

AGENDA  
IRVINE RANCH WATER DISTRICT  
ENGINEERING AND OPERATIONS COMMITTEE MEETING  
TUESDAY, JUNE 20, 2023

This meeting will be held in-person at the District's headquarters located at 15600 Sand Canyon Avenue, Irvine, California. The meeting will also be broadcasted via Webex for those wanting to observe the meeting virtually.

To observe this meeting virtually, please join online using the link and information below:

Via Web: <https://irwd.webex.com/irwd/j.php?MTID=m232b859fdff18f028a58396284559c7f>

Meeting Number (Access Code): 2487 283 3253

Meeting password: ziJ8V298ZQM (94588298 from video systems)

PLEASE NOTE: Webex observers of the meeting will be placed into the Webex lobby when the Board enters closed session. Participants who remain in the "lobby" will automatically be returned to the open session of the Board once the closed session has concluded. Observers joining the meeting while the Board is in closed session will receive a notice that the meeting has been locked. They will be able to observe the meeting once the closed session has concluded.

CALL TO ORDER 3:00 p.m.

ATTENDANCE      Committee Chair:      Doug Reinhart      \_\_\_\_\_  
                         Committee Member:      Karen McLaughlin      \_\_\_\_\_

<u>ALSO PRESENT</u>	Paul Cook	_____	Kevin Burton	_____	Wendy Chambers	_____
	Jose Zepeda	_____	Paul Weghorst	_____	Cheryl Clary	_____
	Steve Choi	_____	Jim Colston	_____	Fiona Sanchez	_____
	Rich Mori	_____	Eric Akiyoshi	_____	Jacob Moeder	_____
	Malcolm Cortez	_____	Ken Pfister	_____	Harry Cho	_____
	Alex Murphy	_____	Kent Morris	_____		_____

PUBLIC COMMENT NOTICE

If you wish to address the Committee on any item, please submit a request to speak via the "chat" feature available when joining the meeting virtually. Remarks are limited to three minutes per speaker on each subject. Public comments are limited to three minutes per speaker on each subject. You may also submit a public comment in advance of the meeting by emailing [comments@irwd.com](mailto:comments@irwd.com) before 9:00 a.m. on Tuesday, June 20, 2023.

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## COMMUNICATIONS

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1. Notes: Burton
2. Public Comments
3. Determine the need to discuss and/or take action on item(s) introduced that came to the attention of the District subsequent to the agenda being posted, and determine which items may be approved without discussion.

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## INFORMATION

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4. RESEARCH BUSINESS PLAN – COLSTON / BURTON

Recommendation: Receive and file.

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## ACTION

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5. TERMS FOR WATER PURCHASE AND SALE AGREEMENT WITH SOUTH COAST WATER DISTRICT – WEGHORST / SMITHSON / CLARY

Recommendation: That the Board authorize the General Manager to execute a Water Purchase and Sale Agreement with South Coast Water District based on the terms presented, subject to non-substantive changes.

6. ADDENDUM TO AMENDED AND RESTATED LICENSE FOR USE OF THE IRWD SAN JOAQUIN MARSH PROPERTY – CLARY / MORRIS

Recommendation: That the Board approve Addendum No. 2 to the third Amended and Restated License between Irvine Ranch Water District and the San Joaquin Wildlife Sanctuary, Inc.

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## OTHER BUSINESS

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7. Directors' Comments


8. Adjournment

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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 above-named Committee in connection with a matter subject to discussion or consideration at an open meeting of the Committee 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 Committee 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 Committee Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available electronically via the Webex meeting noted. Upon request, the District will provide for written agenda materials in appropriate alternative formats, and reasonable disability-related modification or accommodation to enable individuals with disabilities to participate in and provide comments at public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, or alternative format requested at least two days before the meeting. Requests should be emailed to [comments@irwd.com](mailto:comments@irwd.com). Requests made by mail must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

June 20, 2023

Prepared by: J. Colston

Submitted by: J. Colston / K. Burton

Approved by: Paul A. Cook 

## ENGINEERING AND OPERATIONS COMMITTEE

### RESEARCH BUSINESS PLAN UPDATE

#### SUMMARY:

Staff will provide an update on the research projects in which IRWD is currently involved.

