

MINUTES OF REGULAR MEETING – MARCH 26, 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 March 26, 2018 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: LaMar, Reinhart, Matheis, Swan, and Withers (arrived at 6:40 p.m.)

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Water Policy Weghorst, Executive Director of Finance and Administration Clary, Director of Public Affairs Beeman, Director of Water Resources Sanchez, Public Affairs Manager Fabris, Director of Human Resources Roney, Director of Treasury and Risk Management Jacobson, Director of Water Operations Zepeda, Director of Maintenance Drake, Director of Water Operations Roberts, Government Relations Officer Compton, Principal Engineer Mori, Principal Engineer Lew, Principal Engineer Malloy, Principal Engineer Cortez, Legal Counsel Collins, Secretary Bonkowski, Assistant Secretary Swan, Asset Systems Manager Meserlian, Natural Resources Manager Swift, Manager of Risk and Contracts Shinbashi, Mr. Christian Kessler, Mr. Dana Wehr, Ms. Martine Wehr, Consultant Bruce Newell and members of the public.

WRITTEN COMMUNICATIONS: None.

ORAL COMMUNICATIONS: None.

ITEMS TOO LATE TO BE AGENDIZED: None

PRESENTATION – RESOLUTION TO COMMEND DANA WEHR FOR HIS 24 YEARS OF SERVICE TO THE DISTRICT

General Manager Cook presented a resolution to Mr. Dana Wehr for his 24 years of service to the District. On MOTION by Matheis, seconded and carried (4-0) Matheis, Swan, LaMar and Reinhart voting aye and Withers absent), THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2018-8

RESOLUTION OF THE BOARD OF DIRECTORS  
OF IRVINE RANCH WATER DISTRICT COMMENDING  
DANA WEHR FOR HIS DEDICATED AND  
OUTSTANDING SERVICE TO THE DISTRICT

WORKSHOP – WATER SHORTAGE CONTINGENCY PLAN UPDATE

Using a PowerPoint presentation, Director of Water Resources Sanchez provided background on the IRWD Water Shortage Contingency Plan (WSCP) noting that the last significant revision

occurred in 2009 with a slight modification in 2014 during the statewide drought in response to State-mandated reductions.

Ms. Sanchez reported on the proposed long-term water efficiency legislation in 2018 including: 1) requirements and procedures for annual water supply and demand assessments; 2) six standardized shortage stages; 3) anticipated response measures and communication protocols for each shortage stage; 4) requirements for a drought risk assessment and comparison of the total water supply sources available to the total projected water use during a drought period; and 5) an assessment of the potential financial impacts associated with a shortage response. She reviewed the regional shortage and IRWD shortage levels, shortage response measures, a communication plan, and next steps.

Director Matheis said that this item was reviewed by the Water Resources Policy and Communications Committee on February 20, 2018, and the Committee concurs with moving forward with the plan update.

### CONSENT CALENDAR

General Manager Cook noted a typographical error on the March 12, 2018 Regular Board Meeting minutes relative to the recording of the Board members' votes. There being no further comments, on MOTION by Matheis, seconded and carried, (4-0) Matheis, Swan, LaMar and Reinhart voting aye and Withers absent), CONSENT CALENDAR ITEMS 5 THROUGH 11 WERE APPROVED AS FOLLOWS:

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

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

6. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the March 12, 2018 Special Meeting and March 12, 2018 Regular Board Meeting be approved as amended with nonsubstantive changes.

7. UC IRVINE COOLING TOWER RECYCLED WATER CONSERVATION PIPELINE PHASE II BUDGET INCREASE AND CONTRACT CHANGE ORDER

Recommendation: That the Board authorize a budget increase in the amount of \$357,000, from \$1,102,500 to \$1,459,500, for Project 07101, and in the amount of \$110,000, from \$738,100 to \$848,100, for Project 07102; and authorize the General Manager to execute Contract Change Order No. 2 with Sully-Miller Contracting Company in the Amount of \$237,088.70 for the UC Irvine Cooling Tower Recycled Water Conversion Pipeline Phase II, Projects 07101 And 07102.

CONSENT CALENDAR (CONTINUED)

8. FEBRUARY 2018 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate SWAP Summary for February 2018, and Disclosure Report of Reimbursements to Board members and staff; approve the February 2017 Summary of Payroll ACH payments in the total amount of \$1,816,518 and approve the February 2018 Accounts Payable Disbursement Summary Of Warrants 3888884168 through 385061, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$20,760,983.

