

MINUTES OF REGULAR MEETING – OCTOBER 22, 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 Vice President LaMar on October 22, 2018 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Vice President LaMar said that prior to roll call, he asked Legal Counsel Collins to make a statement. Ms. Collins said that she wanted to make it clear for the record of this meeting, and asked that it be reflected in the minutes, that at least some or all of this Board meeting may be conducted via speaker phone pursuant to California Government Code Section 54953 and that President Reinhart may be participating from the Marriott Fallsview located at 6740 Fallsview Boulevard, Niagara Falls, Ontario Canada. Directors LaMar, Swan, Matheis, and Withers are currently present in the District's Board room and at such time when the Board wishes to convene in Closed Session, it is to be noted that this portion of the meeting will be held in the District's Committee Room for its Closed Session item. She said that if we receive word that President Reinhart is available to join the meeting, he will be connected to the meeting via speaker phone. At the time President Reinhart joins the meeting by speaker phone, Ms. Collins asked that Vice President LaMar recognize her in order to confirm certain matters for the record. She said that in accordance with the Ralph M. Brown Act, President Reinhart's teleconference location has been identified in the notice and agenda for this meeting. She further said that she understands from the Secretary of the Board that the agenda was posted at the Marriott Fallsview hotel within the 72 hour posting requirements.

Ms. Collins then asked the Secretary to conduct the roll call. Secretary Bonkowski conducted the roll call and received ayes from Directors Matheis, Swan, Withers, and LaMar with Reinhart absent (see page 6 – President Reinhart arrived at 7:00 p.m. during item No. 17 - Closed Session via teleconference from the Marriott Fallsview, Ontario, Canada). In response to Director Matheis' inquiry, General Manager Cook said that Board members may participate in Board meetings via conference call when and if requirements are met pursuant to California Government Code Section 54953.

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 Water Operations Roberts, Director of Public Affairs Beeman, Director of Human Resources Roney, Director of Treasury and Risk Management Jacobson, Public Affairs Manager Fabris, Legal Counsel Collins, Secretary Bonkowski, Assistant Secretary Swan, Principal Engineer Akiyoshi, Principal Engineer Mori, Principal Engineer Moeder, Government Relations Officer Compton, Electrical and Instrumentation Manager O'Neill, Water Quality Manager Oldewage, Mr. Bruce Newell, Mr. Andrew Pollard, Mr. Tony Vaccaro, and members of the public.

WRITTEN COMMUNICATIONS: None.

ORAL COMMUNICATIONS: None.

PUBLIC COMMENT FROM REMOTE LOCATION: None (as President Reinhart was absent at 5:14 p.m.)

ITEMS TOO LATE TO BE AGENDIZED: None.

CONSENT CALENDAR

On MOTION by Withers, seconded by Matheis, and carried (Withers, LaMar, Swan, and Matheis voting aye, and Reinhart absent), CONSENT CALENDAR ITEMS 3 THROUGH 10 WERE APPROVED AS FOLLOWS:

CONSENT CALENDAR (CONTINUED)

3. 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 and John Withers, as described.

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the October 8, 2018 Regular Board Meeting be approved as presented.

5. SEPTEMBER 2018 TREASURY REPORT

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the summary of fixed and variable rate debt, the Monthly Interest Rate Swap Summary for September 2018, and Disclosure Report of Reimbursements to Board members and staff; approve the September 2018 Summary of Payroll ACH payments in the total amount of \$1,983,116 and approve the September 2018 Accounts Payable Disbursement Summary of Warrants 391211 through 392074, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$14,129,830.

6. EL MORO RESERVOIR NO. 1 IMPROVEMENTS BUDGET ADDITION

Recommendation: That the Board authorize the addition of Project 10935 in the amount of \$111,000 to the FY 2018-19 Capital Budget for the El Morro Reservoir No. 1 Improvements.

7. MICHELSON WATER RECYCLING PLANT UNIT SUBSTATION T-1 REPLACEMENT CONSULTANT SELECTION

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with Lee & Ro in the amount of \$127,044 for engineering design services for the Michelson Water Recycling Plant Unit Substation T-1 Replacement, Project 10535.

CONSENT CALENDAR (CONTINUED)

8. MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES CONTRACT CHANGE ORDER

Recommendation: That the Board approve Contract Change Order No. 90 in the amount of \$259,999.33 with Filanc/Balfour Beatty for electrical, instrumentation, and control items related to the dryer system, cake storage system, and cake receiving bin local control panel along with site work and architectural modifications for the Michelson Water Recycling Plant Biosolids and Energy Recovery Facilities, Project 04286.

9. INDUCTIVELY COUPLED PLASMA MASS SPECTROMETER REPLACEMENT

Recommendation: That the Board authorize the purchase of a replacement Inductively Coupled Plasma-Mass Spectrometer/High Pressure Liquid Chromatograph from Agilent Technologies in the amount of \$207,442.90.

