

MINUTES OF REGULAR MEETING – DECEMBER 10, 2018

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 December 10, 2018 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive of Engineering and Water Quality Burton, Executive Director of Water Policy Weghorst, Executive Director of Operations Chambers, Director of Water Recycling Operations Zepeda, Director of Water Resources Sanchez, Director of Human Resources Roney, Director of Administration Services Mossbarger, Director of Treasury and Risk Management Jacobson, Legal Counsel Collins, Legal Counsel DeMayo, Secretary Bonkowski, Government Relations Officer Compton, Consultant Deborah Deip, staff and members of the public.

WRITTEN COMMUNICATIONS: None.

ORAL COMMUNICATIONS: None.

ITEMS TOO LATE TO BE AGENDIZED: None.

PUBLIC HEARING

EVALUATING A CHANGE IN THE ELECTIONS PROCESS FOR THE IRVINE RANCH WATER DISTRICT BOARD OF DIRECTORS AND ESTABLISHING DIVISION BOUNDARIES

General Manager Cook reported that pursuant to Water Code section 35180, IRWD uses an at-large method to elect the members of its Board of Directors. The at-large method allows for voters from the entire service area to elect each of the five members of the Board of Directors. The California Voting Rights Act favors a by-division method of election instead of an at-large method of election for electing members of local government governing bodies. A by-division method divides a service area into separate divisions and allows the voters from each division, as opposed to voters from the entire service area, to elect a member of the Board of Directors. In a by-division method of election, the elected individual serves as the division's representative on the Board and must reside in that division. Pursuant to Elections Code section 10010, a public hearing is now being held after the drawing of draft maps.

President Reinhart declared that it is the time and place for a third hearing on evaluating a change in the elections process for the Irvine Ranch Water District Board of Directors and establishing division boundaries, and asked the Board Secretary to announce how the hearing was noticed.

Secretary Bonkowski said that the hearing was noticed by publication in the *Orange County Register* on Sunday, November 25, 2018; by publication in Spanish in the *Excelsior Unidos* on

Friday, November 23, 2018; by publication in Korean in the *Korea Times* on Saturday, November 24, 2018; by publication in English and Traditional Chinese in the *World Journal* on Saturday, November 24, 2018, and Sunday, November 25, 2018; by publication in Farsi in *Hafteh Bazaar* on Friday, November 30, 2018; by electronic posting in English, Farsi, Korean, Traditional Chinese, and Spanish on the IRWD website, through which the notice can be translated into approximately 20 languages; and by physical posting at IRWD's headquarters. Additionally, she said that the four draft maps, Map A, Map B, Map C and Map D were published on IRWD's website by December 3, 2018. She then presented affidavits of posting and proof of publication to the Board related to the hearing.

On MOTION by Swan, seconded by Matheis, and unanimously carried, the Board of Directors received and filed the affidavits of posting and proof of publication as presented by the Board Secretary.

President Reinhart asked legal counsel to describe the nature of the proceedings, and to explain the purpose of the hearing.

Legal Counsel DeMayo described the nature of the proceedings, and explained the purpose of the hearing as the opportunity to invite and solicit public comment on the draft division maps, which have been published by the District on its website for least seven days prior to the hearing, and the potential sequence of elections for the directors from each division at different times to provide for staggered terms of office.

On MOTION by LaMar, seconded by Matheis, and unanimously carried, **THE PUBLIC HEARING WAS OPENED TO SOLICIT AND ACCEPT COMMENT ON THE PROPOSED MOVE TO BY-DIVISION ELECTIONS, THE COMPOSITION OF DIVISIONS, THE DRAFT DIVISION MAPS, AND SEQUENCE OF ELECTIONS.**

President Reinhart asked Government Relations Officer Compton to provide a report to the Board regarding the draft division maps, and on any written comments received.

Using a PowerPoint presentation, Ms. Compton said that in April, the Board adopted a resolution of Intent to Initiate the process of establishing divisions and elections by divisions; data was presented to the Board during a Board Workshop on May 14, 2018; two public hearings were held on June 4 and June 18 to invite and solicit public comment on the proposed move to by-division elections, the composition of divisions and the sequence of elections prior to the drawing of draft maps; criteria was discussed at a Board Workshop held on August 13, 2018 of which is provided as Exhibit "B" in the write-up with comments and maps provided as Exhibit "C". Legal Counsel DeMayo reviewed the proposed sequencing of the elections. He said that if adopted, new divisions would take effect for the 2020 election. He said he would propose to sequence elections with existing staggered terms of board members with two divisions up for election in 2020 and three divisions up for election in 2022. He briefly described IRWD criteria for drawing division boundaries. Consultant Deborah Diep reviewed four draft maps noting that these draft maps are a starting point for the Board's consideration.

President Reinhart inquired whether there is any person present who wishes to provide comments on the proposed move to by-division elections, the composition of divisions, the draft maps, and the sequence of elections. Mr. Andrew Pollard commented on the divisions and how they could affect

current Board member terms on future elections. Legal Counsel DeMayo and Ms. Diep responded with a few scenarios relative to the terms of the election with the current Board terms and placement within the draft maps.

President Reinhart inquired whether there are any comments or questions from members of the Board of Directors. Director Swan commented on his concerns with potentially moving to by-division elections. There being no further comments, on MOTION by Withers, seconded by Matheis, and unanimously carried, **THE THIRD PUBLIC HEARING WAS CLOSED AND THE BOARD AUTHORIZED STAFF TO AGENDIZE A FOURTH PUBLIC HEARING FOR JANUARY 14, 2019, FOR THE BOARD OF DIRECTORS TO SOLICIT AND ACCEPT COMMENT ON THE PROPOSED MOVE TO BY-DIVISION ELECTIONS, THE COMPOSITION OF DIVISIONS, THE DRAFT DIVISION MAPS, AND SEQUENCE OF ELECTIONS.**

CONSENT CALENDAR

Director Swan asked that item No. 8, **ADOPTION OF A REVISED DISTRICT SCHEDULE OF POSITIONS AND SALARY RATE RANGES**, be pulled from the Consent Calendar. There being no objections, this item was moved accordingly. On MOTION by Withers, seconded by LaMar, and unanimously carried, **CONSENT CALENDAR ITEMS 4 THROUGH 7 and 9 THROUGH 11 WERE APPROVED AS FOLLOWS:**

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

Recommendation: That the Board ratify/approve the meetings and events for Mary Aileen Matheis, Steve LaMar, Peer Swan, Doug Reinhart, and John Withers, as described.

5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the November 12, 2018 Regular Board meeting be approved as presented.

6. NOVEMBER 2018 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary report, the Summary of Fixed and Variable Rate Debt, and Disclosure report of reimbursements to Board members and staff; approve the November 2018 summary of payroll ACH payments in the total amount of \$2,088,664 and approve the November 2018 Accounts Payable Disbursement Summary of Warrants 393005 through 393942 Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$16,006,783.

CONSENT CALENDAR (CONTINUED)

7. ELDERWOOD SEWER UPSIZING – FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Elderwood Sewer Upsizing, Project 10095; authorize the General Manager to file a Notice of Completion; and authorize the Payment of the retention 35 days after the date of recording the Notice of Completion.

9. ADOPTION OF THE 2018 SOUTH ORANGE COUNTY INTEGRATED REGIONAL WATER MANAGEMENT PLAN

Recommendation: That the Board adopt the following resolution by title adopting the 2018 South Orange County Integrated Regional Water Management Plan.

RESOLUTION NO. 2018 - 30

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT
ADOPTING THE 2018 SOUTH ORANGE COUNTY
INTEGRATED REGIONAL WATER MANAGEMENT PLAN

10. FY 2017-18 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Recommendation: Receive and file.

11. TWO-YEAR OPERATING BUDGET PROPOSAL

Recommendation: That the Board approve a shift to a two-year budget rate-setting cycle, starting with Fiscal Year 2019-20 and 2020-21.

ACTION CALENDAR

ADOPTION OF A REVISED DISTRICT SCHEDULE OF POSITIONS AND SALARY RATE RANGES

Following staff's clarification on this item in response to Director Swan's inquiry, on MOTION by Swan, seconded by Matheis, and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2018 - 31

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE IRVINE RANCH WATER DISTRICT
RESCINDING RESOLUTION NO. 2018-24 AND ADOPTING
A REVISED SCHEDULE OF POSITIONS AND
SALARY RATE RANGES

ACTION CALENDAR (CONTINUED)

MICHELSON WATER RECYCLING PLANT EMERGENCY RECYCLED WATER DIVERSION TO SAN DIEGO CREEK CONSTRUCTION AWARD

General Manager Cook reported that the Michelson Water Recycling Plant (MWRP) Emergency Recycled Water Diversion to San Diego Creek project includes construction of a dechlorination facility, 24-inch steel pipeline to convey dechlorinated tertiary effluent to San Diego Creek, and associated instrumentation and controls.

