

MINUTES OF REGULAR MEETING – SEPTEMBER 14, 2015

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:05 p.m. by President LaMar on September 14, 2015 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None

Also Present: General Manager Cook, Executive Director of Finance and Administration Clary, Executive Director of Engineering and Planning Burton, Executive Director of Water Policy Weghorst, Director of Human Resources Roney, Executive Director of Operations Sheilds, Director of Water Resources Sanchez, Director of Administrative Service Mossbarger, Director of Treasury and Risk Management Jacobson, Assistant Director of Recycling Operations Lee, Recycled Water Development Manager Tettemer, Water Resources Manager Welch, Public Relations Manager Veeh, Legal Counsel Arneson, Assistant Secretary Savedra, Ms. Christine Compton, Ms. Gretchen Ronin, Mr. Bruce Newell, Mr. Jim Reed, Mr. Gregorio Estrada of HDR, and other members of the public and staff.

WRITTEN AND ORAL COMMUNICATIONS: None.

ITEMS TOO LATE TO BE AGENDIZED: None.

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 10 WERE APPROVED AS FOLLOWS:

3. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the August 24, 2015 Regular Board Meeting be approved as presented.

4. 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.

5. 2015 LEGISLATIVE UPDATE

Recommendation: Receive and file.

CONSENT CALENDAR - Continued

6. ACWA REGION 10 ELECTION FOR THE 2016-2017 TERM

Recommendation: That the Board support the candidates as elected by the ACWA Region 10 Nominating Committee and authorize the General Manager to sign the Region 10 board ballot for the 2016-2017 term.

7. DROUGHT OUTREACH PROGRAM UPDATE AND ADDITIONAL BUDGET FUNDING

Recommendation: That the Board approve an additional \$350,000 in funding for drought outreach and related consulting services and authorize the General Manager to execute a Variance in the amount of \$95,000 with Crocker & Crocker for continued assistance with the District's drought outreach efforts.

8. MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION AND FLOOD PROTECTION IMPROVEMENTS FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Michelson Water Recycling Plant Phase 2 Expansion and Flood Protection improvements; authorize the general manager to file a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

9. VERIFICATION OF SUFFICIENT WATER SUPPLIES FOR CITY OF IRVINE PLANNING AREA 1 ORCHARD HILLS (VESTING TENTATIVE TRACT MAP 16530)

Recommendation: That the Board approve the verification of sufficient water supplies for Planning Area 1 Orchard Hills neighborhood 3 (vesting Tentative Tract Map 16530).

10. VERIFICATION OF SUFFICIENT WATER SUPPLIES FOR CITY OF IRVINE PLANNING AREA 39 PHASE 2 (TENTATIVE TRACT MAP 17759)

Recommendation: That the Board approve the verification of sufficient water supplies for Planning Area 39 Phase 2 (vesting Tentative Tract Map 17759).

ACTION CALENDAR

UTILITY BILLING SYSTEM MANAGED SUPPORT SERVICES

General Manager Cook reported that the District successfully went "live" with its new Oracle Customer Care and Billing (CC&B) utility billing system in August 2014 with Infosys Limited as the District's System Integrator. He said that IRWD required additional resources post-implementation and stabilization to supplement existing staff to support and operate the system. In October 2014, the Board authorized the retention of Infosys to provide additional support and training services through July 2015.

ACTION CALENDAR - Continued

Director of Administrative Services Mossbarger said that the Utility Billing Software Managed Support Services contract was awarded to Infosys in October 2014 for \$595,000. The contract provided managed support services for the period November 1, 2014 to July 31, 2015. The General Manager extended this contract one month thru August 2015 under a variance due to the impact of the fiscal year rate change that went into effect July 1, 2015. Many system configuration changes associated with the rate change needed additional time to be completed.

Mr. Mossbarger said that staff identified the need to continue a managed services agreement for the period August 1, 2015 through June 30, 2016. Under the proposed revised scope, Infosys will provide support for issues involving a high degree of complexity, while District staff will handle routine and less complex requests. The proposed Managed Support Services from September 1, 2015 through June 30, 2016, has been reduced from the previous support contract but is still needed due to internal staffing and resource availability. The proposed support request is for ten months from September 2015 through June 2016, at a total of \$250,000. He said in addition to the Managed Support Services, that staff also identified the need for certain additional one-time projects which staff does not have the existing resources to complete. These projects include: 1) Implementation of a revised bill format to accommodate rate changes in a single bill; 2) Real-time integration of CC&B with the Geographical Information System (GIS) for field activities to avoid shut offs when a customer has made a recent payment; 3) Additional security functionality in the connection fee portal which will prevent inspectors from making unauthorized changes; 4) Automation of the variance calculation functionality for livestock variances; and 5) Conversion of additional data from the legacy system to CC&B to assist the Water Efficiency team in analyzing customer usage.