9. 3.7 MG ZONE I RESERVOIR PROJECT FINAL INITIAL STUDY/  
MITIGATED NEGATIVE DECLARATION

Recommendation: That the Board find on the basis of the whole record before it (including the Initial Study/Mitigated Negative Declaration and the comments received), that there is no substantial evidence that the 3.7 MG Zone 1 Reservoir will have a significant effect on the environment and that the Mitigated Negative Declaration reflects IRWD's independent judgment and analysis; adopt the proposed Mitigated Negative Declaration for the 3.7 MG Zone 1 Reservoir and the associated Mitigation Monitoring and Reporting Program; approve the project; authorize staff to post and file a Notice of Determination; and submit payment for the California Department of Fish and Wildlife Service filing fee.

10. ADDENDUM NO. 4 TO THE MICHELSON WATER RECYCLING  
PLANT PHASE 2 AND 3 CAPACITY EXPANSION FINAL  
ENVIRONMENTAL IMPACT REPORT

Recommendation: That the Board approve the proposed Addendum No. 4 to the Michelson Water Recycling Plant Phase 2 and 3 Capacity Expansion Project's Final Environmental Impact Report, including the determinations set forth in Addendum no. 4, and authorize staff to post and file a Notice of Determination.

11. 2018 REGULAR LAFCO SPECIAL DISTRICTS REGULAR AND ALTERNATE  
SEAT ELECTION

Recommendation: That the Board authorize the District Secretary to submit the "Declaration of Qualification to Vote" form designating President Doug Reinhart as IRWD's authorized voting member and Vice President Steve Lamar as IRWD's alternate voting member for the Orange County Special District Selection Committee election; and authorize the District's voting member, or his alternate, to cast the District's ballot before the May 25, 2018, deadline.

## ACTION CALENDAR

### MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES CONTRACT CHANGE ORDER NO. 76

General Manager Cook reported on Contract Change Order No. 76 with Filanc/Balfour-Beatty which contains: 1) power feed to Microturbine Capstone Logic Controllers (CLC) in the amount of \$49,534.35 – additional electrical conduits and cables are required for the CLCs. The single CLC replaces the five individual controllers and was added by the microturbine manufacturer after the bid to allow for better monitoring of the microturbines; 2) upsizing of electrical cables related to the heat drying system in the amount of \$4,670.94 – electrical cables that service the heat drying system were required to be upsized due to changes made by the dryer supplier during the submittal process; 3) additional cables to MCC-1 in the amount of \$5,679.24 – to conform with the heat dryer’s electrical requirements, several modifications to the electrical cabling are required; 4) electrical code area classification change at the digester gas foam separator in the amount of \$8,804.31 – to comply with fire code requirements, it was concluded that all electrical equipment on the biogas foam separator be changed to Class 1, Division 1; 5) addition of water source for the foam separator in the amount of \$8,418.23 – a water source for the biogas foam separator outside the digester control building was required; 6) SCADA modifications in various process areas in the amount of \$47,170.62 – for better monitoring and control, SCADA modifications were made in various process areas based on discussions during programming workshops; and 7) solids handling building stair modifications in the amount of \$26,412.35 – modifications are required to a stair to resolve conflicts with the heat dryer pellet silo structure.

Director Matheis reported that this item was reviewed by the Engineering and Operations Committee on March 20, 2018, and the Committee concurs with staff’s recommendation. She thanked Principal Engineer Malloy for his efforts. On MOTION by Matheis, seconded and carried, (4-0) Matheis, Swan, LaMar and Reinhart voting aye and Withers absent), THE BOARD APPROVED CONTRACT CHANGE ORDER NO. 76 IN THE AMOUNT OF \$150,690.04 WITH FILANC/BALFOUR BEATTY FOR ELECTRICAL, INSTRUMENTATION, CONTROLS, AND STRUCTURAL MODIFICATIONS FOR THE MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES, PROJECT 04286.

### TECHNOLOGY DRIVE AND LAGUNA CANYON ROAD CAPITAL RECYCLED WATER FACILITIES BUDGET INCREASE AND CONTRACT CHANGE ORDER

General Manager Cook reported that the Irvine Community Development Company (ICDC) has constructed the Technology Drive and Laguna Canyon Road Zone B Recycled Water pipeline as part of its Technology Drive Extension project under Master and Supplemental Reimbursement Agreements. The project consists of approximately 6,000 feet of 24-inch cement mortar lined and coated steel pipeline (CMLC) within Laguna Canyon Road and the new Technology Drive extension.

