

MINUTES OF REGULAR MEETING – May 26, 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 May 26, 2020 via teleconference pursuant to the provisions of the Governor’s Executive Orders N-25-20 and N-29-20 due to COVID-19. Members of the public did not attend this meeting in person.

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, Director of Treasury and Risk Management Jacobson, Executive Director of Operations Chambers, General Counsel Collins, Director of Public Affairs Beeman, Director of Human Resources Roney, Director of Water Quality and Regulatory Compliance Colston, Director of Recycling Operations Zepeda, Director of Maintenance Mykitta, Director of Administrative Services Malone, Government Relations Officer/Deputy General Counsel Compton, Secretary Bonkowski, 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 Swan, seconded by Reinhart and unanimously carried by a roll call vote (5-0) Withers, Matheis, Reinhart, Swan, and LaMar voting aye, and 0 noes, CONSENT CALENDAR ITEMS 3 THROUGH 6 WERE APPROVED AS FOLLOWS:

3. BOARD MEETING MINUTES

Recommendation: That the minutes of the May 11, 2020 Regular Board meeting be approved as presented.

4. APRIL 2020 TREASURY REPORT

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 April 2020 Summary of Payroll ACH payments in the total amount of \$3,110,433, and approve the April 2020 Accounts Payable Disbursement Summary of Warrants 407457 through 408209, Workers’ Compensation Distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$21,517,910.

CONSENT CALENDAR (CONTINUED)

5. CAPSTONE THREE-YEAR FACTORY PROTECTION PLAN AGREEMENT FOR THE BIOSOLIDS AND ENERGY RECOVERY FACILITY PROJECT

Recommendation: That the Board authorize the General Manager to execute a three-year Capstone Microturbine Factory Protection Plan Agreement with authorized service provider Cal Microturbine for a total of \$320,796.

6. THREE-YEAR CONTRACT AWARD FOR OPERATION AND MAINTENANCE OF MICROTURBINE AND BIOGAS TREATMENT SYSTEMS AT THE MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES

Recommendation: That the Board authorize the General Manager to execute a three-year operation and maintenance contract with GI Energy for the Operation and Maintenance of Microturbine and Biogas Treatment Systems at the Michelson Water Recycling Plant Biosolids and Energy Recovery Facilities in the amount of \$1,431,754.

ACTION CALENDAR

MID-CYCLE OPERATING BUDGET AND RATES FOR FISCAL YEAR 2020-21

Using a PowerPoint presentation, Mr. Christopher Smithson provided a summary of the mid-cycle Fiscal Year 2020-21 operating budget and rates. Using a chart, Mr. Smithson reviewed the approved budget and updated assumptions. The update assumed net reduced expenses of \$1.1m due to: a lower COLA increase (-\$0.7m); lower employee position vacancy rates and some starting salaries above mid-point (+\$1.5m); addition of unbudgeted positions (+\$0.4m); reduction in the OCWD replenishment assessment (-\$1.2m); reduction in imported water due to higher use of native water (-\$1.1m); additional cybersecurity software services (+\$0.3m); and over-allocation projects funded by outside agencies (-\$0.3m). He further reviewed the forecast variances from the approved budget which included proposed rate revenue reduction of \$4.6m, which combined with the reduced net expenses of \$1.1m result in a projected reduction in net income of \$3.5m. He reviewed the replacement fund uses including capital facilities, insurance, variable rate hedge, system refurbishments, environmental compliance and rate stabilization, and described the use of the Rate Stabilization Fund to offset the reduction in net income.

Mr. Smithson then reviewed customer rates using a chart showing a typical residential customer monthly bill under the approved July 1, 2020 rate, and noted that by deferring the July 1 rate increase at this time, a typical residential bill would be \$1.44 less per month when compared with the charge that would otherwise be imposed under the currently approved rates. Staff recommends using the Rate Stabilization Fund to cover this difference. Deferral of the rate increase does not need to be noticed through the Proposition 218 process. IRWD would notify its customers of the deferral through messaging that would include the District's newsletter, website, social media, and on-hold messaging.

Following discussion, Director Reinhart said he was in favor of staff's recommendation and made a motion to approve the item which was seconded by Matheis. Following comments by Director Swan, the motion was withdrawn. Director Swan reported that this item was reviewed by the Finance and Personnel Committee on May 12, 2020. He further noted concerns about using the Replacement Fund to balance the budget, however, he concurred with staff's recommendation. On MOTION by Swan, and seconded by LaMar, and unanimously carried by a roll call vote (5-0) Withers, Matheis, Reinhart, Swan, and LaMar voting aye, and 0 noes, THE BOARD RECEIVED AND FILED THE MID-CYCLE OPERATING BUDGET UPDATE FOR FISCAL YEAR 2020-21 AND APPROVED DEFERRING THE POTABLE WATER, RECYCLED WATER, AND SEWER RATE INCREASES FOR FY 2020-21.

SEWER SIPHON IMPROVEMENTS CONSTRUCTION AWARD

Executive Director of Technical Services Burton reported that the District's sewer system includes 19 sewer siphons in various locations. In 2016, the District completed a preliminary condition assessment and ranked these siphons using a criticality analysis, considering risk and consequence of failure. This analysis prioritized the siphons based on factors such as preliminary condition assessment, flow capacity, proximity to waterways and age. Mr. Burton said that staff identified the top four priority siphons for rehabilitation and retained Woodard and Curran to perform a condition assessment of the siphons and design improvements to address deficiencies. The siphons are located at: 1) San Diego Creek at Harvard Avenue, 2) Main Street and Veneto, 3) Harvard Avenue and Barranca Parkway, and 4) Orange County Transit Authority at Jamboree Road.

Mr. Burton reported that the assessment revealed the siphon barrels and structures require significant rehabilitation due to age, corrosion caused by the highly corrosive sewer environment, partial or complete obstruction of siphon barrels, and inoperable flow control equipment. Woodard and Curran designed the required improvements to restore full capacity to the siphon barrels, improve reliability, enhance operation and maintenance of the siphons and reduce odors. The project improvements will include cleaning and cured-in-place pipe (CIPP) lining of the siphon barrels, rehabilitation of the vaults, new flow control structures, site and vault access improvements, construction of two grit traps, and installation of an odor control injection facility. After the completion of this project, the 15 remaining sewer siphons, which are less critical, will be rehabilitated through similar projects.

Mr. Burton said that the project was advertised to a select bidders list of 31 mechanical and pipeline contractors on February 19, 2020. The bid opening was originally scheduled for March 19, 2020. He said that due to COVID-19, staff extended the bid period to April 30 and waived the pre-bid meeting requirement to increase contractor interest. Despite the extension, only two bids were received: one from Leatherwood Construction and the other from Vido Artukovich & Son, Inc. Vido Artukovich & Son, Inc. is the apparent low bidder with a bid of \$8,355,349.67. Receiving two bids from a select bidders list of 31 contractors, along with the higher bid amounts, reflect the complex nature of this project and the high volume of current construction work. The activities of cleaning, dewatering, and siphon rehabilitation by CIPP are complex and involved processes that were underestimated in the engineer's estimate. After researching the current market costs for each bid item with recent public agency construction bids, staff concluded that the bidders' prices are within the range of the current market and are not likely to be reduced significantly if the project is re-bid.

Following discussion, on MOTION by Reinhart, seconded by Matheis and unanimously carried by a roll call vote (5-0) Withers, Matheis, Reinhart, Swan, and LaMar voting aye, and 0 noes, THE BOARD AUTHORIZED A BUDGET INCREASE FOR PROJECT 07886 IN THE AMOUNT OF \$3,114,000, FROM \$6,632,000 TO \$9,746,000, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH VIDO ARTUKOVICH & SON, INC. IN THE AMOUNT OF \$8,355,349.67 FOR THE SEWER SIPHON IMPROVEMENTS, PROJECT 07886.

GENERAL MANAGER'S REPORT

General Manager Cook reported that he was notified late last week that one IRWD employee tested positive for COVID-19, and that IRWD's Human Resources Department staff have been in contact with those employees who may have been in contact with this employee. Mr. Cook said he is confident that no other employees were impacted, and that this employee is currently at home recovering.

General Manager Cook also reported that IRWD employee David Paulson received the prestigious Operator of the Year Award from the American Membrane Technology Association. This is a nationally recognized award, and we are very proud of Dave.

DIRECTORS' COMMENTS

Director Swan reported on his attendance at MWDOC Board and Administration and Finance Committee meetings, a WACO Planning Committee meeting, an OCBC Infrastructure meeting, Newport Chamber of Commerce meetings, a PPIC Groundwater meeting, a Regional Water Quality Control hearing relative to Poseidon, and an MWD IRP meeting last Friday.

Director LaMar reported on his attendance at three California Environmental discussions, a MWDOC Legislative Committee meeting, ACWA weekly meetings, a MWDOC Board meeting, and an MWD IRP meeting.

Director Withers said he had no meetings to report.

Director Reinhart reported on an MWD ILP meeting, an OCWD Board Meeting, a MWDOC Water Issues Committee meeting, and a South County Agency's meeting today.

Director Matheis reported on her attendance at two MWD meetings.

COMMUNITY UPDATES:

IRWD's Consultant Bruce Newell reported that all is going well in the canyon, and that wildfire preparedness emails have been sent to the canyon residents which also included information about the District's recent improvements.

CLOSED SESSION

General Counsel Collins said that the following Closed Sessions would be held this evening:

- 1) CLOSED SESSION CONFERENCE WITH LABOR NEGOTIATORS – Pursuant to Government Code Section 54957.6(a):

Agency designated representatives: Paul Cook and Jenny Roney

Unrepresented employee: Managers, Supervisors and Confidential Employees

- 2) CLOSED SESSION CONFERENCE WITH REAL PROPERTY NEGOTIATORS – Pursuant to Government Code Section 54956.8:

Property: 32633 Trabuco Creek Road, Trabuco Canyon, CA 92679 (Assessor's Parcel Number 842-061-04)

Agency Negotiator: Paul Cook, General Manager, and Rob Jacobson, Director of Treasury and Risk Management

Negotiating Parties: Mark U. Parker Living Trust, Steven U. Parker Living Trust and Linda Jane U. Laval Living

Under negotiation: Price and Terms of Payment

OPEN SESSION

Following the Closed session, the meeting was reconvened with Directors Swan, Withers, LaMar, Reinhart, and Matheis present. General Counsel Collins reported that relative to Item No. 1 of the Closed Session, the Board unanimously approved bringing a 0.7% COLA increase for the Board's consideration on the Consent Calendar at the next Board meeting, and for Item No. 2 the Board approved the price and terms for the purchase of said property at 32633 Trabuco Creek Road, Trabuco Canyon, CA 92679 - Assessor's Parcel Number 842-061-04, and authorized the General Manager to finalize the purchase and sale agreement for the property for a purchase price of \$950,000 subject to certain terms, and which agreement will be available from the Board Secretary following its full execution.

ADJOURNMENT

President Matheis adjourned the meeting at 6:37 p.m.

APPROVED and SIGNED this 8th day of June 2020.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Claire Hervey Collins, General Counsel
Hanson Bridgett LLP