect the Schedule. In the event the time for completing the Scope of Work is projected to be exceeded due to circumstances beyond the control of CONSULTANT, CONSULTANT shall have an additional amount of time to be agreed upon in writing between the parties pursuant to Section VIII, in which to complete the Work. CONSULTANT agrees to complete the Work in accordance with the Schedule.

VIII. Change in Scope of Work

IRWD may request or CONSULTANT may recommend, that CONSULTANT perform services in addition to or different from that delineated in the original Scope of Work, and may delete services from the Scope of Work, and/or change the Schedule. Upon IRWD’s request or CONSULTANT’s recommendation for additional or changed work, CONSULTANT shall provide a cost estimate and written description of the additional or changed work. Prior to any such addition, change, or deletion to the Work or any Schedule change, including a Schedule change pursuant to Section VII, IRWD and CONSULTANT shall negotiate an adjustment of compensation and time for completion and shall execute a Variance. Upon execution of each Variance, (i) the Scope of Work and Compensation Schedule shall thereafter be as described in Exhibits A and B, respectively, as modified by the Variance and any previously executed Variance, and (ii) the time for completing the Work shall be as set forth in the Variance. Following execution of any Variance, all terms and provisions of the Agreement, except as expressly modified by such Variance, shall remain in full force and effect, including, but not limited to, "Performance Standards" and "Insurance and Indemnification." IRWD will not be required to pay for any additional or changed work rendered in

advance of the execution of a Variance covering the additional or changed work.

IX. Termination or Abandonment

IRWD has a right to terminate or abandon any portion or all of the Work for any reason by giving ten (10) calendar days written notice. In the event of termination, IRWD shall have the right to take possession immediately of all Work Product developed for that portion of the Work completed and/or being abandoned, and CONSULTANT shall deliver such Work Product to IRWD. IRWD shall pay CONSULTANT for services for any portion of the Work being terminated which were rendered prior to termination. If said termination occurs prior to completion of any task of the Work for which a payment request has not been received, the fee for services performed during such task shall be based on an amount mutually agreed to by IRWD and CONSULTANT for the portion of such task completed but not paid prior to said termination. IRWD shall not be liable for any costs other than the fees or portions thereof which are specified herein.

X. Insurance

During the term of the Agreement, CONSULTANT shall carry, maintain and keep in full force insurance against claims for injuries or death or damages to property that may arise from or in connection with CONSULTANT's performance of this Agreement. Such insurance shall be of the types and in the amounts set forth as follows:

Comprehensive general liability insurance with coverage limits of not less than One Million Dollars (\$1,000,000) per occurrence and aggregate, including products and operations hazard, contractual insurance, broad form property damage, independent consultants, personal injury, underground hazard, and explosion and collapse hazard where applicable.

Business automobile liability insurance for vehicles used in connection with the performance of this Agreement with minimum limits of One Million Dollars (\$1,000,000) per claimant and One Million Dollars (\$1,000,000) per incident and aggregate.

Workers' compensation insurance as required by the laws of the State of California. This requirement may be waived by IRWD upon certification by CONSULTANT that it has no employees or individuals who are defined as "employees" under the Labor Code.

If the Work includes design professional services, then in addition to the above-listed coverages, CONSULTANT shall carry, maintain and keep in full force professional liability insurance, with limits of not less than One Million Dollars (\$1,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) aggregate limits, throughout the term of this Agreement to cover claims caused by CONSULTANT's negligent acts, errors, or omissions of a professional nature.

Insurance coverages described above shall be afforded by insurance carriers that meet or exceed requirements for financial performance and security by having a Best's Key Guide rating of "A" or better; additionally, carriers shall have an assigned Financial Size Category of "VIII" or higher.

CONSULTANT shall provide evidence of insurance coverages on forms satisfactory to District, including endorsements providing that policies cannot be canceled or reduced except on thirty (30) calendar days written notice by the insurance carrier of cancellation or non-renewal (ten (10) calendar days notice for non-payment of premium). Industry standard forms for "certificate of insurance" from ACORD are accepted, provided that appropriate language regarding notice of non-renewal or cancellation is provided on the form. CONSULTANT shall provide proof that policies of insurance required herein expiring or terminated during the term of this Agreement have been renewed or replaced with other policies providing coverage meeting the requirements hereof. Such proof will be furnished at least fourteen (14) calendar days prior to the expiration or termination of the coverages. Any deductibles or self-insured retentions must be declared to and are subject to approval by IRWD.

The general liability and automobile policies required by this Agreement shall contain an endorsement naming IRWD and its directors, officers, agents, employees, volunteers, and other entities for which IRWD's directors are the governing body as additional insureds.

The general liability and automobile insurance provided by CONSULTANT shall be primary, and any insurance or self-insurance maintained by IRWD shall be in excess of CONSULTANT's insurance and shall not contribute with it.

Insurance coverage required herein shall not prohibit CONSULTANT from waiving the right of subrogation prior to a loss. CONSULTANT hereby waives all rights of subrogation against IRWD.

XI. Indemnification

Procurement of insurance by CONSULTANT shall not be construed as a limitation of CONSULTANT's liability or as full performance of CONSULTANT's duties to indemnify, hold harmless and defend under the following paragraph of this Agreement.

CONSULTANT shall indemnify, defend and hold IRWD and its directors, officers, agents, employees, and other entities for which IRWD's directors are the governing body harmless from all damages, costs, liability claims, losses, judgments, penalties and expenses, including reasonable attorney's fees as a result of third party claims, to the proportionate extent arising out of or pertaining or relating to the negligent acts, errors or omissions, or recklessness or willful misconduct of CONSULTANT, its officers, agents or employees, or out of CONSULTANT's breach of its obligations in performing this Agreement.

XII. Attorney's Fees

In the event an action is commenced by a party to this Agreement against any other party or parties hereto to enforce its rights or obligations arising from this Agreement, the prevailing party in such action, in addition to any other relief and recovery awarded by the court, shall be entitled to recover all statutory costs plus a reasonable amount of attorney's fees.

XIII. Successors and Assigns

This agreement and all of the terms, conditions, and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their respective successors and assigns; provided, however, that no

assignment of this Agreement shall be made without written consent of the parties to this Agreement.

Any attempt by CONSULTANT to assign or otherwise transfer any interest in this Agreement without the prior written consent of IRWD shall be void. Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, registered or certified, postage prepaid, addressed to:

IRWD:

Irvine Ranch Water District  
15600 Sand Canyon Avenue  
Irvine, CA 92618-3102  
Attn: Director of Water Policy

CONSULTANT:

WaterSmart Software  
1550 G Tiburon Blvd. #604  
Tiburon, CA 94920  
(415) 789-6061

and shall be effective upon receipt thereof.

XIV. Project Organization

CONSULTANT proposes to assign Peter Yolles as the Project Manager. The Project Manager shall not be removed from the Project or reassigned without prior approval of IRWD.

Except as specifically identified in the Scope of Work, no subcontracting or subconsulting of any portion of the Scope of Work shall be made without prior approval of IRWD, and any attempt to do so shall be void and have no effect.

In the performance of the Work, CONSULTANT shall assign only personnel, including its employees and its authorized subcontractors and subconsultants, who are qualified to perform the Work. If the quality of the Work of personnel assigned by CONSULTANT is unacceptable to



If the Work includes public work subject to the requirements of the California Labor Code, CONSULTANT shall comply with the requirements set forth in the attached addendum, which are incorporated herein by this reference, to the extent applicable to any of the Work.

