

MINUTES OF REGULAR MEETING – MARCH 24, 2025

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by President Reinhart at 5:02 p.m. on March 24, 2025 at the District offices, 15600 Sand Canyon Avenue, Irvine.

Directors Present: Ferons, Swan, Withers, and President Reinhart.

Directors Absent: LaMar.

Oral and Written Communications: None.

Items too late to be agendized: None.

Also Present: General Manager Cook, Executive Director of Finance and Administration Adly, Executive Director of Technical Services Burton, Executive Director of Water Policy Weghorst, Director of Water Resources Sanchez, Director of Financial Planning and Data Analytics Smithson, Director of Water Quality Colston, Director of Human Resources Mitcham, Director of Recycling Operations Zepeda, Director of Information Technology Kaneshiro, Director of Accounting and Treasury Lin, Director of Safety and Security Choi, Senior Engineer Robinson, Engineering Manager Akiyoshi, General Counsel Collins, Secretary Swan, members of the staff, and public.

BOARD WORKSHOP

4. FISCAL YEARS 2025-26 AND 2026-27 PROPOSED OPERATING BUDGETS AND RECOMMENDED RATES AND CHARGES

Using PowerPoint, Director of Financial Planning and Data Analytics Smithson presented the proposed operating budgets for Fiscal Year 2025-26 and Fiscal Year 2026-27. The proposed Fiscal Year 2025-26 Operating Budget is \$249.3 million, representing an increase of \$8.6 million, or 3.6% over the prior year. The proposed Fiscal Year 2026-27 Operating Budget is \$264.2 million, representing an increase of \$14.8 million or 6.0% over Fiscal Year 2025-26. Based on these proposed budgets, Mr. Smithson reported that staff is recommending a rate increase of 8.4% for Fiscal Year 2025-26 and 5.1% for Fiscal Year 2026-27 for the average residential customer.

Mr. Smithson outlined the next steps for adopting the operating budgets. On April 15, 2025, the Proposition 218 Notices will be mailed out, and the Cost of Service and Rate Design Study will be available on the IRWD website. May 30, 2025 will mark the end of the 45-day notice period, and staff and Legal Counsel will respond to any objections received between May 31, 2025 and June 16, 2025. The Public Hearing for the adoption of rates will be held on June 23, 2025 with July 1, 2025 as the effective date of the newly-adopted rates.

Director Swan said that this item was reviewed by the Finance and Personnel Committee on March 3, 2025 and supports the staff recommendation. On MOTION by Withers, seconded by Ferons and unanimously carried, THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE APPROVING THE OPERATING BUDGETS FOR FISCAL YEARS 2025-26 AND 2026-27 (WITH RATES AND CHARGES TO BE ADOPTED ON JUNE 23, 2025) AND APPROVED THE PROPOSITION 218 NOTICES SUBJECT TO NON-SUBSTANTIVE MODIFICATIONS.

BOARD WORKSHOP (CONTINUED)

RESOLUTION NO. 2025 – 7

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT,
ORANGE COUNTY, CALIFORNIA
APPROVING THE DISTRICT'S OPERATING BUDGETS FOR
FISCAL YEAR 2025-26 AND FISCAL YEAR 2026-27 AND DETERMINING
COMPLIANCE WITH
ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

5. LONG-TERM CAPITAL PROGRAM AND CAPITAL BUDGET FOR FISCAL
YEARS 2025-26 AND 2026-27

Senior Engineer Robinson utilized a PowerPoint to present the Long-Term Capital Program, and the Capital Budget for Fiscal Year 2025-26 and Fiscal Year 2026-27 with the forecasted expenditures being \$129.4 and \$133.1 million respectively.

Mr. Robinson reviewed the Long-Term Capital Program, how it is funded, and provided background on the Replacement Planning Model. He outlined the projected development areas and projected dwelling units through Fiscal Year 2026-27.

Mr. Robinson identified the projected budgets that have already been approved by the Board, and forecasted the spending over the next two years for the Biennial Capital Budget. He added that as the District matures, the replacement category will grow year after year. He also included the breakdown of the expenditures by projects, system, and funding sources within each fiscal year.

Director Ferons reported that this item was reviewed by the Engineering and Operations Committee on March 18, 2025 and the Committee supports the staff recommendation. On MOTION by Withers, seconded by Ferons and carried by a vote of 3-1 (Withers, Ferons, and Reinhart voting aye, and Swan voting no), THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2025 – 8

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT APPROVING
THE DISTRICT'S CAPITAL BUDGET FOR FISCAL YEARS 2025-26 AND 2026-27

CONSENT CALENDAR

On MOTION by Withers, seconded by Ferons and unanimously carried, CONSENT CALENDAR ITEMS SIX THROUGH NINE WERE APPROVED AS FOLLOWS:

6. BOARD MEETING MINUTES

Recommendation: That the minutes of the March 10, 2025 Regular Board meeting be approved as presented.

