

MINUTES OF REGULAR MEETING – JUNE 9, 2014

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:10 p.m. by President LaMar on June 9, 2014 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: LaMar, Withers, Matheis, and Swan

Directors Absent: Reinhart.

Also Present: General Manager Cook, Executive Director of Finance Clary, Executive Director of Engineering and Planning Burton, Executive Director of Operations Sheilds, Executive Director of Water Resources Weghorst, Director of Water Resources Sanchez, Director of Human Resources Roney, Director of Risk Management and Treasury Jacobson, Director of Public Affairs Beeman, Director of Administrative Services Mossbarger, Ms. Christine Compton, Ms. Shannon Reed, Legal Counsel Arneson (by teleconference), Secretary Bonkowski, Mr. Barkev Mererlian, Mr. Jim Reed, Mr. Mike Hoolihan, Mr. Eric Akiyoshi, Mr. Bruce Newell and other members of the public and staff.

WRITTEN COMMUNICATION:

Secretary Bonkowski said that a letter was just received from Mr. Tom Levy relative to item No. 14 on the Action Calendar, South Orange County Agencies' Metropolitan Water District of Southern California representative candidate nominations (see page 6).

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

WORKSHOP

FISCAL YEAR 2014-14 CAPITAL BUDGET

General Manager Cook said that a revised resolution had been placed before each Director with a change made on the allocation of sources of funds.

Using a PowerPoint presentation, Mr. Eric Akiyoshi reported on the proposed budget. He said that in the current fiscal year, FY 2013/14, budgeted expenditures were originally estimated at \$110.3 million with actual expenditures projected at approximately \$84.2 million (equating to 76% of projected expenditures) through the end of the current fiscal year. Mr. Akiyoshi said that the construction phases for the Baker Water Treatment Plant and the Michelson Water Recycling Plant (MWRP) Biosolids and Energy Recovery Facilities started later than originally scheduled, resulting in capital expenditures this year being lower than originally anticipated.

Mr. Akiyoshi said that in FY 2013/14, the District released approximately 3,016 dwelling units through April 2013 and that in FY 2014/15 the development activity is projected to be similar to the previous fiscal year with development in Hidden Canyon, Baker Ranch, the Great Park neighborhood, and Orchard Hills.

Mr. Akiyoshi said that staff estimates that capital expenditures for FY 2014/15 will be approximately \$153.7 million; the construction work on two projects (the MWRP Biosolids and Energy Recovery Facilities and the Baker Water Treatment Plant) make-up 60% of the projected expenditures.

Mr. Akiyoshi reviewed the flagged project list with both the upsizing of the Syphon Reservoir and the Irvine Lake Pipeline Conversions being added to the list.

Director Withers reported that this item was reviewed at the Engineering and Operations Committee on May 20, 2014. On MOTION by Withers, seconded and unanimously carried, THE FOLLOWING RESOLUTION AS AMENDED WAS ADOPTED BY TITLE:

RESOLUTION NO. 2014 – 29

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY CALIFORNIA, APPROVING THE DISTRICT'S CAPITAL BUDGET FOR FISCAL YEAR 2014-15

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 10 WERE APPROVED AS FOLLOWS:

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the May 27, 2014 Regular Board meeting be approved as presented.

CONSENT CALENDAR (CONTINUED)

5. 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, John Withers, and Peer Swan.

6. NOTICE OF RELEASE OF COVENANT FOR ACCESS AND SAMPLING RIGHTS RELATED TO GROUNDWATER REMEDIATION IN QUITCLAIM DEEDS – GREAT PARK NEIGHBORHOODS

Recommendation: That the Board adopt the following resolution by title approving execution of the Notice of Release of Covenant for Access and Sampling Rights related to Groundwater Remediation in Quitclaim Deeds – Great Park Neighborhoods.

RESOLUTION NO. 2014 -30

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT APPROVING EXECUTION OF
THE NOTICE OF RELEASE OF COVENANT FOR ACCESS AND
SAMPLING RIGHTS RELATED TO GROUNDWATER REMEDIATION IN
QUITCLAIM DEEDS - GREAT PARK NEIGHBORHOODS

7. AMENDING OF BOND DOCUMENTS AND CONTINUING DISCLOSURE FOR BOND ISSUES RELATED TO IMPROVEMENT DISTRICT CONSOLIDATION

Recommendation: That the Board adopt the following resolution by title authorizing notices, disclosure, Supplemental Indentures and certain other actions in connection with Improvement District consolidation (Consolidated Series 1993, 1995, 2009A and 2009B; Series 2010B; and Consolidated Refunding Series 2008A).