#### BACKGROUND:

Periodically IRWD receives requests to participate in various research projects pertaining to emerging technologies through either direct funding or dedication of in-kind staff resources. Guidelines were developed to assist staff with their evaluation and response to those requests. These guidelines were incorporated into the IRWD Research Business Plan, which also provides a tracking mechanism for the various requests and ongoing research projects and programs in which IRWD participates. The underlying purpose of the Research Business Plan is to ensure that IRWD's research resources are being prioritized and utilized effectively.

One of the components of the Research Business Plan is for staff to provide a status update on the research projects to the Engineering and Operations Committee on a quarterly basis. IRWD actively participates in the Technology Approval Group (TAG) sponsored by Isle Utilities. The TAG hosts numerous developing technology providers in order to match interested agencies with their technologies. A status update on the current research projects is attached as Exhibit "A".

Changes since the last quarterly report:

- New: UCI CDC Sponsored PFAS Epidemiological Study – UCI is conducting a Centers for Disease Control (CDC) sponsored study of health impacts from the public drinking potable water tainted with Per- and Poly-fluoroalkyl substances (PFAS). Due to localized PFAS contamination in some Orange County drinking water sources, the CDC is sponsoring research to determine potential public health effects. IRWD's Irvine service area is seen as an ideal control population due to the lack of PFAS in IRWD's served potable water.
- Update: Ammonia Monitoring at MWRP – On a recurring basis, Recycling Water Operations will request discrete hourly monitoring for ammonia from the wastewater treatment process in order to optimize treatment. Water Quality, Regulatory Compliance, and Recycled Water Operations plan to test ammonia sensors to determine if more accurate and less time intensive monitoring may be completed via these sensors.
- Update: Biosolids Pellets Land Application Crop Study – UC Riverside researchers are now testing the soil and crops for 44 different organic chemicals. The crops include radish, spinach, broccoli as well as peach, apple, and avocado trees. While the analyses have begun, some crops will not be harvested until April of 2024 (avocados). Researchers will begin to share initial results with IRWD staff in the summer of 2023.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit “A” – Research Projects Summary Table

## Exhibit "A"

### Research Projects Summary Table


No.	Project Title	Project Description	IRWD Contact	Organizations Involved	Type of Research	IRWD Participation Resource	Start Date	Projected Completion Date	Comments/Next Steps
1	UCI Industry-University Research Center-Perfluorinated Compound Sources and Loading at Wastewater Treatment Plants-A Sewershed-Scale Analysis	This project will develop and implement methodology for sewershed analysis to identify raw wastewater sources of PFAS.	Weghorst/Colston	UCI Industry-University Research Center	Case study, data review, best practice analysis and technical report.	Staff time for review of reports, sharing information, and site analysis. Also providing automated sampling equipment.	Sep-20	Dec-23	Wastewater collection from sub-sewershed locations in Orange County has commenced and is expected to finish by the first half of 2023. Based on data from samples analyzed so far, the mean concentration of PFAS in Orange County residential wastewater is 28.7 – 51.6 ng/L. UCI is currently recruiting volunteer households to complete sampling to identify major sources of PFAS from residences. Initial residential sampling indicate household contributions from toilets, laundry, showers and bathroom sinks.
2	Biosolids Pellets Land Application Crop Study	The primary goal is to determine if ~40-50 of the roughly 400 unregulated organic contaminants listed in the 'EPA contaminants in biosolids database' can be found in, or remain in, the edible portions of food and feed crops following land application at standard agronomic rates based on the nitrogen needs of the test crop.	Zepeda	UC Riverside/South Coast Research and Education Center in Irvine with funding by USEPA	Field study with laboratory analysis of biosolids and crops	Provide Class A biosolids pellets (approximately 1-2 tons of material)	Apr-22	Jul-24	UC Riverside researchers are now testing the soil and crops for 44 different organic chemicals. The crops include radish, spinach, broccoli as well as peach, apple and avocado trees. While the analyses have begun, some crops will not be harvested until April of 2024 (avocados). However, researchers will begin to share initial results with IRWD staff in the summer of 2023.
3	Ammonia Monitoring at MWRP	Recycling Water Operations requires discrete hourly monitoring for ammonia from the wastewater treatment processes in order to optimize treatment. WQ&RC plans to test ammonia sensors to determine if more accurate and less time intensive monitoring may be completed via these sensors.	Colston	IRWD	Field demonstration of new equipment	Staff time to set-up, maintain and monitor the ammonia sensors.	Mar-23	Dec-23	On a recurring basis, Recycling Water Operations will request discrete hourly monitoring for ammonia from the wastewater treatment process in order to optimize treatment. WQ&RC and Recycled Water Operations plan to test ammonia sensors to determine if more accurate and less time intensive monitoring may be completed via these sensors.
4	UCI CDC Sponsored PFAS Epidemiological Study	UCI is conducting a Centers for Disease Control (CDC) sponsored study of health impacts from the public drinking potable water. Due to localized PFAS contamination in some Orange County drinking water sources, the CDC is sponsoring research to determine potential public health effects. IRWD's Irvine service area is seen as an ideal control population due to the lack of PFAS in IRWD's served potable water.	Colston	UCI, OCWD, IRWD, CDC	Epidemiological that seeks 1,000 adults and 300 children for blood serum level testing.	Assistance in determining historic sources of drinking water in IRWD's service area.	Jan-23	TBD	IRWD staff including Jim Colston, Ken Pfister, and John Fabris met with staff from OCWD (Jason Dadakis and Gina Ayala) and UCI (Dr. Steve Bartell) to discuss IRWD's participation in the ongoing study. All parties agreed to IRWD's participation. IRWD agreed to provide information about historic water sources, and UCI agreed to coordinate with IRWD staff on the results of the study for public outreach.