10. FATS, OILS AND GREASE PROGRAM VARIANCE NO. 2

Recommendation: That the Board authorize the General Manager to execute Variance No. 2 with Environmental Engineering and Contracting, Inc. to provide Fats, Oil and Grease (FOG) Program services in the amount of \$165,950 for the period November 1, 2018, to October 31, 2019 and also for an optional additional year at \$165,950, as may be necessary to transition to the District's new Pretreatment and FOG Programs.

ACTION CALENDAR

PRIMARY DISINFECTION FACILITY SODIUM HYPOCHLORITE STORAGE AND FEED SYSTEM CONSULTANT SELECTION

Executive Director of Engineering and Water Quality Burton reported that staff is proceeding with the conversion of the gaseous chlorine storage and feed system at the Primary Disinfection Facility and is the last District facility to use gaseous chlorine for disinfection.

Mr. Burton said that in October 2017, staff selected Carollo Engineers to provide preliminary design engineering services to establish the project design criteria, develop a recommended facility layout, and identify associated ancillary facilities. He said that Carollo completed the preliminary design in August 2018, at which point staff decided to issue a Request for Proposal for final design engineering services due to the substantial scope and technical complexity of the overall project. He said that staff received proposals from Carollo Engineers, Dudek, and Hazen & Sawyer and that Carollo's proposal exceeded the other proposals in all aspects including project team and project approach where they provided a clear methodology for completing the work and showcased its unparalleled technical experience with both sodium hypochlorite and carbon dioxide storage and feed systems. He said that Carollo's proposed design team has the most relevant overall chemical feed system design experience, and the staff proposed for Carollo's team successfully completed the previous gaseous chlorine conversions at the Rattlesnake Complex and the Initial Disinfection Facility.

Director Withers said that this item was reviewed by the Engineering and Operations Committee on October 15, 2018. On MOTION by Withers, seconded and carried (Withers, LaMar, Swan, and Matheis voting aye, and Reinhart absent), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH CAROLLO ENGINEERS IN THE AMOUNT OF \$573,772 FOR ENGINEERING DESIGN SERVICES FOR THE PDF SODIUM HYPOCHLORITE STORAGE AND FEED SYSTEM, PROJECT 06214.

IRWD COMMENTS ON MUNICIPAL WATER DISTRICT OF ORANGE COUNTY'S 2018 WATER SUPPLY RELIABILITY STUDY UPDATE

General Manager Cook reported that the Municipal Water District of Orange County (MWDOC) has recently completed a draft update to the Orange County Water Supply Reliability Study that it initially prepared in 2016 and has invited its member agencies to provide written comments on the update by October 26, 2018. Mr. Cook said that staff placed before each Director a revised IRWD comment letter for the Board's consideration which included some revisions made by the Supply Reliability Programs Committee.

Executive Director of Water Policy Weghorst said that over the past year, MWDOC worked with its consultants to further evaluate the portfolio of projects identified in the 2016 Study. Mr. Weghorst said that the evaluations have included the application of a project comparison metric, similar in nature to a benefit/cost analysis. He then highlighted the key points in the District's draft response letter.

Director Swan said that this item was reviewed by the Supply Reliability Programs Committee on October 18, 2018. He then recommended additional edits to be included in the response letter. On MOTION by Withers, seconded by Swan and carried (Withers, LaMar, Swan, and Matheis voting aye, and Reinhart absent), THE BOARD APPROVED THE LETTER TO THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY PROVIDING COMMENTS ON ITS 2018 WATER SUPPLY RELIABILITY STUDY UPDATE AS REVISED AND THAT ANY FURTHER NON-SUBSTANTIVE CHANGES ARE TO BE APPROVED BY THE GENERAL MANAGER.

SAND CANYON PROFESSIONAL CENTER PHASE II OFFICE PROJECT BUDGET INCREASE AND CONSTRUCTION AWARD

Director of Treasury and Risk Management Jacobson reported that based on improved leasing conditions, demand for similar office space and increasing lease rates in the Spectrum area, staff recommends that the District proceed with construction of the Sand Canyon Professional Center Phase II Office Project. Mr. Jacobson said that Phase I of the Sand Canyon Professional Center was completed in 2012 and included construction of a 16,400 square-foot medical office building, a community meeting room, and the reconfiguration of the existing IRWD employee parking area. The medical office building reached 100% occupancy in 2013 and is fully leased through 2022, with an annual Return on Cost of 8.85% as of September 30, 2018.

Mr. Jacobson said that Phase II of the approved campus master plan includes the construction of an approximate 70,000 square-foot professional office building with a rooftop patio, and completion of a central campus outdoor area available for use by the District and tenants of the two adjacent office properties. He said that in April 2017, the Board approved the retention of Newport Real Estate Services to provide project/construction management services for Phase II construction;

however, due to above average office vacancy rates in the Irvine area in 2015-16, the Committee deferred construction of the Sand Canyon Professional Center Phase II office building until a primary tenant was secured, or until the leasing environment had improved in the Spectrum area. He said since that time, vacancy rates and demand for similar office space in the area have improved substantially and lease rates have steadily increased, prompting staff's recommendation to proceed with construction of the Phase II project.

Mr. Jacobson said that since more than two years had passed since the original plan submittal, the City required that both the building and grading plans be resubmitted to address minor code changes. Since Ware Malcolm resubmitted the plans for approval in June 2018, grading plans have again been approved with building plan approval anticipated shortly.