RESOLUTION NO. 2014-31

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT AUTHORIZING
NOTICES, DISCLOSURE, SUPPLEMENTAL INDENTURES
AND CERTAIN OTHER ACTIONS IN CONNECTION WITH
IMPROVEMENT DISTRICT CONSOLIDATIONS
(CONSOLIDATED SERIES 1993, 1995, 2009A AND 2009B; SERIES
2010B; AND CONSOLIDATED REFUNDING SERIES 2008A)

CONSENT CALENDAR (CONTINUED)

8. VERIFICATION OF SUFFICIENT WATER SUPPLIES FOR UPTOWN NEWPORT BEACH (TENTATIVE TRACT MAP 17438)

Recommendation: That the Board approve the Verification of Sufficient Water Supplies for Uptown Newport Beach (Tentative Tract Map 17438).

9. 2014 STATE LEGISLATIVE UPDATE

Recommendation: That the Board take a "SUPPORT IF AMENDED" position on SB 985 (Pavley).

10. ELECTION OF THE LOCAL AGENCY FORMATION COMMISSION (LAFCO) ALTERNATE SPECIAL DISTRICT MEMBER

Recommendation: That the Board review and discuss the candidates for the Alternate Special District Member seat on the Orange County Local Agency Formation Commission (LAFCO) and authorize President LaMar to cast the District's ballot and submit it to LAFCO no later than the June 13, 2014, deadline.

ACTION CALENDAR

FISCAL YEAR 2014-15 GENERAL COUNSEL SERVICES FOR BOWIE, ARNESON, WILES, AND GIANNONE

General Manager Cook reported that Bowie, Arneson, Wiles & Giannone (BAWG) has provided a proposed letter of engagement for the purpose of providing legal services to the District for Fiscal Year (FY) 2014-15, effective July 1, 2014. BAWG's services shall not exceed \$525,000 without additional authorization from the District, of which \$425,000 is for general legal services and \$100,000 for the J127 matter. The proposed hourly rates and the estimated total cost for general legal services for FY 2014-15 will increase by \$10,000 from FY 2013-14. BAWG's hourly rates are based upon a number of factors, including the level of experience of its attorneys.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on June 3, 2014. He said that he and the Committee are very pleased with the legal services provided by Ms. Arneson. On MOTION by Swan, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE ENGAGEMENT AGREEMENT WITH BOWIE, ARNESON, WILES, AND GIANNONE EFFECTIVE JULY 1, 2014 FOR GENERAL COUNSEL SERVICES IN THE AMOUNT NOT TO EXCEED \$525,000, SUBJECT TO THE NOT-TO-EXCEED AMOUNTS WITHIN SUCH TOTAL AMOUNT AS PROVIDED IN SEPARATE DETAIL.**

WATER SMART SOFTWARE INC. VARIANCE NO. 1

General Manager Cook reported that the Water Smart Program, developed and administered on behalf of IRWD by Water Smart Software Inc., provides enhanced water use information to target

over-allocation customers separately from their water bills. Mr. Cook said that the program is an effective tool that promotes water use efficiency and rate support outreach to customers.

Director Matheis reported that this item was reviewed by the Water Resources Policy and Communications Committee on June 5, 2014 and the Committee is very satisfied with this program. On MOTION by Matheis, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN IRWD AND WATER SMART SOFTWARE INC. IN THE AMOUNT OF \$98,550.

ON-CALL DATABASE ADMINISTRATION CONSULTANTS

Director of Administrative Services Mossbarger reported that staff currently utilizes database administration resources from LCS Technologies to provide support for the Oracle Financial System and the Oracle Customer Care and Billing (CC&B) implementation project. There is an ongoing need for database administration services for the District's software systems as a result of several major capital projects the District has recently undertaken, such as the CC&B software implementation project, as well as smaller scale software and networking projects. In addition, consultants with the required skills could be retained to fill in for staff vacancies due to back filling regular positions, terminations, or leaves of absence. Staff proposes to retain database administrators through consultant agencies who would provide services on an on-call basis.

Mr. Mossbarger said that staff requested proposals from LCS technologies and Outsource Technical who have provided excellent service and responsiveness on previous District projects. He said that staff recommends that the Board authorize the General Manager to execute two Professional Services Agreements: with LCS Technologies in the amount of \$120,000 and Outsource Technical in the amount of \$60,000. Outsource Technical will serve as a backup or additional resource to supplement LCS Technologies.