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June 20, 2023

Prepared by: C. Smithson / P. Weghorst

Submitted by: C. Clary / P. Weghorst

Approved by: Paul A. Cook 

## ENGINEERING AND OPERATIONS COMMITTEE

### TERMS FOR WATER PURCHASE AND SALE AGREEMENT WITH SOUTH COAST WATER DISTRICT

#### SUMMARY:

Irvine Ranch Water District owns 10.5 cfs of production capacity in the Baker Water Treatment Plant. IRWD has been working with South Coast Water District (SCWD) to evaluate options by which SCWD could improve its water supply reliability, specifically by providing SCWD access to 3.0 cfs of product water from the Baker Plant. IRWD and SCWD staff have developed terms beneficial to both agencies for a Water Purchase and Sale Agreement that would help SCWD achieve one of its supply reliability objectives. At the meeting, staff will present an overview of the proposed terms of the agreement. Staff recommends that the Board authorize the General Manager to execute a Water Purchase and Sale Agreement with SCWD based on the terms presented, subject to non-substantive changes.

#### BACKGROUND:

In December 2013, IRWD executed the Amended and Restated Agreement for Construction, Operation and Maintenance of the Baker Water Treatment Plant. The agreement was also executed by El Toro Water District (ETWD), Moulton Niguel Water District (MNWD), Santa Margarita Water District (SMWD), and Trabuco Canyon Water District (TCWD). The agreement allocated capacity in the Baker Plant in accordance with the following table.

Baker Plant Capacity Allocations

Capacity Owner	Capacity Amount (CFS)	Percent of Total Capacity (%)
ETWD	5.0	11.5
IRWD	10.5	24.1
MNWD	13.0	29.9
SMWD	13.0	29.9
TCWD	2.0	4.6
Total	43.5	100.0

The Baker Plant was constructed to assist the five capacity owners (also collectively referred to as “the Baker Partners”) mitigate the impact of planned and unplanned interruptions in treated water supplies from Metropolitan Water District. SCWD participated in the initial Baker Plant capacity ownership discussions, but it chose not to participate in the project. Construction of the Baker Plant began in February 2014 and went online in early 2017.

### SCWD Water Supply Reliability Objectives:

Because SCWD currently relies heavily on Metropolitan for its drinking water supplies, SCWD has been evaluating ways to increase its water supply reliability by diversifying its supplies. One of SCWD's objectives is to secure 3.0 cfs from the Baker Plant, which would mitigate impacts from planned and unplanned interruptions in treated supplies from Metropolitan. SCWD is also considering more costly supplies from the proposed Doheny Seawater Desalination Project.

### Discussions with SCWD:

In 2020 SCWD approached IRWD to explore the potential of IRWD selling 3.0 cfs of Baker Plant product water to SCWD. IRWD staff subsequently determined that IRWD could provide 3.0 cfs of Baker Plant product water without impacting IRWD's overall potable supply reliability. In May 2022, SCWD submitted a proposal to IRWD for the purchase of 3.0 cfs in capacity in the Baker Plant from IRWD, through which SCWD would become a capacity owner of the Baker Plant. After evaluating the proposal, IRWD and SCWD staff jointly determined that SCWD could purchase 3.0 cfs of Baker Plant product water from IRWD through a water purchase and sale agreement, not as a capacity owner. Consistent with that determination, IRWD and SCWD staff negotiated the mutually beneficial terms for the proposed Water Purchase and Sale Agreement for Baker Plant water that is provided as Exhibit "A".

### Terms for Agreement Water Purchase and Sale Agreement:

The purpose of the Purchase and Sale Agreement is to improve SCWD's water supply reliability while fairly compensating IRWD. This agreement does not constitute a sale or transfer of IRWD's ownership capacity in the Baker Plant to SCWD. Key terms of the agreement include:

1. The term of the agreement and requirements for early termination;
2. Water delivery amounts and point of delivery;
3. The need for improvements to the Baker Plant Product Water facilities;
4. Components of the costs of water sold to SCWD;
5. IRWD replacement water costs to be paid by SCWD; and
6. Protection of IRWD's water supply reliability.

### Benefits to IRWD:

IRWD would benefit from the proposed water purchase and sale program by being compensated by SCWD for Baker Plant product water in accordance with the following cost components:

- Untreated water supply costs;
- Amortized capital costs for the Baker Plant, Baker Pipeline and Baker Plant Product Water Facility improvements;
- Past and future replacement and refurbishment costs;

- Operations and maintenance costs; and
- Increased costs incurred by IRWD in purchasing additional full-service treated water from Metropolitan.

Capital costs would be escalated to 2023 dollars and depreciated for the period up to when water sales commence to SCWD. The amortization of the capital costs would be over 40 years at the Bloomberg Valuation Service Municipal AA bond published rate, adjusted annually. The current rate is estimated at 4.49% percent. Furthermore, IRWD would be paid:

- A fixed charge based on IRWD's current rates and charge, providing a source of funds to IRWD's Replacement Fund; and
- Any increased amounts of assessments and surcharges assessed by Orange County Water District.

In the unlikely situation that treated water is not available from Metropolitan and IRWD is unable to increase groundwater pumping, then IRWD would be able to suspend deliveries to SCWD. Staff considers these terms to be fair and beneficial to both agencies, and staff recommends that the Board authorize the General Manager to execute a Water Purchase and Sale Agreement with SCWD based on the terms presented.

#### FISCAL IMPACTS:

IRWD would financially benefit from the implementation of the proposed Water Purchase and Sale Agreement with SCWD as described above. At the meeting, staff will present an overview of the expected revenue and costs associated with the proposed program.

#### ENVIRONMENTAL COMPLIANCE:

This construction and operation of the Baker Plant was subject to the California Environmental Quality Act (CEQA) and an Environmental Impact Report (EIR) was prepared in conformance with California Code of Regulations Title 14, Chapter 3, Article 7. The Final EIR was certified and adopted by the Board in April 2011. Addenda Nos. 1, 2, 3, and 4 to the EIR were prepared in accordance with the CEQA Guidelines and were approved by the Board in February 2012, March 2013, March 2018, and February 2020, respectively.

#### RECOMMENDATION:

That the Board authorize the General Manager to execute a Water Purchase and Sale Agreement with South Coast Water District based on the terms presented, subject to non-substantive changes.

#### LIST OF EXHIBITS:

Exhibit "A" – Terms for Proposed Water Purchase and Sale Agreement for Baker Treatment Plant Water Between Irvine Ranch Water District and South Coast Water District

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## EXHIBIT “A”

### Terms for Proposed Water Purchase and Sale Agreement for Baker Treatment Plant Water Between Irvine Ranch Water District and South Coast Water District