XVI. Execution

**WATERSMART SOFTWARE, INC.**  
a \_\_\_\_\_ corporation

By: \_\_\_\_\_

**IRVINE RANCH WATER DISTRICT**

By: \_\_\_\_\_  
Paul A. Cook, General Manager

*Approved as  
to form*  


## EXHIBIT D

### INTELLECTUAL PROPERTY ADDENDUM

#### I. DEFINITIONS

- A. Capitalized terms not defined herein shall have the meaning ascribed to them in the accompanying Agreement or its Scope of Work.
- B. "Derivative Work" means works that are based upon one or more pre-existing works, such as an improvement, enhancement, modification, revision, translation, abridgment, condensation, expansion, or any other form in which a pre-existing work may be recast, transformed, or adapted.
- C. "Intellectual Property Rights" means worldwide rights associated with all concepts, inventions (whether or not protected under patent laws), works of authorship, information fixed in any medium of expression (whether or not protected under copyright laws), moral rights, mask works, trademarks, trade names, trade dress, trade secrets, publicity rights, names, likenesses, designs, know-how, ideas (whether or not protected under trade secret laws), and all other subject matter protected or which may be protected under patent, copyright, mask work, trademark, trade secret, or other laws, whether existing now or in the future, whether statutory or common law, in any jurisdiction in the world.

#### II. INTELLECTUAL PROPERTY OWNED BY CONSULTANT

CONSULTANT has created, acquired or otherwise currently has rights (and may in connection with the performance of this Agreement or otherwise develop Derivate Work) with respect to various inventions, concepts, ideas, methods, methodologies, procedures, processes, know-how, techniques, models, templates, software, applications, documentation, designs, user interfaces, screen designs, source code, object code, databases, algorithms, development framework repositories, system designs, processing techniques, tools, utilities, routines and other property or materials, including without limitation any and all subject matter protected or which may be protected under patent, copyright, mask work, trademark, trade secret, or other laws, whether existing now or in the future, whether statutory or common law, in any jurisdiction in the world (collectively, "Consultant Materials"). Rather than develop new software for IRWD in the Project, CONSULTANT will provide access to pre-existing software based on an "SaaS" model as described in the Executive Summary of the Scope of Work. "SaaS" refers to a software delivery model in which software and its associated data are hosted externally by a service provider and accessed by users over the Internet via a web browser as a service. IRWD acknowledges that CONSULTANT owns and shall own all Intellectual Property Rights in and to the Consultant Materials (whether independently or jointly conceived), regardless of whether or not incorporated in any SaaS, report, portal, or dashboard of any kind provided to IRWD by CONSULTANT, and that IRWD shall acquire no right or interest in Consultant Materials except for the licenses or other usage rights granted to it in the Agreement. IRWD acknowledges and agrees that CONSULTANT is in the business of designing, developing, licensing, and supporting software and applications, which are provided to customers under an

SaaS (software as a service) model, and CONSULTANT shall have the right to provide to third parties deliverables, software, applications, and services which are the same or similar to those provided under this Agreement, and to use or otherwise exploit any Consultant Materials. Notwithstanding the foregoing, all "Work Product" (as defined in Article VI of the Agreement) shall be the exclusive property of IRWD.

## EXHIBIT E

### CUSTOMER INFORMATION ADDENDUM

In consideration of the purposes of the Agreement, CONSULTANT and IRWD further agree as follows: IRWD agrees to supply customer information to CONSULTANT, as set forth in the Scope of Work, for the performance of this Agreement. CONSULTANT agrees to maintain the confidentiality of IRWD's customer names, addresses and other information about customers gathered in connection with the development and implementation of the Work, and CONSULTANT will not cause or permit the disclosure of such information. CONSULTANT will protect and keep confidential from disclosure all customer database information provided to it by IRWD. Data shall only be used for the express approved purposes of the Work. To the extent CONSULTANT contracts with third parties to carry out all or any portion of the Work, CONSULTANT will require such contractors to maintain the confidentiality of such customer information. In the event a request is made to CONSULTANT or any of its contractors for information regarding IRWD customers, CONSULTANT shall provide written notice to IRWD within five (5) calendar days of receipt of the request or sooner, as necessary, if a response is required or demanded within a shorter period of time, and receive written instruction before proceeding with any release of information.

CONSULTANT shall be responsible for ensuring that all persons to whom the IRWD customer information is disclosed under this Agreement shall keep such information confidential and shall not disclose or divulge the same to any unauthorized person or in any unauthorized manner. CONSULTANT also agrees that it shall be responsible for ensuring that CONSULTANT and all persons to whom the IRWD customer information is disclosed under this Agreement return such information to IRWD or destroy it in a manner approved by IRWD, when no longer needed for the Work.

## EXHIBIT A: SCOPE OF WORK



PROFESSIONAL CONSULTING SERVICES TO DEVELOP AND IMPLEMENT A  
CUSTOMER WATER USE REPORT AND WEB-BASED APPLICATION PROGRAM

WaterSmart Software  
1550 G Tiburon Blvd. #604  
Tiburon, CA 94920  
(415) 789-6061  
[www.WaterSmartSoftware.com](http://www.WaterSmartSoftware.com)

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## I. Executive Summary

Water efficiency is an important priority for Irvine Ranch Water District (“**IRWD**”). WaterSmart Software's (“**WaterSmart**”) mission is to help water utilities make it easier for their residential customers to conserve water. WaterSmart will provide certain services in support of an outreach program intended to facilitate communication with residents of single family homes (the “**Customers**”) regarding their water use and water efficiency, improve IRWD’s understanding of water use by its residential customers, and reduce annual water demand (the “**Program**”).

WaterSmart will employ paper and/or electronic reports and Web-based applications. For each billing period, WaterSmart will present to customers either a print or an electronic water use report, referred to as “**direct mail**” and “**electronic**” water use reports respectively. Additionally, WaterSmart will launch Web-based services that Customers and IRWD staff could access at their convenience, referred to respectively as “**Customer Portal**” and “**Conservation Manager Dashboard**” Web applications.

The aforementioned reports and Web-based services may present customer-specific water use data and comparisons, customized water saving recommendations, and possible opportunities for streamlined rebates and reward points. WaterSmart will also collect certain end customer data, such as the number of occupants at residential accounts, and make such data available to IRWD to help plan additional water efficiency strategies.

### **Program At-A-Glance:**

**Program Length:** One Year

**Report Frequency:** Monthly

#### **Initial Report Recipients:**

- Direct Mail: 2,000 Accounts
- Electronic: 12,974 Accounts

#### **Initial Web Portal Access:**

- Customer Portal: Access for 14,974 Accounts
- Conservation Manager Dashboard: Data Loaded for 14,974 Accounts

**Customer Insight Surveys:** Not Selected

**Opt-In Capability:** Not Selected

## II. Scope of Work

### Task 1: Coordinate Program Design with IRWD

#### 1.1 — Program Design:

WaterSmart, in coordination with IRWD, will develop a program focused on IRWD single-family residential customers. Targeted single-family customers will receive either **direct mail** or **electronic** water use reports and messaging. IRWD and WaterSmart will coordinate to select the initial eligible **electronic** participant list based on water use characteristics and the availability of customer emails. Eligible **direct mail** participants will be selected each billing period based on water use characteristics and on-site survey sign-ups. IRWD will coordinate with WaterSmart to produce a report of targeted customers to receive **direct mail** reports each billing period.

WaterSmart recommends excluding certain households including, but not limited to:

- **Control Group** — randomly selected accounts that will not receive communications from WaterSmart and will be used to evaluate Program's effectiveness
- **Zero Reads** — residences with more than one meter read of zero (0) gallons over the last 2 years
- **Suspect Data** — accounts that have at least one data point over the last two (2) years that is considered to be so inaccurate or abnormal as to preclude its inclusion.
- **Incomplete or No Data** — residences that have incomplete or no meter read records over the last two (2) years
- **Non Resident Homeowners** — residences whose billing and service addresses do not match, frequently indicating non-resident homeowners and rent-occupied properties where there is less of an incentive for implementing water efficiency measures
- **Inactive Accounts** — accounts without an active water service connection
- 

To maximize the potential water savings and customer engagement, WaterSmart will send **direct mail** and **electronic** water reports on a monthly basis for twelve billing cycles to coincide with the IRWD's billing schedule.

## **Task 2: Design and Develop Water Use Reports & Web-Based Applications**

### 2.1 — Design:

WaterSmart acknowledges that any content for the Web applications and water use reports will be developed in coordination with IRWD staff. For all marketing collateral, WaterSmart will coordinate with IRWD to incorporate IRWD's logos.

The format, design and content of all **direct** and **electronic mail** water use reports will be based on existing WaterSmart documents in Appendix A and B respectively and will incorporate IRWD logos.

WaterSmart will provide two separate Web applications, one for residential customers (the "**Customer Portal**") and one for IRWD staff (the "**Conservation Manager Dashboard**").

The **Customer Portal** Web application design will be based on WaterSmart's existing online portal (refer to Appendix C) and will incorporate IRWD's appropriate logo. Every page will include a link to WaterSmart's privacy policy and terms and conditions. If no other design requirements as specified, the **Customer Portal** shall reflect WaterSmart's standard design.

The **Portal** Web application shall link to the following URL addresses:

- <http://www.irwd.com/>
- <http://www.irwd.com/alwayswatersmart.html>
- Any additional URLs as mutually agreed upon by both parties

The **Conservation Manager Dashboard** design will be based on WaterSmart's existing online utility dashboard (refer to Appendix D) and will incorporate IRWD's logo. Every page will include a credit to WaterSmart (including the WaterSmart logo), a link to the WaterSmart Web site, and a link to WaterSmart's privacy policy and terms and conditions. If no other design requirements are specified, the **Conservation Manager Dashboard** shall reflect WaterSmart's standard design.

### 2.2 — Methodology

In order to evaluate the Program's effectiveness, WaterSmart will randomly select several thousand homes into a control group which will receive no water use reports or access to the **Customer Portal**.

WaterSmart will divide homes in the Program's treatment group, in coordination with IRWD, into distinct **electronic** and **direct mail** participation groups. WaterSmart will enroll single family residential customers for which IRWD has email addresses, in the **electronic** group and will provide email reports to a subgroup of these customers based on water use characteristics. Priority will be to enroll those customers whose water use frequently exceeds allocation.

In addition to this **electronic** report group, WaterSmart will deliver **direct mail** water use reports to a group of 2,000 high use customers on a monthly basis. The **direct mail** water use report recipients will be invited to enroll into the **electronic** group and receive monthly electronic reports. Targeted high use direct mail customers will also include an invitation on the water use report for on-site water use assistance provided by IRWD.

Both groups of customers will have access to the **Customer Portal**, and IRWD staff may access the **Conservation Manager Dashboard** for data and analysis for these customer groups. WaterSmart strives to compare a resident's water use to the consumption levels of similar-sized households of the same type, and will coordinate with IRWD to determine the specific criteria and groupings to be used. WaterSmart will also use available real estate data to provide customer lot size areas.

### 2.3 — Water Use Reports & Web Application

The **direct mail** water use reports provided by WaterSmart shall initially contain the following content:

- Water use consumption
- Water score (per billing period)
- Water use as compared to customer's IRWD allocation
- Water use comparisons among similar size households (based on cohort methodology described in section 2.2)
- Personalized ways to save
- Availability and/or value of IRWD's incentive/rebate programs
- URL link to **Customer Portal** Web application and unique registration code (if needed)
- Prompt/Link to encourage customers to sign up for email reports
- An invitation to have IRWD staff provide an on-site efficiency survey

The **electronic** water use reports provided by WaterSmart shall initially contain the following content:

- Water use consumption
- Water score (per billing period)
- Water use as compared to customer's IRWD allocation
- Water use comparisons among similar size households
- Personalized ways to save
- Availability and/or value of IRWD's incentive/rebate programs
- URL link to **Customer Portal** Web application and unique registration code (if needed)
- Indoor water use estimates
- Link to ways to save — water efficient tips with ranking/sorting capabilities

The WaterSmart project manager will assist IRWD in customizing this content at the start of the Program. IRWD and WaterSmart agree to complete this process in a timely manner, and it is

expected that this will be no more than ten (10) business days from when initial materials are provided to IRWD.

Once the above content is customized, if desired, and approved by IRWD, WaterSmart will use its Recommendation Engine to generate customized Reports featuring this content for each household. The Recommendation Engine outputs the most pertinent, water-saving offers for each household, based on consumption levels, seasonal water use patterns, occupancy rates, the age of the residence, survey responses, program participation data and/or other factors. No additional approvals will be required before each subsequent report is distributed.

For details on content and function of the **Customer Portal** and **Conservation Manager Dashboard**, refer to Task 5.1 and 5.2 respectively.

### **Task 3: Data Specifications, Security and Transfer Protocols**

#### *3.1 — Data Specifications & Transfer Protocols*

WaterSmart will work with IRWD to provide file specifications that minimize the difficulty of extraction on IRWD's behalf and optimize the process of data integration on WaterSmart's behalf.

In general, WaterSmart will require two files, one that describes residences and accounts ("the **Residence File**") and another that details consumption history (the "**Consumption File**").

In the **Residence File**, WaterSmart will request such fields as, but not limited to:

- Account Number
- Account Sequence Number
- Property APN, where available
- Meter Size
- Service Address
- Billing Address
- Customer Name
- Customer Email

In the **Consumption File**, WaterSmart will request, for at least the last two years, but ideally for five or more years in the past, such fields as, but not limited to:

- Account Number
- Account Sequence Number
- Meter I.D. (serial number)
- Current Meter Read
- Previous Meter Read
- Days in Billing Cycle

- Consumption
- Bill and/or Water Allocation Details

The above list of fields is intended to serve as an example. During the project kickoff WaterSmart and IRWD will work together to discuss the ramifications of the presence or absence of data in the feeds.

WaterSmart will provide IRWD with a private, password-protected FTP destination for regular delivery of the data. This FTP site will be hosted on WaterSmart's server infrastructure.

### 3.2 — Customer Confidentiality & Data Security

WaterSmart will not share customer information or customer-specific water use information with any third party without prior consent from IRWD, as stipulated in the Professional Services Agreement.

Data transferred to WaterSmart from IRWD will be stored in a database dedicated to IRWD's Program and the data will not be comingled with the data provided by any other entity; provided, however, that certain data may be copied and consolidated with data provided by one or more other entities for the research and product development purposes subject to the terms of the Professional Services Agreement.

WaterSmart will continue to enact our standard controls, policies, and procedures to ensure the security of IRWD's data and customer provided information, including but not limited to choosing a reputable cloud-server vendor with appropriate physical security of server infrastructure, secure public-private key-based login to all WaterSmart server infrastructure, password authentication on all website interaction, and audit logging.

## **Task 4: Program Implementation**

### 4.1 — Produce, Print and Mail Water Use Reports

WaterSmart will, for each of IRWD's twelve monthly billing cycles, produce and print customized water use reports to separately transmit to each Customer. WaterSmart will send up to 2,000 **direct mail** reports each month.

Each of the **direct mail** water use reports will contain the design and content as outlined in Task 2.1 and 2.3 respectively (refer to Appendix A).

### 4.2 — Produce and Disseminate Web-Based Reports

Initially, WaterSmart will email up to 12,974 **electronic** water use reports each monthly billing period. The number of **electronic** reports may increase as homes receiving **direct mail** reports

register on the **Customer Portal** and are automatically enrolled to receive email reports thereafter.

Accounts converting from **direct mail** reports to **electronic** will automatically be enrolled to receive water use reports via email each month thereafter at no charge to IRWD throughout the duration of the Program.

Each **electronic** water report will contain the design and content as outlined in Task 2.1 and 2.3 respectively (refer to Appendix B).

#### 4.3 — Provide Water Report and Web-Application Content Updates

WaterSmart will agree to update the content of the **direct mail** and **electronic** water use reports as well as the **Customer Portal** and **Conservation Manager Dashboard** with appropriate new information, including water use consumption and IRWD efficiency rebates and incentives, on at least a monthly basis.