Mr. Jacobson said that based on current rates for similar office space in the market area, the District's commercial brokers for the project, Cushman & Wakefield and Collier's International, estimate a starting lease rate of approximately \$2.75 per square foot. He said that stabilized net operating income for the Phase II property is projected at a return on cost (including land and estimated tenant improvement allowance) of 7.8%, assuming an initial lease rate of \$2.75 per square foot, full occupancy and annual rent increases of 2.5%.

Mr. Jacobson said that Newport Real Estate Services requested bids from three pre-qualified contractors including KPRS Construction Services, Oltmans Construction Co. and Layton Construction Company. He said that KPRS is the low bidder with a bid amount of \$17,992,969. The remaining bids ranged from \$18,293,429 to \$18,575,937. KPRS previously completed construction of the District's Sand Canyon Professional Center Phase I project. In addition to multiple commercial office and retail projects, KPRS has experience working with more than 40 public agencies on various projects throughout the state.

In response to Director Matheis' inquiry, staff will schedule a meeting with her to review the detailed plans. There being no further comments, on MOTION by Swan, seconded and carried, (Withers, LaMar, Swan, and Matheis voting aye, and Reinhart absent), **THE BOARD APPROVED A BUDGET INCREASE IN THE AMOUNT OF \$2,731,330, FROM \$17,624,300 TO \$20,355,630, FOR PROJECT 06210 AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH KPRS CONSTRUCTION SERVICES, INC. IN THE AMOUNT OF \$17,992,969 FOR THE SAND CANYON PROFESSIONAL CENTER PHASE II, PROJECT 06210.**

GENERAL MANAGER'S REPORT

General Manager Cook reported on the Supply Reliability Programs Committee meeting with Rosedale-Rio Bravo Water Storage District's General Manager Eric Averett in attendance relative to the Kern Fan Groundwater Storage project and the development of a Joint Powers Authority to administer a Kern Fan Groundwater Storage project. He said that Mr. Averett also met with him last Friday to discuss the project further.

DIRECTORS' COMMENTS

Director Withers reported on his appointment to the Orange County Sanitation District's Administration Headquarters Committee for its new facility. He further said that last Saturday he attended East Valley Water District's groundbreaking event for the Sterling Natural Resource Center in Highland.

Director Matheis reported on her attendance at ACWA's Regulatory Summit in Sacramento, ACWA's Region 10 program on removing barriers to innovation in water held in Mission Viejo with Director LaMar as a speaker, and the Water Education Foundation's Northern California Water three-day tour.

Director Swan reported on his attendance at OCBC's Infrastructure meeting, an OCWD Water Infrastructure Committee meeting, and MWDOC's quarterly Water Policy Forum and dinner.

Director LaMar reported on his attendance with General Manager Cook and Government Relations Officer Compton last week in Washington, DC meeting with legislative staffers and federal lobbyists. He further thanked Government Relations Officer Compton for her efforts in preparing a presentation for him during the ACWA Region 10 event.

COMMUNITY UPDATES

Consultant Newell noted no recent fire activity in Santiago Canyon, just high wind conditions.

CLOSED SESSION

Legal Counsel Collins said that the following Closed Session would be held as follows:

CLOSED SESSION: Conference with Labor Negotiator pursuant to Government Code Section 54957.6:

Agency Designated Representative: Vice President LaMar

Unrepresented Employee: Paul Cook

Ms. Collins asked if a member of the public would like to speak relative to tonight's Closed Session item. There was no one who wished to be heard. Ms. Collins said that following the Closed Session, the Open Session would resume in the District's Board room. At 5:48 p.m., Ms. Collins recessed the Board meeting to the District's second floor Committee room.

CLOSED SESSION

During the Closed Session, Director Reinhart participated via teleconference call at 6:45 p.m. at which time he was asked if he could be heard, had a copy of the agenda for this meeting, had posted the agenda outside of his hotel room, his location was reasonably accessible to the public such that any member of the public could participate in this teleconference from his location if he or she wished to do so; and if there was any member of the public there with him who would like to participate in the public comment portion of this item. Director Reinhart responded affirmative to all of the questions with the exception of the last question if a member of the public was present in the room. He said no. The members of the Board were then asked if they could hear not hear Director Reinhart clearly. The Board members present indicated that they were able to

hear Director Reinhart clearly. The Board Members present in the Committee room were asked if such Board Member has any reason to believe, based on voice recognition or otherwise, that the person representing himself to be Director Reinhart is not truly so. There was no Board member who expressed doubt that Director Reinhart was the party participating by teleconference with the Board Members present in the Committee room. General Manager Cook said that he advised the Board that any votes taken during the teleconference portion of this meeting must be taken by roll call.

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors LaMar, Swan, Withers and Matheis present. Vice President LaMar said that there was no action to report.

ADJOURNMENT

There being no further business, Vice President LaMar adjourned the meeting.

APPROVED and SIGNED this 12th day of November, 2018.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Claire Hervey Collins, Legal Counsel
– Lewis Brisbois