**Draft:** June 1, 2023

<b>Parties</b>	Irvine Ranch Water District (IRWD) and South Coast Water District (SCWD).
<b>Purpose</b>	To assist SCWD improve its water supply reliability and diversity by IRWD and SCWD entering into a mutually beneficial long-term Purchase and Sale Agreement allowing IRWD to provide SCWD a portion of IRWD’s share of the water produced from the Baker Water Treatment Plant (BWTP). The purchase and sale would not constitute a BWTP capacity sale or capacity transfer to SCWD.
<b>Term and Termination</b>	<p>The Purchase and Sale Agreement will terminate on December 15, 2063. Every ten (10) years after the commencement of water deliveries to SCWD, either Party may request to meet and confer regarding the terms of the agreement.</p> <p>If at the time the parties meet and confer, IRWD determines its access to water supplies has changed significantly or regulatory changes occur resulting in material water supply related economic impacts, reduced water supply reliability or diversity to IRWD, then IRWD may terminate the agreement with a five (5) year prior written notice to SCWD or may negotiate mutually agreeable terms for continuing the agreement with SCWD. SCWD may terminate the agreement without cause with a five (5) year prior written notice to IRWD, with SCWD reimbursing IRWD for the undepreciated value of any Product Water Facilities (PWF) Infrastructure Improvements made by IRWD as described below. Upon SCWD’s termination of the agreement, should IRWD remarket the 3.0 cfs to another agency and deliver that water using the PWF Infrastructure Improvements, SCWD shall have no further obligation to reimburse IRWD for the undepreciated value of any PWF infrastructure. IRWD would not be obligated to remarket the 3.0 cfs. Notwithstanding the requirements for such reimbursement, if IRWD or SCWD terminate the agreement as provided herein, there will be no further obligations by either party.</p>
<b>Annual Water Delivery Amount</b>	Assuming that the BWTP will be operational 90 percent of the time, IRWD shall deliver 3.0 cubic feet per second (cfs) when the plant is operating at full capacity, which equates to 1,955 acre-feet per year (AFY), of treated water supply from the BWTP to SCWD. If the BTWP is operational either more or less than 90 percent of the time, deliveries to SCWD will be prorated in accordance with actual production. Deliveries shall be on a continuous basis with the exception of periods when: 1) the Baker Pipeline, the BWTP, or the BWTP Product Water Facilities (PWF) are undergoing repair or rehabilitation; 2) when untreated source water for the BWTP is unavailable from the Metropolitan Water District (Metropolitan) and Irvine Lake water is unavailable from IRWD; or 3) when IRWD’s access to groundwater is limited during a Metropolitan Treated Water Interruptions as described below.
<b>SCWD Point of Delivery</b>	IRWD shall deliver water to SCWD at a point of connection to the discharge side of the PWF connection to the South County Pipeline.

Terms for Proposed Water Purchase and Sale Agreement  
for Baker Treatment Plant Water

**Draft:** June 1, 2023

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<p><b>PWF Infrastructure Improvements</b></p>	<p>The Parties will consult with the other BWTP Capacity Owners to see if there is an opportunity for SCWD to lease 3.0 cfs capacity in the PWF as an alternative to making PWF Infrastructure Improvements as described below. Should a lease be possible, SCWD would be responsible for the lease payments and any improvements and associated costs downstream of the SCWD Point of Delivery.</p> <p>Should a lease of capacity not be possible, then IRWD will conduct a study of the feasibility of making PWF Infrastructure Improvements upstream of the SCWD Point of Delivery (“Feasibility Study”) including any necessary improvements downstream of IRWD’s existing 16 million-gallon tanks. The feasibility study will include the development of a preliminary design and cost estimate for the improvements. IRWD will coordinate with the Baker Capacity Owners before the study is initiated to ensure that their interests and concerns are addressed in the scope of work.</p> <p>Should the PWF Infrastructure Improvements be determined by IRWD to be feasible, then IRWD shall seek agreement among the BWTP Capacity Owners for IRWD to make the PWF Infrastructure Improvements that facilitate the sale of water to SCWD, consistent with the Amended and Restated Agreement for Construction, Operation and Maintenance of the Baker Water Treatment Plant, dated December 16, 2013 (Baker Agreement). If agreement is reached, then IRWD will be responsible for designing, constructing, operating, and maintaining PWF Infrastructure Improvements to deliver the treated BWTP water to SCWD Point of Delivery. SCWD shall have no capacity rights, ownership interest or operations and maintenance responsibilities for any infrastructure associated with the Baker Pipeline, BWTP, PWF or appurtenant facilities. PWF Infrastructure Improvements costs will include the costs of feasibility study, applicable IRWD labor and related General and Administrative costs, any related CEQA compliance and permitting costs as well as any PWF participation costs imposed by the BWTP Capacity Owners.</p> <p>Should IRWD determine that the PWF Infrastructure Improvement costs are not feasible or IRWD is unable to reach agreement with the BWTP Capacity Owners on the PWF Infrastructure Improvements or if SCWD determines not to proceed with the purchase of water from IRWD, then SCWD will reimburse IRWD for all costs associated with the Feasibility Study.</p> <p>SCWD would be responsible for conducting a feasibility study of any improvements needed downstream of the SCWD Point of Delivery including any surge analyses needed by Metropolitan for introducing more water into the South County Pipeline. SCWD would be responsible for any costs associated with construction of any needed improvements downstream of the SCWD Point of Delivery.</p>
<p><b>Component Costs of Water Sold by IRWD to SCWD</b></p>	<p>The cost for water sold by IRWD to SCWD under this agreement shall be comprised of the following four components: (1) Base Untreated Water Supply Costs; (2) Amortized Capital Costs for the BWTP and PWF Infrastructure Improvements and Related Facilities; (3) Operations and Maintenance Costs;</p>

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for Baker Treatment Plant Water

**Draft:** June 1, 2023

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	<p>and (4) Replacement Water Costs. These costs, as more fully described below, shall be based upon, or proportionate to the 3.0 cfs of treated water delivered to SCWD at the SCWD Point of Delivery.</p> <p>SCWD will pay IRWD a fixed charge equivalent to an 8-inch turbo-meter based on IRWD's current rates and charges to be billed on a quarterly basis.</p>
<b>Base Untreated Water Supply Costs</b>	<p>Source water for the BWTP for treatment by IRWD and delivery to SCWD shall be Full Service Untreated Metropolitan water or available IRWD water stored in Irvine Lake, at IRWD's discretion.. Payment for these supplies shall be in accordance with the terms of the Baker Agreement, except as noted below. All payment for Metropolitan water shall be made by SCWD directly to the Municipal Water District of Orange County (MWDOC) and shall be comprised of all applicable rate and charge components including the Readiness-to-Serve (RTS) charge, the Capacity Charge (CC), the Full Service Untreated Metropolitan commodity rate (or their equivalent in any new Metropolitan rate structure), and any applicable MWDOC surcharges. Payment for water from Irvine Lake would be in accordance with the terms of a potential separate agreement. Payment for Irvine Lake water shall be made by SCWD to IRWD in accordance with Section 8.4 of the Baker Agreement or in accordance with any future amendments or agreements with Baker Capacity Owners regarding Irvine Lake.</p>
<b>Amortized Capital Costs for the BWTP, PWF Infrastructure Improvements and Related Facilities</b>	<p>SCWD shall pay to IRWD on a quarterly basis the following three amortized capital cost components: (1) BWTP – 6.897% of the final 2016 capital cost escalated to 2023 dollars, depreciated for the period of for the period of use from the first day of operation of the BWTP to the date of commencement of water deliveries to SCWD plus 6.897% of all replacement and refurbishment contributions made by IRWD and the other BWTP Capacity Owners up to the date of execution of this agreement; (2) PWF - Infrastructure Improvements described above, and (3) Baker Pipeline – costs for 3.0 cfs of capacity in five reaches of the Baker Pipeline utilizing the valuation methodology agreed to by the IRWD and the subscribers during construction of the BWTP project, escalated to 2023 dollars and discounted for depreciation. The amortization of all capital costs would be over 40 years at the BVAL Municipal AA bond published rate, adjusted annually.</p>
<b>Operations and Maintenance Costs</b>	<p>SCWD shall pay IRWD Operations and Maintenance costs as well as replacement and refurbishment costs for the BWTP, the Baker Pipeline and the PWF in accordance with and in the manner set forth in Section 4 of the Baker Agreement through the termination of this agreement, including any contributions for unanticipated repairs. Operations and Maintenance costs include both fixed and variable operating costs, labor and equipment costs, and related expenses. Fixed operating costs and replacement and refurbishment contributions, including any additional replacement and refurbishment requirements to be paid by IRWD and the Baker Plant Capacity Owners, shall be allocated to SCWD based upon 6.897% of total costs for these categories except</p>

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for Baker Treatment Plant Water

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	for the PWF for which SCWD will be allocated 8.333% of the costs for PWF Infrastructure Improvements made by IRWD. Variable costs shall be based upon SCWD's proportion of metered treated water deliveries. Operations and Maintenance Costs would be paid by SCWD to IRWD on a quarterly basis.
<b>Replacement Water Costs</b>	Upon commencement of water sales to SCWD, IRWD will incur additional incremental costs to purchase an equivalent amount of Metropolitan Full Service Treated water at Metropolitan's prevailing rate or the equivalent in any new Metropolitan rate structure. SCWD shall pay IRWD for IRWD's costs associated with the purchase of this replacement supply. The unit cost amount paid by SCWD shall be calculated based upon the Metropolitan Full Service Treated water rate, or its equivalent in effect, less the sum of the untreated water costs and BWTP fixed and variable Operations and Maintenance Costs applicable to IRWD and IRWD's original capital cost amortized over 40 years at IRWD's all-in cost of debt at the time of financing the BWTP, as presented in Exhibit "A". SCWD shall make replacement water payments to IRWD on a quarterly basis.
<b>Metropolitan Treated Water Interruptions</b>	<p>Should an interruption occur in the Metropolitan treated water system resulting in IRWD being required to temporarily pump increased amounts of groundwater, and after such an event IRWD is unable to reduce pumping to offset its temporary increased production such that Orange County Water District (OCWD) imposes increased amounts of Basin Equity Assessment (BEA) and/or a Production Limitation Surcharge (PLS) or other charges, SCWD would compensate IRWD for the portion of BEA and PLS applicable to 3.0 cfs of groundwater production over the duration of the interruption event. Should IRWD be unable to increase groundwater pumping during an unscheduled interruption because of physical and/or contractual limitations, then IRWD will suspend delivery of BWTP water to SCWD until the interruption ends.</p> <p>When a scheduled interruption occurs, IRWD would make reasonable efforts to manage its pumping of groundwater supplies to avoid BEA and PLS obligations to OCWD.</p> <p>IRWD would allow SCWD to store untreated water from Metropolitan in Irvine Lake for emergency conditions in accordance with any future IRWD storage program with the other BWTP Capacity Owners.</p>
<b>Agency Coordination</b>	IRWD shall coordinate with all BWTP Capacity Owners and MWDOC as necessary to effectuate the terms, conditions and obligations of this Purchase and Sale Agreement. SCWD shall assist in these coordination efforts as requested by IRWD.
<b>Environmental Compliance</b>	Both parties shall comply with the California Environmental Quality Act (CEQA) and cooperate with one another on necessary CEQA compliance. IRWD shall be responsible for all CEQA compliance relating to making the PWF Infrastructure Improvements. SCWD would be responsible for all CEQA


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	compliance and permitting related to improvements necessary downstream of the SCWD Point of Delivery and for the delivery of the purchased water into its service area.
<b>General Expenses</b>	Each party shall be responsible for its own legal and administrative expenses arising out of the negotiation and execution of this Water Purchase and Sale Agreement. SCWD will reimburse IRWD up to \$15,000 to cover its legal and administrative costs in the preparation of the Water Purchase and Sale Agreement.

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June 20, 2023  
Prepared and  
Submitted by: K. Morris / C. Clary  
Approved by: Paul A. Cook 

## ENGINEERING AND OPERATIONS COMMITTEE

### ADDENDUM TO AMENDED AND RESTATED LICENSE FOR USE OF THE IRWD SAN JOAQUIN MARSH PROPERTY

#### SUMMARY:

The current license agreements permitting the use of IRWD's San Joaquin Marsh property by the San Joaquin Wildlife Sanctuary, Inc. and the Sea and Sage Audubon Society, Inc. are scheduled to expire on July 5, 2023. The Third Amended and Restated License between IRWD and the Sanctuary and the Third Amended and Restated Sublicense between the Sanctuary and the Sea and Sage Audubon Society, Inc. included a three-year option to extend, with no changes to any other terms. On April 27, 2020, the IRWD Board approved Addendum No. 1 to the Third Amended and Restated License between IRWD and the Sanctuary, which extended the term to July 5, 2023.

Staff recommends that the IRWD Board approve Addendum No. 2 to the Third Amended and Restated License between Irvine Ranch Water District and the San Joaquin Wildlife Sanctuary, extending the term for one-year ending July 5, 2024.

#### BACKGROUND:

In 1999, IRWD entered into a license for use of site, facilities, and accessways with the San Joaquin Wildlife Sanctuary, which was extended by subsequent agreements. The most recent license, the Third Amended and Restated License, was executed in May 2016 and Addendum No. 1 extended the term of use from July 5, 2020 to July 5, 2023. The Sanctuary, in turn, entered into sublicense agreements with Sea and Sage Audubon Society, including, most recently, the Addendum No. 1 to the Third Amended and Restated Sublicense in May 2016, which extended the term of use to July 5, 2023.

