

MINUTES OF REGULAR MEETING – FEBRUARY 10, 2014

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 LaMar on February 10, 2014 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Swan, Withers (arrived at 5:08 p.m.), Matheis, LaMar and Reinhart

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Finance Clary, Executive Director of Engineering and Planning Burton, Executive Director of Operations Sheilds, Acting Executive Director of Water Resources Weghorst, Director of Human Resources Roney, Assistant Director of Recycling Operations Lee, Assistant Director of Maintenance Drake, Assistant Director of Water Operations Roberts, Assistant Treasurer Fournier, Assistant Director of Conservation Sanchez, Mr. Ken Erwin, Mr. Ian Swift, Mr. Alex Aguilar, Legal Counsel Arneson (via conference call), Secretary Bonkowski, Mr. Jim Reed, Mr. Bruce Newell, Mr. Wayne Clark and other members of the public and staff.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION

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 1, 5, 6, 7, C-8, C-9, 10, 15 and 17 will operate in accordance with the District's annual pumping plan. Wells 2, 3, 4, 11, 12, 13, 14, 16 and 18 will be off. This was confirmed by Mr. Cook, General Manager of the District.

On October 31, 2013, the District received its fully executed copy of the Annexation Agreement with the Orange County Water District. 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. On October 14 2013, the IRWD Board 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 approved the operating agreement. This was confirmed by Mr. Cook.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None.

CONSENT CALENDAR

Director Swan asked that item No. 3, Minutes of Regular Board Meeting, be pulled from the Consent Calendar for discussion. There being no objection, this item was moved to the Action Calendar. On MOTION by Swan, seconded and carried (Withers absent), CONSENT CALENDAR ITEMS 4 THROUGH 8 WERE APPROVED AS FOLLOWS:

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

Recommendation: That the Board ratify/approve meetings and events for Steven LaMar, Mary Aileen Matheis, Douglas Reinhart and Peer Swan.

5. RATIFICATION OF MEMORANDUM RELATIVE TO THE BOARD, COMMITTEE AND OTHER ASSIGNMENTS, AND APPROVAL OF AGENCY AND OUTSIDE ORGANIZATION BOARD REPRESENTATION AT MEETINGS/EVENTS FOR 2014

Recommendation: That the Board ratify the Memorandum dated February 10, 2014 entitled Officers of the Board, Committees and Other Assignments, approve attendance for the meetings and events for the Board's representation for calendar year 2014 as delineated in the write-up outlined, and adopt the following resolution by title rescinding Resolution No. 2013-3 and revising the assignment of Directors to Committees of the Board.

RESOLUTION NO. 2014-6

RESOLUTION OF THE BOARD OF DIRECTORS OF  
IRVINE RANCH WATER DISTRICT, RESCINDING  
RESOLUTION NO. 2013-3 AND REVISING THE  
ASSIGNMENT OF DIRECTORS TO COMMITTEES  
OF THE BOARD

6. BOARD AUTHORIZATION TO CAST BALLOTS IN FAVOR OF BOND PROPOSITIONS IN IMPROVEMENT DISTRICT NOS. 185/285

Recommendation: That the Board adopt the following resolution by title authorizing casting of District ballots in Improvement District Nos. 185 and 285 elections.

RESOLUTION NO. 2014-7

RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE IRVINE RANCH WATER DISTRICT AUTHORIZING  
CASTING OF DISTRICT BALLOTS IN IMPROVEMENT  
DISTRICT NOS. 185 AND 285 ELECTIONS

CONSENT CALENDAR (CONTINUED)

7. 2014 INDEX TENDER NOTES REMARKETING

Recommendation: That the Board approve the 2014 ITN Remarketing Statements and the First Supplemental Indentures and adopt by title the following resolutions:

RESOLUTION NO. 2014-8

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

RESOLUTION NO. 2014-9

RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE IRVINE RANCH WATER DISTRICT APPROVING  
FIRST SUPPLEMENTAL INDENTURES OF TRUST  
(REFUNDING SERIES 2011 A-1 AND REFUNDING SERIES 2011 A-2)

8. ON-CALL INFORMATION SERVICES PROFESSIONAL PROGRAMMING AND NETWORK CONSULTANTS

Recommendation: That the Board authorize the General Manager to execute three on-call Professional Services Agreements with Outsource Technical in the amount of \$350,000, Software Management Consultants in the amount of \$60,000, and Trevera in the amount of \$60,000 for on-call programming, analysis, and network services for miscellaneous projects.

ACTION CALENDAR

MINUTES OF REGULAR BOARD MEETING

In the January 27, 2014 minutes under Oral Communications, Director Swan asked staff to check on a date referenced with the Board approving an operation agreement with certain south Orange County water agencies to fund the interconnection facilities needed to affect the emergency transfer of water. There being no further discussion, on MOTION by Swan, seconded and carried (Withers absent), **THE MINUTES OF THE JANUARY 27, 2014 REGULAR BOARD MEETING WERE APPROVED AS PRESENTED.**

MEMORANDUM OF UNDERSTANDING WITH THE IRVINE RANCH WATER DISTRICT EMPLOYEES ASSOCIATION

General Manager Cook reported that the terms of the Memorandum of Understanding (MOU) with the Irvine Ranch Water District Employees Association (IRWDEA) have been discussed

with the full Board during the negotiation process; that these negotiations are now complete between IRWD and the General Employees' Unit of the Irvine Ranch Water District Employees Association (IRWDEA); and the represented members voted to ratify the agreement. He recognized Ms. Jenny Roney, Ms. Gretchen Ronin, and special legal counsel Mr. Jim Moss of Payne and Fears for their efforts. Mrs. Julie Bendzick-Sin, representing the IRWD Employees Association, thanked the Board and staff for reaching agreement in this second Memorandum of Understanding.

Negotiations between the parties, which began on September 26, 2013, resulted in an agreement being reached at the table on January 16, 2014. On January 30, 2014, the IRWDEA held a meeting at which the agreement was ratified, virtually unanimously, by the voting members of the General Employees' Unit. Significant articles of the proposed MOU include: 1) An 18-month term, from September 25, 2013 to March 31, 2015; 2) Establishment of an Employee Relations Discussion Forum; 3) A reduction of the California Public Employees' Retirement System Employer Paid Member Contributions (EPMC) for first-tier members by 2% over the term of the agreement, resulting in members paying the full employee contribution by March 2015; 4) A Cost of Living Allowance (COLA) effective December 1, 2013 equal to the Consumer Price Index and an agreement on the minimum COLA for December 2014; 5) A change to the annual sick leave buy-back program; 6) Establishment of a pre-disciplinary notice procedure; 7) Establishment of a grievance procedure; and 8) Language about work schedules, rest periods, overtime pay, standby pay, call-out pay, uniforms, education and training assistance, and safety equipment, consistent with District policy.

Director Withers arrived at 5:08 p.m. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE MEMORANDUM OF UNDERSTANDING BETWEEN IRWD AND THE IRWDEA, SUBJECT TO NON-SUBSTANTIVE CHANGES.

#### PROPOSED DECREASES TO CALPERS EMPLOYER PAID MEMBER CONTRIBUTIONS

General Manager Cook reported that as part of the multi-year plan to transition the District away from paying the 8% Employer Paid Member Contribution (EPMC) as an employee benefit, increases in the employee contribution to CalPERS are proposed as follows: 1) Effective March 1, 2014, all non-management Unrepresented Employees will pay an additional 0.63% into CalPERS, decreasing the EPMC from 2% to 1.37% and increasing the employee contributions from 6% to 6.63%; 2) Effective March 1, 2014, all employees represented by the Irvine Ranch Water District Employee Association (IRWDEA) will pay an additional 0.63% into CalPERS, decreasing the EPMC from 2% to 1.37% and increasing the employee contributions from 6% to 6.63%; 3) Effective March 14, 2015, all non-management Unrepresented Employees will pay an additional 1.37% into CalPERS, decreasing the EPMC from 1.37% to 0% and increasing the employee contributions from 6.63% to 8%; and 4) Effective March 14, 2015, all Employees represented by the IRWDEA will pay an additional 1.37% into CalPERS, decreasing the EPMC from 1.37% to 0% and increasing the employee contributions from 6.63% to 8%.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on February 4, 2014. Prior to voting on this item, in response to his inquiry, Director Reinhart received clarification from legal counsel on the recent changes to the Brown Act

relative to voting where Mrs. Arneson noted that if a Board member is teleconferencing, then a roll call vote is required. There being no further comments, on MOTION by Swan, seconded and unanimously carried, THE BOARD, UPON ADOPTION OF THE IRVINE RANCH WATER DISTRICT EMPLOYEES ASSOCIATION SUCCESSOR MEMORANDUM OF UNDERSTANDING, ADOPTED THE FOLLOWING RESOLUTIONS BY TITLE AUTHORIZING THE DECREASE TO THE EMPLOYER PAID MEMBER CONTRIBUTIONS TO CALPERS:

RESOLUTION 2014-10

RESOLUTION OF THE BOARD OF  
DIRECTORS OF THE IRVINE RANCH WATER DISTRICT,  
ORANGE COUNTY, CALIFORNIA MODIFYING  
EMPLOYER-PAID MEMBER CONTRIBUTIONS  
(EFFECTIVE MARCH 1, 2014 FOR FULL-TIME  
REGULAR EMPLOYEES)

RESOLUTION 2014-11

RESOLUTION OF THE BOARD OF  
DIRECTORS OF THE IRVINE RANCH WATER DISTRICT,  
ORANGE COUNTY, CALIFORNIA MODIFYING  
EMPLOYER-PAID MEMBER CONTRIBUTIONS  
(EFFECTIVE MARCH 14, 2015 FOR FULL-TIME  
REGULAR EMPLOYEES)

REVISED PERSONNEL POLICIES AND PROCEDURES

General Manager Cook reported that two policies have been revised; Policy No. 16 – Sick Leave has been revised to include changes to the District’s annual sick leave buy-back program which will now have different tiers at which employees can sell back a limited amount of accrued sick leave based on years of service. The annual sick leave buy-back program has also been revised to require that employees keep at least 80 hours of sick time in their accrual bank before any sick leave can be sold back. He also said that Policy No. 33 – Illness and Injury Prevention Program (IIPP) has been revised to include Process Safety Management and Process Hazard Analysis language. Changes to the subject policy are in response to a recent Cal/OSHA citation (Non-monetary) requirement to reference pertinent portions of the Cal/OSHA, Title 8-CCR Section 5189 relating to Process Safety Management in the IIPP. The abatement date for inclusion into the IIPP as issued by the agency is March 3, 2014.

Director Swan said that the revisions to the IIPP were reviewed by the Finance and Personnel Committee on February 4, 2014. Following discussion, on MOTION by Reinhart, seconded and unanimously carried, THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2014-12

RESOLUTION OF THE BOARD OF DIRECTORS OF  
IRVINE RANCH WATER DISTRICT, RESCINDING  
RESOLUTION NO. 2012-39 AND ESTABLISHING  
REVISED PERSONNEL POLICIES  
(FOR POLICY NO. 16 AND POLICY NO. 33).

LETTER OF CREDIT EXPIRATION AND OPTIONAL REDEMPTION OF BONDS

General Manager Cook reported that the District has letters of credit expiring on the Series 1989 bonds (1989 bonds) and Series 1991 bonds (1991 bonds) in June and August of 2014. Mr. Cook said that when the letters of credit expire, there will be \$100,000 principal remaining for the 1989 bonds, and \$2.8 million remaining for the 1991 bonds. He said that staff is recommending that the Board approve redeeming the \$2.9 million of bonds early, rather than extending or replacing the letters of credit, providing a net savings to the District of approximately \$39,000.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on February 4, 2014. On MOTION by Swan, seconded and unanimously carried, THE BOARD APPROVED THE REDEMPTION OF THE SERIES 1989 AND 1991 BONDS AND ADOPTED THE FOLLOWING RESOLUTIONS BY THE FOLLOWING TITLES:

RESOLUTION NO. 2014-13

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
IRVINE RANCH WATER DISTRICT CALLING BONDS OF  
SAID DISTRICT FOR REDEMPTION AND AUTHORIZING  
CERTAIN ACTIONS IN CONNECTION THEREWITH  
(CONSOLIDATED SERIES 1989)

RESOLUTION NO. 2014-14

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
IRVINE RANCH WATER DISTRICT CALLING BONDS OF  
SAID DISTRICT FOR REDEMPTION AND AUTHORIZING  
CERTAIN ACTIONS IN CONNECTION THEREWITH  
(CONSOLIDATED SERIES 1991)

DYER ROAD WELLFIELD WELL NO. 5 REHABILITATION CONSTRUCTION AWARD

DRWF Well No. 5, located in the City of Santa Ana was drilled in 1998. A video survey conducted in 2012 revealed that over 75 percent of the casing perforations were partially plugged and about 10 feet of sediment at the bottom of the well was also observed. In addition, the pump bowls and pump assembly, column piping, and line shaft need to be replaced.

