

MINUTES OF ADJOURNED REGULAR MEETING – JULY 7, 2017

The adjourned regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 9:45 a.m. by President Reinhart on July 7, 2017 at the Community Room, 15500 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Finance Clary, Executive Director of Water Policy Weghorst, Executive Director of Operations Shields, Executive Director of Engineering and Water Quality Burton, Director of Treasury and Risk Management Jacobson, Director of Water Resources Sanchez, Director of Public Affairs Beeman, Director of Administrative Services Mossbarger, Director of Human Resources Roney, Director of Water Operations Roberts, Director of Maintenance Drake, Director of Recycling Operations Zepeda, Secretary Bonkowski, Assistant Secretary Swan, Legal Counsel Smith, Government Relations Officer Compton, and Mr. Bruce Newell.

Written and Oral Communications: None.

Items too later to be agendized: None.

DRAFT IRWD 2017 GOALS AND TARGET ACTIVITIES

General Manager Cook reported that the foundational documents, the IRWD Mission, Vision and Values Statement and the IRWD Strategic Objectives, are provided in the package and asked if the Board wished to discuss or make recommendations for refining these documents. Mr. Cook said that the IRWD Management Team meets monthly to update the IRWD Goals and Target Activities report and that changes were noted in a track-change format. The Board had no changes or recommendations.

SYPHON RESERVOIR EXPANSION ANALYSIS

Using a PowerPoint presentation, Principle Engineer Akiyoshi provided an analysis of the Syphon Reservoir quantifying the cost effects of the project relative to reduced purchases of untreated imported water from Metropolitan Water District and reduced sewage diversions to the Orange County Sanitation District, particularly during wet weather events.

Mr. Akiyoshi said that the District purchased Syphon Reservoir in January 2010 and that the Syphon Reservoir Expansion Feasibility Study and associated constructability analysis was completed in August 2012. The reservoir was integrated into the recycled water system in October 2014. He said that IRWD's sewage projections were calibrated in 2016 and presented to the Board.

Mr. Akiyoshi said that the current Syphon Reservoir expansion analysis was conducted with several baseline assumptions. He said that this focuses the decision-making process on Syphon Reservoir

while keeping options open for future projects, interagency agreements, and additional analyses. For planning purposes only, the assumptions used included: 1) artificially constrain MWRP flows to 28 million gallons per day; 2) perform a sensitivity analysis for future recycled water demands, and 3) assume no grant funding even though IRWD continues to pursue funding for this project.

Mr. Akiyoshi reviewed the seasonal storage concepts stating that the expansion of Syphon Reservoir would balance IRWD's sewage flows with annual variations in recycled demands, minimize purchasing Metropolitan Water District untreated water during peak summer seasons, and optimize excess sewage disposal at Orange County Sanitation District (OCSD) and South Orange County Wastewater Authority outfall. He further said that the expansion of the Syphon Reservoir aligns with the Strategic Objectives of the District and is economically beneficial to IRWD and its customers.

Mr. Akiyoshi summarized that the Syphon Reservoir expansion would: 1) increase IRWD's independence from imported water purchases, 2) optimize the use of recycled water, 3) minimize sewerage flows to OCSD and other disposal methods, and 4) sustain Michelson Water Recycling Plant's biosolids operations.

Mr. Akiyoshi then reviewed the Green Acres Project (GAP) disposal alternative. He provided an overview of this system which currently handles up to 8 million gallons per day. He said that the disposal system would send 5,000 acre feet per year to GAP, and consists of a large diameter pipeline and a new pump station.

Director Swan said that he did not wish to move forward until other options are explored and following focus group results. Director LaMar made a motion to approve the item as recommended by staff which was seconded by Director Withers. Prior to voting, Director Matheis commented on the importance of public outreach. In response to Director Matheis' comment, Director Withers explained that the project will be vetted during the environmental process where project alternatives will also be explored. Director Swan said he would like to offer a substitute motion to the pending motion to include funding for community outreach as well as to study alternatives for this project. Director Matheis seconded the substitute motion. The substitute motion failed passage. President Reinhart said that this item was reviewed by the Engineering and Operations Committee, and they approved the item as recommended. The motion by LaMar, seconded by Withers was carried by a 4-1 vote (Matheis, Withers, Reinhart and LaMar voting aye, and Swan voting no), AND THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$2,500,000 FOR THE SYPHON RESERVOIR EXPANSION, PROJECT 03808, FOR THE ENVIRONMENTAL DOCUMENTATION AND SUPPORTING ENGINEERING SERVICES. General Manager Cook said that the Board will be kept abreast of this project as it progresses. He further thanked Mr. Akiyoshi for his efforts on this project. Director Matheis left at 11:35 a.m.

ISSUE-SPECIFIC STRATEGIC PLANNING TOPIC: SHARING WATER SUPPLY RELIABILITY FROM THE IRWD WATER BANKING PROJECTS

General Manager Cook reported that issue-specific strategic planning focuses on a single issue or decision before an organization. It consists of a four-step process, which includes discussions on assumptions, organizational direction and actions. The four steps in the planning process are: 1) review the hypothetical scenario and environmental assumptions, 2) establish the strategic policy principle that would lead to a desirable outcome for IRWD, if the scenario becomes reality, 3) agree on issue-specific objectives, and 4) discuss and decide on implementation strategies for achieving the agreed-on objectives. Mr. Cook reviewed a hypothetical scenario/environmental assumption in which IRWD, in partnership with MWDOC, establishes a choice program for regional emergency water supply reliability utilizing capacity in IRWD's Water Banking Program in Kern County.

Executive Director of Water Policy Weghorst reviewed options for sharing supply reliability which include: 1) long-term lease for emergency supply, 2) annual option for emergency supply, and 3) emergency water supply if it is available. Mr. Weghorst reviewed positioning IRWD for the desired outcome; discussed issue-specific strategic objectives; and questions to consider. President Reinhart suggested that staff present options to the Supply Reliability Programs Committee, and then bring it back to the Board. Staff was also asked to contact MWDOC to advise that staff is refining this program and will be scheduling an Ad Hoc Committee meeting to discuss the topic. In response to Director Weghorst's comment that he ask legal counsel to investigate the District's authority to sell surplus water to other agencies, Mr. Alfred Smith presented his findings noting that the water must be deemed the voluntary transfer of surplus water, in the best interests of the District, consistent with the laws of import and export, and consistent with the duplication of service laws. The legal authority for the transfers are further supported by legislative policy set forth in the California Water Code directing agencies to encourage the voluntary transfer of water.

ADJOURNMENT

There being no further discussion, President Reinhart adjourned the meeting.

APPROVED and SIGNED this 24th day of July, 2017.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Alfred Smith, Legal Counsel – Nossaman LLP