Mr. Cook said that the project encountered numerous field issues that had substantial impacts to the schedule and budget and that Contract Change Order (CCO) No. 9 comprises several Change Requests (CR) that represent added scope of work resulting from field issues and include: 1) utility conflicts in the amount of \$632,997.49 - Southern California Edison (SCE) and IRWD were simultaneously designing projects within Laguna Canyon Road. SCE’s project, which

included installing a conduit bank on the east side of Laguna Canyon between Irvine Center Drive and Technology, started construction prior to the beginning of construction of ICDC's project. As a result, the profile of IRWD's 24-inch steel pipe was required to be lowered to avoid conflicts with the recently-constructed SCE conduit bank (CR No. 7) and air vacuum valve lateral profiles were modified (CR No. 9); 2) brine line relocation in the amount of \$238,801.07 - the pipeline connection location at Laguna Canyon Road and Irvine Center Drive has numerous underground facilities that made it very difficult to connect to the existing 24-inch pipeline within Irvine Center Drive. To simplify the connection, IRWD decided to lower the existing 12-inch brine line serving IRWD's Potable Treatment Plant; 3) recycled water system shutdown in the amount of \$107,505.32 - Several commercial centers in the area are dual plumbed, utilizing recycled water for restrooms and cooling towers. CR No. 12 represents the additional costs associated with the shutdown; and 4) Miscellaneous Issues in the amount of \$151,761.7.

Director Matheis reported that this item was reviewed by the Engineering and Operations Committee on March 20, 2018, and the Committee concurs with the staff recommendation. On MOTION by Matheis, seconded and carried, (4-0) Matheis, Swan, LaMar and Reinhart voting aye and Withers absent), THE BOARD AUTHORIZED A BUDGET INCREASE IN THE AMOUNT OF \$1,736,500, FROM \$3,223,500 TO \$4,960,000, AND APPROVED CONTRACT CHANGE ORDER NO. 9 IN THE AMOUNT \$1,131,065.61 FOR THE TECHNOLOGY DRIVE AND LAGUNA CANYON ROAD RECYCLED WATER FACILITIES, PROJECT 01015.

#### TERMS FOR LONG-TERM EXCHANGE PROGRAM WITH ANTELOPE VALLEY-EAST KERN WATER AGENCY

Executive Director of Water Policy Weghorst reported that staff met with the Antelope Valley-East Kern Water Agency (AVEK) to discuss implementing a mutually beneficial long-term exchange program that would allow AVEK to deliver State Water Project (SWP) water into storage at the Stockdale Water Bank on a two-for-one basis. Mr. Weghorst said that as a result of this meeting, staff prepared proposed draft terms for a Long-Term Exchange Program. He said that AVEK's Board of Directors approved the terms and authorized its General Manager to coordinate the preparation of an agreement based upon the terms which are provided as the Exhibit. He said that in the agreement AVEK would be allowed to deliver water into storage multiple times between now and 2035. The total amount of storage that would be dedicated to the exchange program would be 20,000 AF. IRWD would return half of the water, less a proportional share of losses to AVEK by the end of the seventh full year after each associated recharge event. IRWD and AVEK would each pay for their respective share of recharge and recovery costs. It is expected that AVEK would be able to deliver water to the water bank when the SWP allocation is at or above average conditions. If AVEK does not exercise its rights to deliver water into storage, then IRWD would have the discretion to use AVEK's unused storage capacity for other IRWD programs or to reduce the total storage capacity allocated to AVEK.

Director Reinhart said that this item was reviewed by the Supply Reliability Programs Committee on December 21, 2017. Following discussion, on MOTION by Reinhart, seconded and carried, (4-0) Matheis, Swan, LaMar and Reinhart voting aye and Withers absent), THE BOARD APPROVED THE PROPOSED TERMS FOR A LONG-TERM EXCHANGE PROGRAM BETWEEN ANTELOPE VALLEY-EAST KERN WATER AGENCY AND IRVINE RANCH WATER DISTRICT AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE AN AGREEMENT

BASED ON THE TERMS, SUBJECT TO ANY SUBSTANTIVE CHANGES BEING APPROVED BY IRWD'S SUPPLY RELIABILITY PROGRAMS COMMITTEE.

### ENTERPRISE ASSET MANAGEMENT IMPLEMENTATION SERVICES

General Manager Cook reported that following a successful implementation of the Maximo Enterprise Asset Management (EAM) software, staff is now seeking to maximize the use of Maximo among various District functions. Mr. Cook said that staff is seeking to extend TRM's services through October 2018 to implement a robust work planning/scheduling tool known as Maximo Scheduler, and to enable the use of Maximo for fleet assets. TRM's scope will include: 1) design, configuration, testing, and training services for the implementation of Maximo Scheduler by June 2018. The Scheduler module focuses on two graphical features that are designed to streamline the work order scheduling and assignment process; and 2) development, integration, testing, and training services to enable fleet assets in Maximo by October 2018.