Executive Director of Engineering and Water Quality Burton reported that the project was advertised for construction bids on September 18, 2018 to a select list of nine contractors including Gateway Pacific Contractors, GSE Construction Company, Olsson Construction, Pacific Hydrotech Corporation, Pascal & Ludwig Constructors, PCL Construction, R.C. Foster Corporation, Schuler Constructors, and SS Mechanical Construction. Mr. Burton said that the bid opening was held November 29, 2018 with bids received from Pacific Hydrotech Corporation, PCL Construction, and R.C. Foster Corporation. PCL Construction is the apparent low bidder with a bid amount of \$981,465. The engineer's estimate, prepared by HDR, was \$830,000. He said that although all three bids were higher than the engineer's estimate, with only a difference of six percent between the apparent low bid and the second low bid, staff believes that the bid costs are reasonable given the current construction climate. Following discussion, on MOTION by Withers, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH PCL CONSTRUCTION INC., IN THE AMOUNT OF \$981,465, FOR THE MICHELSON WATER RECYCLING PLANT EMERGENCY RECYCLED WATER DIVERSION TO SAN DIEGO CREEK, PROJECT 10093.**

ENTERPRISE SERVER AND STORAGE REPLACEMENT

General Manager Cook reported that staff requested proposals from three firms for enterprise server and storage replacement equipment. He said that based on a thorough evaluation of the proposals, staff recommends Board approval of a General Plant budget increase and expenditure of \$340,000 with Sirius Computer Solutions for the purchase, installation, and configuration of enterprise server and storage replacement equipment.

On MOTION by Swan, seconded and unanimously carried, **THE BOARD APPROVED A GENERAL PLANT BUDGET INCREASE AND EXPENDITURE OF \$340,000 WITH SIRIUS COMPUTER SOLUTIONS TO PURCHASE AND IMPLEMENT THE ENTERPRISE SERVER AND STORAGE REPLACEMENT EQUIPMENT.**

ELECTION OF OFFICERS FOR 2019

General Manager Cook reported that the Bylaws of the District provide that the President and Vice President shall be elected by the Board from among its members. The term of office of the President and Vice President is one year, or until the election and qualification of their successors. On December 11, 2017, Director Reinhart was elected to the office of President and Director Steve LaMar was elected to the office of Vice President for calendar year 2018. General Manager Cook acted as temporary Chairman to conduct the election of President for calendar year 2019. Director Withers nominated and Director Matheis seconded the nomination of Director LaMar as President.

There being no further nominations, Director Withers made a motion for nominations to be closed. There being no further comments, on MOTION by Withers, seconded carried on a roll call vote (4-1), (Matheis, Reinhart, LaMar, and Withers voting aye and Swan abstaining), STEVEN LAMAR WAS ELECTED PRESIDENT FOR 2019. Director Withers nominated Director Matheis as Vice President. There being no further nominations, Director Withers made a motion for nominations to be closed. On MOTION by Director Withers, seconded and unanimously carried, MARY AILEEN MATHEIS WAS ELECTED VICE PRESIDENT FOR 2019.

GENERAL MANAGER'S REPORT

General Manager Cook presented to the Board the award received from ACWA in recognition of the District's sponsorship of its annual fall conference.

Mr. Cook said that he received a contract with Antelope Valley - East Kern Water Agency relative to water banking which he will be signing soon following his review of the document.

DIRECTORS' COMMENTS

Director Withers reported that tomorrow he will be attending an NWRI Board meeting as well as the City of Irvine's swearing-in of the Mayor and new Council members. He said that he attended the District's annual holiday breakfast with employees last week which he enjoyed.

Director Matheis reported on her attendance at an ISDOC Executive Committee meeting, a Water Education Foundation "Water Year 2019: Feast or Famine" event, and attended a WACO meeting last Friday.

Director Swan reported on his attendance at Newport Beach Chamber of Commerce events, the District's annual employee breakfast, a Water 2019 event at the Beckman Center, an OCWD Board meeting, and an OC Forum event.

Director Reinhart reported on his attendance at a SOCWA Board meeting, a WACO monthly meeting, and MWDOC Committee and Board meetings. In response to Director Swan's comment on MWDOC having \$17 million in its reserve fund, General Manager Cook said that he will locate the document and determine the amounts allowable. Director Reinhart further said he was unable to attend the MWDOC elected officials' forum.

Director LaMar reported on his attendance with General Manager Cook and Government Relations Officer Compton in Sacramento with State Board Chair Felicia Marcus, a California Environmental Dialogue Plenary meeting in Sacramento, and a Water Education Foundation Water Year 2019 event.

COMMUNITY UPDATES

Consultant Newell said that the canyon area handled the recent rains well.

CLOSED SESSION

President LaMar said that the following Closed Session would be held:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – Pursuant to Government Code Section 54956.9(d)(1): *Orange County Water District v. SABIC Innovative Plastics US, LLC, et al.*, Case No.:30-2008-00078246-CU-TT-CXC

OPEN SESSION

Director LaMar leaves the Board room at 6:30 p.m. Following the Closed Session, the meeting was reconvened with Directors Swan, Reinhart, Withers and Matheis present. Vice President Matheis said that there was no action to report.

ADJOURNMENT

There being no further business, Vice President Matheis adjourned the meeting at 6:36 p.m.

APPROVED and SIGNED this 14th day of January, 2019.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Claire Hervey Collins, Legal Counsel
– Lewis Brisbois