Mr. Mossbarger said that the fiscal year 2015-16 approved operating budget includes \$341,000 of the recommended contract amount of \$432,000. The total amount for the requested one-time projects is \$116,000, of which \$78,000 relates to the revised bill format.

Director Swan reported that this item was reviewed by the Finance and Personnel Committee on September 1, 2015. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT FOR AN AMOUNT NOT TO EXCEED \$432,000 WITH INFOSYS LIMITED.

RECYCLED WATER USE SITE INSPECTION AND TESTING CONSULTANT SELECTIONS

General Manager Cook reported that The Irvine Ranch Water District (IRWD) is required by the State Water Resources Control Board, Division of Drinking Water (DDW) to regularly inspect and test for cross connections at many of the recycled water sites throughout its service area to assure compliance with regulatory requirements and best management practices. During Fiscal Year 2014/15, IRWD contracted with a firm to augment staff's efforts to complete inspection and test work in a timely manner. The District again needs these services over the next two years, and staff has requested proposals from qualified firms to conduct field inspections and cross-connection testing at existing recycled water use sites on an on-call basis.

Recycled Water Development Manager Tettermer said that IRWD currently serves recycled water to approximately 5,300 sites that vary in size and complexity. Some are smaller irrigation sites such as medians and parkways that have only recycled water on site, while others are larger irrigation

sites, such as golf courses and homeowners associations that are more complex that also use potable water. IRWD also serves approximately 610 single-family lots, several industrial customers, and over 60 dual-plumbed commercial buildings where recycled water is used for flushing toilets and urinals as well as in cooling towers.

Mr. Tettemer said the type of recycled water use site determines the regulatory requirements for conducting visual inspections and periodic cross-connection tests. The tests confirm that systems are properly identified and that recycled water systems are not connected to a potable water system. Of the approximately 5,300 IRWD recycled water use sites, approximately 1,000 sites are homeowners associations which are required to have inspections and cross-connection tests conducted annually.

Mr. Tettemer said that staff continues working with other water recycling agencies in Orange County to develop reduced frequency requirements for inspection and testing of recycled water use sites. It is anticipated that recommendations will be submitted to DDW for its consideration early next year. IRWD staff is leading the effort in putting together the new requirements. Last year IRWD hired a firm to help supplement staff's efforts in performing recycled water use site inspections and tests. The firm provided these services at 1,746 sites at an average cost of \$261 per site. To continue augmenting staff's efforts for the next two fiscal years, staff recommends retaining the services of two qualified firms to conduct site inspection and testing under the direction of staff.

Mr. Tettemer that staff submitted a Request for Proposal (RFP) to perform recycled water site inspection and testing at 13 different recycled water use site types in IRWD's service area. The scope of work includes contacting each site supervisor to arrange for a field meeting, conducting the field work, completing associated paperwork and providing site supervisor training. The RFP was sent to three firms and two submitted proposals: John Robinson Consulting, Inc. and Real Water Consulting, Inc. Staff has determined that the two firms are nearly equally qualified in terms of experience and qualifications and has negotiated equal costs that are presented in the Scope of Work and Cost Proposal.

Director Matheis reported that this item was reviewed by the Water Resources Policy and Communications Committee on September 8, 2015. Following discussion relative to minimizing the frequency of testing and inspections and the costs involved. On MOTON by Matheis, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE PROFESSIONAL SERVICES AGREEMENTS WITH BOTH JOHN ROBINSON CONSULTING, INC. AND REAL WATER CONSULTING INC., EACH IN AN AMOUNT NOT TO EXCEED \$400,000, TO PROVIDE FIELD INSPECTORS TO ASSIST STAFF WITH PERFORMING INSPECTION AND TESTING OF RECYCLED WATER USE SITES OVER THE NEXT TWO YEARS.

WATER RECYCLING FUNDINGS PROGRAM APPLICATION

General Manager Cook said that staff is recommending that IRWD pursue Prop 1 funding for a project that will convert the upper sections of Irvine Lake Pipeline to recycled water use.

Water Resources Manager Welch said that the State Water Resources Control Board (SWRCB) is accepting applications for grant funding or State Revolving Fund (SRF) loans through the Water Recycling funding Program (WRF) for the planning, design and construction of water recycling projects that offset or augment state fresh water supplies. One of the funding sources for WRF is Prop 1, which provides grant and low interest financing for water recycling projects. Prop 1 provides \$625 million toward recycled water projects, with approximately \$131 million to be appropriated in 2015 and the remainder to be appropriated over the next four years. The Prop 1 funds will be split evenly between loans and grants, with loan repayments being returned back into the program to fund other projects. The low interest loans are at one half of the State of California's most recent general obligation bond rate. The WRF requires at least a 50 percent local cost share match. Grants for water recycling projects are limited to 35 percent of actual eligible construction costs up to a maximum of \$15 million. The remaining 15 percent can be financed through a Prop 1 loan. The local cost share can be financed through the SRF's low interest loan.