Executive Director of Engineering and Planning Burton reported that the project was advertised on December 20, 2013 to a select list of five contractors including Bakersfield Well & Pump

Co., Best Drilling and Pump, Inc., South West Pump & Drilling, Inc., Cascade Drilling, and General Pump Company. He said that a bid opening was held with bids received from Best Drilling and Pump, Inc., South West Pump & Drilling, Inc., and General Pump Company, and that Best Drilling and Pump, Inc. was the apparent low bidder with a bid amount of \$405,240. He said that staff reviewed Best Drilling and Pump's bid and has determined that it is responsive. The engineer's estimate, prepared by Richard C. Slade & Associates, LLC, was \$403,200.

In response to Director Reinhart's inquiry, Mr. Burton said that staff will submit an item to the Engineering and Operations Committee providing an updated listing of suggested wells requiring rehabilitation work in the future. Following discussion, on MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE IN THE AMOUNT OF \$160,600, FROM \$776,600 TO \$937,200, FOR PROJECT 11693 (4326); APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$497,200 FOR PROJECT 11693 (4326); AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH BEST DRILLING AND PUMP, INC. IN THE AMOUNT OF \$405,240 FOR THE REHABILITATION OF DYER ROAD WELLFIELD WELL NO. 5, PROJECT 11693 (4326).

#### 2014 STATE LEGISLATIVE UPDATE

General Manager Cook reported on IRWD's "2014 Water Bond Funding & Amendment Requests" as a result of legislative discussions on the water bond. He said that staff also recommends the Board adopt a resolution calling for a voluntary reduction in water usage in response to Governor Brown's Drought State of Emergency proclamation. On MOTION by Reinhart, seconded and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE CALLING FOR A VOLUNTARY REDUCTION IN WATER USAGE IN RESPONSE TO GOVERNOR BROWN'S DROUGHT STATE OF EMERGENCY PROCLAMATION.

#### RESOLUTION NO. 2014-15

#### RESOLUTION OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT CALLING FOR A VOLUNTARY REDUCTION IN WATER USAGE

#### GENERAL MANAGER'S REPORT

General Manager Cook said that there has been a lot of discussion relative to the drought, and that he will keep the Board informed on its status. He further said that he will be participating in ACWA's Drought Action Group meeting in Sacramento this Friday.

#### DIRECTORS' COMMENTS

Director Withers reported on his attendance at an OCSD Committee meeting relative to water bonds. He suggested that staff remind entities that the District's water bond principles are available on IRWD's website. He also said that tomorrow he will be attending an NWRI Committee meeting.

Director Matheis reported that she attended WACO and a MWDOC Water Policy Forum. She said that ISDOC is discussing if it should become a member of the OC-COG. She noted the upcoming Urban Water Institute conference in Palm Springs where she and other Board members will be attending.

Director Reinhart reported on a meeting he attended with a representative of a company that performs algorithms relative to water events that he found interesting and that he attended a MWDOC Board Workshop and a MWDOC Water Policy Forum.

Director Swan reported on his attendance at an ACWA Region 10 planning meeting in San Diego, an OCWD/MWDOC Joint Committee meeting, a meeting with Orange County Vector Control, a San Joaquin Wildlife Sanctuary Board meeting, an ACWA Board of Directors' meeting, a workshop with MWDOC and MWD Directors, a MWDOC Water Policy Forum, and a monthly WACO meeting. Director Swan inquired if the District has adopted a policy on pharmaceuticals being flushed into the sewage system to which General Manager Cook responded there is not a policy in place. In response to an inquiry on the Diemer shutdown, Mr. Thomas Roberts provided an update to the Board.

Director LaMar reported that on Friday he attended ACWA's Federal Affairs meeting and will be attending NWRI's Operations Committee meeting tomorrow.

#### CLOSED SESSION

CLOSED SESSION WITH LEGAL COUNSEL RELATIVE TO 1) Existing Litigation - Government Code Section 54956.9(d)(1) – Capistrano Taxpayers Association v. City of San Juan Capistrano, and 2) Anticipated Litigation - Government Code Section 54956.9(d)(2) – significant exposure to litigation (one potential case).

#### OPEN SESSION

The meeting was adjourned with all Directors present. President LaMar said that there was no action to report from the Closed Session items.

#### ADJOURNMENT

There being no further business, President LaMar adjourned the meeting to Tuesday, February 11, 2014 at 2:30 p.m. to IRWD's Operations Center, Committee Room, for a tour of the Michelson Water Recycling Plant Phase 2 Expansion Project.

APPROVED and SIGNED this 10<sup>th</sup> day of March, 2014.

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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