Director Matheis said that this item was reviewed by the Engineering and Operations Committee on March 20, 2018, and on MOTION by Matheis, seconded and carried, (4-0) Matheis, Swan, LaMar and Reinhart voting aye and Withers absent), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES VARIANCE WITH TOTAL RESOURCE MANAGEMENT FOR A NOT-TO-EXCEED COST OF \$216,876.80.

### FISCAL YEAR 2017-18 AND FISCAL YEAR 2018-19 GENERAL COUNSEL AND OTHER LEGAL SERVICES CONTRACTS

General Manager Cook reported that the District has elected to adopt a team approach to the procurement of legal services which divides legal service responsibility for regular issues and matters across multiple law firms.

Mr. Cook highlighted staff recommendations as follows: 1) Ms. Claire Hervey Collins, as general counsel, and on occasion other members of the Lewis Brisbois firm, will provide general counsel legal services for the District focused on municipal law, transactional and non-complex issues, and rate-setting; 2) Alston & Bird will continue to provide legal services to IRWD related to complex issues and litigation matters; and 3) Kronick Moskowitz Tiedemann & Girard will continue to provide legal services to IRWD related to water resources and policy-related matters including matters related to water banking, water transfers, environmental compliance and other regulatory issues.

On MOTION by LaMar, seconded and carried, (4-0) Matheis, Swan, LaMar and Reinhart voting aye and Withers absent), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH LEWIS BRISBOIS BISGAARD & SMITH LLP FOR GENERAL COUNSEL LEGAL SERVICES FOCUSED ON MUNICIPAL LAW, TRANSACTIONAL AND NON-COMPLEX ISSUES, AND RATE-SETTING WITH A TERM OF MARCH 23, 2018, TO SEPTEMBER 30, 2018, AND A NOT-TO-EXCEED VALUE OF \$375,000 WITHOUT ADDITIONAL AUTHORIZATION FROM THE DISTRICT; AUTHORIZED THE GENERAL MANAGER TO EXECUTE A VARIANCE TO THE LETTER OF ENGAGEMENT WITH ALSTON & BIRD FOR LEGAL SERVICES RELATED TO COMPLEX ISSUES AND LITIGATION WITH A TERM OF APRIL 1, 2018, TO JUNE 30, 2019, AND A NOT-TO-EXCEED VALUE OF \$1,500,000; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A VARIANCE TO THE PROFESSIONAL SERVICES AGREEMENT WITH KRONICK MOSKOVITZ TIEDEMANN & GIRARD FOR

LEGAL SERVICES RELATED TO WATER RESOURCES AND POLICY MATTERS AND ISSUES WITH A TERM OF APRIL 1, 2018, TO JUNE 30, 2019, AND A NOT-TO-EXCEED VALUE OF \$250,000.

### GENERAL MANAGER'S REPORT

General Manager Cook asked legal counsel Ms. Claire Hervey Collins to introduce both Mr. Paul Beck and Mrs. Sara Atsbaha from Lewis Brisbois to the Board.

Mr. Cook announced that the District received the District Transparency Certificate of Excellence by the Special District Leadership Foundation and thanked staff for its efforts.

### DIRECTORS' COMMENTS

Director Matheis reported that she and Director LaMar attended an ACWA Legislative Symposium in Sacramento and that she also attended a California Water Policy conference in Davis.

Director LaMar reported on his attendance at an ACWA Legislative Symposium and reception the night prior, a quarterly Natural Communities Coalition meeting, an ACWA-JPIA Executive Committee meeting, and a California Environmental Dialogue meeting. He complimented Public Affairs Director Beeman on the latest version of the Pipelines Newsletter in which the District's rate structure is described.

Director Reinhart reported on his attendance at a MWDOC Administrative and Finance Committee meeting and a MWDOC Board meeting where they voted to support both Mr. Doug Davert and Mr. Jim Fisler for the upcoming LAFCO seats.

Consultant Bruce Newell reported on canyon activities including a pancake breakfast this week.

### CLOSED SESSION

President Reinhart said that the following Closed Session will be held:

CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION- Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2). (One potential case.).

Director Withers arrived at 6:40 p.m.

### OPEN SESSION

Following the Closed Session, the meeting was reconvened with all Directors present. President Reinhart said that relative to CONFERENCE WITH LEGAL COUNSEL -ANTICIPATED LITIGATION - Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2). (One (1) potential case), there was no action to report.

ADJOURNMENT

President Reinhart adjourned the meeting at 7:34 p.m.

APPROVED and SIGNED this 9th day of April, 2018.

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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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Claire Hervey Collins, Legal Counsel – Lewis Brisbois