

MINUTES OF REGULAR MEETING – February 10, 2020

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 Matheis on February 10, 2020 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Technical Services Burton, Executive Director of Water Policy Weghorst, Executive Director of Finance and Administration Clary, Executive Director of Operations Chambers, General Counsel Collins, Director of Water Quality and Regulatory Compliance Colston, Director of Recycling Operations Zepeda, Director of Water Operations Roberts, Government Relations Officer/Deputy General Counsel Compton, Secretary Bonkowski, Assistant Secretary Swan, Mr. Bruce Newell, and members of staff and the public.

WRITTEN AND ORAL COMMUNICATIONS: None.

ITEMS TOO LATE TO BE AGENDIZED: None.

CONSENT CALENDAR

On MOTION by Reinhart, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 6 WERE APPROVED AS FOLLOWS:

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, Douglas Reinhart, Peer Swan, Steven LaMar and John Withers, as described.

4. BOARD MEETING MINUTES

Recommendation: That the minutes of the January 27, 2020 Regular Board meeting be approved as presented.

5. IRVINE LAKE PIPELINE NORTH CONVERSION SANTIAGO HILLS ZONE C+ RESERVOIR FINAL ACCEPTANCE

Recommendation: That the Board authorize the General Manager to accept construction of the Irvine Lake Pipeline North Conversion Santiago Hills Zone C+ Reservoir, Project 05407, authorize the General Manager to file a Notice of Completion; and authorize the release of retention 35 days after filing of the Notice of Completion.

CONSENT CALENDAR (CONTINUED)

6. ADDENDUM NO. 4 TO THE BAKER WATER TREATMENT PLANT PROJECT FINAL ENVIRONMENTAL IMPACT REPORT

Recommendation: That the Board adopt the proposed Addendum No. 4 to the Baker Water Treatment Plant Project Final Environmental Impact Report, including the determinations set forth in Addendum No. 4, and authorize staff to post and file a Notice of Determination.

ACTION CALENDAR

MICHELSON WATER RECYCLING PLANT UNIT SUBSTATION T1 REMOVAL CONSTRUCTION AWARD

General Manager Cook reported that the Unit Substation T1 at the Michelson Water Recycling Plant (MWRP) has settled over the past 20 years and is now leaning in excess of the manufacturer's specifications. This project will remove Unit Substation T1 and reroute power to the existing loads served by T1 to other existing unit substations at MWRP. The project includes construction of a new 480V switchboard, 5kV switch, and 5kV duct bank.

A bid opening was held on January 23, 2020 with bids received from Johnson-Peltier, Leed Electric, and Southern Contracting Company. Southern Contracting Company is the apparent low bidder with a bid amount of \$2,204,000. On MOTION by Reinhart, seconded by Withers and unanimously carried, **THE BOARD AUTHORIZED A BUDGET INCREASE FOR PROJECT 10535 IN THE AMOUNT OF \$2,326,700, FROM \$543,000 TO \$2,869,700, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH SOUTHERN CONTRACTING COMPANY IN THE AMOUNT OF \$2,204,000 FOR THE MWRP UNIT SUBSTATION T1 REMOVAL, PROJECT 10535.**

BAKER WATER TREATMENT PLANT SOLAR PHOTOVOLTAIC SYSTEM POWER PURCHASE AGREEMENT AMENDMENT AND CONSTRUCTION REIMBURSEMENT

Using a PowerPoint presentation, Principle Engineer Mori reported that in September 2018, IRWD entered into a Power Purchase Agreement (PPA) with Solar Star to design, construct, operate, and maintain a solar PV system to further reduce the overall cost of electricity at the Baker Plant. In December 2018, a 1.25 MW battery energy storage system was constructed and placed into service at the site. Both of these projects will supplement electricity provided by Southern California Edison to reduce IRWD's overall cost of electricity.

Mr. Mori said that during final development of the project, Solar Star requested that IRWD execute an amendment to the PPA to implement clarifying, ministerial changes to enhance the overall clarity of the original PPA. The changes are minor and generally limited to enhancements to definitions, modifications to terminology, and correction of typographical errors in the original PPA. The amendment does not modify any material terms of the original PPA or modify any material obligations of either IRWD or Solar Star. The amendment also includes as an attachment an Estoppel Certificate that Solar Star may

request IRWD to execute in accordance with the requirements defined in the original PPA. He said that both IRWD and Solar Star agree that the incorporation of these clarifying changes, along with the inclusion of the Estoppel Certificate, will improve the overall clarity of the PPA and help to avoid confusion between both parties over the 25-year period of the PPA.

Mr. Mori said that in accordance with the PPA, Solar Star is responsible for the design, construction, operation, and maintenance of the solar PV system over a 25-year period. In turn, IRWD is responsible for purchasing electricity produced by the PV system over that same period at a fixed cost \$0.075/kWh (kilowatt-hour). The PPA defined a comprehensive scope of work for the design and construction of the facility, which included a requirement to evaluate the structural characteristics and additional loading capabilities of the two buried prestressed concrete reservoirs that the PV system was to be founded upon. Mr. Mori said that the structural evaluation identified that approximately 2,300 cubic yards of soil needed to be removed from the reservoirs to offset the weight of the additional loading imposed by the proposed PV system. The scope of work in the PPA explicitly excluded work associated with soil removal above the two reservoirs, and as such, the cost for removing the soil was not included in the original contract price.

Mr. Mori said that the PPA includes a provision that defines various mechanisms for funding additional items beyond the original scope of work. Those mechanisms include paying the incremental cost as a lump sum reimbursement, paying the incremental cost over the 25-year term of the PPA through a calculated increase in the kWh electricity rate, or proposing a negotiated solution. The PPA also allows for the incremental costs to be rejected, which would lead to termination of the PPA. He said that staff elected to implement the lump sum reimbursement option.

Following discussion of the Estoppel Certificate as well as the open space area on the reservoir, on MOTION by Reinhart, seconded by LaMar and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE FIRST AMENDMENT TO THE POWER PURCHASE AGREEMENT WITH SOLAR STAR IRWD BAKER, LLC FOR THE PHOTOVOLTAIC SYSTEM AT THE BAKER WATER TREATMENT PLANT SUBJECT TO NON-SUBSTANTIVE CHANGES; AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE ESTOPPEL CERTIFICATE TO THE FIRST AMENDMENT TO THE POWER PURCHASE AGREEMENT, AND ANY FUTURE ESTOPPEL CERTIFICATES SUBJECT TO REVIEW BY GENERAL COUNSEL; AND AUTHORIZED THE GENERAL MANAGER TO ISSUE A CONSTRUCTION REIMBURSEMENT TO SOLAR STAR IRWD BAKER, LLC IN THE AMOUNT OF \$217,247.08 FOR ADDITIONAL SOIL REMOVAL FOR PROJECT 10559.

OTHER BUSINESS

GENERAL MANAGER'S REPORT

General Manager Cook reported on this afternoon's meeting relative to Irvine Lake level operations with Board members Swan and Reinhart noting that the Serrano Water District will be going to its Board soon, and anticipates that this item will be submitted in early March to the Division of Safety of Dams for approval.

Mr. Cook said that he held a meeting last week with Santa Margarita Water District relative to IRWD's assistance with sewer cleaning for one or two years. He said that SMWD will be preparing a scope of work, and that the District will determine a price for said service.

Mr. Cook said that over the weekend Mr. Jim Carlton, a reporter from the Wall Street Journal, contacted the District relative to water efficiency issues, and that today Ms. Fiona Sanchez, Ms. Beth Beeman and he met with him for an hour to discuss the District's program.

DIRECTORS' COMMENTS

Director LaMar reported on his attendance at an ACWA Federal Affairs Committee meeting, an ACWA Board of Directors' meeting and workshop, an ACWA energy meeting, a plenary meeting, and an OCBC annual dinner with Directors Withers and Swan.

Director Withers reported on his attendance at the VerdeXchange conference in Los Angeles where he participated on two panels. He also said he received a compliment from a member of the development community saying that the IRWD employees are a class above other water agencies. Director LaMar said that he also recently received a compliment from KB Homes on IRWD's inspection staff.

Director Swan reported that he attended a governmental meeting in Sacramento relative to the PPIC, MWDOC Board and Committee meetings, Newport Chamber of Commerce meetings, a WACO monthly meeting, and an OCBC annual dinner, and that he will be attending a water policy dinner next week.

Director Withers reported that he heard of a medical condition with NWRI's Executive Director, and wishes him the best in his recovery.

Director Reinhart reported on his attendance at a South Orange County Water Agency meeting, an OCWD Board meeting, a SOCWA Board meeting, and a WACO monthly meeting.

Director Matheis reported on her attendance at an ISDOC Quarterly meeting and an ISDOC Executive Committee meeting. She further asked that the General Manager comment on the passing of former LAWD Board member Mr. Jim Reed. General Manager Cook reported that Mr. Reed was a cheerleader for IRWD and was a true asset for the District. He was very proud of the District, and we will miss him. Director Reinhart said that Mr. Reed was very active with the City of Lake Forest's Chamber of Commerce and attended City of Lake Forest Council meetings, and was a great representative at WACO meetings. President Matheis asked that tonight's comments be reflected in a letter to his family and that the meeting be adjourned in his memory.

UPDATES FROM DISTRICT LIAISON

IRWD's consultant, Mr. Bruce Newell, said that all was fine in Santiago Canyon area and was getting ready for spring.

CLOSED SESSION

Ms. Collins said that the following Closed Sessions would be held this evening.

1. CLOSED SESSION CONFERENCE WITH REAL PROPERTY NEGOTIATORS - Pursuant to Government Code Section 54956.8:

Property: Capacity Rights in the El Toro Road Lift Station (20915 El Toro Road, Lake Forest, CA 92630) and Associated Pipelines

Agency Negotiator: Paul Cook, General Manager, and Kevin Burton, Executive Director of Technical Services

Negotiating Parties: Trabuco Canyon Water District

Under negotiation: Price and Terms of Payment

2. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(d)(1): *SCADA and Control Systems, Inc. v. Delta Systems Engineering, LLC, et al.*, Case No. 30-2018-01039707-CU-BC-CJC
3. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(d)(1): *Filanc-Balfour Beatty, JV v. IRWD*, Case No. 30-2019-01048770-CU-BC-CXC

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors LaMar, Matheis, Withers, Swan, and Reinhart present. Legal Counsel Collins said that there was no action to be reported.

ADJOURNMENT:

There being no further business, President Matheis adjourned the meeting in memory of Mr. James D. Reed, former Los Alisos Board Member, and IRWD's consultant for over 15 years.

APPROVED and SIGNED this 9th of March 2020.

(original signatures on file at the District office)

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Claire Hervey Collins, General Counsel
Hanson Bridgett LLP