CONSENT CALENDAR (CONTINUED)

7. FEBRUARY 2025 TREASURY REPORT

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Summary of Fixed and Variable Rate Debt, and the Disclosure Report of Reimbursements to Board members and staff, approve the February 2025 Summary of Payroll ACH payments in the total amount of \$2,719,206, and approve the February 2025 accounts payable disbursement summary of warrants 447620 through 448121, Workers' Compensation distributions, ACH payments, virtual card payments, wire transfers, payroll withholding distributions, and voided checks in the net total amount of \$37,796,793.

8. MANNING PUMP STATION REPLACEMENT CONSULTANT SELECTION

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with Lee & Ro, Inc. in the amount of \$299,700 for engineering design services for the Manning Pump Station Replacement, Project 13191.

9. CHARGE READY PARTICIPATION AGREEMENTS AND PURCHASE OF ELECTRIC VEHICLE CHARGING STATIONS

Recommendation: That the Board authorize the General Manager to execute the Charge Ready Infrastructure and Rebate Participation Agreement and the Charge Ready Transport Program Participation Agreement with Southern California Edison subject to non-substantive changes approved by legal counsel and authorize the General Manager to execute agreements for the purchase and installation of the required Charge Point electric vehicle chargers.

ACTION CALENDAR

10. TERMS FOR JOINT USE AGREEMENT WITH ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT AND KERN WATER BANK AUTHORITY

Director Swan reported that this item was reviewed by the Supply Reliability Programs Committee on March 24, 2025, and that the committee supports the staff recommendation. On MOTION by Swan, seconded by Withers, and unanimously carried with a vote of 4-1, with Swan voting no, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AN AGREEMENT AND GRANT OF LICENSES BY AND BETWEEN IRVINE RANCH WATER DISTRICT, ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT, AND KERN WATER BANK AUTHORITY FOR CONSTRUCTION AND JOINT USE OF FACILITIES BASED ON THE TERMS PRESENTED AT THE MEETING, SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY SPECIAL LEGAL COUNSEL.

OTHER BUSINESS

11. General Manager's Report

General Manager Cook stated that Carolyn Emery of Orange County LAFCO has announced her retirement at the end of the month.

OTHER BUSINESS (CONTINUED)

12. Receive oral update(s) from District liaison(s) regarding communities within IRWD's service area and interests.

General Manager Cook stated that he received a note from Mr. Newell reporting that the canyons are doing well he is unable to attend this evening's Board meeting due to Fire Academy training.

13. Directors' Comments and Meeting Reports

Director Ferons reported on his attendance at the City of Irvine's 2025 State of the City presented by Mayor Larry Agran; his participation in the 2025 Community Tour Review with District Staff; and his attendance at the MWDOC Water Policy Dinner in Costa Mesa.

Director Withers reported on his attendance at the City of Irvine's 2025 State of the City presented by Mayor Larry Agran; and the OCWA Monthly Industry Insight regarding Water Supply and Wildfires.

Director Swan reported on his participation in the MWDOC Administration and Finance Committee; the WACO Planning Committee Meeting; the MWDOC Board of Directors Meeting; the Newport Bay Watershed Executive Committee meeting in Newport Beach; and his attendance at the MWDOC Water Policy Dinner in Costa Mesa.

President Reinhart reported on his participation in the MWDOC Administration and Finance Committee; the OCWD Water Issues Committee Meeting; the OCWD Administration and Finance Issues Meeting; the MWDOC Board of Directors Meeting; and his Monthly Discussion of District Activities with the General Manager.

14. Closed Session

President Reinhart convened the meeting into Closed Session at 7:16 p.m. with General Counsel Collins announcing the following:

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – Pursuant to Government Code Section 54956.9 (d)(4).
 - *Initiation of litigation: One (1) potential case.*
- B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – Pursuant to Government Code Section 54956.9 (d)(1).
 - *United States, et al., ex rel. John Hendrix, et al. v. J-M Manufacturing Company, Inc. et al., Case No. CV 06-0055-GW*
 - *State of Nevada, et al. v. J-M Manufacturing Company, Inc. et al., Los Angeles Case No. BC45993*

15. Open Session

Following the Closed Session, the meeting was reconvened in Open Session. President Reinhart announced that there was no action to report.

16. ADJOURNMENT

At 7:36 p.m., President Reinhart adjourned the Board meeting.

OTHER BUSINESS (CONTINUED)

APPROVED and SIGNED this 14th day of April 2025.

President, IRVINE RANCH WATER DISTRICT

District Secretary,
IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Claire Hervey Collins, General Counsel
Hanson Bridgett LLP