WaterSmart will launch the **Customer Portal** and **Conservation Manager Dashboard** Web applications prior to the delivery of the first water use reports. WaterSmart will maintain commercially reasonable systems and controls designed to maximize monthly uptime and minimize unscheduled outages of the **Customer Portal** and **Conservation Manager Dashboard**. Excluding any down time for maintenance and/or upgrades, WaterSmart will make strong efforts to provide the customers and IRWD with access to their respective Web applications on a continuous basis. WaterSmart will provide advance notification of any planned outages and will notify the IRWD without unreasonable delay if it detects or receives actual notice of any material problems relating to the **Customer Portal** and/or the **Conservation Manager Dashboard**.

#### 4.4 — Provide Customer Service Support

IRWD shall have the primary responsibility for providing customer service to Customers. WaterSmart will provide a list of Frequently Asked Questions to both enrolled Customers and IRWD staff to facilitate this process. WaterSmart also provides the Customer Support section within the **Conservation Manager Dashboard**, which is designed to help customer service representatives respond to Customers.

WaterSmart will provide service and support to Utility's staff regarding their technical questions about WaterSmart's **Customer Portal** and **Conservation Manager Dashboard** and Home water use reports between the hours of 8 a.m. and 5 p.m. PST on Monday thru Friday, excluding federal holidays. For clarity, this does not include questions related to hardware, software, third party services, or other technical questions beyond the specific scope of the **Customer Portal** Web application, **Conservation Manager Dashboard** or water use reports.

WaterSmart's project manager will work with IRWD's primary contact to assist in addressing additional customer issues. All inquiries from IRWD customers outside the scope indicated above, including without limitation questions about water data, will be directed to IRWD.

#### 4.5 — Marketing and Advertising

IRWD agrees to promote registration for the **Customer Portal** through its communication tools, which may include its website, bills, bill inserts and newsletters.

Utility agrees to allow WaterSmart to use IRWD's name in promotional materials including, but not limited to, a name and logo listing on WaterSmart's corporate website, in press releases, and in conversations with the public, investors, partners and media, only with prior approval.

#### 4.6 — Mobile Messaging

Over the course of the Program, WaterSmart may implement mobile messaging and/or other forms of content delivery to customers. Such messaging may include weather alerts, event reminders, consumption-related messages or other content mutually agreed upon by IRWD and WaterSmart.

### **Task 5: Customer Activity, Savings Tracking and Reporting**

#### 5.1 — End Customer Web Application Services

The **Customer Portal** provided by WaterSmart and viewable by Customers shall initially meet the specifications below.

#### *Functionality:*

With respect to each Customer and subject to availability of source data from IRWD:

- Water use consumption
- Water use comparisons among cohort groups
- Water score (per billing period)
- Water score and ranking (gallons per capita per day)
- Water allocations as defined by IRWD
- Availability and/or value of IRWD's incentive/rebates programs
- Historical water use comparisons
- Indoor/outdoor water use estimates
- Personalized ways to save – defined by the IRWD and/or WaterSmart database
- Ways to save - water efficient tips with ranking/sorting capabilities
- Sign-up/request capability
- Other:

- Water use as compared to allocation
- Other comparisons as mutually agreed

### 5.2 — Reporting

The **Conservation Manager Dashboard** provided by WaterSmart and viewable only by IRWD staff shall initially meet the specifications below.

#### *Functionality:*

With respect to each Customer and subject to availability of source data from the IRWD, WaterSmart shall provide:

- Activity reports
  - Number of users
  - Frequency of use
- Estimated number of people per household data
- Email addresses
- List(s) of customers requesting specific information and/or services
- Water use reports
- Direct mail targets vs. e-mail targets
- Ability to view every customer dashboard
- Downloadable data files in appropriate format
- Click rates

#### **Task 6: Project Management**

In order to ensure adherence to the agreed-upon schedule and budget WaterSmart will:

- Provide monthly project status report updates
- Organize and attend meetings and workshops as required (in person, or by phone or web as appropriate)
- Prepare meeting agendas (subject to prior IRWD review)
- Conduct and/or assist IRWD in conducting meetings and workshops
- Designate an individual to serve as a Project Manager

## IV. Team

**Peter Yolles** is CEO and Founder of WaterSmart Software. Peter will serve at the Project Manager and will be responsible for coordinating all activities, communication with IRWD, invoicing and adhering to the Scope of Work and schedule outlined below.

**Doug Flanzer** is Chief Technology Officer at WaterSmart Software. Doug will be responsible for coordinating all data/IT-related integration with IRWD, generating the water reports and maintaining the customer and conservation manager dashboards.

**Ora Chaiken** oversees the successful on-boarding and continuous operation of WaterSmart's utility partnerships. She will be the day-to-day contact for IRWD and will manage the operations and deployment of the pilot program.

## V. Schedule

WaterSmart proposes the following schedule to complete all work required for the Program.

<b>Meeting Subject</b>	<b>Dates</b>
Kick-off meeting / Implementation planning	Week of July 22, 2013
Pilot identification, data analysis, review data transfer and security	Week of July 22, 2013
Initial data exports from IRWD	Week of August 5, 2013 (July Consumption)
Ongoing data export	Starting Week of August 5, 2013
Review and confirm messaging: paper and electronic home water report, customer portal	July 22, 2013
First home water report (e)mailed	August 15, 2013 (July Consumption)
Ongoing home water report distribution	Monthly (After Initial Distribution)
Partner for success: training and tracking	Ongoing
Review and iterate: Team Meetings	Monthly Meetings, In-Person & Conference Calls Beginning week of August 19, 2013
Program wrap-up, evaluation & report	August 2014

# Appendix A — Direct Mail Water Use Report



## Your Home Water Report

Address: 123 Main St  
 Metropolis, MO 64567

See More: [waterinsight.metropolis.gov](http://waterinsight.metropolis.gov)  
 Registration Code: 12345678

### Your WaterScore

Hi, Warren!

Thanks for paying attention to your home water use.

Your household uses 380 gallons per day.

**Take Action**

**WASH** 2000 gal

**TOILET** 1000 gal

**SHOWER** 1000 gal

**PLANT** 800 gal

**REPAIRS** 0 gal

Excludes showers used in the last two months.

Our suggestions and recommendations will use your home size if applicable and a target limit. Log on or call to correct us.

Contact Us: 1-866-44-METRO

**Garden Division**

123 Main St  
 Metropolis, CO 80463

### 3 Suggestions For You

**In-Home Water Tune-Up**

Benefit from a house call by a city-certified plumber. Get a \$100 value - **FREE!**

Find leaks, learn about water-efficient fixtures, and more!

Call: 1-866-44-METRO

**Luxury Low-Flow Shower**

Save water and feel great with a high-performance, low-flow showerhead.

You could save over 40,000 gallons of water a year!

See more: [waterinsight.metropolis.gov](http://waterinsight.metropolis.gov)

**Metro's Native Plant Garden**

The beautiful garden at Corbett & Leitch Avenue has saved Metropolis 50,000 gallons of water annually since 2005. Visit today to see how eggplants, figs, peaches and more can transform your garden.

Like 'Metro's Garden' on

**Contact Us: 1-866-44-METRO or <http://waterinsight.metropolis.gov>**



# Appendix C — Customer Portal



WaterSmart Program

Impersonating a registered user

Welcome, John

Settings -

Household -

---

Home

Track Usage

Ways To Save

My Actions

### Compare Your Use: March - April

408 GPD Test
340 GPD Your IRWD Allocation
225 GPD Average Neighbors

Compared to homes with similar water needs

[See more analysis >](#)

### Recommended Water Saving Actions

CALscapes: Plants That Do Well in Southern California	51
Take a WaterSmart Shower	34
Use Weather-Based Irrigation Co.	20

[See more actions >](#)

### Irvine Ranch Water District Programs, Events and Reminders

- 
**Always Water Smart.**  
 IRWD's Always Water Smart is your resource for all things water efficiency... rebates, tips, tools, information on water rates, events, workshops...
- 
**Landscaping 101**  
 Did you know? Now in gardening or ready for spring as a new homeowner? Online resources are at your fingertips to help you make the most of
- 
**Great Gardening Resources**  
 Did you know? Local, regional and national resources can help you every step of the way: from plant selection and maintenance, irrigation do...