Section 3 of both the license and the sublicense provides for an option to extend the term for an additional period, with no changes to any other terms, upon mutually executing an addendum. The proposed Addendum, No. 2 to the Third Amended and Restated License between IRWD and the San Joaquin Wildlife Sanctuary is attached as Exhibit "A".

Staff recommends that the IRWD Board approve Addendum No. 2 to the Third Amended and Restated License between Irvine Ranch Water District and the San Joaquin Wildlife Sanctuary for a one-year term ending July 5, 2024 as provided in Exhibit "A". A San Joaquin Wildlife Sanctuary Board meeting will be scheduled with Audubon for executing Addendum No. 2 to the Third Amended and Restated Sublicense.

#### FISCAL IMPACTS:

The annual payment from the Sanctuary to IRWD under the Addendum will remain at \$1.00.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

That the Board approve Addendum No. 2 to the third Amended and Restated License between Irvine Ranch Water District and the San Joaquin Wildlife Sanctuary, Inc.

LIST OF EXHIBITS:

Exhibit “A” – Addendum No. 2 to the Third Amended and Restated License between Irvine Ranch Water District and the San Joaquin Wildlife Sanctuary, Inc.

EXHIBIT "A"

ADDENDUM NO. 2  
TO  
THIRD AMENDED AND RESTATED  
LICENSE FOR USE OF  
SITE, FACILITIES, AND ACCESSWAYS

THIS ADDENDUM NO. 2 TO THIRD AMENDED AND RESTATED LICENSE FOR USE OF SITE, FACILITIES AND ACCESSWAYS, dated as of July \_\_, 2023 (the "**Effective Date**") is between IRVINE RANCH WATER DISTRICT, a California water district organized and existing under Section 34000 et seq. of the California Water Code, as licensor (the "**Licensor**") and the SAN JOAQUIN WILDLIFE SANCTUARY, INC., a non-profit public benefit corporation, organized and existing under the laws of the State of California, as licensee (the "**Licensee**").

A. Licensor owns certain land and improvements located within the San Joaquin Marsh (the "**Premises**") which Licensor operates and maintains in conjunction with its adjacent Michelson Water Recycling Plant.

B. Licensor and Licensee have entered into the *Third Amended and Restated License for Use of Site, Facilities and Accessways*, dated May 23, 2016 (the "**License**"), to provide to Licensee an exclusive license as to the Licensed Buildings (subject to the reservations set forth in the License) and a non-exclusive license as to the License Area other than the Licensed Buildings (such capitalized terms having the definitions given them in the License), in carrying out activities in furtherance of its educational purposes related to the San Joaquin Marsh ecology, environment, natural history, birds and wildlife.

C. Licensee's proposed activities and use of the License Area will continue to benefit Licensor, who has an interest in promoting education, awareness, and understanding of the marsh environment of which its properties and facilities are a part, as well as water conservation and reclamation.

D. The proposed activities and uses of Licensee can be carried out on the License Area in a manner consistent with Licensor's operations within the Premises.

E. Licensor and Licensee entered into *Addendum No. 1 to the Third Amended and Restated License for Use of Site, Facilities and Accessways*, dated April 27, 2020 ("**Addendum No. 1**") which extended the term for a three-year period, and will terminate on July 5, 2023.

F. Licensor and Licensee now intend to renew the term of the License for one year through July 5, 2024.

The Parties therefore agree as follows:

Section 1. Extension of License Term. The term of the License is hereby extended for one year, to end at 11:59pm on July 5, 2024, unless further extended or terminated prior to that date pursuant to the terms of the License.

Section 2. Compensation. Licensee shall pay to Licensor, upon execution and delivery of this Addendum, the sum of One Dollar (\$1.00) as compensation to Licensor for the use of the License Area. As additional consideration, the Licensee shall perform all of its promises, covenants, and obligations under the License.

Section 3. Miscellaneous. All other terms and provisions of the License remain unmodified and in full force and effect. This Addendum No. 2 may be executed in counterparts, each of which, when taken together, shall constitute one fully executed original. Electronically transmitted signatures will be binding for all purposes of this Addendum No. 2.

This Addendum No. 2 has been executed by Licensor and Licensee as of the Effective Date.

**Licensor:**

IRVINE RANCH WATER DISTRICT

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

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

**Licensee:**

SAN JOAQUIN WILDLIFE SANCTUARY, INC.

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

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

APPROVED AS TO FORM:  
Hanson Bridgett LLP

By: \_\_\_\_\_  
IRWD General Counsel