Director Swan said that this item was reviewed and approved by the Finance and Personnel Committee on June 3, 2014. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE TWO PROFESSIONAL SERVICES AGREEMENTS, ONE WITH LCS TECHNOLOGIES, INC. IN THE AMOUNT OF \$120,000 AND THE OTHER WITH OUTSOURCE TECHNICAL IN THE AMOUNT OF \$60,000 FOR ON-CALL DATABASE ADMINISTRATION SERVICES.

SOUTH ORANGE COUNTY AGENCIES' METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA REPRESENTATIVE CANDIDATE NOMINATIONS

General Manager Cook said that the South County Agencies are well into the process to nominate candidates for the open South Orange County Agencies' Metropolitan Water District of Southern California seat. Mr. Cook provided an update on the individuals interested in applying for this position and noted that the first meeting of the Nominating Committee was held today with Ms. Sandra Jacobs elected Chair and Ms. Debby Neeve as Vice Chair. He said that due to scheduling, the Committee will not be meeting until after the July 4th holiday. He said that as noted under Written Communications by Secretary Bonkowski, that Mr. Tom Levy provided an interest letter to the Board this evening. He further said that tonight, staff recommends that the Board authorize

IRWD to submit Mr. Bill Campbell as the candidate to the Nomination Committee before the June 16, 2014 submittal date. Following discussion, Director Withers made a motion which Director Matheis seconded to move forward with submitting Mr. Campbell as the candidate to the Nominating Committee. Prior to the vote, Director Swan said he would like to amend the pending motion to defer action tonight and consider the item on Monday morning when Director Reinhart, who is a member of the Nominating Committee, could be present to vote on this matter. Director Swan's motion was not seconded. Director Withers withdrew his motion. Following discussion, on MOTION by Withers, seconded by Matheis, THE BOARD AUTHORIZED IRWD TO SUBMIT SUPERVISOR BILL CAMPBELL (RET.) AS THE BOARD-APPROVED CANDIDATE TO THE NOMINATION COMMITTEE TO MEET THE JUNE 16, 2014 DEADLINE FOR THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA DIRECTOR VACANT SEAT, AND THAT THE PRESIDENT ADJOURN TONIGHT'S MEETING TO MONDAY, JUNE 16, 2014 AT 8:00 A.M. TO CONSIDER ADDITIONAL POTENTIAL CANDIDATES FOR SUBMITTAL TO THE NOMINATION COMMITTEE FOR SAID OPEN SEAT.

GENERAL MANAGER'S REPORT

General Manager Cook reported on the Proposition 218 notice process for this fiscal year's rate increase and noted as of today six protest letters have been received from customers.

Mr. Cook reported on the community meeting held last week held relative to the pipeline project in Silverado Canyon with consultant Mr. Bruce Newell in attendance along with staff. Mr. Newell noted the concerns raised by the residents relative to the pipeline to St. Michaels Abbey.

Mr. Cook reported that the grant fund application submitted by consultant Ms. Debbie Burris and staff relative to the Stockdale West project was approved for \$1 million with \$700,000 disbursement this year and the remaining \$300,000 next year which he said is contingent upon funding availability.

DIRECTORS' COMMENTS

Director Matheis reported on her attendance at a Watershed Executive Committee meeting.

Director Withers reported on his attendance at the OCSD Legislative and Public Affairs Committee meeting. He said that tomorrow he will be attending an OCBC Infrastructure Committee meeting and that on Thursday he and Director Matheis will be attending the State of the City Address with Mayor Choi.

Director Swan reported on his attendance at an ACWA Board meeting discussing Governor's office request for 20% water reductions, a WACO meeting last Friday with Director LaMar and that he will be attending an ACWA bond briefing this Wednesday at IRWD.

Director LaMar reported on his attendance at MWDOC's Planning and Operations Committee meeting and WACO. He said he will be attending a meeting in Sacramento along with Ms. Christine Compton this week relative to stormwater capture resource plans. In response to

Director Swan's inquiry, General Manager Cook provided an update relative to Senator Correa's bill.

ADJOURNMENT

At 6:50 p.m. President LaMar adjourned the meeting to Monday, June 16 at 8:00 a.m. in the Board room.

APPROVED and SIGNED this 23rd day of June, 2014.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:



Legal Counsel - Bowie, Arneson, Wiles & Giannone