# Appendix D — Conservation Manager Dashboard

The screenshot shows the WaterSmart Conservation Manager Dashboard for an inactive customer. The dashboard is organized into several sections:

- Customer (Inactive):** Displays account information for Portal User John Doe, including account number, address, and registration codes. A map of the residence is also shown.
- Alerts:** A message states, "This customer has no alerts."
- WaterScore: Great (04/16/12):** Shows a bar chart for the current month's WaterScore, with a note that the GPD used in the last billing period is low.
- Consumption History:** Features two line graphs: "Historical Usage" and "Neighbor Comparison," showing water consumption trends over time.
- Portal User:** A table listing user details:
 

First Name	John
Last Name	Doe
Email	demo@water.com
Phone Number	
Created Date	01/19/2011 03:02 AM
Last Update	06/02/2011 09:01 AM
- Utility Program Participation:** A message states, "This customer has no program participation data in the system."
- Residence Profile:** A section for additional property information.
- Contact History:** A section for tracking user interactions, with a plus sign indicating more data is available.

## EXHIBIT B: FEES & PAYMENT TERMS

### Payment Terms

#### A. Compensation

For items listed in Exhibit A, Scope of Services, Utility shall compensate WaterSmart on an itemized flat fee basis for planned services. Utility shall compensate WaterSmart for additional services, if any, on a time and materials basis. The not-to-exceed amount for all services is \$90,000.

WaterSmart will bill Utility in 12 equal monthly installments of \$7,500.00. Payments will be invoiced at the beginning of every month; payment terms are net thirty.

#### B. Reimbursable Expenses

1. The hourly billing rate as indicated at the end of this attachment, Charge-Out Rate, shall cover standard overhead and profit, including telephone charges, miscellaneous copying costs, and computer use. *These expense items shall not be reimbursable as separate expenses or fees.*
2. Other reimbursable expenses specific to the project are itemized below:
  - a. For round trips exceeding 75 miles, mileage exceeding 75 miles will be reimbursable at \$0.555; otherwise, mileage is included in overhead as part of the multiplier.
  - b. Express Mail.
  - c. Other items as may be pre-approved by Utility.

#### C. Additional Services

Should Utility desire that Consultant provide additional services, such services shall be authorized, in writing, by Utility. Compensation for additional services shall be at the Charge-Out Rates

D. Fees & Charge Out Rates

<u>Service</u>	<u>Price</u>
2,000 Monthly Direct Mail Home Water Reports	\$ 26,208
12,974 Monthly Email Home Water Reports	\$ 48,069
Customer Web Portal Access for 14,974 Homes	\$ 9,733
Conservation Manager Dashboard Access to 14,974 Homes	\$ 5,990
<b>Total:</b>	<b>\$ 90,000</b>

<u>Other Expenses</u>	<u>Price</u>
Additional Engineering Customization -Software Integration -Data integration (3 <sup>rd</sup> party or utility)	\$ 250/Hour
Additional Professional Services - Customized Customer Portal/Conservation Manager Dashboard - Customized Home Water Reports & Surveys - Additional training & account management	\$ 125/Hour
Postal rate increases that occur after date of Agreement will be passed onto IRWD	As Applicable

# EXHIBIT "C"

## IRVINE RANCH WATER DISTRICT PROFESSIONAL SERVICES VARIANCE

Purpose. This procedure shall be used to identify, estimate, and report variances to the scope of work in professional services agreements between IRWD and a consulting engineer or other type of consultant. A variance may be initiated by either IRWD's Project Manager or by the Engineer/Consultant.

Variance. The Variance shall be used to identify all changes to the original scope of work, budget, and schedule for any study, design, or construction phases services.

Engineer/Consultant Initiates Variance. If a Variance is initiated by the Engineer/Consultant, the Engineer/Consultant shall prepare the Variance including the Description of Variance, the Engineering & Management Cost Impact, the Schedule Impact, and the Required Approval Determination sections. The Engineer/Consultant shall then sign the Variance and submit it to the IRWD Project Manager for action.

IRWD Initiates Variance. If a Variance is initiated by IRWD's Project Manager, the IRWD Project Manager shall complete the Description of Variance and fill-in the Total Original Contract amount and Previous Variances amount (if any). The Variance shall then be given to the Engineer/Consultant to complete the Cost Impact, the Schedule Impact, and the Required Approval Determination sections. The Engineer/Consultant shall then sign the Variance and submit it to the IRWD Project Manager for action.

Variance Processing. Once a Variance is signed and submitted by the Engineer/Consultant, the IRWD Project Manager shall:

1. Enter the Variance's details onto a Variance Register for the project,
2. Review, sign, and date the Variance, and
3. Obtain appropriate approvals.

Notice to Proceed. Work covered by a Variance may proceed upon signing by the department Director. A copy of the Variance, signed by the Director, shall be the Engineer's/Consultant's Notice to Proceed with the required work.

Contractual Authorization. Work covered by a Variance which has been signed by the Director may require final approval from the General Manager, Committee, or Board based upon the requirements of the Procurement Policy. These approvals may be obtained after the Engineer/Consultant has been given a copy of the Variance signed by the Director (the Engineer's/Consultant's Notice to Proceed). The IRWD Project Manager shall promptly thereafter prepare a memo to the General Manager, Committee and/or Board agenda items(s) for approvals as required. Once the Variance is properly approved, it modifies the existing Engineer's/Consultant's agreement.

Financial Authorization. An approved Variance may require any of the following:

1. A Capital Budget increase,
2. A new Expenditure Authorization,
3. An extension to an existing Purchase Order, and/or
4. A new Purchase Order.

It is the IRWD Project Manager's responsibility to process the necessary paperwork to grant the required financial authorization.

# IRVINE RANCH WATER DISTRICT PROFESSIONAL SERVICES VARIANCE

Project Title: \_\_\_\_\_

Project No.: \_\_\_\_\_ Date: \_\_\_\_\_

Purchase Order No.: \_\_\_\_\_ Variance No.: \_\_\_\_\_

Originator:      IRWD      ENGINEER/CONSULTANT      Other (Explain) \_\_\_\_\_

Description of Variance (*attach any back-up material*):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Engineering & Management Cost Impact:**

Classification	Manhours	Billing Rate	Labor \$	Direct Costs	Subcon. \$	Total \$
<b>Total \$ =</b>						

**Schedule Impact:**

Task No.	Task Description	Original Schedule	Schedule Variance	New Schedule

**Required Approval Determination:**

Total Original Contract                     \$ _____ Previous Variances \$ _____ This Variance                     \$ _____ Total Sum of Variances                     \$ _____ New Contract Amount                     \$ _____ Percentage of Total Variances to Original Contract                     _____ %	<input type="checkbox"/> General Manager: Single Variance less than or equal to \$30,000. <input type="checkbox"/> Committee: Single Variance greater than \$30,000, and less than or equal to \$60,000. <input type="checkbox"/> Board: Single Variance greater than \$60,000. <input type="checkbox"/> Board: Cumulative total of Variances greater than \$60,000, or 30% of the original contract, whichever is higher.
--	---

ENGINEER/CONSULTANT: \_\_\_\_\_  
Company Name

IRVINE RANCH WATER DISTRICT

Project Engineer/Manager                     \_\_\_\_\_     Date \_\_\_\_\_

Department Director                     \_\_\_\_\_     Date \_\_\_\_\_

Engineer's/Consultant's Management                     \_\_\_\_\_     Date \_\_\_\_\_

General Manager/Comm./Board                     \_\_\_\_\_     Date \_\_\_\_\_



July 8, 2013  
Prepared by: K. Welch  
Submitted by: P. Weghorst/G. Heiertz  
Approved by: Paul Cook 

## ACTION CALENDAR

### INDEMNIFICATION AGREEMENT FOR STATE WATER PROJECT WATER POOL DEMONSTRATION PROGRAM

#### SUMMARY:

Staff was notified by Dudley Ridge Water District (DRWD) of the opportunity for IRWD to purchase supplemental water through the 2013-2014 Multi-Year Water Pool Demonstration Program introduced by the California Department of Water Resources (DWR). Staff will provide an overview of this supplemental water program and staff recommendations for IRWD's potential participation. Staff recommends that the Board authorize the General Manager to execute the Indemnification Agreement with DRWD to participate in the Water Pool Program and to execute any DRWD indemnification agreements with substantially the same terms that DRWD might require for participation in other future supplemental water programs.

#### BACKGROUND:

DRWD, on behalf of its landowners, participates in various dry year supplemental water purchase programs to assist landowners with securing additional supplies when State Water Project (SWP) allocations are reduced. DRWD handles the distribution of supplemental water supplies for its customers two ways:

- 1) Supplemental water supplies are allocated to all DRWD landowners based on the Table A amount without landowners being given the option to participate, or
- 2) Landowners are given the option to participate as supplemental supplies are offered on an opt-in basis.

In 2013, IRWD was allocated 288 acre-feet (AF) through various supplemental supplies secured by DRWD without the option to participate. The effective rate for the cost of this water was \$288 per AF. Following is a description of a new opt-in supplemental water supply program that was announced by DWR in May 2013 as well as recommendations for IRWD's participation in the program and for the execution of an Indemnification Agreement that is required by DRWD.

#### Multi-Year Water Pool Program:

In response to continuing dry weather conditions statewide, DWR has established a 2013-2014 Multi-Year Water Pool Demonstration Program to allow water-short SWP contractors to purchase SWP water at a reasonable cost from other willing SWP contractors for a period of two consecutive years. This Water Pool Program is in addition to the single year Turnback Pool program, which has not functioned as expected in recent years due primarily to low pricing. The Water Pool Program is being established to address pricing issues in the hopes of generating enough water to satisfy basic water needs for all SWP contractors. DRWD expects that its share of the water available in the Water Pool Program will be approximately 4,000 AF per year, assuming that a high percentage of other SWP contractors and DRWD participate in the program. If fewer SWP contractors participate in the program, DRWD's share could be as high as 20,000 AF per year.

Water Pool Pricing:

According to the information provided by DRWD, the purchase price of the water from the program decreases as the SWP allocation percentage increases. The pricing structure makes it reasonable for IRWD to participate in the Water Pool Program when the SWP water allocation is above 60% with a maximum price of \$115 per AF and a minimum price of \$25 per AF at an allocation of 100%. DRWD has indicated that participants can request water amounts above their allocation (i.e., 1,748 AF for IRWD). If all DRWD landowners participate in the program and the demand for water exceeds supply, then the available water will be allocated by DRWD based on Table A amounts.

Potential IRWD Participation:

Any water secured by IRWD through its participation in the Water Pool Program would be stored in the Strand Ranch Integrated Banking Project under the IRWD / DRWD Unbalanced Exchange Program (Exchange Program). DWR is currently preparing the Exchange and Point of Delivery Agreements required to implement the Exchange Program. These agreements are expected to be available for execution by September of 2013. One half of the water stored in the Strand Ranch under the Exchange Program will be returned for use on the Jackson Ranch by the end of the tenth year.

Based on the DWR pricing structure for the Water Pool Program, staff recommends IRWD request water from the Water Pool Program for year 2014 when the SWP allocation is above 60% in amounts that would round out IRWD's supply to its full Table A allotment of 1,748 AF plus an additional 50% of a full allocation as shown below:

June 1 <sup>st</sup> Allocation	Table A Allocation to IRWD (AF)	IRWD's Water Pool Request Year 2014			IRWD's Total Request Plus Allocation (AF)	Purchase Price \$/AF
		Amount for Full Table A (AF)	Additional Above Table A (AF)	Total Request (AF)		
86-100%	1,503	245	874	1,119	2,622	25
81-85%	1,416	332	874	1,206	2,622	35
71-80%	1,241	507	874	1,381	2,622	46
66-70%	1,154	594	874	1,468	2,622	100
61-65%	1,066	682	874	1,556	2,622	115
56-60%	979	0	0	0	0	138
51-55%	891	0	0	0	0	161
46-50%	804	0	0	0	0	184
41-45%	717	0	0	0	0	207
36-40%	629	0	0	0	0	230

Water purchases in these amounts for 2014 would be within the authority of the General Manager and will help IRWD fulfill the maximum 8,700 AF delivery requirements to the Strand Ranch anticipated under the Exchange Program over the next five years.

Indemnification Agreement:

DRWD has determined that the Water Pool Program is consistent with DRWD policy and has agreed to facilitate the project for interested DRWD's water users. This program is voluntary and DRWD landowners are not required to purchase water under the program. DRWD wants to ensure that its costs incurred for the benefit of those interested participants do not impact other DRWD landowners, and therefore DRWD is requiring that those water users wishing to participate in the Program execute an indemnification agreement, which is attached as Exhibit "A". This agreement was reviewed by IRWD legal counsel.

Staff recommends the Board authorize the General Manager to execute the Indemnification Agreement so that IRWD can participate in the Water Pool Program. Staff also recommends the Board authorize the General Manager to execute DRWD indemnification agreements with substantially the same terms that DRWD might require for other future supplemental water programs.

FISCAL IMPACTS:

Participation in the Multi-Year Water Pool Program as described above would result in IRWD purchasing between 1,119 and 1,556 AF of supplemental water in year 2014 depending upon DWR's State Water Project allocation for the year. IRWD's cost of supplemental water from the program on a per acre-foot basis would vary from \$25 to \$115 and on a total participation basis would vary from \$27,865 to \$178,940.

ENVIRONMENTAL COMPLIANCE:

None.

COMMITTEE STATUS:

This item was reviewed by the Water Banking Committee on June 20, 2013.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE INDEMNIFICATION AGREEMENT WITH DUDLEY RIDGE WATER DISTRICT (DRWD) TO PARTICIPATE IN THE 2014 MULTI-YEAR WATER POOL PROGRAM AND TO AUTHORIZE THE GENERAL MANAGER TO EXECUTE ANY DRWD INDEMNIFICATION AGREEMENTS WITH SUBSTANTIALLY THE SAME TERMS THAT DRWD MIGHT REQUIRE FOR PARTICIPATION IN OTHER FUTURE SUPPLEMENTAL WATER PROGRAMS.

Action Calendar: Indemnification Agreement for State Water Project Water Pool Demonstration  
Program  
July 8, 2013  
Page 4

LIST OF EXHIBITS:

Exhibit "A" – Dudley Ridge Water District Indemnification Agreement

# EXHIBIT "A"

## INDEMNIFICATION AGREEMENT

THIS AGREEMENT is made effective as of June 1, 2013 by and between the Dudley Ridge Water District, a California water district ("DRWD") and \_\_\_\_\_ ("PARTICIPANT"), with reference to the following facts:

A. DRWD holds a long-term Water Supply Contract with the California Department of Water Resources pursuant to which it is entitled to receive certain quantities of water from the State Water Project ("SWP").

B. PARTICIPANT is a landowner in DRWD and wishes to purchase 2013 and 2014 Multi-Year Water Pool water. The foregoing arrangement is referred to below as the "Project."

C. DRWD has determined that the Project is consistent with DRWD policy and has agreed to facilitate the Project. However, DRWD wishes to ensure that costs incurred by DRWD for the benefit of PARTICIPANT in connection with the Project are borne solely by PARTICIPANT so as not to spread those costs to other DRWD landowners.

THEREFORE, in consideration of the mutual terms, conditions and covenants set forth below, the parties agree as follows:

1. Indemnification. In consideration for DRWD's agreement to facilitate the Project, PARTICIPANT shall indemnify, defend and hold DRWD and its directors, officers, employees, agents, attorneys and consultants free and harmless from and against any and all loss, cost, litigation, expense or claims, including without limitation attorneys' fees and costs (collectively, "Claims") incurred by any of them directly or indirectly resulting from any actions undertaken by or on behalf of DRWD in connection with the Project, any environmental compliance performed or not performed by DRWD in connection with the Project, or otherwise relating in any way to the Project, except to the extent a Claim is the direct result of the willful misconduct of the party that would otherwise be indemnified.

2. DRWD Out of Pocket Costs. Without limiting the generality of Section 1 of this Agreement in any way, PARTICIPANT shall pay or reimburse DRWD for all expenses and costs incurred by DRWD in connection with activities undertaken by DRWD relating to the Project, whether at PARTICIPANT's request, as required by law or DRWD policy, or as otherwise determined to be appropriate by DRWD's Manager-Engineer. The expenses to be paid or reimbursed by PARTICIPANT include without limitation (i) actual out-of-pocket expenses incurred by DRWD (but not costs of DRWD staff), (ii) the actual amount of legal fees, consulting fees and similar third-party charges incurred by DRWD for the benefit of PARTICIPANT in connection with the Project, including without limitation the costs incurred by DRWD in connection with preparing any environmental documentation, (iii) all costs of litigation (including without limitation attorneys' fees) actually incurred by DRWD in defending any action brought as the result of or challenging DRWD's actions in connection with the Project, and (v) damages actually payable by DRWD relating to any activities DRWD undertakes in connection with the Project, except to the extent such damages are the direct result of the willful misconduct of DRWD.

3. Entire Agreement. This Agreement constitutes the entire agreement between the PARTICIPANT and DRWD with respect to the subject matter hereof. This Agreement supersedes all prior negotiations, discussions, contracts, agreements or understandings between the parties hereto, and no evidence of any prior or contemporaneous oral agreement or understanding shall be admissible to vary its terms. This Agreement shall not be amended or modified in any way except by a written instrument executed by each party hereto.

## EXHIBIT "A"

4. Interpretation. It is agreed and acknowledged by the parties that this Agreement has been arrived at through negotiation involving their respective counsel, and that each party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement.

5. Cumulative Rights; Waiver. No failure by either party to exercise, and no delay in exercising any rights, shall be construed or deemed to be a waiver thereof, nor shall any single or partial exercise by either party preclude any other or future exercise thereof or the exercise of any other right. Any waiver of any provision or of any breach of any provision of this Agreement must be in writing, and any waiver by either party of any breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any other breach of that provision or of any breach of any other provision of this Agreement.

6. Attorneys' Fees. Should any litigation be commenced between the parties concerning this Agreement, or the rights and duties of any of them in relation thereto, the party prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to recover its attorneys' fees and other costs of litigation as determined by the court or in a separate action brought for that purpose.

7. Choice of Laws; Venue. This Agreement shall be governed and construed in accordance with the laws of the State of California. Venue for any action brought for the purpose of enforcing any provision of this Agreement shall be brought only in Kings County, California.

8. Severability. In the event any of the terms or provisions of this Agreement shall be held to be invalid, then any such invalidity shall not affect any other term of provision contained herein, which terms and provisions shall remain in full force and effect, and the invalid terms or provisions shall be deemed reformed to be valid to the maximum extent permitted by law.

9. Counterparts. This Agreement may be executed in counterparts.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

DUDLEY RIDGE WATER DISTRICT

By \_\_\_\_\_  
Dale K. Melville, Manager-Engineer

By \_\_\_\_\_

July 8, 2013

Prepared By: P. Weghorst

Submitted By: G. Heiertz

Approved By: Paul Cook

## ACTION CALENDAR

### WATER SHORTAGE ASSISTANCE TO BUENA VISTA WATER STORAGE DISTRICT

#### SUMMARY:

Staff has been working with IRWD's water banking and exchange partners to identify ways that IRWD can provide water shortage assistance in 2013. Buena Vista Water Storage District (BVWSD) has identified that it is in need of additional water above the 6,667 AF of water that IRWD is currently returning to BVWSD from the Strand Ranch Integrated Banking Project (Strand Ranch). Staff recommends that the Board authorize the General Manager to execute a letter agreement that would allow BVWSD to recover additional water from its account in the Strand Ranch and for BVWSD to pay all the costs associated with the recovery and return of this water to BVWSD.

#### BACKGROUND:

In December 2010, IRWD and BVWSD executed an Agreement for Water Acquisition by Irvine Ranch Water District from Buena Vista Water Management Program (Water Acquisition Agreement) that allows BVWSD to deliver up to 17,500 AF of high-flow Kern River Water into storage at the Strand Ranch in any year on an unbalanced exchange basis. This agreement allows BVWSD to recover up to 6,667 AF of its water in any year with IRWD paying the cost of the recovery of this water on BVWSD's behalf.

As requested by the Water Banking Committee on April 23, 2013, staff has been working with Rosedale, BVWSD and Antelope Valley-East Kern Water Agency (AVEK) in identifying if opportunities exist for IRWD to provide water shortage assistance in 2013. AVEK is currently evaluating their needs for water and is considering calling for water under the terms of the Pilot Exchange Program between IRWD and AVEK that was executed in 2012. BVWSD has identified that it is in need of additional water above the 6,667 AF of water that IRWD is currently returning to BVWSD from the Strand Ranch. After the recovery and delivery of the 6,667 AF of water to BVWSD they will hold 2,326 AF of water in storage at the Strand Ranch. BVWSD maintains a balance of 1,475 AF in the Stockdale West Pilot Project.

#### Letter Agreement:

IRWD legal counsel has prepared a letter agreement as presented in Exhibit "A" that will allow BVWSD to recover additional water during 2013 up to its balance in storage at the Strand Ranch. The letter agreement calls for BVWSD to pay the full cost of the recovery and delivery of the additional water to its service area. Staff has held discussions with the Manager/Engineer at BVWSD related to the recovery of additional water from the Strand Ranch and BVWSD has expressed that they expect to cover the cost of the recovery of this additional water. Recovery of this additional water by BVWSD will not exceed the 17,500 AF per year recovery limit for the Strand Ranch.

The letter agreement specifies that the recovery of the additional water by BVWSD will occur in second priority to IRWD's recovery of water for itself and in fulfilling the obligations of IRWD's other exchange programs. Staff will provide an overview of the letter agreement at the Committee meeting. Staff recommends that the Board authorize the General Manager to execute the letter agreement.

FISCAL IMPACTS:

The terms of the letter agreement requires BVWSD to pay all costs related to the recovery and delivery of the additional water recovered in 2013 by BVWSD in excess of the 6,667 AF that is allowed in the Water Acquisition Agreement.

ENVIRONMENTAL COMPLIANCE:

A Final Environmental Impact Report (Strand Ranch FEIR) for the Strand Ranch Integrated Water Banking Project has been prepared, certified and the project approved in compliance with the California Environmental Quality Act (CEQA) of 1970 (as amended), codified at California Public Resources Code Sections 21000 et. seq., and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3. A Final EIR for the Buena Vista Water Management Program has been prepared, certified, and the project approved in compliance with the CEQA of 1970 (as amended), codified at California Public Resources Code Sections 21000 et. seq., and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3.

COMMITTEE STATUS:

This item was reviewed by the Water Banking Committee on June 20, 2013.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE LETTER AGREEMENT WITH BUENA VISTA WATER STORAGE DISTRICT (BVWSD) SUBJECT TO NON-SUBSTANTIVE CHANGES THAT ALLOWS BVWSD TO RECOVER ADDITIONAL WATER FROM THE STRAND RANCH INTEGRATED BANKING PROJECT IN 2013 AND FOR IT TO PAY ALL THE COSTS ASSOCIATED WITH THE RECOVERY AND RETURN OF THIS WATER TO THE BVWSD SERVICE AREA.

LIST OF EXHIBITS:

Exhibit "A" – Letter Agreement with BVWSD for Recovery of Additional Water in 2013

# EXHIBIT "A"



## IRVINE RANCH WATER DISTRICT

15600 Sand Canyon Ave., P.O. Box 57000, Irvine, CA 92618-7000 (949) 453-5300

June \_\_\_\_, 2013

Honorable Board of Directors  
Buena Vista Water Storage District  
P.O. Box 756  
525 N. Main Street  
Buttonwillow, CA 93206

Re: Amendment of Agreement

Dear Board Members:

With reference to the Agreement For Water Acquisition By Irvine Ranch Water District from Buena Vista Water Management Program, dated as of January 1, 2011, executed by and between Irvine Ranch Water District ("IRWD") and Buena Vista Water Storage District ("BVWSD") (the "Agreement"), IRWD and BVWSD have agreed that during the calendar year 2013, the quantity IRWD Return Water that may be returned to BVWSD pursuant to Section 2(A)(vi) of the Agreement may exceed 6,700 acre feet, up to the amount in storage for BVWSD's account. For the amount of IRWD Return Water in excess of 6,700 acre feet, notwithstanding Section 2(A)(ix) of the Agreement, BVWSD shall assume all OMP&R duty of all IRWD and Rosedale facilities necessary to deliver such excess amount of the IRWD Return Water to the BV POD. The recovery of the excess amount of the IRWD Return Water by BVWSD will occur in second priority to IRWD's recovery of water for itself and in fulfilling the obligations of IRWD's other exchange programs. As modified herein, the Agreement shall remain in full force and effect.

Very truly yours,

IRVINE RANCH WATER DISTRICT

By: \_\_\_\_\_  
General Manager

By: \_\_\_\_\_  
Secretary

READ, APPROVED AND ACCEPTED:

BUENA VISTA WATER STORAGE DISTRICT

By: \_\_\_\_\_  
Title:

By: \_\_\_\_\_  
Secretary

July 8, 2013  
Prepared and  
Submitted by: Cheryl Clary  
Approved by: Paul Cook 

## ACTION CALENDAR

### LUMP SUM PAYMENT OPTION FOR EMPLOYER CONTRIBUTIONS FOR FY 2013-14 TO THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM

#### SUMMARY:

Staff recommends that the Board authorize the selection of the lump sum payment option for employer contributions to the California Public Employees Retirement System (CalPERS) by making a one-time contribution of \$ 4,315,414 for the District's FY 2013-14 employer contributions to CalPERS. This recommendation is consistent with the "pre-funding approach" developed by the Finance and Personnel Committee and the Board during the operating budget process.

#### BACKGROUND:

CalPERS-required employer contributions can be made in two ways: (a) a lump sum payment option made between July 1 and July 15 in the beginning of the new fiscal year; or (b) making payments based on each semi-monthly payroll total based on a payroll percentage established annually by CalPERS actuaries. Beginning in FY 2009-10, the District elected to utilize the lump sum payment option because it benefited from the assumed actuarial interest rate, which is currently at 7.50%. The District can avoid incurring these interest expenses by paying its employer contribution using the lump sum method. In order to participate in the pre-payment method, the total contribution must be completed and returned to CalPERS Fiscal Services Division by July 11, 2013.

IRWD's lump sum payment to CalPERS would be \$4,315,414. If the District elected to make payments each semi-monthly payroll, the total contribution is estimated at \$4,474,316. Electing the lump sum payment option would result in an estimated savings of \$158,902.

The calculation from CalPERS establishing the amount of the lump sum prepayment option is attached as Exhibit "A".

The approved operating budget for FY 2013-14 also includes an additional contribution of \$2.2 million in excess of its annual required CalPERS contribution. This is consistent with the District's policy principles to strategically reduce the District's actuarially-determined unfunded liability. At its June 24, 2013 meeting, the Board approved a contribution of \$35 million to its new created *Irvine Ranch Water District Post-Employment Benefits Trust* ("Trust") for contributions in excess of its required contribution to further reduce its pension liability. The contribution was made on June 28, 2013. Due to the recent funding to the Trust, staff is not recommending an additional contribution at this time. Staff will continue to evaluate the potential for future additional contributions to the Trust.

Action Calendar: Lump Sum Payment Option for Employer Contributions for FY 2013-14 to the California Public Employees Retirement System

July 8, 2013

Page 2

FISCAL IMPACTS:

The District's approved operating budget for FY 2013-14 includes an employer contribution of \$4,582,900 for the CalPERS requirement. The payments to the California Public Employees Retirement System are consistent with the impacts identified in setting rates for FY 2013-14.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on July 2, 2013.

RECOMMENDATION:

THAT THE BOARD APPROVE THE LUMP SUM PAYMENT FOR EMPLOYER CONTRIBUTIONS TO THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS) BY MAKING A ONE-TIME CONTRIBUTION OF \$4,315,414 FOR THE DISTRICT'S FY 2013-14 EMPLOYER CONTRIBUTION.

LIST OF EXHIBITS:

Exhibit "A" – Letter from CalPERS regarding Lump Sum Prepayment

## Purpose of the Report

This report presents the results of the June 30, 2011 actuarial valuation of the MISCELLANEOUS PLAN OF THE IRVINE RANCH WATER DISTRICT of the California Public Employees' Retirement System (CalPERS). The valuation was prepared by the Plan Actuary in order to:

- set forth the actuarial assets and accrued liabilities of this plan as of June 30, 2011;
- determine the required employer contribution rate for this plan for the fiscal year July 1, 2013 through June 30, 2014;
- provide actuarial information as of June 30, 2011 to the CalPERS Board of Administration and other interested parties; and
- provide pension information as of June 30, 2011 to be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement Number 27 for a Single Employer Defined Benefit Pension Plan.

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

## Required Employer Contribution

	Fiscal Year 2012/2013	Fiscal Year 2013/2014
<b>Required Employer Contributions</b>		
1. Contribution in Projected Dollars		
a) Total Normal Cost	\$ 4,177,021	\$ 4,156,906
b) Employee Contribution <sup>1</sup>	\$ 2,195,111	\$ 2,131,200
c) Employer Normal Cost [(1a) – (1b)]	1,981,910	2,025,706
d) Unfunded Contribution	\$ 2,437,299	\$ 2,448,610
e) Total Employer Contribution [(1c) + (1d)]	4,419,209	4,474,316
f) Employee Cost Sharing	\$	\$ 0
g) Net Employer Contribution [(1e) – (1f)]		4,474,316
Annual Lump Sum Prepayment Option <sup>2</sup> [(1g) / 1.075 <sup>.5</sup> ]	4,257,316	4,315,414
2. Contribution as a Percentage of Payroll		
a) Total Normal Cost	15.223%	15.604%
b) Employee Contribution <sup>1</sup>	8.000%	8.000%
c) Employer Normal Cost [(2a) – (2b)]	7.223%	7.604%
d) Unfunded Rate	8.883%	9.191%
e) Total Employer Rate [(2c) + (2d)]	16.106%	16.795%
f) Employee Cost Sharing		0.000%
g) Net Employer Contribution Rate [(2e) – (2f)]		16.795%

<sup>1</sup>This is the percentage specified in the Public Employees Retirement Law, net of any reduction from the use of a modified formula. Employee cost sharing is shown separately and is therefore not included in this line item.

<sup>2</sup>Payment must be received by CalPERS before the first payroll reported to CalPERS of the new fiscal year and after June 30.