Ms. Welch said that the preliminary design report for the ILP Conversion Project is currently being completed which will be followed by final design activities. The project will convert a portion of the ILP from imported untreated water to recycled water to conserve up to 3,156 AF. The project includes constructing a new 2.4 million gallon buried concrete reservoir, modifications at the Rattlesnake Reservoir Complex and a new distribution pipeline. The estimated total project cost is \$30.8 million, of which staff estimates up to \$8.6 million could be eligible for funding by the Prop 1 grant, \$6.8 million by the Prop 1 loan, and the remaining \$15.4 million for the SRF loan. As part of the application process, a resolution must be adopted by the applicant's governing body that designates an authorized representative to submit an application for grant funding and enter into an agreement with the SWRCB.

Director Matheis reported that this item was reviewed by the Water Resources Policy and Communications Committee on September 8, 2015. Director Swan expressed concern in the District applying for any low-cost loans as with all requirements considered they may exceed the District's borrowing cost and may not be in the best interest of the District. President LaMar suggested that any loan options be brought to the Finance and Personnel Committee. Following discussion, On MOTION by Matheis, seconded and unanimously carried, THAT THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A RELATED AGREEMENT TO RECEIVE GRANT FUNDING AND PROVIDE MATCHING FUNDS; AND ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2015 –25

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT AUTHORIZING THE
GENERAL MANAGER TO FILE A FUNDING APPLICATION
FOR DESIGN AND CONSTRUCTION OF THE
IRVINE LAKE PIPELINE CONVERSION PROJECT WITH
THE STATE WATER RESOURCES CONTROL BOARD

GENERAL MANAGER'S REPORT

General Manager Paul Cook said that he had hoped to provide a final water conservation number; however, he said not all the information was in yet, but would be in tomorrow, and that he expects a 19% to 20% rate for the month of August.

Mr. Cook also reported that the Duck Club recently underwent some improvements in the interior of the unit. These improvements were made while the mold remediation was underway. The facilities staff replaced the toilet and installed a new gas range appliance in place of the old antique stove.

Mr. Cook announced the retirement of Operations Supervisor Wayne Wright after 38 years with the District. He invited staff and the board to attend a retirement celebration scheduled for September 30th.

Mr. Cook thanked staff for their time and effort at the Drought Survival Expo held on Saturday. He reported that there was an excellent turnout with 1,500 participants in attendance.

DIRECTORS' COMMENTS

Director Swan reported on meetings he attended including OCWD Board and Committee meetings, a WACO meeting, and a Newport Chamber of Commerce meeting.

Director Reinhart reported on a MWDOC Board workshop and SOCWA Board meeting that he attended.

Director Matheis reported on meetings she attended including an ISDOC Executive Committee Meeting, South Orange County Watershed Workshop and Executive Committee Meeting, a WACO meeting, and a Shadetree Partnership Board meeting. She commented that there will be a Shadetree Nursery Event this Saturday at 8:30 a.m. She thanked Leslie and Tom Bonkowski and Dave Asman for the outstanding job that they do in running the nursery.

Director LaMar reported that he attended a WACO meeting, the Drought Expo and also thanked staff for doing an excellent job. He said the presentation given by Mike Evans of Tree for Life was informative and that he enjoyed it.

IRWD's consultant Newell reported that Santiago Canyon is getting ready for El Nino and the rain that is expected. He also said that the Canyon customers were very satisfied with IRWD's service.

IRWD's consultant Reed said that he attended a WACO meeting, ISDOC Executive Committee Meeting, and SOCWA Board meeting on behalf of the District.

CLOSED SESSION

President LaMar said that the following Closed Sessions would be held this evening:

- 1) Conference with Labor Negotiators relative to Government Code Section 54957.6:
Agency Designated Representatives: Paul Cook and Jenny Roney
Employee Group: Managers, Supervisors and Confidential Employees
- 2) Conference with Real Property Negotiator relative to Government Code Section 54956.8
Property: OCSD Service Area 7 Sewer Infrastructure
Purpose of Negotiations: Proposed Acquisition of Property – Price and Terms
- 3) Conference with Legal Counsel relative to anticipated litigation pursuant to Government Code Section 54956.9(d)(4) (one potential case);

OPEN SESSION

Following the Closed Session, the meeting was reconvened with all Directors present. President LaMar said that there was no action to report.

ADJOURNMENT

President LaMar adjourned the meeting at 8:50 p.m.

APPROVED and SIGNED this 28th day of September, 2015.

President, IRVINE RANCH WATER DISTRICT

Assistant Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone