

**AGENDA
IRVINE RANCH WATER DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING**

November 12, 2018

PLEDGE OF ALLEGIANCE

CALL TO ORDER 5:00 p.m., Board Room, District Office
15600 Sand Canyon Avenue, Irvine, California

ROLL CALL Directors LaMar, Matheis, Swan, Withers and President Reinhart

NOTICE

If you wish to address the Board on any item, including Consent Calendar items, please file your name with the Secretary. Forms are provided on the lobby table. Remarks are limited to three minutes per speaker on each subject. Consent Calendar items will be acted upon by one motion, without discussion, unless a request is made for specific items to be removed from the Calendar for separate action.

COMMUNICATIONS TO THE BOARD

1. A. Written:
- B. Oral:
2. ITEMS RECEIVED TOO LATE TO BE AGENDIZED
 Recommendation: Determine the need to discuss and/or take immediate action on item(s).

PRESENTATION

- | | | |
|----|--|--|
| 3. | <u>POTABLE REUSE CONCEPTUAL STUDY</u>

Recommendation: That the Board provide comments and direction on alternatives for implementing potable reuse. | |
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CONSENT CALENDAR

Next Resolution No. 2018-28

Items 4-10

- | | | |
|----|--|--|
| 4. | <u>RATIFY/APPROVE BOARD OF DIRECTORS' ATTENDANCE AT MEETINGS AND EVENTS</u>

Recommendation: That the Board ratify/approve the meetings and events for Mary Aileen Matheis, Steve LaMar, Peer Swan and John Withers, as described. | |
|----|--|--|

CONSENT CALENDAR -Continued	Next Resolution No. 2018-28	Items 4-10
5. <u>MINUTES OF REGULAR BOARD MEETING</u>	Recommendation: That the minutes of the October 22, 2018 Regular Board Meeting be approved as presented.	Reso. No. 2018-
6. <u>CHANGES TO GENERAL MANAGER'S COMPENSATION</u>	Recommendation: That the Board approve an increase to the annual salary of the General Manager to the amount of \$306,800, a one-time performance award in the amount of \$9,000, and adjust the General Manager's automobile allowance to \$725 per month, effective October 1, 2018.	
7. <u>OFFSITE PIPELINES FOR THE IRVINE LAKE PIPELINE NORTH CONVERSION FINAL ACCEPTANCE</u>	Recommendation: That the Board accept construction of the offsite pipelines for the Irvine Lake Pipeline North Conversion, Project 05823, 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.	
8. <u>REVISIONS TO THE DISTRICT'S CONFLICT OF INTEREST CODE</u>	Recommendation: That the Board adopt a resolution rescinding Resolution No. 2015-30 and adopting a revised Conflict of Interest Code for the District.	
9. <u>IRVINE RANCH WATER DISTRICT STRATEGIC MEASURES</u>	Recommendation: Receive and file.	
10. <u>2018 LEGISLATIVE AND REGULATORY UPDATE</u>	Recommendation: That the Board approve including IRWD in the attached Orange County Water District letter as one of the Producers in support of the formation of a Funding Area that will allow north Orange County to compete for state bond funds through the Integrated Regional Water Management program.	

ACTION CALENDAR

11. ANNUAL MICROSOFT ENTERPRISE AGREEMENT SOFTWARE MAINTENANCE RENEWAL

Recommendation: That the Board authorize renewal of the Microsoft Enterprise Agreement for a three-year period effective December 1, 2018 through November 30, 2021 in the amount of \$510,000.

12. BUSINESS INTELLIGENCE CLOUD DISASTER RECOVERY IMPLEMENTATION AND REPORTING CONSULTANT SERVICES VARIANCE APPROVAL

Recommendation: That the Board authorize the General Manager to execute a variance to the agreement with Dilytics for Variance No. 4 in the amount of \$426,000 for the Oracle Business Intelligence Cloud Disaster Recovery Implementation and Reporting agreement and approve a budget increase in the amount of \$246,000 each to Projects 10345 and 10347 for a total of \$492,000.

13. CONSULTANT SELECTION FOR A STUDY OF IRWD'S FUTURE POTENTIAL WATER EFFICIENCY

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with EKI Environment & Water in the amount of \$158,958 to conduct a study on IRWD's Future Potential Water Efficiency.

14. 2019-2020 FEDERAL ADVOCACY SERVICES

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with Kadesh & Associates for federal advocacy and consulting services for the period of December 1, 2018, through December 31, 2020, at a rate of \$10,000 per month plus reasonable reimbursable direct expenses for a total contract amount not to exceed \$265,000.

15. PROPOSED IRWD POLICY PRINCIPLES REGARDING METROPOLITAN WATER DISTRICT'S REGIONAL RECYCLED WATER PROGRAM

Recommendation: That the Board adopt the proposed IRWD policy position paper regarding Metropolitan Water District's Proposed Regional Recycled Water Program.

ACTION CALENDAR - Continued

16. BOARD OF DIRECTORS' FEES

Recommendation: That the Board either accept or deny the five (5%) percent compensation increase for calendar year 2019.

OTHER BUSINESS

Pursuant to Government Code Section 54954.2, members of the Board of Directors or staff may ask questions for clarification, make brief announcements, and make brief reports on his/her own activities. The Board or a Board member may provide a reference to staff or other resources for factual information, request staff to report back at a subsequent meeting concerning any matter, or direct staff to place a matter of business on a future agenda. Such matters may be brought up under the General Manager's Report or Directors' Comments.

17. General Manager's Report

18. Directors' Comments

19. Community Updates: Receive an oral update from District liaison(s) regarding communities within IRWD's service area and discuss relevant community happenings.

20. CLOSED SESSION CONFERENCE WITH LABOR NEGOTIATIONS –
Pursuant to Government Code Section 54957.6
Designated Agency Representatives: Paul Cook and Jenny Roney
Employee Groups: IBEW Local #47 General Unit Employees and
IBEW Local #47 Non-Exempt Supervisor Unit Employees

21. Open Session

22. Adjourn

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Irvine Ranch Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Board Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance to the Board of Directors Room of the District Office. The Irvine Ranch Water District Board Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

November 12, 2018

Prepared by: M. Marcacci / E. Akiyoshi

Submitted by: K. Burton

Approved by: Paul A. Cook



BOARD PRESENTATION

POTABLE REUSE CONCEPTUAL STUDY

SUMMARY:

In December 2017, IRWD initiated the Potable Reuse Conceptual Study to identify beneficial potable reuse options. This project includes three core elements: 1) survey the current regulatory and industry environment; 2) conceptually analyze potable reuse alternatives for IRWD; and 3) conduct a workshop with the Board of Directors regarding potable reuse.

Staff and project consultant Brown and Caldwell have completed the first two elements. Staff will present the regulatory and industry survey and conceptual analysis of the potable reuse alternatives.

BACKGROUND:

Potable reuse in California continues to grow and evolve. The Groundwater Replenishment System, Montebello Forebay Water Conservation System, and upcoming Pure Water San Diego are all examples of successful potable reuse projects adapting to evolving regulations and public perception. Improvements in treatment and monitoring techniques coupled with a regulatory environment conducive to project development has made potable reuse an increasingly attractive option in California. IRWD began exploring potable reuse concepts several years ago and awarded the Potable Reuse Conceptual Study to Brown and Caldwell in December 2017. This study aims to identify and rank potential alternatives for implementing potable reuse at IRWD and recommends four alternatives to explore in a future Feasibility Study.

The team developed nine alternatives to investigate as concepts for implementing potable reuse. The alternatives were divided into four major categories: Groundwater Augmentation, Surface Water Augmentation, Raw Water Augmentation, and Treated Water Augmentation. A presentation that outlines the study and the results is attached as Exhibit "A." At the Board meeting, staff will provide an update on the current regulatory and industry environment and present the top four ranked alternatives.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

This project is exempt from the California Environmental Quality Act (CEQA) as authorized under the California Code of Regulations, Title 14, Chapter 3, Section 15262 which provides exemption for planning studies.

Board Presentation: Potable Reuse Conceptual Study
November 12, 2018
Page 2

COMMITTEE STATUS:

This item was reviewed by the Engineering and Operations Committee on October 15, 2018.

RECOMMENDATION:

THAT THE BOARD PROVIDE COMMENTS AND DIRECTION ON ALTERNATIVES FOR IMPLEMENTING POTABLE REUSE.

LIST OF EXHIBITS:

Exhibit "A" – PowerPoint Presentation

EXHIBIT "A"

Potable Reuse Conceptual Study

Board Meeting

November 12, 2018



Agenda/Outline

- Project Purpose
- Potable Reuse Initial Survey
- Types of Potable Reuse and Alternatives
- Evaluation of Conceptual Alternatives
- Next steps and Recommendations



Project Purpose

Evaluate potable reuse concepts and reach consensus on most advantageous alternatives for IRWD

What is possible and when should IRWD implement Potable Reuse?

Generate internal dialogue about Potable Reuse

STUDY FOCUS

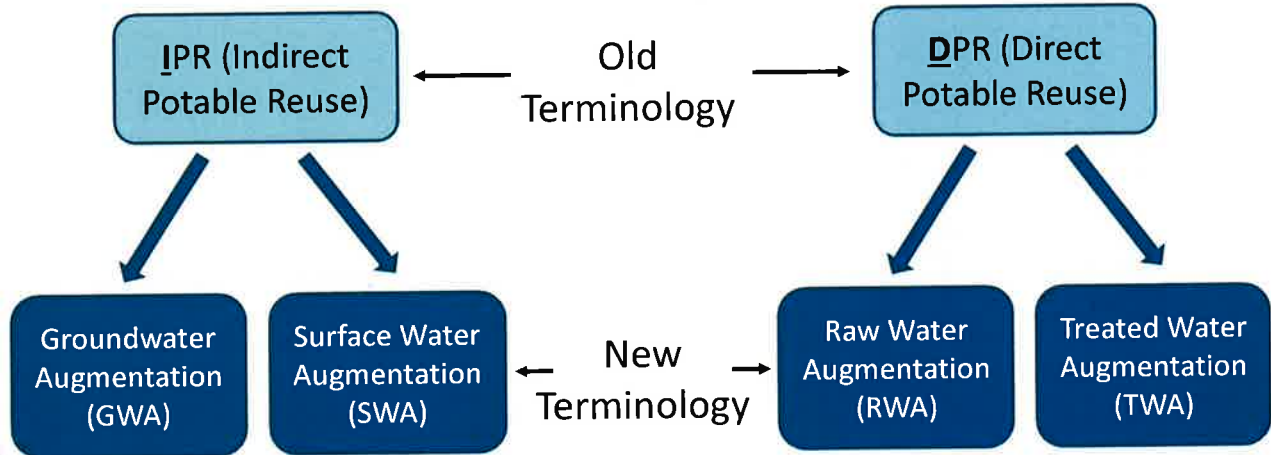


Potable Reuse Initial Survey

- State of the industry – past and present
 - Montebello Forebay to Pure Water San Diego
- Treatment Strategies
 - Water quality overview for Irvine Lake, MWRP and LAW RP
- Key terminology
 - Establish common terminology
 - Types of reuse and augmentation
- Regulatory overview
 - Current, pending and future regulations



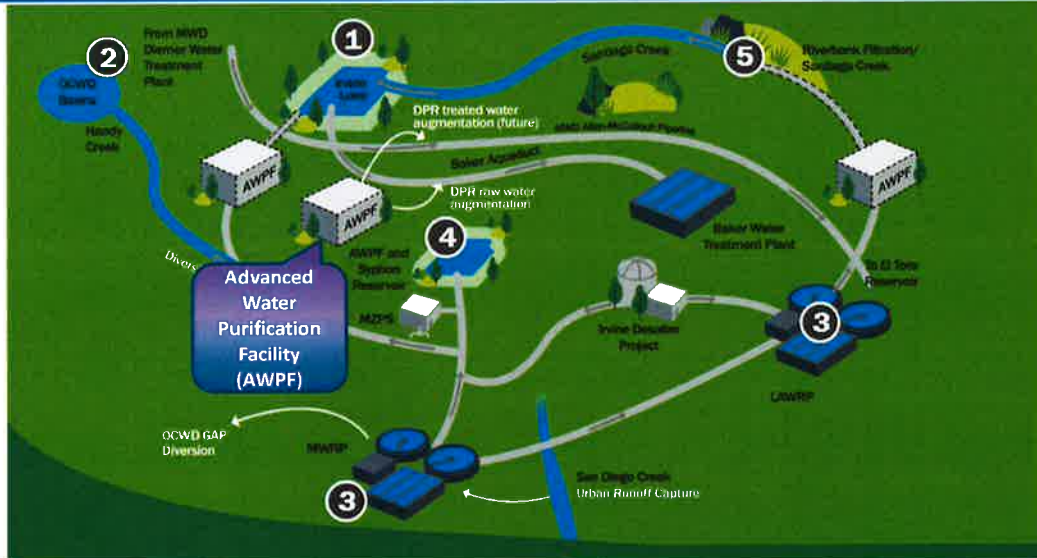
Key Terminology



Types of Potable Reuse and Alternatives



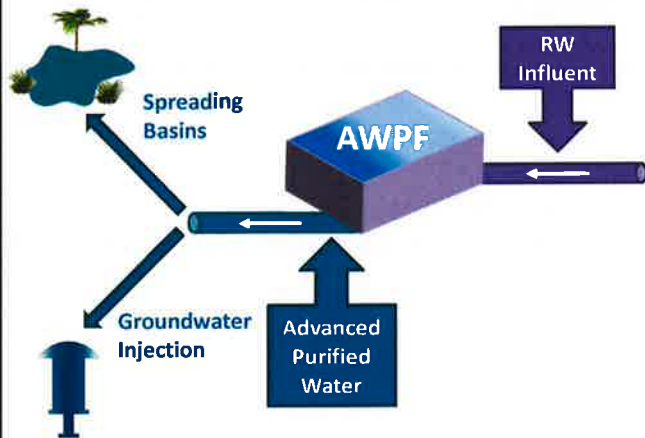
Overview of Potable Reuse Alternatives



Irvine Ranch Water District

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Overview – Groundwater Augmentation (GWA)



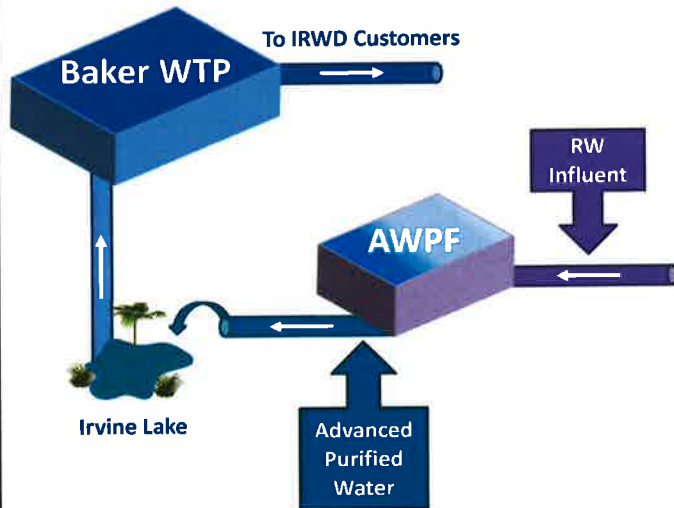
GWA Alternatives

1. MWRP and/or AWPF to spreading basins
2. MWRP to Wells 21/22 Desalter (repurposed as AWPF) with local groundwater injection and/or spreading basins
3. AWPF at LAWRP with local groundwater injection

Irvine Ranch Water District

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Overview – Surface Water Augmentation (SWA)

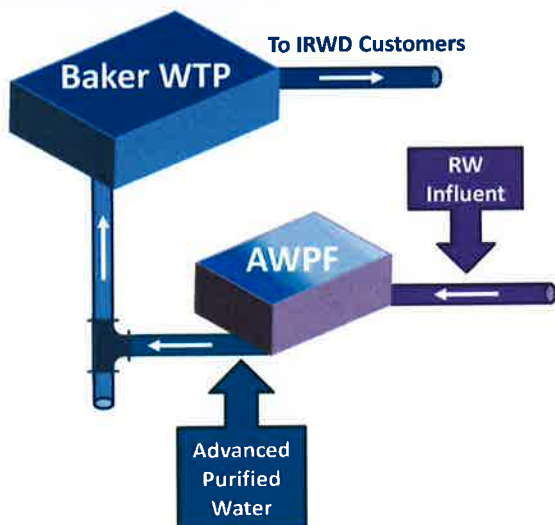


SWA Alternatives

RW + AWPF to Irvine Lake + Baker WTP via:

1. Pipeline from Tustin/Irvine
2. Pipeline and Santiago Creek from Lake Forest area
3. Pipeline along Hicks Haul Road

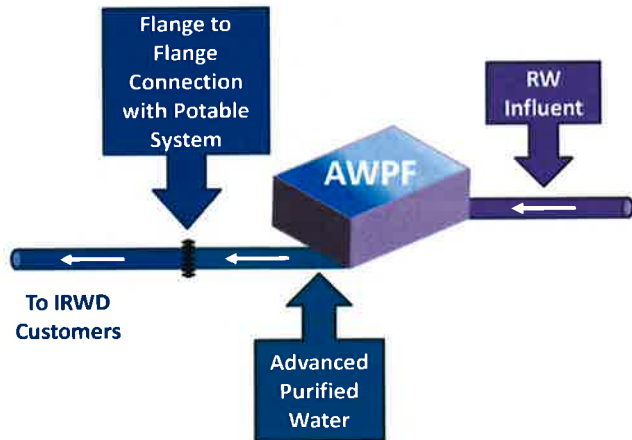
Overview – Raw Water Augmentation (RWA)



RWA Alternatives

1. RW + AWPF near Baker Pipeline in Irvine + Baker WTP
2. RW + AWPF at LAWRP + conveyance to Baker WTP

Overview – Treated Water Augmentation (TWA)



TWA Alternative

1. RW + AWPF at MWRP, LAW RP or new location for regional or local supply

Evaluation of Conceptual Alternatives



Alternatives Screening Methodology

- Develop and refine evaluation criteria during workshops
- Apply weighting and importance factors
 - Reviewed and refined with staff input
- Rank alternatives using screening matrix



Alternatives Screening Methodology – Criteria

<u>Criteria</u>	5	1
Regulatory status and monitoring requirements	Established	No Timeline
Treatment technology	Permitted	Concept/Research
Public acceptance	Demonstrated	Unproven
Program cost	Low Cost	High Cost
Environment and community impacts	Positive Impacts	Remediation
Interagency coordination	IRWD Only	Multi-Agency

Alternatives Evaluation

Evaluation Criteria	Weight. Factor	Alternative No.								
		1 GWA-1	2 GWA-2	3 GWA-3	4 SWA-1	5 SWA-2	6 SWA-3	7 RWA-1	8 RWA-2	9 TWA-1
Regulatory status and monitoring requirements	25%	5	5	5	4	3	3	2	2	3
Treatment technology	20%	5	5	5	4	3	3	2	2	3
Public acceptance	10%	5	5	5	3	3	3	2	2	3
Program cost	15%	3	4	4	3	2	3	4	4	3
Environment and community impacts	15%	3	3	1	3	2	3	4	5	4
Interagency coordination	15%	1	3	3	2	2	2	2	2	3
Score	100%	3.80	4.25	3.95	3.30	2.55	2.85	2.60	2.75	3.00

Scoring:

- 1 - least favorable
- 5 - most favorable

Definitions:

- GWA - groundwater augmentation
- SWA - surface water augmentation
- RWA - raw water augmentation
- TWA - treated water augmentation

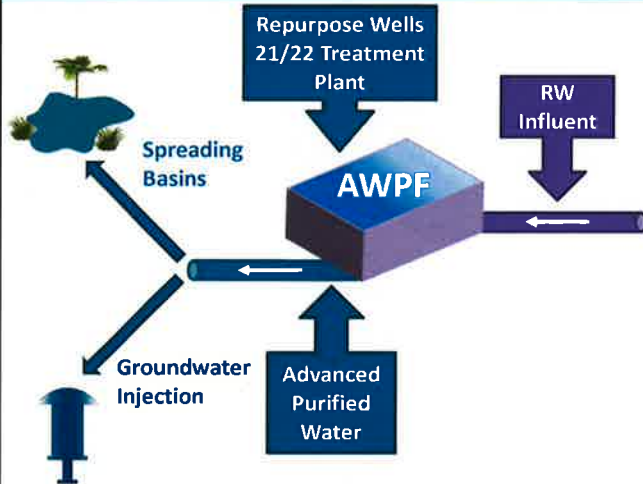
Alternative No. Description:

1. (GWA-1) GWA at OCWD Bond and Blue Diamond Basins
2. (GWA-2) GWA via Wells 21/22 Desalter
3. (GWA-3) GWA via AWPf at LAW RP
4. (SWA-1) SWA at Irvine Lake
5. (SWA-2) SWA at Irvine Lake via Santiago Creek
6. (SWA-3) SWA at Irvine Lake via Syphon Reservoir/Hicks Haul Road
7. (RWA-1) RWA at Baker WTP via AWPf at Syphon Reservoir
8. (RWA-2) RWA at Baker WTP via AWPf at LAW RP
9. (TWA-1) TWA at MWRP for Regional or Local Supply

Recommended Alternatives

1. GWA via Wells 21/22 Desalter (GWA – 2)
2. SWA at Irvine Lake via pipeline from Tustin/Irvine (SWA – 1)
3. RWA at Baker WTP via AWPf at LAW RP (RWA – 2)
4. TWA at WRP for regional or local supply (TWA – 1)

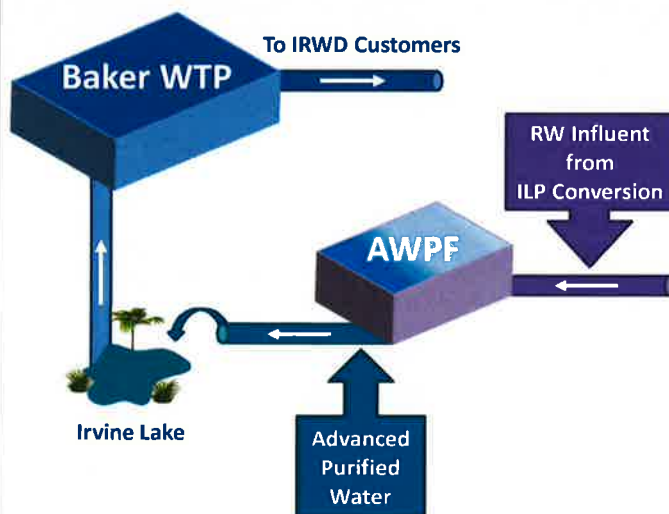
GWA via Wells 21/22 Desalter (GWA – 2)



Project Highlights

- Use source water from IRWD RW backbone
- Modify Wells 21/22 treatment plant to serve as a satellite AWPF
- Build pipelines to convey purified water to spreading basins (~7 miles plus 200' lift) or mid-basin injection (~4.5 miles)
- Use existing brine connection at Redhill/Edinger
- Remove Wells 21/22 from potable service or convert to non-potable use
- Install monitoring wells and verify travel time (>=2 mos.)

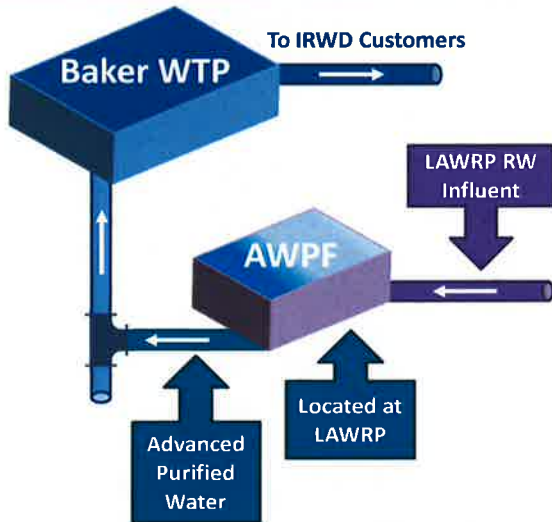
SWA at Irvine Lake via pipeline from Tustin/Irvine (SWA – 1)



Project Highlights

- Use RW water from ILP North Conversion
- Build AWPF in Irvine / Tustin area
- Build pipeline conveyance to Irvine Lake
- Maintain elevation in Irvine Lake to meet retention time and dilution regulations
- Augment Baker WTP supply from Irvine Lake via Baker Pipeline
- Convey brine to OCSD at Redhill/ Edinger (~7 miles)

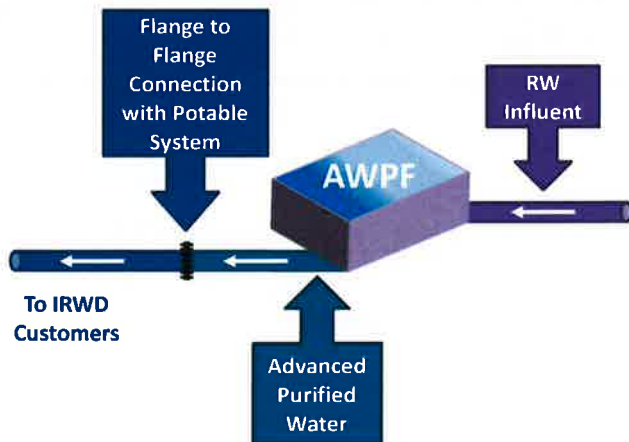
RWA at Baker WTP via AWPF at LAWRP (RWA – 2)



Project Highlights

- Provide RW supply from LAWRP
- Build AWPF at LAWRP property
- Use real-time monitoring and engineered buffer
- Convey purified water to Baker WTP influent using existing IRWD Non-Potable Lake Forest Zone A System
- Dispose brine at LAWRP via Aliso Creek outfall

TWA at WRP for regional or local supply (TWA – 1)



Project Highlights

- No regulatory framework in California for Treated Water Augmentation (formerly known as Direct Potable Reuse)
- Anticipate much more robust treatment, real-time monitoring, and training requirements
- Consider alternatives that use IRWD RW treatment and transmission to locate a future AWPF at most operationally advantageous location

Next Steps and Recommendations

- Initiate feasibility study for four recommended alternatives
- Coordinate with the Sewage Treatment Master Plan
 - Sewer flow projections and excess available for potable reuse
 - Treatment modifications at LAW RP and MWRP
- Conduct additional studies as needed
 - Groundwater modeling
 - Other hydrogeology studies

Potable Reuse Conceptual Study

Discussion and Input



November 12, 2018

Prepared and

Submitted by: K. Swan *KS*

Approved by: Paul A. Cook *P.A.C.*

CONSENT CALENDAR

RATIFY/APPROVE BOARD OF DIRECTORS'
ATTENDANCE AT MEETINGS AND EVENTS

SUMMARY:

Pursuant to Resolution 2006-29 adopted on August 28, 2006, approval of attendance of the following events and meetings are required by the Board of Directors.

Events/Meetings

Steven LaMar

- December 4 Meeting with State Water Resources Control Board Chair, Felicia Marcus, Sacramento
- December 5 Water Education Foundation's *Water Year 2019: Feast or Famine?* Presentation, Irvine
- December 5-7 California Environmental Dialogue Plenary Meeting, Sacramento

Mary Aileen Matheis

- November 15 37th Annual Irvine Community Thanksgiving Prayer Breakfast
- December 5 Water Education Foundation's *Water Year 2019: Feast or Famine?* Presentation, Irvine

Peer Swan

- October 30 Water UCI Presentation: From Scarcity to Abundance--Israel's Experience with Water Management, Irvine
- November 6-9 Localizing California Waters 2018, Groveland
- November 13 Public Policy Institute of California: Water Priorities for California's Next Governor, Sacramento
- November 14 Orange County Water Association Monthly Meeting & Luncheon, Irvine
- December 12-14 Colorado River Water Users Association Annual Conference, Las Vegas

John Withers

- October 30 Water UCI Presentation: From Scarcity to Abundance--Israel's Experience with Water Management, Irvine
- November 14 Orange County Water Association Monthly Meeting & Luncheon, Irvine
- December 5 Water Education Foundation's *Water Year 2019: Feast or Famine?* Presentation, Irvine

Consent Calendar: Ratify/Approve Board of Directors' Attendance at Meetings and Events

November 12, 2018

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RECOMMENDATION:

THAT THE BOARD RATIFY/APPROVE THE MEETINGS AND EVENTS FOR STEVEN LAMAR, MARY AILEEN MATHEIS, PEER SWAN, AND JOHN WITHERS AS DESCRIBED HEREIN.

LIST OF EXHIBITS:

None.

November 12, 2018
Prepared and
Submitted by: L. Bonkowski
Approved by: Paul A. Cook



CONSENT CALENDAR

MINUTES OF BOARD MEETING

SUMMARY:

Provided are the minutes of the October 22, 2018 Regular Board meeting for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE OCTOBER 22, 2018 REGULAR BOARD MEETING BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – October 22, 2018 Minutes of Regular Board Meeting

EXHIBIT "A"

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

November 12, 2018
Prepared and
submitted by: Paul A. Cook 

CONSENT CALENDAR

CHANGES TO GENERAL MANAGER'S COMPENSATION

SUMMARY:

The annual performance review of the General Manager was conducted on October 22, 2018. This item presents the proposed changes to the annual compensation of the General Manager.

BACKGROUND:

The General Manager's annual performance evaluation was conducted in Closed Session during the October 22, 2018 IRWD Board meeting. After the discussion, Vice President LaMar, as the designated representative for the Board of Directors, discussed potential changes in compensation with the General Manager. Based on this discussion, the recommendation is to:

- 1) Increase the base salary of the General Manager by 4% (\$11,800) resulting in an increase in annual base salary from \$295,000 per year to \$306,800 per year, effective October 1, 2018.
- 2) Provide a one-time performance award for the General Manager in the amount of \$9,000 as a taxable lump sum cash payment; and
- 3) Adjust the General Manager's monthly auto allowance from \$700 to \$725 per month.

All other aspects of the General Manager's compensation remain unchanged. The General Manager's annual salary is within the existing salary range per Resolution No. 2018-24 adopted by the Board on August 13, 2018, and is publicly available.

FISCAL IMPACTS:

Funds for the compensation of the General Manager are included in the District's annual Operating Budget.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:


Not applicable.

RECOMMENDATION:

THAT THE BOARD APPROVE AN INCREASE TO THE ANNUAL SALARY OF THE GENERAL MANAGER TO THE AMOUNT OF \$306,800, A ONE-TIME PERFORMANCE AWARD IN THE AMOUNT OF \$9,000, AND ADJUST THE GENERAL MANAGER'S AUTOMOBILE ALLOWANCE TO \$725 PER MONTH, EFFECTIVE OCTOBER 1, 2018.

LIST OF EXHIBITS:

None.

November 12, 2018
Prepared by: J. McGehee/R. Mori
Submitted by: K. Burton
Approved by: Paul A. Cook 

CONSENT CALENDAR

OFFSITE PIPELINES FOR THE IRVINE LAKE PIPELINE NORTH CONVERSION
FINAL ACCEPTANCE

SUMMARY:

The Offsite Pipelines for the Irvine Lake Pipeline (ILP) North Conversion project is complete. IRWD's contractor, CCL Contracting, completed the required work and all punch list items. The project has received final inspection and acceptance of construction is recommended.

BACKGROUND:

The ILP North Conversion project is part of the District's strategic plan to increase recycled water usage and reduce reliance on imported water supplies by converting a significant portion of the ILP from untreated water to recycled water. The conversion project will convert the Rattlesnake Reach of the ILP, which is located between Rattlesnake Reservoir and the Zone C+ reservoir, from untreated to recycled water. The conversion project includes construction of a 2.4 million gallon buried concrete Zone C+ reservoir, various modifications at the Rattlesnake Reservoir Complex, and the offsite pipelines necessary to connect the Zone C+ reservoir to the ILP. Construction of the Zone C+ reservoir and the Rattlesnake Reservoir Complex modifications is approximately 70% complete with final completion anticipated in June 2019.

Staff completed the design of the offsite pipelines in June 2017, and CCL Contracting was awarded the construction contract on August 15, 2017. CCL Contracting mobilized in November 2017 and completed construction of all improvements on October 26, 2018.

Project Title:	Offsite Pipelines for the Irvine Lake Pipeline North Conversion
Project No.:	05823
Design Engineer:	AECOM
Construction Management by:	IRWD Staff
Contractor:	CCL Contracting, Inc.
Original Contract Cost:	\$8,337,193.50
Final Contract Cost:	\$8,730,121.93
Original Contract Days:	400
Final Contract Days:	442
Final Change Order Approved On:	October 25, 2018

FISCAL IMPACTS:

Project 05823 is included in the FY 2018-19 Capital Budget. The existing budget is sufficient to fund the final payment for the project.

ENVIRONMENTAL COMPLIANCE:

This project is subject to the California Environmental Quality Act (CEQA) and in conformance with California Code of Regulations Title 14, Chapter 3, Article 6, a Notice of Intent to adopt a Mitigated Negative Declaration was filed with the County of Orange on November 3, 2015. Pursuant to State Guideline § 15073, the Initial Study/Mitigated Negative Declaration (IS/MND) was made available for public review for a period of 30 days from November 4, 2015 through December 3, 2015. The IS/MND was adopted by IRWD Board of Directors at its January 11, 2016 meeting. A Notice of Determination was filed with the Orange County Clerk/Recorder and the CA State Clearinghouse on January 12, 2016.

COMMITTEE STATUS:

This item was not reviewed by a Committee.

RECOMMENDATION:

THAT THE BOARD ACCEPT CONSTRUCTION OF THE OFFSITE PIPELINES FOR THE IRVINE LAKE PIPELINE NORTH CONVERSION, PROJECT 05823, 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.


LIST OF EXHIBITS:

None.

November 12, 2018

Prepared and

submitted by: C. Compton 

Approved by: Paul A. Cook 

CONSENT CALENDAR

REVISIONS TO THE DISTRICT'S CONFLICT OF INTEREST CODE

SUMMARY:

Staff and legal counsel have reviewed the District's Conflict of Interest Code and identified a need for changes that appropriately designates those persons who make or participate in the making of decisions at IRWD, as defined by the Fair Political Practices Commission (FPPC), and should be filing "Statements of Economic Interests" (i.e. FPPC Form 700) each year. Staff recommends that the Board adopt a resolution rescinding Resolution No. 2015-30 and adopting a revised Conflict of Interest Code.

BACKGROUND:

The Political Reform Act requires that every local agency review its Conflict of Interest Code biennially and submit a notice to its code reviewing body that specifies if the code is accurate or if the code must be amended. The code reviewing body for California special districts is the board of supervisors for the county in which the special district is located. For IRWD, the code reviewing body is the Orange County Board of Supervisors.

In compliance with the Political Reform Act, staff has reviewed the District's Conflict of Interest Code. Staff has identified a need for changes to the Conflict of Interest Code so that the code appropriately designates those persons that make or participate in the making of decisions at IRWD, as defined by the FPPC, and should be filing FPPC Form 700. The needed updates to the code include adding new positions, deleting positions that do not make or participate in the making of government decisions, revising titles of existing positions, and revising the definitions of the disclosure categories.

Staff recommends that the Board adopt a resolution rescinding Resolution No. 2015-30 and adopting a revised Conflict of Interest Code. The proposed resolution is attached as Exhibit "A". A redline of the changes proposed to IRWD's Conflict of Interest Code is attached as Exhibit "B".

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on November 6, 2018.

RECOMMENDATION:

That the Board adopt the following resolution by title:

RESOLUTION NO. 2018 -

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT RESCINDING RESOLUTION NO. 2015-30 AND
ADOPTING A REVISED CONFLICT OF INTEREST CODE FOR THE DISTRICT

LIST OF EXHIBITS:

- Exhibit "A" - Proposed Resolution Rescinding Resolution No. 2015-30 and Adopting a Revised Conflict of Interest Code
- Exhibit "B" - Redline of IRWD's Conflict of Interest Code, as Proposed to be Amended

EXHIBIT "A"

RESOLUTION NO. 2018 -

**RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT RESCINDING RESOLUTION NO. 2015-30 AND
ADOPTING A REVISED CONFLICT OF INTEREST CODE FOR THE DISTRICT**

In accordance with the provisions of Section 18730 of the regulations of the Fair Political Practices Commission ("FPPC"), contained in California Administrative Code Title 2, Section 18109, et seq., the Board of Directors of the Irvine Ranch Water District has adopted and amended from time to time a Conflict of Interest Code; and

The District's Conflict of Interest Code contains the list of designated persons who must disclose certain categories of economic interests under the code. Additionally, the Conflict of Interest Code defines the types of economic interests that must be reported by designated person in the various reporting categories specified the Conflict of Interest Code; and

The Political Reform Act requires that every local agency review its conflict of interest code biennially and update it, if necessary. The District has reviewed its Conflict of Interest Code biennially to determine if an update is needed; and

By adoption of Resolution No. 2015-30 on December 14, 2015, this Board revised and readopted the District's current Conflict of Interest Code; and

The District's Conflict of Interest Code now needs to be updated so that the code appropriately designates those persons that make or participate in the making of decisions at IRWD, as defined by FPPC, and should be filing "Statements of Economic Interests" (i.e. FPPC Form 700). The revisions to the code include adding new positions, deleting positions that do not make or participate in the making of government decisions, revising titles of existing positions, and revising the disclosure categories;

NOW, THEREFORE, the Board of Directors of the Irvine Ranch Water District DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Resolution No. 2015-30 is rescinded in its entirety, effective upon approval of the "Conflict of Interest Code for the Irvine Ranch Water District," which is included in Appendix "A" of this resolution, by the Orange County Board of Supervisors.

Section 2. The District Secretary is hereby authorized to file Appendix "A" and the other required documentation with the Orange County Board of Supervisors to request approval of the District's Conflict of Interest Code, as proposed to be amended.

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

President, IRVINE RANCH WATER DISTRICT
and of the Board of Directors thereof

Secretary, IRVINE RANCH WATER DISTRICT
and of the Board of Directors thereof

APPROVED AS TO FORM:
LEWIS BRISBOIS BISGAARD & SMITH LLP

Legal Counsel

**CONFLICT OF INTEREST CODE
FOR
THE IRVINE RANCH WATER DISTRICT**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission ("FPPC") has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the FPPC to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference. This regulation and Appendix "A-1" and "A-2", designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the Irvine Ranch Water District ("District").

Individuals holding designated positions shall file their statements of economic interests with the District Secretary, which will make the statements available for public inspection and reproduction (Gov. Code Sec. 81008). Upon receipt of the statements for the members of the Board of Directors and the General Manager, the District Secretary shall make and retain copies and forward the originals to the Clerk of the Board for the Orange County Board of Supervisors. All other statements will be retained by the District Secretary.

APPENDIX "A-1"

**DESIGNATED PERSONS FOR DISCLOSURE PURPOSES
PURSUANT TO THE CONFLICT OF INTEREST CODE FOR IRVINE RANCH WATER
DISTRICT**

The persons occupying the following positions are "Designated Persons" because the positions they hold are positions within the District that involve the making of, or participate in the making of, District decisions which may foreseeably have a material financial effect on financial interests pursuant to the Political Reform Act, Government Code Section 87302, et seq.¹

Pursuant to Government Code Section 87302, an investment, business position, interest in real property, or source of income held by the Designated Person is reportable if he or she by virtue of his or her position with the District makes or participates in the making of any decision that may foreseeably affect the business entity in which the investment or business position is held, the interest in real property, or the income or source of income.

District personnel "make a governmental decision" when he or she, acting within the authority of his or her office or position, authorizes or directs any action, votes, appoints a person, obligates or commits the District to any course of action, or enters into any contractual agreement on behalf of the District.

District personnel "participate in a governmental decision" when he or she, acting within the authority of his or her position, provides information, an opinion, or a recommendation for the purpose of affecting the decision without significant intervening substantive review.

Designated Persons must disclose the economic interests defined in the disclosure categories defined in Appendix "A-2" of this code, using the Form 700 schedules listed in the table below:

<u>Designated Persons</u>	<u>Disclosure Categories</u>	<u>Schedules Associated</u>
<p align="center">Group I</p> <p>Assistant District Secretary Controller District Secretary Executive Director of Engineering & Water Quality Executive Director of Finance Executive Director of Operations Executive Director of Water Policy General Legal Counsel General Manager</p>	<p align="center">1-A, 2 and 3</p>	<p align="center">All</p>

¹ The persons holding the following positions are "public officials who manage public investments" within the meaning of that term as used in Government Code Section 87200 and are required to make full disclosure of all economic interests as required in Form 700: members of the Board of Directors, General Manager, Executive Director of Finance, Controller, Treasurer, and Treasury Manager.

Government Relations Officer Members, Board of Directors Treasurer/Director of Risk Management Treasury Analyst Treasury Manager		
Group II Manager of Risk & Contracts Administration Manager of Strategic Planning and Analysis Principal Engineer	1-B, 6, and 7	All
Group III Applications Manager Asset Systems Manager Automation Manager Collection Systems Manager Construction Inspection Manager Construction Services Manager Customer Service Manager Director of Administrative Services Director of Human Resources Director of Maintenance Operations Director of Public Affairs Director of Recycling Operations Director of Water Resources Director of Water Operations Director of Water Quality & Regulatory Compliance Electrical Instrumentation Manager Facilities/Fleet Manager Field Services Manager Human Resources Manager Mechanical Services Manager Natural Resources Manager Networking & Cybersecurity Manager Operations Manager Public Affairs Manager Purchasing Manager Regulatory Compliance Manager Recycled Water Development Manager Safety Manager Water Resources Manager Water Efficiency Manager Water Quality Manager User Support Manager	6 and 7	A-1, A-2, C, D and E
Group IV Administrative Assistant Assistant Engineer Associate Engineer Automation Supervisor Chief Plant Operator	6	D, E

Collection Systems Supervisor Construction Inspection Supervisor Construction Inspector I, II, III Cross Connection Supervisor Electrical Supervisor Energy Analyst Engineer Environmental Compliance Specialist Executive Assistant Facilities Services Supervisors Field Services Supervisor Fleet Supervisor Instrumentation Supervisor Landscape Contracts Administrator Management Analyst Mechanical Services Supervisor Operations Supervisor Source Control Program Administrator Recycled Water Project Specialist Senior Construction Inspector Senior Engineer Senior Human Resources Analyst Water Maintenance Supervisor Water Resources Planner Water Use Efficiency Analyst Water Use Efficiency Supervisor		
Engineering Consultants ² <p style="text-align: right;"><u>Group VI</u></p>	1-B, 4 and 5	All
Financial Consultants ² <p style="text-align: right;"><u>Group V</u></p>	4 and 5	A-1, A-2, C, D and E

² Consultants are included in the list of DESIGNATED PERSONS and must disclose pursuant to the disclosure categories specified, subject to the following limitation: The General Manager may determine in writing that a particular consultant, although a "designated person," is hired to perform a range of duties that is limited in scope and thus that particular consultant is not required to fully comply with the disclosure requirements described in the Code. Such written determination must include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager's determination is a public record and must be retained for public inspection in the same manner and location as this Conflict of Interest Code.

APPENDIX "A-2"

ECONOMIC INTERESTS THAT MUST BE REPORTED PURSUANT TO CONFLICT OF INTEREST CODE

Category 1-A: **Reportable Interests in real property** within Orange County, California and within 2 miles of District owned property outside of Orange County, California.

Category 1-B: **Reportable Interests in real property** within the District or within 2 miles from the jurisdictional boundaries of the District.

Category 2: **Reportable Interests in Suppliers**

Investments in or income, loans, gifts or travel payments from sources or business entities that could foreseeably (a) initiate an application, claim, appeal or request for action by IRWD; (b) bid on or enter into a written contract with IRWD; (c) seek a permit, license, variance or other entitlement from IRWD; (d) be subject to any inspection or regulatory action by IRWD; or (e) that manufacture, distribute, lease, retail, or sell items which are, which have been, or foreseeably could be utilized or procured by IRWD, including, but not limited to, any of the following:

1. Office equipment and supplies
2. Computer hardware and software
3. Printing, reproduction or photographic equipment or supplies
4. Periodicals, books, newspapers
5. Chemicals
6. Petroleum products
7. Motor vehicles and specialty vehicles, parts and supplies
8. Construction and maintenance equipment and supplies
9. Safety equipment and supplies
10. Food supplies
11. Water quality equipment and supplies
12. Cathodic protection equipment and supplies
13. Educational equipment and supplies
14. Medical supplies and informational materials
15. Landscape supplies
16. Pipes, valves, fittings, pumps, meters and similar items

Category 3: **Reportable Interests in Contractors/Consultants**

Investments in or income, loans, gifts or travel payments from sources or business entities which could foreseeably (a) initiate an application, claim, appeal or request for action by IRWD; (b) seek a permit, license, variance or other entitlement from IRWD; (c) be subject to any inspection or regulatory action by IRWD; or (d) bid for, contract or subcontract for, or consult in, the performance of work or services which are, which have been or which foreseeably could be utilized or procured by IRWD, including, but not limited to, work or services related to any of the following:

1. Public utilities
2. Financial audit and accounting services
3. Insurance services
4. Construction and maintenance services
5. Transportation and lodging services
6. Security services
7. Banking, savings and loan services
8. Food services
9. Communication services
10. Water quality testing
11. Cathodic protection services
12. Engineering, architectural and construction inspection services
13. Employment and temporary help services
14. Educational and medical services
15. Landscape and topographical services
16. Equipment rentals or servicing
17. Real estate, appraisal and investment services
18. Consulting services in: legal, energy and power, soils testing, water treatment, data processing, computers, labor relations, employee training, advertising, design, audio visual, movie production, planning, water pricing and demand, economics, desalting, or environmental analysis
19. Printing and reproduction services

Category 4:

Reportable Consultants/Contractors Interests in Suppliers

Investments in or income, loans, gifts or travel payments from sources or business entities that manufacture, distribute, lease, retail, or sell items which are or which foreseeably could be recommended or suggested by you in your capacity as a consultant to IRWD, including, but not limited to, the items listed under Category 2.

Category 5:

Reportable Consultants/Contractors Interests in Third-Party Consultants/Contractors

Investments in or income, loans, gifts or travel payments from sources or business entities or business entities which bid for, contract or subcontract for, or consult in, the performance of work or services which are or which foreseeably could be recommended or suggested by you in your capacity as a consultant to IRWD, including, but not limited to, the items listed under Category 3.

Category 6:

Reportable Loans, Gifts and Travel Payments

Loans, gifts and travel payments from sources or business entities that could foreseeably:

1. Initiate an application, claim, appeal or request for action by the IRWD division the employee works in;
2. Bid on or enter into a written contract with that would be evaluated, processed or managed by the IRWD division the employee works in;
3. Seek a permit, license, variance or other entitlement from the IRWD division the employee works in;
4. Be subject to any inspection or regulatory action by the IRWD division the employee works in;
5. Business entities which That manufacture, distribute, lease, retail, or sell items which are, which have been, or which foreseeably could be utilized or procured by IRWD department the employee works in, including, but not limited to, the items listed under Category 2
6. Bid for, contract or subcontract for, or consult in, the performance of work or services which are, which have been or which foreseeably could be utilized or procured by IRWD department the employee works in, including, but not limited to, the items listed under Category 3.

Category 7:

Reportable Investments in and Income

Investments in and income from sources or business entities that could foreseeably:

1. Initiate an application, claim, appeal or request for action by the IRWD division the employee works in;
2. Bid on or enter into a written contract with that would be evaluated, processed or managed by the IRWD division the employee works in;
3. Seek a permit, license, variance or other entitlement from the IRWD division the employee works in;
4. Be subject to any inspection or regulatory action by the IRWD division the employee works in;

5. That manufacture, distribute, lease, retail, or sell items which are, which have been, or which foreseeably could be utilized or procured by IRWD department the employee works in, including, but not limited to, the items listed under Category 2
6. Bid for, contract or subcontract for, or consult in, the performance of work or services which are, which have been or which foreseeably could be utilized or procured by IRWD department the employee works in, including, but not limited to, the items listed under Category 3.

EXHIBIT “B”

CONFLICT OF INTEREST CODE FOR THE IRVINE RANCH WATER DISTRICT

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission (“FPPC”) has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency’s code. After public notice and hearing, the standard code may be amended by the FPPC to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference. This regulation and Appendix “A-1” and “A-2”, designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the Irvine Ranch Water District (“District”).

Individuals holding designated positions shall file their statements of economic interests with the District Secretary, which will make the statements available for public inspection and reproduction (Gov. Code Sec. 81008). Upon receipt of the statements for the members of the Board of Directors and the General Manager, the District Secretary shall make and retain copies and forward the originals to the Clerk of the Board for the Orange County Board of Supervisors. All other statements will be retained by the District Secretary.

APPENDIX “A-1”

**DESIGNATED PERSONS FOR DISCLOSURE PURPOSES
PURSUANT TO THE CONFLICT OF INTEREST CODE FOR IRVINE RANCH WATER
DISTRICT**

The persons occupying the following positions are ~~designated persons and~~ “Designated Persons” because the positions they hold are positions within the District that involve the making of, or participate in the making of, District decisions which may foreseeably have a material financial effect on financial interests pursuant to the Political Reform Act, Government Code Section 87302, et seq.¹

Pursuant to Government Code Section 87302, an investment, business position, interest in real property, or source of income held by the Designated Person is reportable if he or she by virtue of his or her position with the District makes or participates in the making of any decision that may foreseeably affect the business entity in which the investment or business position is held, the interest in real property, or the income or source of income.

District personnel “make a governmental decision” when he or she, acting within the authority of his or her office or position, authorizes or directs any action, votes, appoints a person, obligates or commits the District to any course of action, or enters into any contractual agreement on behalf of the District.

District personnel “participate in a governmental decision” when he or she, acting within the authority of his or her position, provides information, an opinion, or a recommendation for the purpose of affecting the decision without significant intervening substantive review.

Designated Persons must disclose the economic interests defined in the disclosure categories defined in Appendix “A-2;” of this code, using the Form 700 schedules listed in the table below:

<u>Designated Persons</u>	<u>Disclosure Categories</u>	<u>Schedules Associated</u>
<p align="center"><u>Group I</u></p> <p>Assistant District Secretary Secretary of District Assistant General Manager Assistant Treasurer <u>Controller</u> District Secretary Executive Director of Engineering & Water Quality Executive Director of Finance</p>	1-A, 2 and 3	All

¹ The persons holding the following positions are “public officials who manage public investments” within the meaning of that term as used in Government Code Section 87200 and are required to make full disclosure of all economic interests as required in Form 700: members of the Board of Directors, General Manager, ~~Assistant General Manager~~, Executive Director of Finance, Controller, Treasurer, ~~Assistant Treasurer~~ and Treasury Manager.

<p>Executive Director of Operations Executive Director of Water Policy <u>General Legal Counsel</u> <u>General Manager</u> <u>Government Relations Officer</u> <u>Members, Board of Directors</u> <u>Treasurer/Director of Risk Management</u> <u>Treasury Analyst</u> <u>Treasury Manager</u></p>		
<p style="text-align: center;"><u>Group II</u></p> <p><u>Manager of Risk & Contracts Administration</u> <u>Manager of Strategic Planning and Analysis</u> <u>Principal Engineer</u></p>	<p><u>1-B, 6, and 7</u></p>	<p><u>All</u></p>
<p style="text-align: center;"><u>Group II III</u></p> <p><u>Assistant Director Maintenance</u> <u>Assistant Director of Recycling Operations</u> <u>Assistant Director of Water Operations</u> <u>Applications Manager</u> <u>Asset Systems Manager</u> <u>Automation Manager</u> <u>Collection Systems Manager</u> <u>Construction Inspection Manager</u> <u>Construction Services Manager</u> Customer Service Manager Director of Administrative Services Director of Human Resources <u>Director of Maintenance Operations</u> Director of Public Affairs <u>Director of Recycling Operations</u> Director of Water Resources <u>Director of Water Operations</u> <u>Director of Water Quality & Regulatory Compliance</u> Electrical and Automation Instrumentation Manager Facilities & Fleet Manager Manager of Contracts Administration and Risk <u>Principal Engineer</u> <u>Field Services Manager</u> <u>Human Resources Manager</u> <u>Mechanical Services Manager</u> <u>Natural Resources Manager</u> <u>Networking & Cybersecurity Manager</u> <u>Operations Manager</u> <u>Public Affairs Manager</u> Purchasing Manager Regulatory Compliance Manager Recycled Water Development Manager Safety Manager <u>Senior Engineer</u> <u>Water Resources Manager</u> <u>Water Efficiency Manager</u> <u>Maintenance & Reliability Manager</u></p>	<p><u>2 and 3</u> <u>6 and 7</u></p>	<p>A-1, A-2, C, D and E</p>

Water Quality Manager User Support Manager		
<u>Group III IV</u>	6	D, E
Accounting Manger Administrative Assistant Analyst Application Manager Assistant Controller Assistant Engineer Associate Engineer Automation Supervisor Programmer Applications Analyst Buyer Chief Plant Operator Collections Systems Manager Construction Services and Field Services Manager Construction Inspection Manager Collection Systems Supervisor Construction Inspection Supervisor Construction Inspector I, II, III Cross Connection Supervisor Customer Service Supervisor District Safety and Security Manager Electrical and Instrumentation Designer Electrical Supervisor Energy Analyst and Water Resource Planner Engineer Environmental Compliance Specialist Engineering Technician II, III Executive Assistant Facilities Services Supervisors Field Services Supervisor Fleet Supervisor GIS Supervisor Government Relations Manager Human Resources Manager Instrumentation Supervisor Laboratory Supervisor Landscape Contracts Administrator Material Control Clerk I, III Management Analyst Mechanical Maintenance Services Supervisor Operations Coordinator Operations Manager Operations Supervisor Principal Analyst Public Affairs Manager Purchasing Cordinator Reecyled Water Development Manager Source Control Program Administrator Recycled Water Project Specialist Reecyled Water Supervisor Reecyled Water Systems Specialist Regulatory Compliance Manager		

Right-of-Way and Real-Property Manager Safety and Security Manager Senior Analyst Senior Applications Analyst Senior Applications Developer Senior Buyer Senior Construction Inspector Senior Database Administrator Senior Engineer Senior Human Resources Analyst Senior Water Use Efficiency Specialist Senior Network Administrator Senior Programmer and Analyst Senior Purchasing Coordinator Senior Recycled Water Systems Specialist Senior Vehicle and Equipment Maintenance Mechanic Senior Water Use Efficiency Specialist Supervising Wetlands and Wildlife Biologist Water Maintenance Supervisor Water Resources Manager Water Resources Planner Water Use Efficiency Analyst Water Use Efficiency Specialist Water Use Efficiency Supervisor		
<p style="text-align: center;"><u>Group VI</u></p> Engineering Consultants ² Special Legal Counsel²	1-B, 4 and 5	All
<p style="text-align: center;"><u>Group V</u></p> Financial Consultants ²	4 and 5	A-1, A-2, C, D and E

² Consultants are included in the list of DESIGNATED PERSONS and must disclose pursuant to the disclosure categories specified, subject to the following limitation: The General Manager may determine in writing that a particular consultant, although a "designated person," is hired to perform a range of duties that is limited in scope and thus that particular consultant is not required to fully comply with the disclosure requirements described in the Code. Such written determination must include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager's determination is a public record and must be retained for public inspection in the same manner and location as this Conflict of Interest Code.

APPENDIX "A-2"

ECONOMIC INTERESTS THAT MUST BE REPORTED PURSUANT TO CONFLICT OF INTEREST CODE

Category 1-A: Reportable Interests in real property within Orange County, California and within 2 miles of District owned property outside of Orange County, California.

Category 1-B: Reportable Interests in real property within the District or within 2 miles from the jurisdictional boundaries of the District.

Category 2: Reportable Interests in Suppliers

Investments in or income, (including loans, gifts or travel payments) from sources or business entities that could foreseeably (a) initiate an application, claim, appeal or request for action by IRWD; (b) bid on or enter into a written contract with IRWD; (c) seek a permit, license, variance or other entitlement from IRWD; (d) be subject to any inspection or regulatory action by IRWD; or (e) which that manufacture, distribute, lease, retail, or sell items which are, or which have been, or which foreseeably could be utilized or procured by IRWD, including, but not limited to, any of the following:

1. Office equipment and supplies
2. Computer hardware and software
3. Printing, reproduction or photographic equipment or supplies
4. Periodicals, books, newspapers
5. Chemicals
6. Petroleum products
7. Motor vehicles and specialty vehicles, parts and supplies
8. Construction and maintenance equipment and supplies
9. Safety equipment and supplies
10. Food supplies
11. Water quality equipment and supplies
12. Cathodic protection equipment and supplies
13. Educational equipment and supplies
14. Medical supplies and informational materials
15. Landscape supplies
16. Pipes, valves, fittings, pumps, meters and similar items

Category 3: Reportable Interests in Contractors/Consultants

Investments in or income, (including loans, gifts or travel payments) from sources or business entities which could foreseeably (a) initiate an application, claim, appeal or request for action by IRWD; (b) seek a permit, license, variance or other entitlement from IRWD; (c) be subject to any inspection or regulatory action by IRWD; or (d) bid for, which contract or subcontract for, or consult in, the performance of work or services which are, ~~or~~ which have been or which foreseeably could be utilized or procured by IRWD, including, but not limited to, work or services related to any of the following:

1. Public utilities
2. Financial audit and accounting services
3. Insurance services
4. Construction and maintenance services
5. Transportation and lodging services
6. Security services
7. Banking, savings and loan services
8. Food services
9. Communication services
10. Water quality testing
11. Cathodic protection services
12. Engineering, architectural and construction inspection services
13. Employment and temporary help services
14. Educational and medical services
15. Landscape and topographical services
16. Equipment rentals or servicing
17. Real estate, appraisal and investment services
18. Consulting services in: legal, energy and power, soils testing, water treatment, data processing, computers, labor relations, employee training, advertising, design, audio visual, movie production, planning, water pricing and demand, economics, desalting, or environmental analysis
19. Printing and reproduction services

Category 4:

Reportable Consultants/Contractors Interests in Suppliers

Investments in or income, (including loans, gifts or travel payments) from sources or business entities which that manufacture, distribute, lease, retail, or sell items which are or which foreseeably could be recommended or suggested by you in your capacity as a consultant to IRWD, including, but not limited to, the items listed under Category 2.

Category 5:

Reportable Consultants/Contractors Interests in Third-Party Consultants/Contractors

Investments in or income, (including loans, gifts or travel payments) from sources or business entities or business entities which bid for, contract or subcontract for, or consult in, the performance of work or services which are or which foreseeably could be recommended or suggested by you in your capacity as a consultant to IRWD, including, but not limited to, the items listed under Category 3.

Category 6:

Reportable Loans, Gifts and Travel Payments

Loans, Gifts gifts and travel payments from sources or business entities that could foreseeably:

- ~~(A) business entities which manufacture, distribute, lease, retail, or sell items which are, or which have been or foreseeably could be, utilized or procured by IRWD, including, but not limited to, the items listed under Category 2, and~~
- ~~(B) business entities which contract or subcontract for, or consult in, the performance of work or services which are, or which have been or foreseeably could be, utilized or procured by IRWD, including, but not limited to, the items listed under Category 3.~~

1. Initiate an application, claim, appeal or request for action by the IRWD division the employee works in;
2. Bid on or enter into a written contract with that would be evaluated, processed or managed by the IRWD division the employee works in;
3. Seek a permit, license, variance or other entitlement from the IRWD division the employee works in;
4. Be subject to any inspection or regulatory action by the IRWD division the employee works in;
5. Business entities which That manufacture, distribute, lease, retail, or sell items which are, which have been, or which foreseeably could be utilized or procured by IRWD department the employee works in, including, but not limited to, the items listed under Category 2
6. Bid for, contract or subcontract for, or consult in, the performance of work or services which are, which have been or which foreseeably could be utilized or procured by IRWD department the employee works in, including, but not limited to, the items listed under Category 3.

Category 7:

Reportable Investments in and Income

Investments in and income from sources or business entities that could foreseeably:

1. Initiate an application, claim, appeal or request for action by the IRWD division the employee works in;
2. Bid on or enter into a written contract with that would be evaluated, processed or managed by the IRWD division the employee works in;
3. Seek a permit, license, variance or other entitlement from the IRWD division the employee works in;
4. Be subject to any inspection or regulatory action by the IRWD division the employee works in;
5. That manufacture, distribute, lease, retail, or sell items which are, which have been, or which foreseeably could be utilized or procured by IRWD department the employee works in, including, but not limited to, the items listed under Category 2
6. Bid for, contract or subcontract for, or consult in, the performance of work or services which are, which have been or which foreseeably could be utilized or procured by IRWD department the employee works in, including, but not limited to, the items listed under Category 3.

November 12, 2018
Prepared by: C. Smithson/ Debra Pardee
Submitted by: Cheryl Clary
Approved by: Paul A. Cook

CONSENT CALENDAR

IRVINE RANCH WATER DISTRICT STRATEGIC MEASURES

SUMMARY:

Provided as Exhibit "A" are the IRWD Strategic Measures and informational items for the Board's review. These measures are intended to reflect the critical performance measures that gauge the District's key business objectives.

BACKGROUND:

The proposed strategic measures document summarizes a number of operating performance, financial, customer and other key measures important to the ongoing operation of the District. These measures were selected and designed to provide a "snapshot" view of the measures that would be of interest to the Board.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

RECEIVE AND FILE.

LIST OF EXHIBITS:

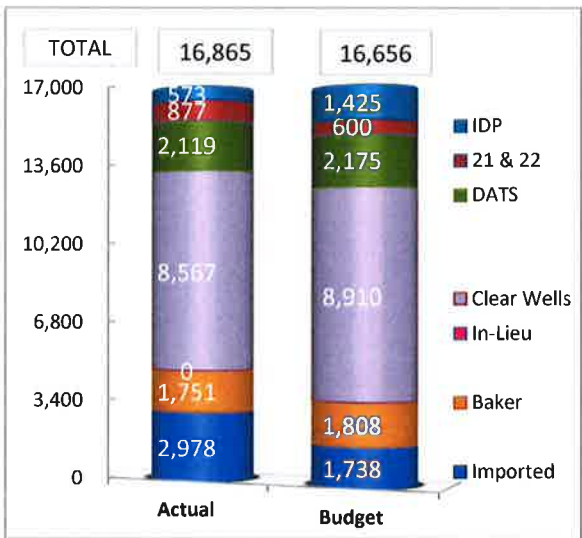
Exhibit "A" – September 2018 Strategic Measures

IRVINE RANCH WATER DISTRICT

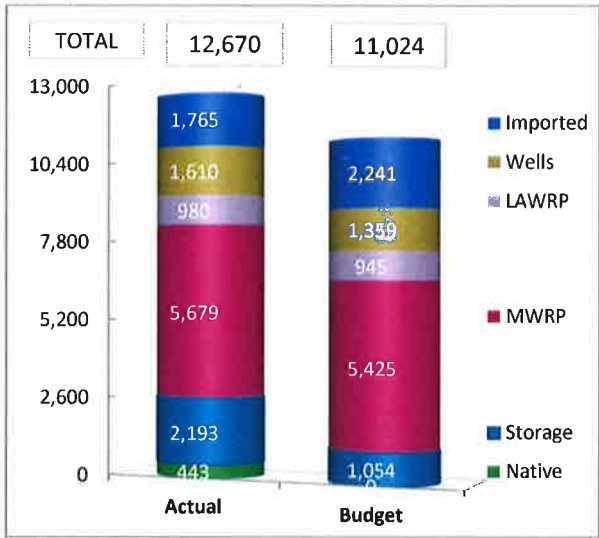
Operational Performance Measures

Data as of September 30, 2018

Potable Water Production FYTD (AF)



Non-Potable Water Production FYTD (AF)

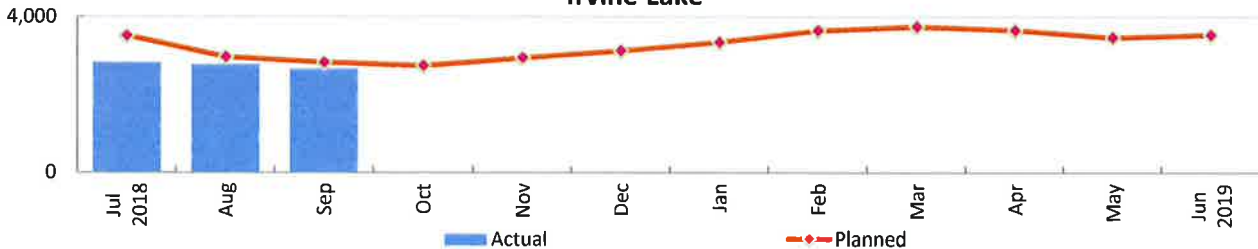


* Excess production moved to recycled reservoirs.

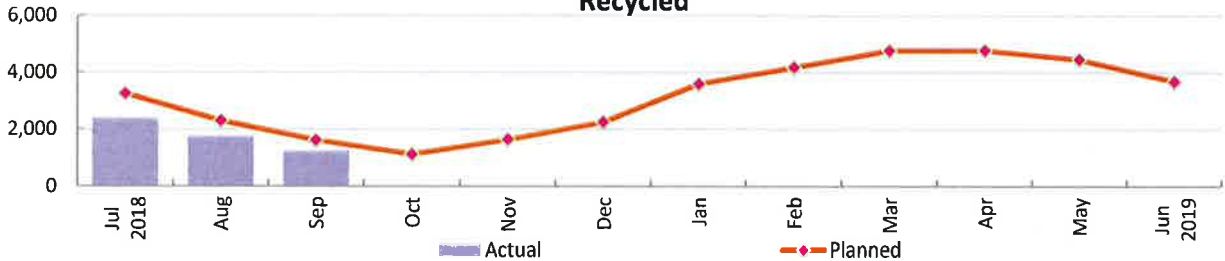
Non-Potable Reservoir Storage (AF)

(AF)

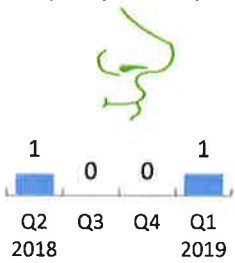
Irvine Lake



Recycled

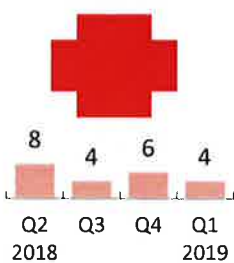


Odor Complaints (FY by quarter)



FY 2017-18

OSHA Recordables Incidents



Regulatory Compliance Incidents

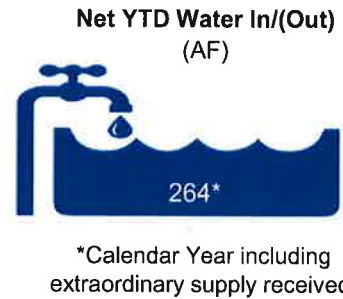
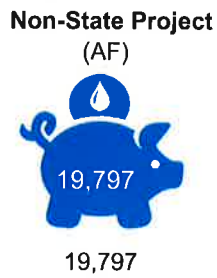
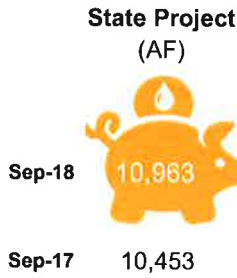
AQMD	0	0	1	0
Plants	0	0	0	0
Sewer Spills	1	0	1	2
	Q2 2018	Q3	Q4	Q1 2019

IRVINE RANCH WATER DISTRICT

Other Statistical Information

Data as of September 30, 2018

Banked Water

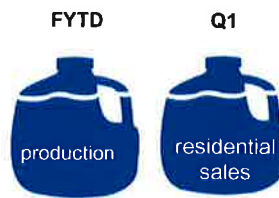


Certificates of Occupancies FYTD



	Apartment	Condominium	Single Family
FY 18-19	267	392	453
FY 17-18	865	450	445

Total Potable Water



	AF	GPCD
FY 18-19	16,866	73
FY 13-14	18,061	94
Reduction	6.6%	23%

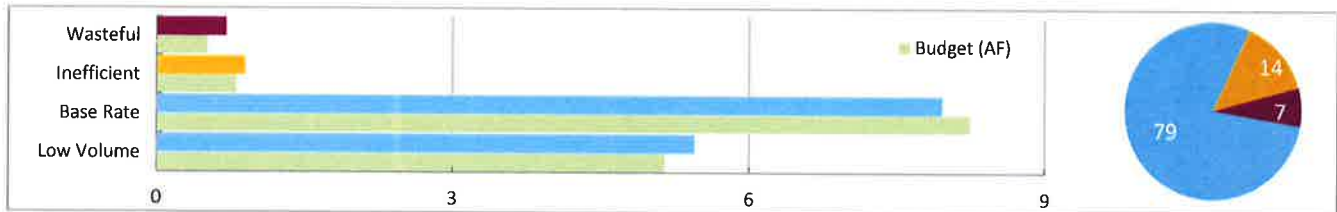
Acre-Feet Per Acre Irrigation



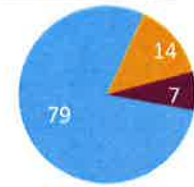
	AF	ET Based Allocation
FY18-19 Q1	0.26	0.37
FY13-14 Q1	0.31	0.40

Potable Sales by Tier FYTD

(in thousands)

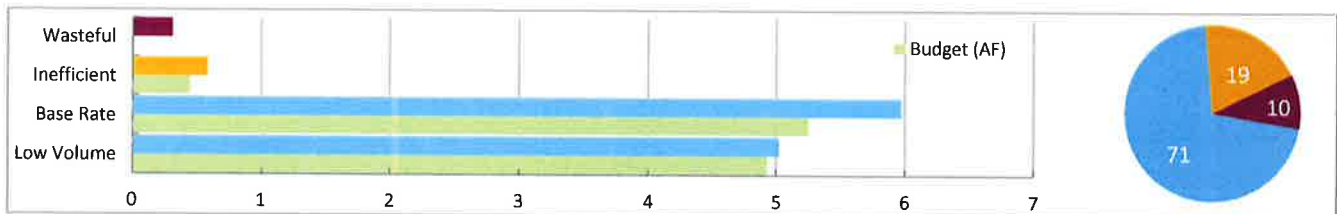


% of Customers by Tier

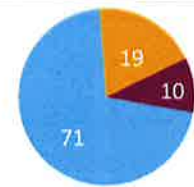


Non-Potable Sales by Tier FYTD

(in thousands)

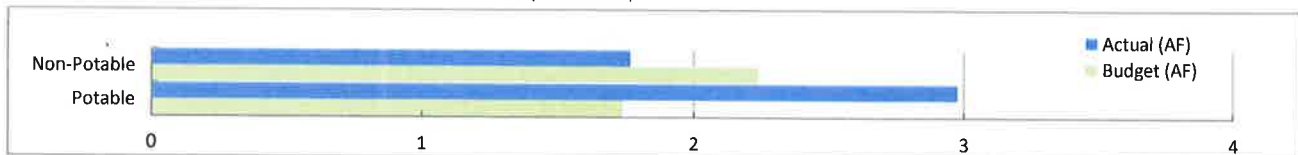


% of Customers by Tier



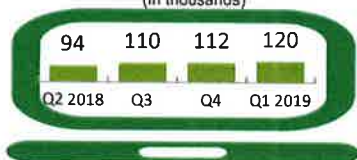
Imported Water Purchases FYTD

(in thousands)



Website Hits

(in thousands)



Customer Satisfaction Index**



** 12 month rolling average

November 12, 2018

Prepared and

submitted by: C. Compton 

Approved by: Paul A. Cook 

CONSENT CALENDAR

2018 LEGISLATIVE AND REGULATORY UPDATE

SUMMARY:

This report provides an update on the 2017-2018 legislative session and IRWD priorities. As legislation and regulations develop, staff will provide updates and recommendations to the Water Resources Policy and Communications Committee and the Board, as appropriate. This report also provides an update associated with the State's Integrated Regional Water Management program. Staff recommends that the Board approve including IRWD in the attached OCWD letter as one of the Producers in support of the formation of a Funding Area that will allow north Orange County to compete for state bond funds through the program.

BACKGROUND:

The 2017-2018 state legislative session has concluded. The 2019-2020 legislative session will convene on December 3, 2018. Legislators will have until February to introduce new legislation. As for the 115th Congress, Congress will return for the lame duck session after the November 6, 2018, election.

State Budget Update:

September Revenue Numbers:

On October 11, 2018, State Controller Betty Yee released her monthly report on the State's finances. She announced that the State took in \$12.10 billion during the month of September. This was \$585.4 million, or 5.1 percent, more than the revenue assumptions contained in the Fiscal Year 2018-2019 Budget. According to the Controller's report, in September:

“all of the “big three” revenue sources — personal income tax (PIT), corporation tax, and sales tax — came in higher than assumed in the enacted budget. For the first quarter of the 2018-19 fiscal year, revenues of \$28.71 billion are 5.2 percent (\$1.43 billion) higher than projected in the budget enacted at the end of June. Total revenues for FY 2018-19 thus far are 10.8 percent (\$2.79 billion) higher than for the first quarter of FY 2017-18.”

2017-2018 State Legislative Update:

Water Tax and Other Funding Alternatives for Safe and Affordable Drinking Water:

At the end of session, Assembly Speaker Anthony Rendon (D-Lakewood) announced that the bills related to a water tax and other funding alternatives for Safe and Affordable Drinking Water would not move forward this year. His statement committed the Assembly to working on the safe and affordable drinking water issues next year, and announced that Assemblymembers Eduardo Garcia (D-Coachella) and Heath Flora (R-Ripon) would lead the Assembly's effort on

the matter. The statement also noted that the Assembly would build on “the hard work of Senator Bill Monning” (D-Santa Cruz) and others.

Since the end of the 2017-2018 state legislative session, staff has continued to work with the District’s associations and industry partners on the funding of safe and affordable drinking water. Staff has continued to engage in discussions related to alternatives for funding for safe and affordable drinking water. To date, both the Association of California Water Agencies (ACWA) and the California Municipal Utilities Association (CMUA) have or are working to develop alternative concepts for funding for safe and affordable drinking water in California. The concept proposed by ACWA staff is attached as Exhibit “A”. CMUA is still working to craft its concept.

Staff will update the Committee on the discussions they are engaging in, and the steps being taken to develop alternative funding concepts for consideration as part of the discussions surrounding safe and affordable drinking water in California.

2018 State Regulatory Update:

AB 401 Implementation – Study of Low Income Rate Assistance:

AB 401 (Dodd, 2015) requires the State Board Water Resources Control Board (State Board) to develop and provide the Legislature a plan for a statewide Low-Income Rate Assistance Program (LIRA) by February 1, 2018. As a result, the State Board held a series of public meetings in 2017 seeking input on various scenarios, which would provide low-income rate assistance to up to 34 percent of Californians, and over the past two years have meet with a smaller group of stakeholders to discuss options for the plan. The State Board’s effort is based on the following philosophy:

“Californians have a right to safe water. State policy through AB 685 (2012) aims to ensure universal access to water by declaring that “every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.” However, water is becoming more expensive. California’s growing economy and population create continued demand for water. Meanwhile, drought and water leaks tighten available supplies. In addition, pipes and aging infrastructure result in expensive repairs or replacements. These conditions contribute to higher costs. The result is that more low-income households have unaffordable drinking water.” (http://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/)

Earlier this year, State Board staff indicated that despite the plan being due per statute on February 1, 2018, the plan had been delayed indefinitely until the State Board believed it had a more well developed plan to present to the Legislature. Recently, State Board staff have indicated that they will be working to release a draft plan early next year.

While the State Board has released little new information on the plan during the last six months, ACWA, CMUA and other interest groups continue to weigh in on the subject of a statewide LIRA program with the State Board. Attached as Exhibit “B” and Exhibit “C” are comments

and proposals submitted to the State Board by ACWA and CMUA, respectively, on a statewide LIRA program. Additionally, the topic of greater LIRA in investor-owned water utility rate design has recently become the subject of a California Public Utilities Commission proceeding.

State Board Electronic Annual Report:

In 2018, the State Board added questions to the 2017 Electronic Annual Report (eAR) for the Drinking Water Program. The eAR has historically been the annual report through which public water systems report annual water usage and contact information to the State Board's Division of Drinking Water. This changed with the 2017 report.

In addition to the traditional information requested, the 2017 eAR included questions related to water rates, affordable drinking water, water loss from distribution systems and climate change adaptation strategies and resiliency. From the water community's perspective, the new content requested lacked a nexus to the stated purpose of and the authority cited for the annual report. At the time the 2017 eAR was released, IRWD signed onto an ACWA water community coalition letter commenting on the new questions and format of the 2017 report.

In response to the concerns raised by the water community, the State Board put together a stakeholder forum to discuss the eAR changes. The purpose of the forum is to improve the clarity of questions included in future eARs, and to communicate why various new questions are asked and how answers could be used in decisions, rulemaking, policy development, and metrics. IRWD was included as a participant in the forum. The first meeting of the stakeholder forum was held on October 11, 2018. Staff will provide the Committee with an update on the 2018 eAR and the forum discussions.

State Board Groundwater Surface Water Workshop:

On August 29, 2018, the California Court of Appeals decided *Environmental Law Foundation, et al. v. State Water Resources Control Board*. The court was asked to determine if the public trust doctrine applies to groundwater extractions near the Scott River in Siskiyou County. In a narrow ruling, the court held that the potential adverse impacts of groundwater extraction on the Scott River, which is a public trust resource, must be considered when the county issues well permits. While the court stated that its ruling was narrow, the opinion essentially holds that the public trust doctrine applies to groundwater extractions that may impact surface waters. The full opinion can be read at <http://www.courts.ca.gov/opinions/documents/C083239.PDF>.

Following the court's ruling in the case, the State Board announced that it will hold a public workshop in December to discuss the groundwater-surface-water connection, the requirements of the Sustainable Groundwater Management Act, and the impacts of groundwater pumping on surface water instream flows. In particular, the workshop will include:

- Discussion of surface water depletion requirements and authorities under the California Water Code and California Constitution (SGMA, public trust, waste and unreasonable use);

- Presentations by experts on potential strategies for preventing or managing depletions based on realistic scenarios; and
- Opportunities for attendees to weigh in on the benefits and drawbacks of those strategies.

Staff will monitor the workshop and any future regulations proposed by the State Board on groundwater extractions and impacts on surface water to ensure the District's interests in groundwater are protected.

Other Pending State Regulations:

In addition to the regulations discussed above, the following is a list of some of the other state regulations and agency reports staff is monitoring, tracking or planning to engage in over the next three to 12 months. As the next drafts of the regulations or report are released for public review and comment, staff will engage, as appropriate. The pending regulations and reports actively being tracked include the:

- Building Standards Commission's "2019 California Plumbing Code;"
- Department of Water Resources' (DWR) and the State Board's implementation of the "Making Water Conservation a California Way of Life" legislation;
- DWR's "The Open and Transparent Water Data Act (AB 1755, Dodd) Implementation Plan;"
- DWR's "California Water Plan: Update 2018;"
- DWR's "Public Draft of Stormwater Targets for Groundwater Recharge and Direct Use in Urban California;"
- State Board's development of a "Cross Connection Policy Handbook;"
- State Board's proposed "Environmental Laboratory Accreditation Program Regulations;"
- State Board's proposed "Mercury TMDL and Statewide Mercury Control Program for Reservoirs" regulations;
- State Board's proposed regulations on "Prohibiting Wasteful Water Use Practices;"
- State Board's proposed "Recycled Water Policy Amendments;"
- State Board's "State Wetland Definition and Procedures for Discharges of Dredged or Fill Material to Waters of the State" regulations;
- State Board's "Water Loss Performance Standards Regulations;" and

- State Board’s “Water Quality Control Plan for Inland Surface Waters, Enclosed Bays, and Estuaries of California” and draft “Toxicity Provisions.”

2018 Federal Legislative Update:

America’s Water Infrastructure Act of 2018:

In October Congress passed the “America’s Water Infrastructure Act of 2018,” which included the Water Resources Development Act of 2018. On October 23, President Donald Trump signed the bill into law. The House Transportation and Infrastructure Committee summary of the bill is attached as Exhibit “D”.

2019 Legislative Planning:

Request for Qualifications for State Legislative Advocates:

Given the retirement of the District’s current state advocate, staff released a Request for Qualifications (RFQ) on October 8, 2018, to solicit qualifications from full-service lobbying firms to represent the District on state legislative issues in Sacramento. Statement of Qualifications in response to the RFQ are due by November 2.

Integrated Regional Water Management:

California allocates bond funds through the Integrated Regional Water Management program based on state-created Funding Areas. Historically, north and central Orange County have participated in the IRWM process through the Santa Ana Watershed Project Authority’s *One Water One Watershed* initiative for the Santa Ana River Watershed Funding Area. The County of Orange, the Orange County Water District (OCWD) and the Orange County Sanitation District intend to begin the process of creating a North and Central Orange County Funding Area by filing a Regional Acceptance Process (RAP) application to the California Department of Water Resources (DWR). A fact sheet with frequently asked questions and answers that are associated with the process is attached as Exhibit “E”.

The formation of the North and Central Orange County Funding Area will allow the region to focus on water resources management issues that are unique to the area while also increasing the ability to secure bond-funded grants for local projects. OCWD has prepared a letter that would be submitted to DWR, on behalf of the Groundwater Producers, in support of the formation of a Funding Area that includes north Orange County. This letter is provided as Exhibit “F”. Staff has participated in the development of an Integrated Regional Water Management Plan for the proposed new Funding Area and recommends that the Board approve including IRWD as one of the Producers in support of the formation of the Funding Area.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Policy and Communications Committee on November 5, 2018.

RECOMMENDATION:

THAT THE BOARD APPROVE INCLUDING IRWD IN THE ATTACHED ORANGE COUNTY WATER DISTRICT LETTER AS ONE OF THE PRODUCERS IN SUPPORT OF THE FORMATION OF A FUNDING AREA THAT WILL ALLOW NORTH ORANGE COUNTY TO COMPETE FOR STATE BOND FUNDS THROUGH THE INTEGRATED REGIONAL WATER MANAGEMENT PROGRAM.

LIST OF EXHIBITS:

- Exhibit "A" – ACWA Proposed Legislation on Safe and Affordable Drinking Water
- Exhibit "B" – ACWA's Comments on the State Board AB 401 LIRA Implementation Plan
- Exhibit "C" – CMUA's Comments on the State Board AB 401 LIRA Implementation Plan
- Exhibit "D" – House Transportation and Infrastructure Committee Summary of the America's Water Infrastructure Act of 2018
- Exhibit "E" – Fact Sheet - North and Central Orange County IRWM Program Request for Proposition 1 Santa Ana Funding Area Program Changes
- Exhibit "F" – Letter of Support on Behalf of the Groundwater Producers for the Formation of an Integrated Regional Water Management Funding Area that Includes North Orange County.

EXHIBIT "A"

**ACWA State Legislative Committee
2018 Annual Planning Meeting
October 26, 2018**

**Proposal Number 2: Safe and Affordable Drinking Water Fund,
Safe and Affordable Drinking Water Trust, and Related Provisions**

**Submitted by: Cindy Tuck, ACWA Deputy Executive Director for Government Relations
Advocate: Cindy Tuck**

I. BACKGROUND

Most Californians have safe drinking water, but some communities in California do not have access to safe drinking water. For some communities, this is due to the lack of financial capacity – particularly with respect to operation and maintenance (O&M) costs. Federal funding, in the form of Safe Drinking Water State Revolving Fund (SRF) dollars are available for capital projects, but they cannot be used for O&M costs. Similarly, general obligation (G.O.) bond funding is available for capital projects, but G.O. bonds generally cannot be used for O&M costs.

At the State Legislature, there have been proposals for the creation of a Safe and Affordable Drinking Water Fund. No one has opposed the creation of the fund. The issue has been appropriate funding mechanisms for the fund.

A. Legislative Action in 2017 and 2018

In 2017, Senator Bill Monning (D-Carmel) advanced SB 623 to create a Safe and Affordable Drinking Water Fund that would have primarily been funded by: 1) agricultural taxes (on the sale of fertilizers and the operations of dairies); and 2) a statewide water tax on retail residential and business customers. Creation of a fund was not an issue, but ACWA and a broad coalition strongly opposed the proposed statewide water tax as a funding mechanism. The Assembly Appropriations Committee referred the bill to the Assembly Rules Committee in August of 2017, where it remained parked for the remainder of the 2017-18 Legislative Session.

In 2018, the Brown Administration proposed a budget trailer bill based on the SB 623 framework. ACWA led a coalition of over two hundred organizations that recommended funding alternatives but opposed the proposed statewide water tax. One of the funding alternatives that ACWA suggested was the use of a limited amount (\$34.34 million per year) of General Fund dollars in combination with federal funds, G.O. bond funds, and the proposed agricultural taxes.

After extensive advocacy by the ACWA-led lobbying team, communications and outreach and significant actions at the Subcommittee level, the Legislature's Budget Conference Committee met on June 8, 2018 and took the following actions:

- 1) **Rejected** the budget trailer bill;

2) Set aside \$23.5 million in General Fund funding for allocation to safe drinking water actions later in the Legislative Session for Fiscal Year 2018-19; and

3) Approved \$5 million in General Funds for the State Water Resources Control Board (State Water Board) to provide lead testing, remediation and technical assistance for child day care centers. (This relates to AB 2370 (Holden) – a chaptered bill regarding testing for lead in drinking water for day care centers.)

The Legislature took these positive actions on June 5, 2018 – three days after the voters approved Proposition 68, which included \$250 million for safe drinking water and clean water. That funding must be prioritized for disadvantaged communities. The Legislature was also aware that Proposition 3 would be on the November ballot with \$500 million for safe drinking water that, if approved, would also have to be prioritized for disadvantaged communities. (The bonds have been supported by ACWA, agricultural groups, environmental justice organizations and other stakeholders.)

It is worth noting that the Budget Conference Committee’s action was consistent with ACWA’s first alternative, except that it did not include the agricultural taxes because those taxes had been linked to the proposed statewide water tax.

In August of 2018, the Legislature approved SB 862 (Committee on Budget and Fiscal Review) which, now as approved by the Governor, amends the State Budget Act of 2018 to make various appropriations for Fiscal Year 2018-19. SB 862 provides more of the detail for how the \$23.5 General Fund set-aside will be appropriated, including:

- 1) \$3,000,000 to the State Water Board for a **needs analysis** of drinking water systems;
- 2) \$6,800,000 to the State Water Board for the Safe Drinking Water for Schools grant program;
- 3) \$5,064,000 to the State Water Board for Drinking Water Quality activities; and
- 4) Part of \$10,000,000 for emergency relief grants (e.g., for well replacement and point-of use and point-of-entry treatment).

B. Sponsored Legislation Proposal

The issue of sustainable funding for drinking water solutions for disadvantaged communities will be back in 2019. On the last day of the 2017-18 Legislative Session, Assembly Speaker Anthony Rendon issued a statement noting that the Legislature had put Proposition 68 on the ballot and approved over \$25 million for emergency drinking water projects, lead testing and remediation, and other water projects. He noted further that “(...) much more needs to be done (...).”

ACWA staff suggests that ACWA sponsor legislation to put forth a solution that does not rely on a statewide water tax. In short, the proposal would:

- 1) Create the Safe and Affordable Drinking Water Fund (the Fund);
- 2) Create the Safe and Affordable Drinking Water Trust (the Trust); and
- 3) Require the addition of a voluntary contribution check-off box to the Form 540 state tax return for the Safe and Affordable Drinking Water Fund.

The concept for the trust was ACWA's "Alternative 2" in 2018. This proposal has not been heard or debated in a policy committee hearing or budget subcommittee hearing. The concept is that the bill would create the trust, and the trust's principal would be funded with an infusion of General Fund dollars (e.g., \$750 million) **during budget surplus years**. The funding of the trust's principal could be achieved in one year or over the course of a few years (e.g., \$250 million per year for three years). Early estimates are that the net revenue from investment of the principal could be \$50 million per year. Given that the State Water Board's estimate of the annual need for O&M funding for non-nitrates noncompliance was less than that amount (it was \$34.4 million per year, including for the chromium VI stander which has been rescinded), this solution is attractive. This proposal is also consistent with the work of ACWA DAC Drinking Water Initiative Action Plan which suggests use of the General Fund because the issue is a social issue for the State of California.

Attachment 2 is a draft of the core elements for the creation of the Fund and the creation of the Trust. Staff is suggesting that a drafting group be formed to assist staff in refining the language.

Attachment 3 is a draft of the voluntary contribution check-off box language. The same drafting group could refine this language.

Other elements could be added to this bill proposal. For example, the agricultural part of the budget trailer bill could be added if it is not linked to a statewide water tax.

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
LEGISLATIVE PROPOSAL
SUBMIT BEFORE: AUGUST 31, 2018¹**

Each year ACWA's State Legislative Committee (SLC) solicits legislative proposals from ACWA members. The SLC reviews and considers at its Annual Planning Meeting in the fall sponsoring or supporting each proposal that has been submitted by the deadline. The Committee evaluates the proposals and determines whether to sponsor or support legislation based on ACWA's Strategic and Business Plan, policy principles and priorities. In order to have your agency's proposal considered this year, we are requiring, in addition to the completion of this form, the submittal of a copy of a resolution passed by your governing body in support of the proposal (or at a minimum confirmation that your agency has noticed consideration of the resolution by the deadline). **The deadline is August 31, 2018.**

Please refer to the attached sample form when filling out this document. Contact Richard Filgas, State Relations Assistant, at Richardf@acwa.com or (916) 441-4545 if you have questions.

Contact Person*	
Name:	Cindy Tuck
Title:	Deputy Executive Director for Government Relations
Agency:	Association of California Water Agencies
Telephone:	(916) 441-4545
Fax :	(916) 325-3206
Email:	cindy@acwa.com
Submittal Date:	October 2, 2018 (Deadline is for ACWA Member Agencies)
Submitting ACWA Member Agency:	NA
Region #:	NA
Title of Proposal (subject area):	Safe Drinking Water Funding

*ACWA will be contacting this person to ask clarifying questions about this proposal within the next few weeks. The contact person is also expected to attend the October 26, 2018, Annual Planning Meeting in person to provide information and answer questions from the State Legislative Committee in order for the proposal to move forward within ACWA's process.

¹ Proposals submitted after this deadline may not be considered until the Annual Planning Meeting in October 2019.

BACKGROUND

A. What is the problem or deficiency in existing law that your proposal seeks to fix?

See Attachment 1.

B. What are you trying to accomplish or prevent through this proposal?

See attachment 1.

C. Has a similar bill ever been previously introduced? If so, please identify the bill, the legislative session, year, and outcome, if known.

Nothing just like this proposal has been previously introduced. There have been bills (SB 623, Monning, 2017), the Budget Trailer Bill (2018) and SB 845 (Monning, 2018), that have proposed the creation of a Safe and Affordable Drinking Water Fund. However, the first two of those measures proposed a statewide water tax as a major funding mechanism. SB 845 proposed a highly inefficient voluntary remittance as the funding mechanism. All three of these bills died on August 31, 2018.

D. Could this bill have an impact on more than one agency? Would this proposal affect only your agency? Which ACWA member agencies and what type(s) of agency (e.g. county water district, municipal water district, flood control agency, etc.) is likely to be impacted by this legislation?

This proposal is intended to help solve a state social issue. It would not set mandates on local water agencies. (Local water agencies already face the challenge of water quality and supply reliability issues at the local level.)

ACTIONS

- A. What type of action would you like ACWA to take regarding this proposal if it moves through the legislative process?

Note: A “support” position means ACWA will support legislation once it is introduced. ACWA’s legislative advocates will write position letters on the bill and offer testimony in committee hearings. A “sponsor” position indicates that ACWA will attempt to secure a legislator to introduce the proposed legislation and will actively lobby on the bill’s behalf throughout the year-long process.

Sponsor Support

- B. Please list statewide or local organizations that are likely to support or oppose your legislative proposal and why (include specific reasons).

Support:	Examples Include: ACWA Member Agencies California Municipal Utilities Association California Special Districts Association Northern California Water Association Regional Water Authority Southern California Water Committee
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It is likely that many of the over two hundred organizations that opposed the budget trailer bill and SB 845 (Monning) in 2018 would support this bill.

Ideally the environmental justice organizations and agricultural organizations that supported SB 623, the budget trailer bill, and SB 845 would support this measure, but that is yet to be determined.)

Opposition: To be determined

Ideally the environmental justice organizations and agricultural organizations that supported SB 623, the budget trailer bill and SB 845 would not oppose this measure, but that is yet to be determined.

- C. Who are your local State Legislators? Have you ever contacted them regarding this proposal? If so, who, when, and what was the outcome of the discussion? Have they indicated a willingness to author or support this proposal, or conversely, could they oppose it?

Not Applicable – If the State Legislative Committee agrees that ACWA should sponsor this legislation, ACWA will then reach out to a potential author.

D. Have you informed other water agencies in your region regarding this proposal?

Yes No (Not Applicable)

If so, please state which districts.

If not, which districts border your water agency? (Not Applicable)

E. List witnesses who would be available to testify before legislative committees in Sacramento, accompanied by an ACWA Legislative Advocate, on behalf of this proposal. Include the organization each witness represents with his or her name, phone number, email address, and other contact information.

An ACWA advocate would serve as the lead witness and would develop a group of witnesses to testify in support of the bill.

PROPOSAL

A. California Code Sections to be amended or added:

Please see Attachment 2 and Attachment 3.

B. Please attach the proposed bill language and any additional background information that could assist the State Legislative Committee in assessing your proposal, such as newspaper articles, internal water agency correspondence, newsletters, and legal advice or opinions.

Please see Attachment 1.

C. Describe specific examples illustrating the problem you are trying to fix. Attach additional sheets if necessary.

The State Water Resources Control Board has on its website a list of 272 public water systems that are out-of-compliance with the drinking water standards. Some (not all) of these systems will need financial assistance in order to become a sustainable system. Please see Attachment 4. Please note that this list addresses public water systems and does not address state small systems or individual wells owned by landowners.

D. Attach a copy of a resolution passed by your agency's governing body in support of this proposal.

Not Applicable (This is a proposal from ACWA staff. Staff did brief the ACWA Board of Directors regarding this proposal on September 28, 2018.)

ASSOCIATION OF CALIFORNIA WATER AGENCIES
POTENTIAL SPONSORED 2019 STATE LEGISLATION
Proposal 2 – Safe Drinking Water Funding

Part 1 – Creation of the Safe and Affordable Drinking Water Fund and the Safe and Affordable Drinking Water Trust

The people of the State of California do enact as follows:

SECTION 1.

Chapter 4.6 (commencing with Section 116765) is added to Part 12 of Division 104 of the Health and Safety Code, to read:

CHAPTER 4.6. SAFE AND AFFORDABLE DRINKINGWATER

Article 1. Legislative Findings and Declarations

116765. The Legislature finds and declares all of the following:

(a) Section 106.3 of the Water Code declares that it is the policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

(b) For all public water systems, the operation and maintenance costs to supply, treat, and distribute potable water that complies with federal and state drinking water standards on a routine and consistent basis may be significant.

[Add additional findings.]

Article 2. Definitions

116766. For the purposes of this chapter:

[Add appropriate definitions.]

Article 3. Safe and Affordable Drinking Water Fund

116767. (a) The Safe and Affordable Drinking Water Fund is hereby established in the State Treasury. Notwithstanding Section 13340 of the Government Code, all moneys in the fund are continuously appropriated to the board without regard to fiscal years, in accordance with this chapter. Moneys in the fund at the close of the fiscal year shall remain in the fund and shall not revert to the General Fund. Moneys in the fund shall

not be available for appropriation or borrowed for use for any purpose not established in this chapter unless that use of the moneys receives an affirmative vote of two-thirds of the membership in each house of the Legislature.

[Add additional provisions regarding the purpose and administration of the fund.]

(x) The board may undertake any of the following actions to implement the fund: (1) Provide for the deposit of all of the following moneys into the fund:

(A) Federal funding.

(B) Appropriations by the Legislature from the General Fund.

(C) Net revenue from the Safe and Affordable Drinking Water Trust.

(D) Appropriations by the Legislature from the Greenhouse Gas Reduction Fund.

(E) Voluntary contributions, gifts, grants, or bequests.

SECTION 2. Chapter 4.7 (commencing with Section 116774.1) is added to Part 12 of Division 104 of the Health and Safety Code, to read:

Chapter 4.7 Safe and Affordable Drinking Water Trust Act of 2019

ARTICLE 1. Short Title

116774.1

This chapter shall be known and may be cited as the Safe and Affordable Drinking Water Trust Act of 2019.

ARTICLE 2. Legislative Findings of Necessity and Cause for Action

116774.3

(a) Because section 106.3 establishes the policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes, it is in the interest of the people of the state to enact this chapter to establish a trust fund for the governmental purpose of providing a continual source of funding for communities to gain and retain access to safe, clean and affordable drinking water and to carry out the governmental purposes described in Chapter 4.6 (commencing with Section 116765) of this part.

(b) The primary purpose of the Safe and Affordable Drinking Water Trust, a charitable trust established pursuant to this chapter, shall be to provide a perpetual source of funding each

year to the Safe and Affordable Drinking Water Fund established pursuant to section 116767 in furtherance of the trust fund purposes in subsection (a).

(c) It is the intent of the Legislature that the terms of this chapter shall be liberally construed to achieve this purpose.

ARTICLE 3. Safe and Affordable Drinking Water Trust

116774.5

Unless the context otherwise requires, the following definitions govern the construction of this chapter:

- (a) "Board" means the State Water Resources Control Board
- (b) "Beneficiary" means the people of the state, as represented by the board in its implementation of the provisions of Chapter 4.6 (commencing with Section 116765) of this part and its administration of the Safe and Affordable Drinking water Fund established pursuant to section 116767. The beneficiary's interest in the trust shall only be to the net income generated from the trust principle.
- (c) "Income" means the money, enhanced value, or other income the trust receives as current return from the investment of the trust principal.
- (d) "Net Income" means the trust income earned July 1 through June 30 of the previous year minus all of the necessary and reasonable expenses incident to the administration of the trust during that same period.
- (e) "Principal" means the trust property, inclusive of any increase designated as part of the trust corpus by the trustee as a result of a higher than anticipated return on the investment of the trust principal, which is held in trust for the beneficiary and to accomplish the governmental purposes described in section 116774.3.
- (f) "Trust" means the Safe and Affordable Drinking Water Trust.
- (g) "Trust Fund" means the account established pursuant to subdivision (a) of section 116774.7 to hold the trust property.
- (h) "Trust Property" means the money transferred to the trust fund pursuant to subdivision (d) of section 116774.7 and any donation to the trust fund received and accepted by the trustee after January 1, 2019.
- (i) "Trustee" means _____ (to be added)

116774.7

(a) There is hereby created in the State Treasury the Safe and Affordable Drinking Water Trust Fund for holding the trust property of the Safe and Affordable Drinking Water Trust and for the purpose of implementing the public and governmental purposes chapter. Notwithstanding Section 13340 of the Government Code, net income distributed by the trustee from the trust fund is hereby continuously appropriated, without regard to fiscal years, to the board for deposit in and expenditure from the Safe and Affordable Drinking Water Fund in accordance with Chapter 4.6.

(b) Moneys in the trust fund, including the trust principle and trust income, shall not be available for appropriation or be borrowed for use for any purpose not established in this chapter unless that use of the money, principle or income receives an affirmative vote of two-thirds of the membership in each house of the Legislature.

(c) Funding of the trust principle is hereby authorized and is subject to appropriation by the Legislature. All appropriations to the trust are hereby irrevocably transferred from the general fund to the trustee for deposit in Safe and Affordable Drinking Water Trust Fund for investment to accomplish the purposes of this chapter and on the conditions prescribed in section 116774.11.

(d) Notwithstanding any adopted budget act, no money deposited into the Safe and Affordable Drinking Water Trust Fund to fund the trust principal pursuant to this article and no net income transferred from the Safe and Affordable Drinking Water Trust Fund to the Safe and Affordable Drinking Water Fund may be transferred to the General Fund.

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
POTENTIAL SPONSORED 2019 STATE LEGISLATION
Proposal 2 – Safe Drinking Water Funding**

Part 2 – Voluntary Check-off on Form 540 for Contributions to the Safe and Affordable Drinking Water Fund

SECTION 1. Article 24 (commencing with Section 18902) is added to Chapter 3 of Division 2 of the Revenue and Taxation Code.

Article 24. Contributions to Safe and Affordable Drinking Water Fund

18902. (a) An individual may designate on the tax return that a contribution in excess of the tax liability, if any, be made to the Safe and Affordable Drinking Water Fund established by Section XXXXX of the California Water Code.

(b) The contributions shall be in full dollar amounts and may be made individually by each signatory on a joint return.

(c) A designation under subdivision (a) shall be made for a taxable year on the original return for that taxable year, and once made shall be irrevocable. If payments and credits reported on the return, together with any other credits association with the individual's account, do not exceed the individual's tax liability, the return shall be treated as though no designation has been made.

(d) If an individual designates a contribution to more than one account or fund listed on the tax return, and the amount available is insufficient to satisfy the total amount designated, the contribution shall be allocated among the designees on a pro rata basis.

(e) The Franchise Tax Board shall revise the forms of the return to include a space labeled "Safe and Affordable Drinking Water Fund" to allow for the designation permitted under subdivision (a). The form shall also include in the instruction information that the contribution may be in the amount of one dollar (\$1) or more and that the contribution shall be used consistent with the purposes of the fund.

(f) A deduction shall be allowed under Article 6 for (commencing with Section 17201) of Chapter 3 of Part 10 for any contributions made pursuant to subdivision (a).

EXHIBIT "B"

ASSOCIATION OF CALIFORNIA WATER AGENCIES

AB 401 (DODD, 2015) IMPLEMENTATION

SUGGESTIONS FOR THE DEVELOPMENT OF A PLAN FOR A LOW INCOME WATER RATE ASSISTANCE PROGRAM

October 2, 2018

1. Introduction

The Association of California Water Agencies (ACWA) appreciates the opportunity to provide suggestions for the State Water Resources Control Board's (State Water Board) development of a plan for a Low Income Water Rate Assistance (LIWRA) Program pursuant to AB 401 (Dodd, 2015).

2. Applicability and Scope

Recognizing that AB 401 defined "low-income" as a household with income that is equal to or no greater than 200 percent of the federal poverty level (FPL), the legislation asked the State Water Board to look at a number of elements for funding and implementing a LIWRA Program – the level of "low-income" was one specific factor to be evaluated, but the law does not preclude the State Water Board from looking at different income levels. The State Water Board should consider whether or not 200 percent of the FPL is the appropriate criterion for this program. For example, should the program focus instead on severely disadvantaged communities or other measures of poverty?

AB 401 requires the State Water Board to report on the "feasibility, financial stability, and desired structure of the program (...)." [Please see California Water Code Section 189.5(e)(1).] It would be informative for the State Water Board's report to the Legislature to include a sensitivity analysis that compares the cost and scope of the program for various applicability criteria.

3. Benefit

A. Basis

A key part of the plan is the assistance eligible recipients would receive. The basis for that assistance should be tied to the Human Right to Water:

"(a) It is hereby declared to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for *human consumption, cooking and sanitary purposes*. (...)" [California Water Code Section 106, emphasis added.]

Given the scope of the Human Right to Water, the basis for the plan should be tied to efficient indoor water use only and should not include outdoor use. State water use efficiency law enacted in 2018 sets standards for indoor residential water use of 55 gallons per capita per day (gpcd) until 2025, 52.5 gpcd from 2025 to 2030, and 50 gpcd beginning in 2030. (These State per-capita-indoor-water-use-efficiency standards are to be used by local water suppliers to develop water supplier water use objectives on a service-area basis.) For example, for 55 gpcd, the basis for a monthly benefit for a family of four would be 8.82 hundred cubic feet.

4. Funding Source and Collection

A. Funding Sources

1. Water affordability is a state social issue and should be addressed as such. The General Fund is an appropriate funding source for state social issues. The General Fund is based in part on income tax which is a progressive tax (i.e., people with higher incomes pay more and people with lower incomes pay less).
2. The funding source should not be a water tax.
 - a. It is not sound policy to tax something that is essential to life.
 - b. Taxing water would work against keeping water affordable.
 - c. It would be highly inefficient and very expensive for over 3,000 public water systems to become tax collectors for the State of California.
 - d. Public water systems do not have customer income information or staff to deal with eligibility verification or fraud.

B. Collection

1. One state entity - the Franchise Tax Board - can efficiently invoice and collect the funding.

5. Benefit Distribution

A. Base on CalFresh

1. ACWA recommends using CalFresh as the mechanism for benefit distribution.
2. CalFresh is a longstanding program that helps low-income households afford food, which is essential to life, just as drinking water is essential to life.
3. CalFresh has the eligibility criterion of 200 percent of the federal poverty guideline.
4. CalFresh is implemented with electronic benefit transfer (EBT) cards. The delivery of the benefit through CalFresh would not be limited to households that directly pay

water bills. (For example, this would benefit those renting homes and residents of multi-unit apartment complexes.)

B. Immigration Status Issue

1. CalFresh is a State-implemented federal program. Participants must demonstrate their legal permanent residency status. However, the State could augment the California Food Assistance Program (CFAP) which the State maintains for applicants who cannot receive CalFresh due to their immigration status.

6. Existing Programs

- A. Some water agencies do have LIWRA programs, which include local charity partnerships and/or are funded by sources other than ratepayer dollars.
- B. The State should incorporate existing public water system LIWRA programs that conform to a minimum standard.

7. Closing

ACWA appreciates the State Water Board staff's consideration of these suggestions and comments. If you have any questions, please contact Cindy Tuck, Deputy Executive Director of Government Relations, at cindy@acwa.com.



Bringing
Water
Together

October 2, 2018

Mr. Max Gomberg
Climate and Conservation Manager
State Water Resources Control Board
1001 I Street, 24th floor
Sacramento, CA 95814

RE: Suggestions regarding Development of a Draft Plan for a Low-Income Water Rate Assistance Program (AB 401, Dodd, 2015 Implementation)

Dear Max,

The Association of California Water Agencies (ACWA) appreciates the opportunity to provide additional input during the State Water Resources Control Board's (SWRCB's) development of a plan for a Low-Income Water Rate Assistance Program as required by AB 401 (Dodd, 2015). ACWA represents more than 445 public water agencies that collectively supply approximately 90% of the water delivered in California for domestic, agricultural, and industrial uses. Attached are ACWA's suggestions.

Thank you for considering these suggestions. If you would like to discuss them, or if you have any questions, please contact me at cindy@acwa.com.

Sincerely,

Cindy Tuck
Deputy Executive Director for Government Relations

Attachment

cc: The Honorable Felicia Marcus, Chair, SWRCB
Honorable Members, SWRCB
Ms. Eileen Sobek, Executive Director, SWRCB
Mr. Eric Oppenheimer, Chief Deputy Director, SWRCB

EXHIBIT "C"



CMUA Low-Income Water Rate Assistance Program Proposal

Prepared by: Danielle Blacet | Director for Water

January 3, 2018

Jonathan Young | Regulatory Advocate

Revenue Collection:

- a. Franchise Tax Board (FTB) / income tax
 - i. How it would work
 - Legislature would require the FTB to add a new charge on taxpayers – either all taxpayers with incomes over 200% of the federal poverty line or only high-income earners and corporations.
 - The state would develop a neutral band of Californians who would not pay the tax nor receive the benefit. For example, individuals who earn between 201% and 205% of the Federal poverty line would be exempt.
 - Collected funds would go to a special fund that would be separate from the General Fund, such as the FTB's existing [Voluntary Contribution Funds](#).
 - ii. Considerations
 - Single agent for collection; optimizes efficiency.
 - Builds on an existing structure that has direct access to income information and household size.
 - If flat tax collected on individuals, no price signal for conservation.
 - No clear nexus with water rates.

Benefit Distribution Via Local Agency/CalFresh Model

- a. Statewide online portal
 - i. Applicants would visit a State Water Board maintained webpage/database as part of the [Human Right to Water Portal](#). The webpage could be similar to <http://findyourrep.legislature.ca.gov/>.
 - Agencies with LIWRA programs would be required to submit service boundaries and details of their program to the state. This information would be required to receive funds as noted below, incentivizing agencies to participate and/or develop programs.
 - Once an applicant enters their respective information (address, single family/multifamily), the website would indicate whether a local rate assistance program exists along with that agency's contact information (agency name, phone number, website, etc.).
 - If a local program does not exist, and for residents living in multi-family housing, the website would direct the applicant to the California Department of Social Services CalFresh application website: <http://www.cdss.ca.gov/food-nutrition/calfresh>. Applicants could apply online, or at their local county social services agency.

b. Local Agency/CalFresh Model**i. Existing Programs**

- Local agencies/IOUs would maintain their existing LIWRA programs.
- Applicants would be required to apply annually. Annual application ensures up to date information and correct distribution of the benefit.
- The state would send the local agency a portion of the funds for direct rate assistance. Funding would be based on a set of minimum requirements.
- Agencies could use existing funding mechanisms or state collected funds to promote alternatives to direct rate assistance similar to Energy Savings Assistance Programs, rebates, home inspections, education, outreach, etc.
 - a. This approach would ensure water savings incentive/efficiency participation by low-income qualified residents and help resolve barriers to low-income assistance similar to those studied recently by the Energy Commission regarding the electric utility sector.
 - b. For low-income housing operated publicly or through non-profits, this type of local water savings assistance program would also assist in reducing operating costs that are passed on to the low-income residents.
- Agencies would submit an annual report to the SWRCB highlighting enrollment statistics, benefits distributed and other relevant information.

ii. State Run Program

- Where a local program does not exist, individuals would apply via the state portal, via an NGO contracted through CalFresh or at local county assistance offices.
- Current enrollees in CalFresh where a local program exists would receive a notice alerting them of the local program and how to enroll. Enrollees where there is not a local program would automatically be enrolled in the statewide assistance program. Enrollees would receive an explanation of the benefit via the corresponding agency.
- Utilize lessons learned and best practices developed by the Department of Social Services' Safe Drinking Water Pilot Program.
- This structure could lead to higher enrollment in CalFresh, a bonus for eligible families.

iii. Non-Profit Engagement

- State/local agencies would approve 3rd party/non-profit or community assistance organizations to participate in rate assistance programs similar to the way the Department of Social Services already contracts for enrollment outreach.
 - a. Approved parties would receive a pre-determined portion of the overall benefit for the designated community for outreach, application assistance and rate assistance.
- Approved parties would provide quarterly reports on enrollment and efficacy to the CDSS/SWRCB.



AMERICA'S WATER

INFRASTRUCTURE ACT



TITLE I: THE WATER RESOURCES DEVELOPMENT ACT

The Water Resources Development Act of 2018 (WRDA) represents Congress' continued investment in vital American infrastructure. Our ports, inland waterways, locks, dams, flood protection, ecosystem restoration, and other water infrastructure are essential to generating economic growth, moving goods throughout the country and beyond our borders, and protecting our communities.

Through the regular consideration of WRDA legislation and by providing direction and reforms to the U.S. Army Corps of Engineers, Congress enables locally driven, but nationally important, federal investments in water resources infrastructure.

Prior to 2014, Congress had not passed a WRDA in seven years. As a result, many improvements languished while project costs rose and regulatory burdens remained unaddressed. With WRDA 2018, following the successful passage of the 2014 and 2016 laws, Congress is now back on track. **Simply put, WRDA works.**

WRDA 2018:

- Authorizes locally driven, but nationally vital, investments in our Nation's water resources infrastructure.
- Strengthens economic growth and competitiveness, helps move goods throughout the country and abroad, and protects our communities.
- Follows the transparent process Congress established under the 2014 reforms for considering proposed Army Corps of Engineers activities.
- Builds upon previous reforms of the Corps to further accelerate the process for moving projects forward more efficiently and at lower cost.
- Upholds Congress' constitutional duty to provide for infrastructure and facilitate commerce for the Nation.

IMPROVES AMERICA'S WATER RESOURCES INFRASTRUCTURE:

- Provides for needed investment in our ports, channels, locks, dams, and other infrastructure that supports the maritime and waterways transportation system and provides flood protection for homes and businesses.
- Authorizes Army Corps of Engineers Chief's Reports received since the last WRDA law of 2016.
 - » Chief's Reports are the final recommendations to Congress by the Corps' Chief of Engineers for thoroughly studied water resources infrastructure priorities.
 - » These infrastructure improvements have been proposed at the local level, in cooperation and consultation with the Corps, and provide national economic and environmental benefits.
 - » All Chief's Reports have been fully vetted by the Transportation and Infrastructure Committee at hearings this Congress.
- Authorizes studies for future water resources improvements included in the Corps' 2017 and 2018 annual reports to Congress.
- Reauthorizes the Levee Safety Initiative, and the National Dam Safety Program through 2023 to help protect American communities from flooding.
- Keeps American jobs in America by strengthening our competitiveness and ensuring that our transportation system remains attractive to private sector job creators.

BUILDS UPON WRDA REFORMS:

- Eliminates barriers that result in project delays and improves the utility of the contributed and advanced funds provisions from previous WRDA laws. This allows the Corps to accept funds from non-federal sponsors to advance studies and project elements.
- Maintains and builds upon process reforms established under WRRDA 2014 that allow greater local

- participation in project selection.
- Directs the National Academy of Sciences to evaluate the current organizational structure of the Corps' civil works functions, identify impediments to efficient project delivery, and provide recommendations to Congress.
- Requires the Corps to directly engage stakeholders in the development of implementation guidance.

WRDA Follows an Approval Process Established by Congress

In 2014, Congress passed the Water Resources Reform and Development Act (WRRDA) and established a new, transparent, locally driven process for Congressional review and approval of Army Corps water resources development activities. WRDA 2018 follows this established process, and also continues the two-year cycle of addressing infrastructure that is vital to America's economy and job growth.



PROMOTES FISCAL RESPONSIBILITY:

- Fully offsets new authorizations with deauthorizations.
- Sunsets inactive project authorizations to prevent future project backlogs.
- Reduces the inventory of projects that are not needed for the missions of the Corps.

ENHANCES OVERSIGHT, TRANSPARENCY & ACCOUNTABILITY:

- Follows the transparent process established by Congress in WRRDA 2014 to review and prioritize water resources development activities with strong Congressional oversight.
- Improves transparency for non-federal partners by requiring the Secretary to support greater awareness of the Corps' Annual Report process established in WRRDA 2014.
- Requires added transparency with Army Corps reports on maintenance backlog obligations.

MAINTAINS REGULAR ORDER:

- Ensures proper Congressional oversight of the Army Corps of Engineers, provides regular opportunity for reform, and enables Congress to address infrastructure needs by maintaining the two-year cycle of considering WRDA legislation.
- Saves money by allowing needed infrastructure improvements and project modifications to move toward completion, preventing unnecessary project cost increases that occur with delays.

TITLE II: DRINKING WATER SYSTEM IMPROVEMENT

MODERNIZES OUR DRINKING WATER INFRASTRUCTURE:

- Brings greater investment in and modernization of the country's aging drinking water infrastructure.
- Authorizes more than \$4.4 billion over three years for the state drinking water revolving loan fund program.
- Improves accountability by aiding states and utilities with compliance and asset management.
- Protects communities by updating antiterrorism and resilience measures at public water systems.
- Enhances transparency for consumers about the quality of their drinking water.
- Authorizes \$100 million over the next two fiscal years for areas affected by natural disasters that need help repairing their drinking water systems or hooking up to other ones to obtain potable drinking water.

TITLE III: ENERGY

PROMOTES HYDROPOWER DEVELOPMENT AND INCREASES FERC TRANSPARENCY:

- Encourages the use of clean, baseload hydropower by streamlining the regulatory permitting process.
- Gets new hydropower projects to market faster, saving time and money.
- Removes barriers to investments in hydropower, which creates jobs and provides low-cost, emissions-free electricity to consumers.
- Strengthens consumers' participation in the FERC rate process by increasing transparency.

TITLE IV: OTHER MATTERS

STORMWATER AND WASTEWATER INFRASTRUCTURE IMPROVEMENTS & LEGISLATIVE REAUTHORIZATIONS:

- Reauthorizes the Water Infrastructure Finance and Innovation Act (WIFIA) through 2021.
- Eases administrative burdens and provides additional sources of funding for State Infrastructure Financing Authorities when applying for WIFIA loans, and makes other improvements to the program.
- Assists small, rural, Tribal communities and low income households with technical assistance in meeting their clean water needs.
- Provides communities with additional resources for combating sewage overflows.
- Ensures on-the-job training, skills development, and apprenticeships in the water utility sector as well as connecting students to career paths in the water utility sector.



EXHIBIT "E"

North and Central Orange County IRWM Program Request for Proposition 1 Santa Ana Funding Area Program Changes

Summary

North and Central Orange County completed an updated Integrated Regional Water Management (IRWM) Plan (*The OC Plan*) in March 2018 that was adopted by the County of Orange, Orange County Water District (OCWD), and Orange County Sanitation District (OCSD). *The OC Plan* set forth a governance structure for program implementation. This structure relies on engaged stakeholders as the primary decision-making body supported by a Regional Water Management Group (RWMG) consisting of the County of Orange, OCWD, and OCSD. The RWMG, on behalf of stakeholders, is requesting changes to the IRWM program as explained below.

State IRWM program bond funds are allocated based on state-created Funding Areas. North and Central Orange County are in the Santa Ana Funding Area. The Santa Ana Watershed Project Authority (SAWPA) currently manages the sole state-approved regional program, referred to as 'One Water One Watershed (OWOW)', within the Funding Area.

In July 2018, the North and Central OC RWMG requested the following changes to the OWOW program:

- *The OC Plan* be incorporated as a separate chapter within the OWOW Plan;
- Projects within North and Central Orange County be ranked and prioritized for Proposition 1 IRWM funding through the process developed in *The OC Plan*; and
- 38% of total available future grant funds be allocated to priority projects identified in *The OC Plan*.

Frequently Asked Questions

Q. Why is it important for *The OC Plan* to be a chapter in the OWOW Plan?

A. *The OC Plan* has a distinctly different approach to ranking and prioritizing projects for grant funds that considers the water resource priorities which are unique to Orange County and are not well represented within the OWOW Plan.

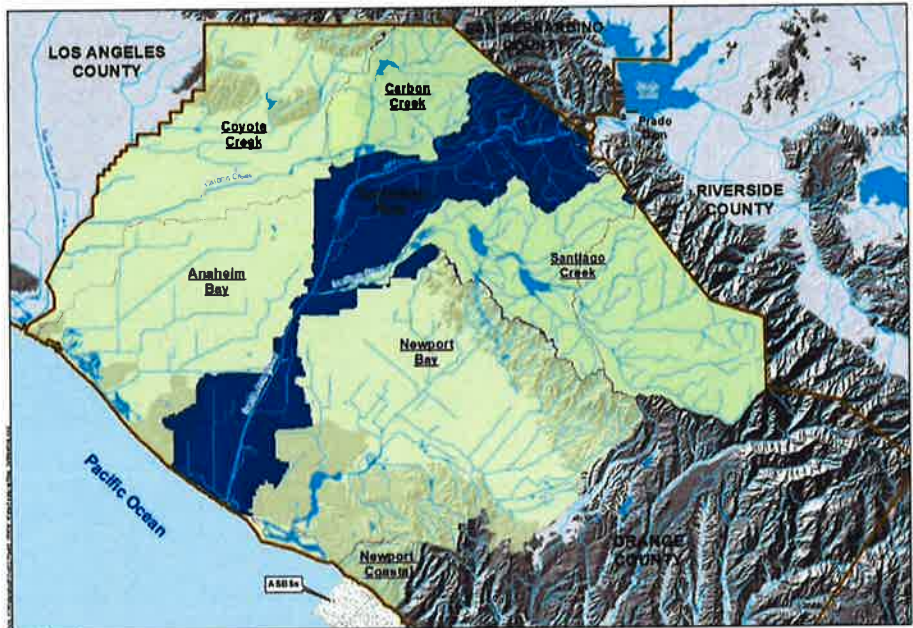
Q. What is unique about Orange County?

A. Less than 20% of the land area in North and Central Orange County is hydrologically connected to the Santa Ana River above Prado Dam. Unique Orange County water resource priorities include beach water quality, seawater intrusion, marine protected areas, Newport Bay watershed water quality and habitat issues, and surface water quality. Projects focused on these issues tend to be of less priority for grant funds through OWOW, which primarily focuses on issues related to the Santa Ana River.

North and Central Orange County Watersheds

Q. Why 38%?

A. The state uses a formula to allocate funds to each Funding Area based on population and land area. Using this same formula, the percentage of land area and population of the portion of Orange County within the Santa Ana Funding Area is 38%.



Q. How much would be available for projects if 38% of the Funding Area grants from Proposition 1 IRWM was allocated to North and Central Orange County?

A. North and Central Orange County would have up to \$17 million in grant funds for local projects over both rounds of the Proposition 1 IRWM grant program.

Q. Does Orange County have any other options regarding management of the IRWM Program?

A. North and Central Orange County can opt to continue to participate in the OWOW program and have projects ranked and prioritized through this process. This is how Orange County participated in the Proposition 84 grant program. Another option is for Orange County to submit a Region Acceptance Process (RAP) application to the CA Department of Water Resources in order to become a separate region within the Santa Ana Funding Area.

Q. What about South Orange County?

A. South Orange County Watershed Management Area is in the San Diego Funding Area. This Funding Area created three separate DWR-approved regions, one of which is South OC. IRWM grant funds are split according to the same land area and population split used by the state to divide IRWM funds. South OC receives 13% of the IRWM funds and conducts a process where South OC stakeholders compete based on water resource priorities set in the South OC IRWM plan.

For more information contact:

Christy Suppes
christy.suppes@ocpw.ocgov.com
(714) 955-0673

DENIS R. BILODEAU, P.E.
SHAWN DEWANE
CATHY GREEN
DINA NGUYEN
VICENTE SARMIENTO
STEPHEN R. SHELDON
TRI TA
JAMES VANDERBILT
BRUCE WHITAKER
ROGER C. YOH, P.E.

EXHIBIT "F"



ORANGE COUNTY WATER DISTRICT

ORANGE COUNTY'S GROUNDWATER AUTHORITY

President
DENIS R. BILODEAU, P.E.

First Vice President
VACANT

Second Vice President
SHAWN DEWANE

General Manager
MICHAEL R. MARKUS, P.E., D.WRE

November 1, 2018

Carmel Brown, P.E., Chief
Financial Assistance Branch, Division of Integrated Regional Water Management
Department of Water Resources
1416 Ninth Street, P.O. Box 94836
Sacramento, CA 94236-0001

RE: North Orange County Region in the California Integrated Regional Water
Management Program - Support

Dear Ms. Brown:

On behalf of Orange County Water District (OCWD) and the 13 cities, five retail water districts, and one investor owned water utility that we serve (which include Anaheim, Buena Park, Fountain Valley, Fullerton, Garden Grove, Huntington Beach, La Palma, Newport Beach, Orange, Santa Ana, Seal Beach, Tustin, Westminster, East Orange County Water District, Irvine Ranch Water District, Mesa Water District, Serrano Water District, Yorba Linda Water District, and Golden State Water Company), we are writing in support of the formation of a new Integrated Regional Water Management (IRWM) region for north Orange County.

While north Orange County has participated in the IRWM program as a part of the Santa Ana River Watershed region, Orange County has unique water resource priorities and challenges that are distinct from the watershed. We understand that the new region will focus on water management issues of concern to Orange County, such as beach water quality, groundwater quality, stormwater management, and coastal resource protection.

We believe that a new North Orange County Region will improve integrated regional water management, increase stakeholder involvement in the IRWM program, and build on existing interagency collaboration and cooperation that has been a foundation of water resource management in the county.

Carmel Brown, P.E.
November 1, 2018
Page 2 of 2

Thank you for your consideration of this matter. Please contact OCWD's Executive Director of Planning and Natural Resources, Greg Woodside, at gwoodside@ocwd.com or 714-378-3275, or me, if we may be of assistance to you or your staff.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Markus", with a stylized flourish extending to the right.

Michael R. Markus, P.E.
General Manager
Orange County Water District

November 12, 2018

Prepared by: T. Mossbarger

Submitted by: C. Clary

Approved by: Paul A. Cook

ACTION CALENDAR

ANNUAL MICROSOFT ENTERPRISE AGREEMENT SOFTWARE MAINTENANCE RENEWAL

SUMMARY:

The Microsoft Enterprise Agreement for Software Maintenance, which provides upgrades and maintenance for all of the Microsoft software used by the District, expires on November 30, 2018. This agreement provides discounted pricing for software maintenance and licenses to state and local government entities. Staff recommends renewal of the Microsoft Enterprise Agreement for a three-year period effective December 1, 2018 through November 30, 2021 in the amount of \$510,000.

BACKGROUND:

The District participates in the Microsoft Enterprise Agreement for state and local governments, providing for software upgrades and maintenance for all Microsoft software used by the District. The agreement provides discounted pricing for software maintenance on existing licenses as well as new licenses. The District uses Microsoft Windows Desktop operating system, Microsoft Office (Word, Excel, PowerPoint, Access, Visio, Project, and Outlook), Microsoft SQL Data Base, and Microsoft Server operating system software. The agreement covers all versions of the Microsoft software products purchased and allows the District to upgrade to new versions as they become available.

In addition to the software maintenance, the agreement provides on-line training for a majority of the software products, as well as training class vouchers for technical training provided by Microsoft certified training partners. Additionally, the agreement provides for use of Microsoft Office software by staff on their home computers through the Home Use Program. Employees are able to download this software for a nominal fee and install it for personal use as well.

Staff recommends renewal of the Microsoft Enterprise Agreement effective December 1, 2018 through November 30, 2021 in the amount of \$510,000.

FISCAL IMPACTS:

The amount for FY 2018-19 based on the renewal of the Microsoft Enterprise Agreement Software Maintenance agreement is approximately \$170,000 per year and \$510,000 for the three-year term. The \$170,000 is included in the approved FY 2018-19 operating budget.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on November 6, 2018.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE RENEWAL OF THE MICROSOFT ENTERPRISE AGREEMENT FOR A THREE-YEAR PERIOD EFFECTIVE DECEMBER 1, 2018 THROUGH NOVEMBER 30, 2021 IN THE AMOUNT OF \$510,000.

LIST OF EXHIBITS:

None.

November 12, 2018

Prepared by: T. Mossbarger

Submitted by: C. Clary

Approved by: Paul A. Cook

ACTION CALENDAR

BUSINESS INTELLIGENCE CLOUD DISASTER RECOVERY IMPLEMENTATION AND REPORTING CONSULTANT SERVICES VARIANCE APPROVAL

SUMMARY:

The District's Oracle Business Intelligence (BI) Cloud Disaster Recovery Implementation and Reporting project was started in October 2017. BI is an Oracle module used for analyzing data and presenting information to enhance decision making. The project provides for a backup Cloud Disaster Recovery (DR) environment for BI in the event of a system failure. The scope of the project included several initial user operational reports to be developed. The District entered into a Professional Services Agreement with Dilytics to assist with the implementation. A variance is needed to the Professional Services Agreement for development of additional reports. Staff recommends that the Board authorize the General Manager to execute a variance to the agreement with Dilytics, Variance No. 4 in the amount of \$426,000, and approve a budget increase in the amount of \$246,000 each to Projects 10345 and 10347 for a total of \$492,000.

BACKGROUND:

In September 2017, the Board authorized the General Manager to execute a Professional Services Agreement in the amount of \$241,000 with Dilytics for the Oracle BI Cloud Disaster Recovery Implementation and Reporting. Staff determined that in addition to the Oracle Financial and Project Management Cloud DR environment, a separate BI Cloud DR environment was needed. A cloud solution is more secure in the event of a system failure or natural disaster as the previous DR environment was located at the Michelson Operations Center. The Oracle BI Cloud DR Implementation was successfully completed in June 2018.

In order to maximize the benefits from the Oracle Financial Upgrade Project, staff identified opportunities for additional reporting that are not part of the standard Oracle reports. Initial reporting requirements were identified during meetings with staff from various departments and are approximately 65% complete.

Subsequent to the identification of initial reporting requirements and training which provided an improved understanding by staff of the capabilities of the Oracle System, staff and Dilytics met with key IRWD stakeholders to review additional requirements for use of BI enhanced analytical reporting, including dashboards and automation of certain reporting currently performed manually. A dashboard is a data visualization tool that displays the identified metrics and key performance indicators (KPIs) for an enterprise on a single screen. Several rounds of meetings were held to identify requirements and Dilytics provided proof of concept dashboards for review. A variance is needed to the Professional Services Agreement with Dilytics to develop common BI dashboards and to develop additional Human Resources, Payroll, Finance, and Water Use Efficiency reports that will replace time consuming, labor intensive reporting done manually.

The following is a summary of the variances for the Professional Services Agreement:

Variance No. 1 in the amount of \$32,640 for additional project management reports under the Director of Administrative Services' signature authority on March 20, 2018;

Variance No. 2 in the amount of \$39,680 for additional financial reports and installation of a BI development environment under the Executive Director of Finance and Administration's signature authority on April 5, 2018;

Variance No. 3 in the amount of \$17,920 for additional accounts receivable reports and mapping modifications under the General Manager's signature authority on August 22, 2018; and

Variance No. 4 in the amount of \$426,000 for development of common BI dashboards, additional Human Resources, Payroll, Finance, and Water Use Efficiency reports, and other reports as well as travel and expenses. The variance is attached in Exhibit "A".

FISCAL IMPACTS:

The BI Cloud Implementation and Reporting, Projects 10345 and 10347, are included in the FY 2018-19 Capital Budget. A budget increase of \$492,000 is needed to fund additional staff labor and reports associated with Variances Nos. 2, 3, and 4.

Project No.	Current Budget	Addition <Reduction>	Total Budget
10345	\$155,000	\$246,000	\$401,000
10347	\$155,000	\$246,000	\$401,000
Total	\$310,000	\$492,000	\$802,000

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on November 6, 2018.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE A VARIANCE TO THE AGREEMENT WITH DILYTICS FOR VARIANCE NO. 4 IN THE AMOUNT OF \$426,000 FOR THE ORACLE BUSINESS INTELLIGENCE CLOUD DISASTER RECOVERY IMPLEMENTATION AND REPORTING AGREEMENT AND APPROVE A BUDGET INCREASE IN THE AMOUNT OF \$246,000 EACH TO PROJECTS 10345 AND 10347 FOR A TOTAL OF \$492,000.

Action Calendar: Business Intelligence Cloud Implementation and Reporting Consultant
Services Variance Approval
November 12, 2018
Page 3

LIST OF EXHIBITS:

Exhibit "A" – Variance No. 4 for development of common BI dashboards, additional Human Resources, Payroll, Finance, and Water Use Efficiency reports, and other reports as well as travel and expenses

IRVINE RANCH WATER DISTRICT

PROFESSIONAL SERVICES VARIANCE REGISTER

Project Title: <u>Oracle Business Intelligence Software Services</u>				
Project No.: <u>10345/10347</u> Project Manager: <u>Mohit Saini</u>				
Variance No.	Description	Dates		Variance Amount
		Initiated	Approved	
1	Additional BI reports and correction of existing reports and data validation.	3-20-2018	3/20/2018	\$32,640
2	Additional BI reports and correction of existing reports and data validation	4-05-2018	4/05/2018	\$39,680
3	Additional BI reports and mapping of data from EBS to BI.	8-22-2018	8/22-2018	\$17,920
4	Dashboards, reports, and mapping corrections	9-25-2018		\$426,000

S No	Ref No	Requirements Description	Owner	Estimated Fee
Common Dashboard Items				
1	NA	Total Expenditures for the year - Operating Budget - Show anything above 90% E.g. Training	By Department	\$ 8,320
2	NA	Overtime Hours in last Pay Period/ Fiscal/Calendar Year to Date	By Department	\$ 12,160
3	NA	Standby Hours in last Pay Period/ Fiscal/calendar Year to Date	By Department	\$ 13,440
4	NA	Vacation and Sick Hours accrued/taken calendar YTD	By Department	\$ 23,680
		Vacation/sick hours taken beyond accrued		
5	NA	Count of Employees who haven't taken personal holiday	By Department	\$ 10,240
6	NA	Employee Turnover - Voluntary/Involuntary	By Department	\$ 12,160
7	NA	Vacancies - Fulltime Regular	By Department	\$ 15,360
8	NA	Temporary Labor	By Department	\$ 14,080
9	NA	Leave of Absence - Categorize by paid/unpaid/Short Term/Long Term disability	By Department	\$ 16,640
10	NA	Amount left against a PO/Project		\$ 7,040
11	NA	Purchasing vendor analysis/utilization(PO number and amount YTD)	By Department	\$ 8,960
12	NA	General Ledger Fund Balances	Cash Accounts by type of Cash. Dashboard item for Finance only.	\$ 9,600
		Dashboard Items SubTotal		\$ 151,680
New BI Reports				
13	53	IRWD Census 0516 Hartford Marketing	HR	\$ 24,320
14	48	Marta's HR Census report needs to be rebuilt (To be rebuilt in discussion with current HR folks)	HR	\$ 6,400
15	59	Revisit BI Security by Roles and Responsibilities	IS	\$ 12,800
16	103	Configure Domain Mappings for HR Module and validate data for OOTB Dashboards	HR/Payroll	\$ 24,960
17	106	Employee Home address along with benefit details	HR	\$ 640
18	108	Ticket on Oracle Utilities Analytics (OUBI) - Dashboards---> Oubi reports for IRWD - ---> Month-end GL Detailed Report	Finance	\$ 3,200
19	109	Create new ODI managed servers in UAT	IS	\$ 12,800
20	NA	Accrued balance compared to account budget.	Water Use Efficiency	\$ 11,520
21	NA	State Controller's Report	Payroll	\$ 17,280
22	NA	Costing Report/ Element Detail Report - W2/Element Hours Report - These 3 are different flavors of same report	Payroll	\$ 18,560
23	52	Create a new report which will capture any changes to employees like change in title, promotions, transfers. EBS - Workers Organization Movement	HR	\$ 19,200
24	NA	Employee Turnover By Longevity Ratio	HR	\$ 13,440
25	NA	Personnel Comparison By Department(10,20,30...)	HR	\$ 17,920
26	99	Position Dimension is not part of the load plan.	Daniel/HR	\$ 1,280
27	NA	3 medium complexity report items - one each for Finance, HR and Payroll	Finance/HR	\$ 25,000
		Additional Reports (10% Contingency)		\$ 40,000
		BI Reports SubTotal		\$ 249,320
Travel				
28	NA	Travel and Expenses		\$ 25,000
Total				\$ 426,000

November 12, 2018

Prepared by: N. Hastings / A. McNulty

Submitted by: F. Sanchez / P. Weghorst *FSW*

Approved by: Paul A. Cook *P. Cook*

ACTION CALENDAR

CONSULTANT SELECTION FOR A STUDY OF IRWD'S FUTURE POTENTIAL WATER EFFICIENCY

SUMMARY:

A study of IRWD's Future Potential Water Efficiency is proposed to assist IRWD with understanding the current extent and impacts of water efficiency programs, device saturation, identifying opportunities for future water savings, and evaluating the potential efficacy of future water efficiency programs within IRWD. The results of the study will inform the strategic planning, design, and implementation of future water efficiency programs and support activities that will IRWD's ensure compliance with statewide water use efficiency targets. Staff issued a Request for Proposal (RFP) to 18 firms to conduct the study; three proposals were received. Staff recommends the Board authorize the General Manager to execute a Professional Services Agreement with EKI Environment & Water in the amount of \$158,958 to conduct a study of IRWD's Future Potential Water Efficiency.

BACKGROUND:

IRWD has a long history of implementing water efficiency programs. A study of IRWD's Future Potential Water Efficiency will help to keep the District at the forefront of water use efficiency and strategically guide future program planning efforts. The study horizon will extend through 2040 to align with the Urban Water Management Plan planning period.

Benefits of a Study of IRWD's Future Potential Water Efficiency:

A study of IRWD's Future Potential Water Efficiency will provide the following benefits:

- Quantify the water savings of past indoor and outdoor water efficiency programs. Savings would be determined by customer sector, water type, indoor and outdoor use, village and other relevant factors;
- Identify the most cost-effective potential indoor and outdoor water efficiency programs based on the avoided water and embedded energy costs. The avoided costs would be determined by customer sector, water type, village, and other relevant factors;
- Inform future water efficiency program design and provide the foundation for the next update to the District's Water Efficiency Plan;
- Provide IRWD with a methodology to plan and track future water efficiency programs and savings; and
- Further enhance IRWD's role as an industry leader in water and energy efficiency.

Consultant Selection Process:

On August 21, 2018, staff issued an RFP to 18 firms to conduct a study on Future Potential Water Efficiency. Three firms submitted proposals: A & N Technical Services, EnviroSMART Solutions Group, and EKI. Staff completed a thorough evaluation of the proposals, conducted interviews and completed reference checks. The consultant selection matrix is attached as Exhibit "A".

Staff recommends the selection of EKI to complete the work. Key strengths of the EKI's proposal include:

- A strong project team that has in-depth understanding and expertise in designing, implementing, analyzing and modeling water efficiency programs to support water resources planning efforts;
- Extensive experience using principles of data science and analytics to conduct and present quantitative analyses of water efficiency program saturation and effectiveness; and
- Significant experience developing unique and proven methods to evaluate water use and savings potential to identify where best to target programs, identify future program opportunities and inform the strategic targeting and implementation of water efficiency programs.

Following the evaluation, staff met with EKI to negotiate and finalize the scope of work and overall fee. EKI's final scope of work, cost estimate and schedule are attached as Exhibit "B".

FISCAL IMPACTS:

Funding in the amount of \$158,958 is included in the FY 2018-19 Operating Budget.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act as authorized under the California Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Policy and Communications Committee on November 5, 2018.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH EKI ENVIRONMENT & WATER IN THE AMOUNT OF \$158,958 TO CONDUCT A STUDY ON IRWD'S FUTURE POTENTIAL WATER EFFICIENCY.

LIST OF EXHIBITS:

Exhibit "A" – Consultant Selection Matrix

Exhibit "B" – EKI Environment & Water Scope of Work

EXHIBIT "A"
CONSULTANT EVALUATION MATRIX

Future Potential Water Efficiency Study Consultant Selection Matrix

Item	Description	Weights	A & N Technical Services	EKI	Enviro Smart			
A	TECHNICAL APPROACH	60%						
1	Adherence to RFP Requirements	10%	2	1	3			
2	Understanding of required services and project details	25%	2	1	3			
3	Approach and Methodology	45%	2	1	3			
4	Schedule	20%	2	1	3			
	Weighted Score (Technical Approach)		2.00	1.00	3.00			
B	QUALIFICATIONS AND EXPERIENCE	40%						
1	Project Manager	50%	1 Thomas Chesnutt, CAP, Pstat PhD, 28 yrs Exp	2 Kathryn Wuelfing MESM, 12 yrs Exp	3 Ajay Dhawan BS, 9 yrs Exp			
2	Technical Leads	20%	1 Dana Holt MS, 31 yrs Exp Patrick Atwater MS, 8 yrs Exp Christopher Tull MS, 3 yrs Exp David Pekelny, PhD 27 yrs Exp Maureen Erbeznik 28 yrs Exp	2 Nelson Schlater, P.E. MS, 20 yrs Exp Tina Wang, P.E. MS, 4yrs Exp Anona Dutton, P.G./C.Hg MS, 17 yrs Exp	3 Lisa Maddaus, P.E. MS, 22 yrs exp Anil Bamezai, PhD 27 yrs Exp Michelle Maddaus, P.E MBA, 18 yrs exp Chris Matyas 18 Yrs Exp, BS Eng. Tess Kretschman 12 yrs Exp			
3	Project Team Experience (sub and prime)	20%	2	1	3			
4	Firm's Relevant Experience (sub and prime)	10%	2	1	3			
	Weighted Score (Experience)		1.30	1.70	3.00			
	COMBINED WEIGHTED SCORE		1.72	1.28	3.00			
	Ranking of Consultants		2	1	3			
C	SCOPE OF WORK							
TASK		Task Hours	FEE	Task Hours	FEE	Task Hours	FEE	
1	Project Administration	168	\$27,080	166	\$36,700	60	\$10,650	
2	Historical Water Efficiency Program Analysis	296	\$38,120	280	\$51,929	224	\$36,220	
3	Future Water Efficiency Program Analysis	410	\$57,880	216	\$40,810	190	\$32,350	
4	Data Analysis and Processing	376	\$48,520	48	\$8,095	80	\$14,720	
5	Reporting	160	\$21,680	102	\$19,874	200	\$32,400	
6	Production Costs, Travel, etc.		\$0		\$1,550		\$3,500	
7								
8								
	SUB-TOTAL PROFESSIONAL SERVICES, FEES (Does Not Include Optional Items)		1,410	\$193,280	812	\$158,958	754	\$129,840
15	Optional Items							
	TOTAL PROFESSIONAL SERVICES, FEE		1,410	\$193,280	812	\$158,958	754	\$129,840
	Does not include optional tasks		Avg \$/hr	\$137		\$196		\$172
D	OTHER							
	Miscellaneous Items							
	Joint Venture	Yes		No		Yes		
	Exceptions taken to IRWD Std. Contract	No		No		No		
	Insurance (Professional & General Liability)	Yes		Yes		Yes		

September 17, 2018

Irvine Ranch Water District Office
Engineering Counter
15600 Sand Canyon Ave.
Irvine, CA 92718

WATER EFFICIENCY POTENTIAL STUDY

Dear Ms. McNulty:

EKI Environment & Water, Inc. (EKI) is pleased to submit this Proposal in response to the *Request for Proposal for a Water Efficiency Potential Study* (RFP) issued by the Irvine Ranch Water District (IRWD or District) on August 21, 2018. EKI understands that IRWD is seeking a well-qualified consultant to: (1) evaluate the current extent of water use efficiency (WUE) program and device saturation the District's service area; (2) identify opportunities for future water savings; and (3) evaluate the cost effectiveness of potential WUE programs to inform IRWD's future planning and strategic implementation.

EKI is uniquely qualified to provide the District with the technical expertise needed to successfully complete this Project. We are well-suited to work closely with the District to perform this Water Efficiency Potential Study for the reasons highlighted below.

- EKI has extensive experience using principles of data science and analytics to conduct and present quantitative analyses of WUE program saturation and effectiveness and to support strategic planning of WUE programs. We have also used this approach to support other water resources planning efforts including the development of Drought Response Plans, Water Shortage Contingency Plans (WSCPs), and Urban Water Management Plans (UWMPs) for water retailers throughout California.
- Through our work for retail and wholesale water agencies, we have developed unique and proven methods to evaluate water use and savings potential including: (1) geospatial analysis of WUE program participation density (i.e., "hot and cold spot" analysis) to identify well-served and under-served areas of customers; (2) measurement of actual water savings achieved from program participation; (3) identification of program participation drivers relative to geographic, customer demographic and property characteristic data; and (4) application of these analyses to identify future program opportunities and inform the strategic targeting and implementation of WUE programs.
- EKI advises clients on the evolving water conservation regulations related to the *Making Water Conservation a California Way of Life* initiative, including assisting clients with understanding the developing regulations and their potential implications.
- EKI has significant experience working with, and presenting to, staff, boards and stakeholders on matters related to water conservation. For example, Ms. Dutton of EKI was responsible for implementation of the multi-million-dollar Bay Area Water Supply and Conservation Agency

Formerly known as **B-1** & Kallnowski, Inc.

(BAWSCA) regional water conservation program, which was administered on behalf of its 26-member agencies. As such, she brings applicable “boots on the ground” experience regarding what it takes to implement a successful water conservation strategy, including the funding and support required.

- EKI understands the District’s desire to develop this study in a cost-effective manner and has demonstrated a strong capability to adhere to established budgets and schedules similar to what will be required to successfully execute this Project.

Our collaborative, data-driven approach to this Water Efficiency Potential Study will help IRWD evaluate and adapt its efforts to respond to the changing water supply reliability and regulatory environment. We look forward to working with you and welcome any questions you may have about our proposal.

Very truly yours,

EKI Environment & Water, Inc.

A handwritten signature in blue ink, appearing to read 'Anona Dutton'.

Anona Dutton, P.G., C.Hg.
Vice President / Principal-In-Charge

A handwritten signature in blue ink, appearing to read 'Kathryn Wuelfing'.

Kathryn Wuelfing
Project Manager

SCOPE

EKI Environment & Water, Inc. (EKI) understands that the Irvine Ranch Water District (IRWD or District) has a long history of water use efficiency (WUE) program implementation and analysis, including achieving a significant reduction in single-family residential (SFR) indoor water use from 2007 – 2012, which was a primary focus of IRWD’s WUE programs at that time.¹ In more recent years, particularly during and after the historic drought of 2013-2015, IRWD’s WUE focus has shifted more heavily towards programs that target outdoor water use by all customers. Given that the District consistently offers WUE programs to its customers and that the particular programs and suite of offerings are continually adapted to respond to a variety of drivers, including District need, technological innovation, drought conditions, and program cost-effectiveness, EKI proposes this study of water efficiency potential to strategically guide the District’s future program planning efforts.

We are committed to conducting a study that meets IRWD’s objectives. We are open to refinements to our proposed scope to achieve a project result that best fits the needs of the District and its customers.

We have prepared this proposal in response to the *Water Efficiency Study Request for Proposals (RFP)* dated 21 August 2018. Based on the RFP, we understand that IRWD’s primary objectives for this Water Use Efficiency Study are to, at a minimum:

1. Quantify the water savings of past indoor and outdoor water efficiency programs, by customer sector, water type, indoor and outdoor use, village, and other relevant factors; and
2. Identify the most cost-effective potential indoor and outdoor water efficiency programs based on the avoided water and embedded energy costs, by customer sector, water type, village, and other relevant factors.

We have developed the scope described below to meet these objectives and to support IRWD by:

- Leveraging IRWD’s past program participation and customer water use data to help the District better understand more about which customers are participating in which programs and to accordingly inform strategic design, selection, and marketing of future WUE programs and services;
- Employing a rigorous, data-driven method to evaluate geospatial, demographic, and property characteristic trends in program participation and to identify geographic areas and customer characteristics that are currently under-represented in program participation;
- Evaluating current program saturation rates based on active program participation and the passive, natural replacement of fixtures using a calibrated² conservation model tool;
- Estimating the maximum potential water savings for future programs based on the distribution of current water use by IRWD customers and identification of the reasonably attainable, but highly-efficient level of water use that is achievable with today’s technology for each customer sector;

¹ IRWD, 2013. *Irvine Ranch Water District Water Efficiency Plan*, December 2013.

² The passive savings model will be calibrated with observed water demand reduction data for IRWD customers to ensure a more accurate assessment of current device saturation and projection of future passive adoption rate.

- Developing and evaluating the water savings and cost-effectiveness of up to four (4) WUE program scenarios, each reflective of a different potential WUE strategy (i.e., Business as Usual, Outdoor Water Efficiency Only, Targeting of Under-Represented Market Sectors, and Aggressive/Water Shortage-Driven); and
- Developing compelling maps, charts and graphics that will support visualization of the results and conclusions of this Study and make them accessible to a broad audience, including the public and decision-makers.

We have presented our proposed scope and approach under the tasks below, based on the RFP and our understanding of IRWD's system, available data, and objectives. We have proposed a collaborative approach that allows for frequent opportunities for input by District staff at all stages throughout the Project. We feel that this collaborative process between District staff and EKI will result in the most beneficial work product and outcome for IRWD and its customers.

Task 1: Project Administration

Based on our experience conducting similar efforts, EKI places high value on collaboration with, and input from, District staff throughout the Project development process. We have distinguished ourselves in our ability to develop open and lasting relationships with our clients that facilitate the efficient development of project components, and better ensures that the resultant work product meets or exceeds expectations. Based on our interactions with District staff to date, we feel strongly that our teams can work closely together to affect a successful and compelling Project.

Subtask 1a – Project Management and Meetings

A key means to ensure that District staff input is incorporated, and that the Project schedule, budget, and expectations are well managed, is through frequent and organized communications. EKI will work with District staff to identify mutually beneficial means and frequency of communication and have identified the following key items that will provide the scaffolding for efficient Project management:

- One (1) in-person project kickoff meeting to introduce key members of the Project team and to review project scope and objectives;
- Provide an anticipated schedule for each task, which will be updated as needed so that the District is adequately informed of Project progress and status;
- Provide monthly invoices supported by progress status reports, which will be broken down by task and subtask as identified in this proposal;
- Participation in approximately periodic progress meetings (teleconference) and preparation of brief meeting notes to document key decisions and action items (assumed 6 meetings); and
- Up to (2) in-person meetings to present key Project results.

For each meeting EKI will develop an agenda and brief meeting minutes, which will include action items, key decisions, and other items of record.

We have assumed that the District will designate one staff member as the project manager, and that the IRWD project manager will be the primary point of contact and responsible for facilitating coordination, participation, and other input from other IRWD staff, as appropriate.

Subtask 1b – Review of Available Project Data and Identification of Key Data Gaps and Potential Approaches to Filling Data Gaps

EKI understands that IRWD has a significant amount of readily available data that can be applied for this Project (e.g., water use and historical water efficiency program data at the account and meter level, geospatial coordinates for each meter, embedded energy values assigned to each meter, North American Industry Classification System [NAICS] codes for the majority of commercial, industrial and institutional customers, and a detailed land use database). As discussed further under Task 4, EKI will submit a detailed data request to IRWD immediately following the Project kick-off meeting. EKI will review the data provided by IRWD, relevant publicly available datasets³ to the extent that they supplement data provided by IRWD, and existing reports and documents (i.e., IRWD’s Water Efficiency Plan, Embedded Energy Plan, Water Shortage Contingency Plan), and any other materials provided by District staff.

Technical Memorandum #1

Following the review of these data, EKI will prepare a draft technical memorandum (TM) to document the data assimilation effort (TM #1). This memorandum will: (1) summarize the available data, (2) identify data gaps material to key analyses, and (3) describe planned approach to fill these gaps (e.g., assumptions, additional analysis, or additional data to be compiled, as discussed with District staff). This TM will also include a preliminary “data exploration” analyses to understand trends and the level of significance of data gaps, and may include an evaluation of potential approaches to bridging such data gaps.

EKI will provide the draft TM #1 to IRWD for review and comment. Comments on the draft TM #1 will be incorporated into the draft Project report, described under Task 5.

Task 1 Deliverables

- Project kick-off and bi-weekly meetings, with agendas and meeting notes
- Task-based Project schedule, updated as needed
- Monthly invoices and task-based progress status reports
- Draft TM #1: Summary of Available Data, Key Data Gaps, and Potential Data Gap-Filling Approaches

Timing is Everything

EKI recommends extending the historical study period to include summer 2018 to allow for evaluation of participation trends over a longer post-drought period (i.e., the “rebound”).

EKI also recommends extending the future study horizon through at least 2040, for consistency with the next Urban Water Management Plan (UWMP) planning period.

Task 2: Historic Water Efficiency Program Analysis

IRWD has a very active water conservation program and suite of offerings and outreach campaigns, which are complimented by regional conservation program offerings provided by Metropolitan Water District (MWD) and Municipal Water District of Orange County (MWDOC). EKI understands that IRWD tracks the implementation of these WUE programs and routinely assesses their effectiveness. However, one of the objectives of this Project is to perform a comprehensive analysis and quantification of: (1) rates of participation in WUE programs and associated program saturation; and (2) water savings achieved

³ Such as Assessor’s parcel classifications, land use classifications, and Census-demographic data.

through implementation of past WUE programs. The results of this task will be used to inform the analysis of potential future WUE program opportunities under Task 3.

The RFP specifies that the WUE program analysis should consider program participation from 2005 through 2017. However, given the timing of this Project,⁴ we suggest including evaluating participation and water use through the summer of 2018, to capture more of the “post-drought” period and relevant trends.

Subtask 2a – Analysis of Past Program Participation and Program Saturation

As part of the basis for estimating the remaining potential for future WUE programs and savings (Task 3), EKI will evaluate past customer participation in up to ten (10) WUE programs (or groups of programs)⁵ and saturation rates based on both active and passive adoption of water-efficient technologies and behaviors. The results of these analyses will help IRWD to better understand more about which customers are participating in which programs and will accordingly inform strategic design, selection, and marketing of future WUE programs and services. Each of the sets of analyses described herein will include the development of compelling maps, charts and graphics that will support visualization of the results and conclusions and make them accessible to a broad audience.

Past Program Participation

EKI will summarize the total participation and device distribution from past program participation from 2005 through summer 2018. Participation will be evaluated relative to key geographic, property, and customer demographic characteristics. More specifically, program participation will include breakdown and comparisons by:

- Customer sector category (i.e., single-family residential [SFR], multi-family residential [MFR], large landscape, commercial, institutional, and industrial, or another similar breakdown);
- Industry grouping based on NAICS code (for Commercial, Industrial and Institutional [CII] programs);
- Village (for residential programs);
- Neighborhood-level median household income, based on Census data (for residential programs);

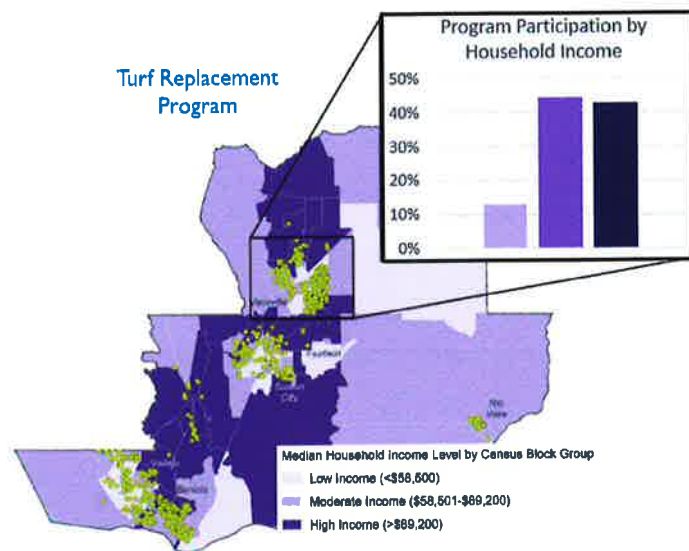


Figure 1. Example analysis of program participation by household income, based on Census Block Group. Our work in other regions indicates that lower income households have disproportionately low participation rates in WUE programs.

⁴ Project is anticipated to begin in late October or early November 2018.

⁵ In EKI’s experience, performance of the analysis on a smaller number of key programs can yield very compelling results. If desired, additional programs can be assessed for an additional fee. Like-programs may be grouped together (e.g., by device) or separately (e.g., to evaluate the difference in participation in rebate versus no-cost programs).

- Age of building stock based on County Assessor parcel data (for residential and CII programs, as appropriate); and
- Building or lot size, based on County Assessor parcel (for residential and CII programs, as appropriate).

This analysis will also look at temporal trends in program participation, with a particular focus on changes in program participation before, during, and following the recent drought and in connection with specific marketing and outreach campaigns.

Given the wide variety of programs offered to IRWD customers (by IRWD, MWD, and MWDOC) over the study period, EKI will work with IRWD to determine appropriate program groupings (e.g., by device type) so that the resultant analyses are streamlined into meaningful and actionable categories. These groupings will be used consistently for the analyses described below.

Evaluation of Trends of Multiple Program Participation

EKI understands that IRWD wishes to understand program saturation on the whole home-level as well as consider water savings achieved by WUE program “bundles.” EKI will therefore evaluate trends in customer multi-program participation by residential households. This analysis will aim to answer questions such as:

- What proportion of customers have elected to only participate in only indoor or only outdoor programs?
- What proportion of customer have participated in one program, several programs, or many programs?
- Do customers who have participated in multiple programs tend to participate all at once or participate in different programs over the course of several years?

Based on the results of this evaluation, and in consultation with IRWD, EKI will identify any geographic, property characteristic, or demographic characteristics that appear to be driving these participation trends.

Geospatial Participation Density Analysis

EKI proposes to perform geospatial analyses of program participation to identify program participation density for various programs and groups of programs (see Figure 2). This analysis will be used to identify statistically significant areas of high and low participation density (participation “hot” and “cold” spots) for residential water use efficiency programs. These results will be summarized and presented by village which: (1) will allow for a comparison of the relative program

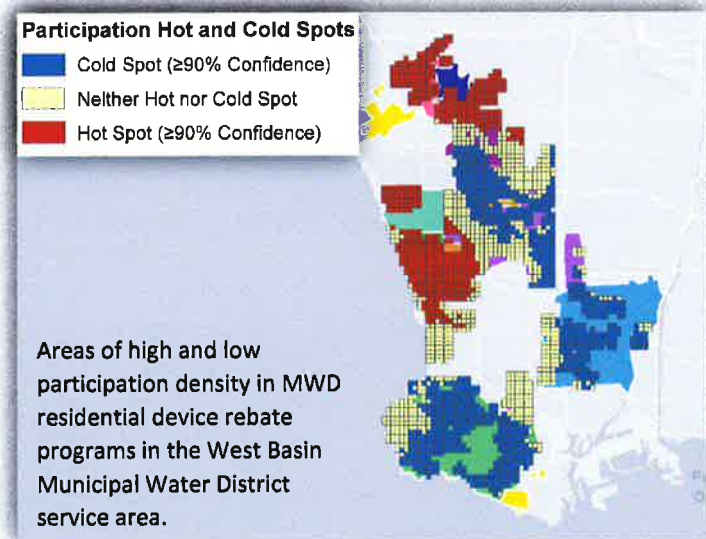


Figure 2. Example Geospatial Hot Spot Analysis

saturation between villages, and (2) can be used to inform future program targeting and marketing efforts. Maps will be produced showing hot and cold spots based on villages, for each device and customer type. These data can also be provided to IRWD as GIS files.

We have employed this methodology for other water agencies throughout the State and find that it is an effective way to both quantify and visualize participation density trends across large, diverse service areas. Such an analysis transforms program participation mapping (often shown as a myriad of overlapping dots) into meaningful results that can be easily digested and used to inform program targeting and marketing. This technique can also be used to help illustrate non-quantifiable benefits, such as the “neighbor-to-neighbor” effect that is sometimes associated with the adoption and spreading of certain WUE programs (e.g., lawn conversion programs).

Natural (Passive) Fixture Replacement

Natural, or passive, replacement of fixtures is difficult to quantify and is typically done one of two ways: (1) using modeled estimates based on past studies and literature values, or (2) based on surveys or audits of customers. In our opinion, it is difficult and typically cost- and schedule-prohibitive to obtain a statistically representative sample size for this information by telephone or in person survey. For example, in the recent Water Conservation Potential Study⁶ conducted by the Los Angeles Department of Public Works (LADWP), 615 telephone surveys of SFR customers were conducted, representing just 0.1% of the over 450,000 SFR accounts in the service area. In our opinion, such a small sample size does not result in a higher level of confidence in the accuracy of change-out rates relative to what is achieved using modeled values based on other studies and literature values.

Trust... but Verify

Model assumptions and results of natural fixture replacement savings will be calibrated using observed water demand reductions at accounts that have NOT participated in WUE programs. Validating the modeled passive adoption savings with actual water use trends will ensure a more accurate assessment of current device saturation and projection of future passive adoption rates.

EKI understands that IRWD uses the Alliance for Water Efficiency (AWE) Water Conservation Tracking Tool to model and track the effectiveness of its WUE programs. One of the elements of this tool is an estimate of natural, or passive, fixture replacement and the associated water savings due to new plumbing and building codes. EKI proposes to use this function of IRWD’s AWE Tracking Tool as the initial basis to estimate natural replacement over the study period. EKI will then evaluate the observed reduction in water use at accounts that have not participated in active WUE programs and compare the observed demand reduction to the modeled values. The AWE Tracking Tool model assumptions will then be adjusted based on this comparison and input from IRWD staff to ensure a high level of confidence in the modeled values.

Device Saturation

Building from the analyses described in the sections above, EKI will quantify program saturation rates based on: (1) known program participation, and (2) estimated natural replacement rates. Device saturation will be summarized by customer sector, home/account level, and village. Saturation rates for CII accounts will also be summarized by industry. This analysis will also consider the results of geospatial,

⁶ LADWP, 2017. Water Conservation Potential Study, Executive Report, September 2017.

demographic, and property characteristic trends in program participation to identify geographic areas and characteristics that are under-represented in terms of program participation. The results of this analysis will be used to develop and identify opportunities for future WUE programs under Task 3.

Technical Memorandum #2

Preliminary results of the above analyses will be shared with District staff during regular Project update meetings, which will allow IRWD to provide feedback and guidance. Following the completion of the above analyses of WUE program participation and saturation, EKI will prepare a draft TM to document the analytical methods and results (TM #2). TM #2 will describe the source of the data, technical approach, total devices distributed via the various WUE programs, and estimated device saturation by customer sector, home/account level, and village. TM #2 will include compelling maps, charts and graphics that will support visualization of the results and conclusions and make them accessible to a broad audience.

EKI will provide the draft TM #2 to IRWD for review and comment. Comments on the draft TM #2 will be incorporated into the draft Project report, described under Task 5.

Subtask 2b – Analyze and Quantify Water Savings Achieved by Past Programs

In order to analyze and quantify actual water savings achieved due to past program participation, EKI proposes to utilize a “cohort analysis method” to measure program-specific water savings at the account-level based on billing history and program participation data. In our work with other agencies we have found this to be a robust, cost-effective, and transparent method of quantifying real and program-specific water savings, providing more confidence in future water savings for planning purposes, and presenting clear and defensible results to decision-makers and the public.

As illustrated in Figure 3, to quantify water savings achieved by a given WUE program, EKI will compare water use before and after implementation of a given WUE measure/intervention (typically a device replacement or audit) for program participants to the water use at geographically- or industry-stratified cohort accounts who have not participated in the same or other WUE programs in the given time frame.⁷ The incremental volume of water saved by program participants compared to that of the cohort can then be attributed to program participation, as all other factors are normalized.

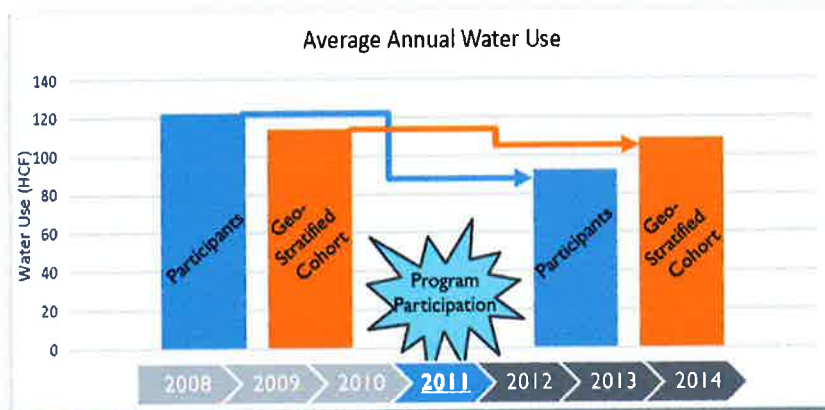


Figure 3. Geographically-stratified cohort method for measuring incremental water savings associated with WUE program participation. As can be seen in the above figure, while both the “participants” and the “cohorts” reduced their water use over the selected time frame, the participant group reduced their water use more than the cohort, allowing quantification of the real and measurable water savings associated with program participation.

⁷ To be included in the analysis, participant accounts cannot have participated in any other program during this timeframe and all accounts included in the analysis must be active (i.e., occupied and demonstrating a minimum level of annual water use).

Specifically, for residential water users, comparing the change in participating account water use to a non-participating cohort located in the same geographic area (e.g., Census Block Group or other discrete land use grouping designated by IRWD) effectively controls for factors that can influence water use including, climate, house and yard size, general socio-economic factors, etc. Stratification of commercial and industrial user cohorts by NAICS industry grouping provides a similar set of controls under this method. As with the above analyses, WUE programs will be grouped to limit the overall number of analyses to those that are most meaningful for planning purposes (e.g., by fixture/appliance type).

Technical Memorandum #3

Following the completion of the program water savings analysis, EKI will prepare a draft TM to document the methods and results (TM #3). TM #3 will describe the source of the data, technical approach, water savings by selected WUE program/measure, and total water savings by customer sector, home/account level, and village. TM #3 will include compelling maps, charts and graphics that will support visualization of the results and conclusions and make them accessible to a broad audience.

EKI will provide the draft TM #3 to IRWD for review and comment. Comments on the draft TM #3 will be incorporated into the draft Project report, described under Task 5.

Task 2 Deliverables

- Draft TM #2: Historical Water Efficiency Program Participation and Saturation
- Draft TM #3: Water Savings Achieved by Past Programs

Task 3: Future Water Efficiency Program Analysis

EKI understands that the District consistently offers WUE programs to its customers but that the programs and suite of offerings expand and contract commensurate with District need, technological innovation, drought conditions and program cost-effectiveness. Therefore, under this task, EKI proposes to evaluate: (1) current water use and the opportunities for future water savings, (2) up to four WUE program scenarios, each reflecting a different potential WUE strategy, and (3) the water savings and cost-effectiveness of implementing each these scenarios.

The RFP suggests the study period for future analysis should extend from 2019 to 2030. EKI recommends extending this study period further, through at least 2040, for consistency with the next Urban Water Management Plan (UWMP) planning period. Water use savings will be calculated for each customer sector and industry classification, and summarized at the agency-wide level.

Subtask 3a – Evaluation of Current Water Use and Opportunities for Water Savings

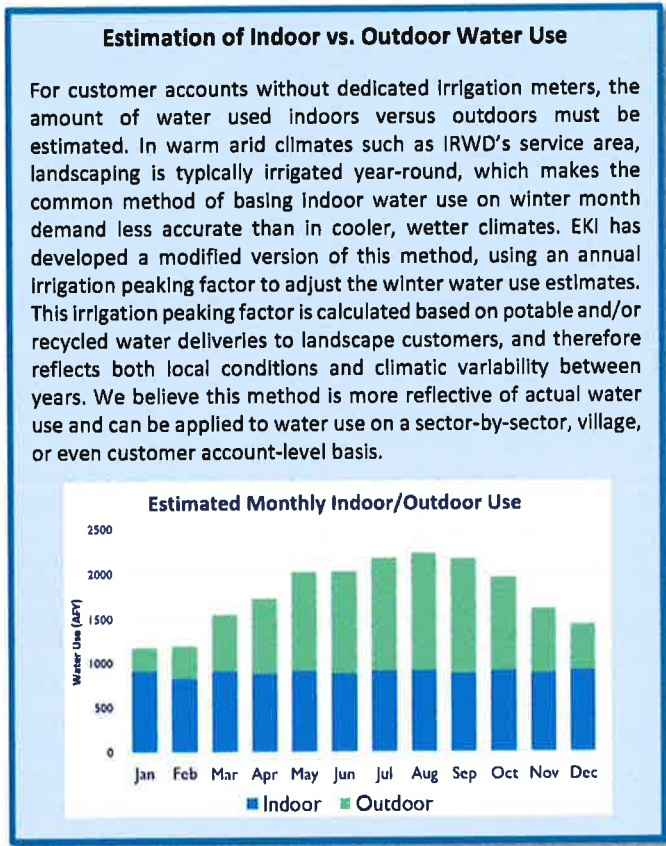
In order to evaluate the potential for future water savings and programs, and to inform the WUE program scenarios described below, EKI proposes to evaluate current water use by IRWD customers by customer sector and village. In addition to total water use, this evaluation will: (1) quantify indoor versus outdoor water use, and (2) identify the maximum savings potential by customer sector.

Indoor vs. Outdoor Water Use

Indoor versus outdoor water use will be quantified based on the method described in the text box to the right. Outdoor water use remains the biggest “knob” to be turned with respect to WUE. Identifying the percentage of water use that remains dedicated to landscape irrigation provides a focused target for the implementation of WUE programs and provides an estimate for water savings potential.

Estimated Maximum Potential Savings per Water Sector

In order to determine the maximum potential water savings for IRWD over the planning horizon, EKI proposes to use a “population statistics approach” to identify current high efficiency users within each customer sector and industry group.⁸ EKI will evaluate the distribution of current water use for customers within specific customer sectors and industry groups. Then, based on the distribution curves, an annual, per-account water use value will be selected that is representative of a reasonably attainable, but highly-efficient water use that is achievable with today’s technology - for example, selecting the 90% Lower Confidence Limit of the mean for each customer category.⁹ This “high efficiency” benchmark for each customer sector will be used to project an estimate of the maximum potential savings over the planning horizon (i.e., if each SFR account only used this much water, how much water could we save?). The specific methodology will be refined based on the actual data, and EKI anticipates presenting several options for review and discussion with IRWD staff.



Subtask 3b – Future Water Efficiency Program Scenarios

EKI proposes to evaluate the four (4) WUE program implementation scenarios described below. EKI will work with IRWD to define the specific programs to be included under each scenario, and will consider similar scenarios previously applied such as those reflected in the 2015 Embedded Energy Plan.¹⁰

- **Scenario 1 – Business as Usual Model:** Per the RFP, this scenario will reflect a business-as-usual model with WUE programs offered to customers under normal supply conditions. This approach

⁸ For this analysis, EKI will work with IRWD to parameterize the “population” for inclusion in this analysis. For example, single-family residential water users included in this analysis may be limited to active accounts with property sizes greater than 4,000 square feet and less than 10,000 square feet.

⁹ Water use may not follow a normal distribution and different distributions may be observed in different customer categories. The distribution types will be determined and parametric or non-parametric lower confidence limit calculation methods will be applied as appropriate.

¹⁰ IRWD, 2015. Embedded Energy Plan Final Report, prepared by Navigant Consulting Inc. and HDR Engineering, Inc., December 2015.

will include a suite of cost-effective programs open to all customers on a voluntary basis, with the goal of being easily sustained with minimal to moderate staff resources. This scenario will include a mix of indoor and outdoor programs.

Tradeoffs and Policy

The feasibility of potable reuse shifts the value proposition for recycled water, and consequently the value of indoor water use efficiency.

However, because Scenario 2 does not reduce hot water use, the associated energy savings would be lower.

- Scenario 2 – Outdoor Water Use Efficiency Only Model:** This scenario will reflect a WUE program that focuses all efforts on outdoor water use, including (if desired by IRWD), programs that increase efficiency of current/existing recycled water users. Indoor water use has the potential for recapture and recycling through the sanitary sewer system, while water used outdoors is lost from the system. This scenario balances the increasing value and utility of recycled water for IRWD with the need for overall water demand reduction and IRWD’s past success reducing indoor water use. Like the Business as Usual model, this scenario will focus on programs open to all customers on a voluntary basis and minimal to moderate staff resources.

- Scenario 3 – Targeting Under-Represented Market Sectors Model:** This scenario will reflect a WUE program that focuses on reaching the customer groups and market sectors identified under Task 3 as having been under-represented by participation in programs to date. This scenario will consider both indoor and outdoor programs and, based on consultation with IRWD, may include programs that have eligibility limitations for participation.

- Scenario 4 – Aggressive, Water Shortage-Driven Model:** Per the RFP, this scenario will reflect the implementation of more aggressive WUE programs during drought conditions or supply shortages that require greater than 20% water demand reduction (e.g., inclusive of Water Shortage Contingency Planning Levels 1, 2, and 3, see Figure 4). This scenario

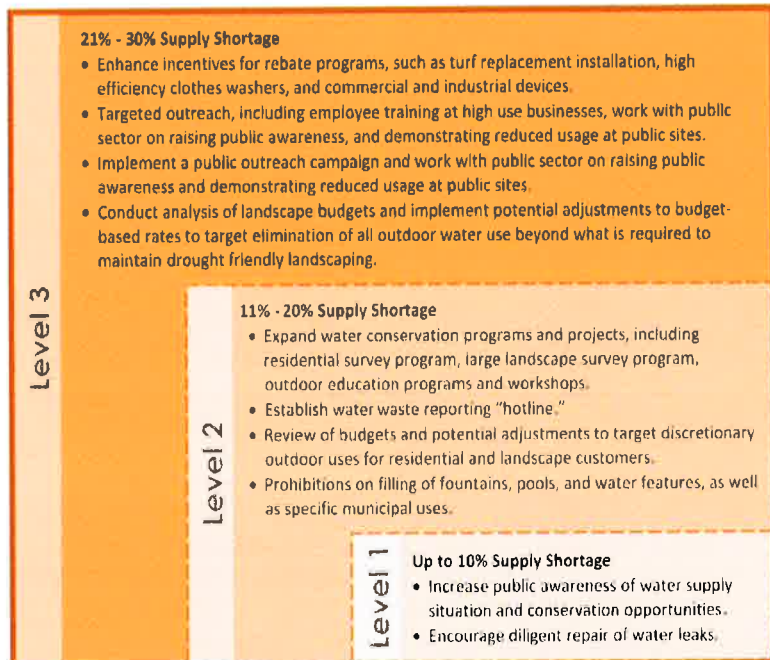


Figure 4. Shortage Levels and Response Actions Considered for a 21-30% Supply Scenario, IRWD 2018 WSCP Update. Scenario 4, Aggressive model will reflect WUE programs that would be implemented during a Level 3 water shortage.

will reflect WUE programs that require an increased level of staff resources and more aggressive targeting of specific customer groups.

In developing the above scenarios, EKI will include higher performance technologies that are currently or likely available in the near-term (e.g., <1 gallon per flush toilets, new leak detection and water loss control technologies, etc.) as well as behavior-based measures (e.g., adjustment of irrigation watering schedules and timing, and use of membrane filtration cleaning for swimming pools in lieu of draining and refilling). Subtask 2a includes an evaluation of device saturation that considers active WUE programs, passive/natural replacement of fixtures, and identification of customer sectors and groups that are under-represented in active WUE program participation. The results of this analysis will also be used to inform the development of these scenarios. The hot and cold spot participation density analysis and the demographic and property characteristic analyses described under Subtask 2a will be used to identify any customer groups that are currently under-represented by participation in past programs. The findings of this evaluation will be used, in particular, to inform Scenario 3. These four scenarios will serve as the basis for the analyses described below.

Subtask 3c – Cost-Effectiveness of Future Programs

EKI understands that a key component of this study is the identification of program cost efficiency based on the avoided water and embedded energy costs. Cost-effectiveness of WUE is complicated to quantify because many of the benefits are indirect, and can include: (1) the deferred cost of obtaining new or additional water supply, (2) the deferred costs of infrastructure expansion, (3) enhanced water supply reliability, (4) avoided costs of water treatment and conveyance (i.e., embedded energy costs), (5) reduction of urban runoff from irrigation over-watering, (6) compliance with state regulations and initiatives like *Making Water Conservation a California Way of Life*, and (7) supporting an ethic/culture of responsible stewardship of natural resources.

EKI therefore proposes to quantify the cost-effectiveness of the program scenarios identified above with the following considerations and analyses:

- Analysis will include estimates of embedded energy savings based on the meter-specific embedded energy values provided by IRWD.
- EKI assumes that IRWD will provide estimated staff and program costs associated with the WUE program scenarios, based on staff’s experience implementing similar programs.

Necessity is the Mother of Invention

As water agencies face reduced supply reliability and the need for growth and new development within their service areas, many are addressing challenge through local water demand offset policies, which require developers to contribute or institute demand reduction projects.

*Notably, there has also recently been a shift to include require **on-site reuse of blackwater** (wastewater including that from toilet flushing).*

EKI has evaluated water demand offset policies on behalf of agencies and is currently working with private sector clients to implement on-site blackwater reuse for toilet flushing, roof irrigation, and cooling tower makeup uses. Treatment for on-site reuse includes package systems with biological, membrane, and disinfection steps, ranging from individual building treatment systems to a “cluster” treatment system serving multiple buildings and/or the entire industrial/commercial development. More frequent sampling and residuals disposal are factored into the overall evaluation to decide if individual systems or a cluster system is the more cost-effective approach.

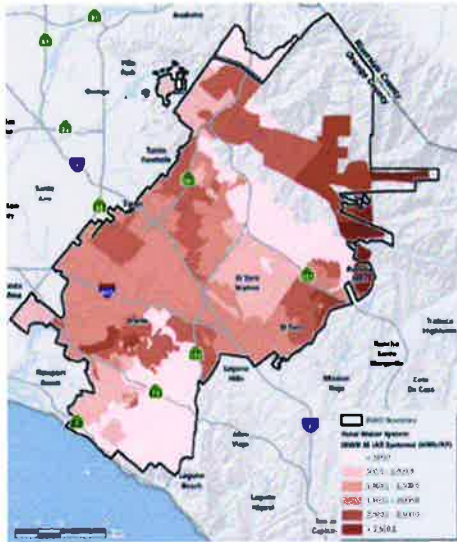


Figure 5. Energy intensity (kWh/AF) associated with water service varies by customer location, due to differences in water source, treatment process, pumping elevation, distribution loss, wastewater collection and treatment, etc.

- EKI will discuss and confirm estimates of measure lifetime, penetration rates, adoption rates, and avoided costs included in the analyses.
- EKI will utilize IRWD’s version of the AWE Conservation Tracking Tool to model projected cost and water savings.
- Estimates of avoided costs will be based on embedded energy and other avoided costs for imported water and wastewater service, as provided by IRWD.

Technical Memorandum #4

Following the completion of the program water savings, EKI will prepare a draft TM to document the methods and results of Subtasks 3a through 3c (TM #4). TM #4 will describe the source of the data, technical approach, current water use and maximum potential savings, estimated water savings under conservation program scenarios, and relative cost effectiveness. TM #4 will include compelling maps, charts and graphics that will support visualization of the results and conclusions and make them accessible to a broad audience.

EKI will provide the draft TM #4 to IRWD for review and comment. Comments on the draft TM #4 will be incorporated into the draft Project report, described under Task 5.

Task 3 Deliverables

- Draft TM #4: Future Water Savings Potential

Task 4: Data Analysis and Processing

As described previously, EKI will provide IRWD with an initial data request within one week of the Project kick-off meeting. EKI understands that IRWD will provide data as Excel spreadsheets with a unique service point identified (SP_ID) for all program participants. EKI assumes that the SP_ID will be mapped to relevant account information such as location coordinates, customer sector, NAICS code, and water use billing history. EKI has extensive experience managing and analyzing large quantities of conservation program, account-level water use, geospatial, and other data using Excel, Microsoft Access, Microsoft SQL Server, R, and ArcGIS, among other tools.

To facilitate the analyses in Tasks 2 and 3, EKI will build a working relational database in Microsoft Access or SQL Server (as appropriate, depending on the amount of data), to manage and mine program participation and account-level water use data. EKI has found this approach to have many benefits for similar projects, in that it facilitates efficient management and manipulation of large datasets; allows for the utilization of queries that allow for efficient repetition of analyses for multiple programs, including sensitivity analyses; and facilitates the transfer of data to and from ArcGIS to support geospatial analyses. This Project database and other files summarizing analytical results (Excel workbooks and GIS files) can be provided to IRWD at the completion of the Project.

For the analyses described under Tasks 2 and 3, EKI will evaluate WUE programs and potential by categories as described below:

- Customer Sector and Sub-sector:** EKI will analyze the water efficiency potential by IRWD customer sectors including SFR, MFR, CII, potable irrigation, and recycled irrigation. EKI will work with IRWD to determine the appropriate sub-sectors to be included in this analysis (e.g., separating the commercial sector into small and large businesses based on square footage and water consumption and/or industry based on NAIC codes). The analysis will include an estimate for indoor versus outdoor use for each customer sector and sub-sector, using the methodology described in Task 3; EKI will work with IRWD to determine the specifics of applying this methodology.
- Market Events and End Use:** The analyses under Tasks 2 and 3 will identify and consider the water efficiency potential of major market events that target a specific customer sector and create new opportunities for water efficiency. These market events may include new technologies as identified in Task 3, industrial process line upgrades, replacement of failed and failing equipment or products, remodeling, and retrofit. The estimated maximum potential water savings by sector and industry analysis described under Subtask 3a will be used to identify the “most efficient” level of water use based on current technology.

CII Performance Measures

DWR is in the process of developing CII performance measures by 2021 through a stakeholder process. These performance measures may include some combination of the following:

- Educating CII water users on best management practices,
- Conducting water use audits,
- Preparation of individual water management plans,
- Conversion of mixed CII meters to dedicated irrigation meters for large landscapes,
- Other technologies in lieu of dedicated irrigation meters, and/or
- Detailed classification of CII accounts.

**For purposes of future Water Use Objectives, CII performance measures exclude process water use.*

Prior to conducting the analyses under Tasks 2 and 3, EKI will discuss assumptions and methodology with IRWD staff during bi-weekly meetings (Task 1) and obtain confirmation regarding the assumptions and methodology in writing from IRWD.

Task 4 Deliverables

- Development of project database to support Tasks 2 and 3

Task 5: Reporting

Demand Curve/ Water Efficiency Program Prioritization

After evaluating the water efficiency potential of specified customer sectors under each scenario in Task 3, EKI will develop “demand curves” for each WUE measure/scenario that weighs the potential for adoption rates of each measure/scenario by customer sector, with the anticipated water savings, cost of program implementation, and cost effectiveness identified under Task 3. Based on this, and in consultation with

IRWD, the WUE program scenarios will be prioritized by customer sector and grouping. The results of this prioritization will be included in the *Water Efficiency Potential Study Report* described below.

Report of Water Efficiency Potential Study

Based on the information developed pursuant to Tasks 2 through 4, EKI will incorporate IRWD input on the draft TMs and prepare a draft *Water Efficiency Potential Study Report* that includes an explanation of study methodology and approach, results, conclusions and output data. The Draft Report will also include the demand curves developed under this task and a tabular and graphical summary of the annual incremental water savings potential by fiscal year and cumulative water savings potential through the study period (e.g., 2030 or 2040). The Draft Report will be provided to IRWD staff for review and comment.

Following receipt of IRWD comments on the Draft Report, EKI will revise and prepare a Final *Water Efficiency Potential Study Report*. The Final Report will be delivered to IRWD including five (5) paper copies and one (1) electronic copy, as well as associated electronic files including narrative text in Microsoft Word format and spreadsheet files in Microsoft Excel format.

Task 5 Deliverables

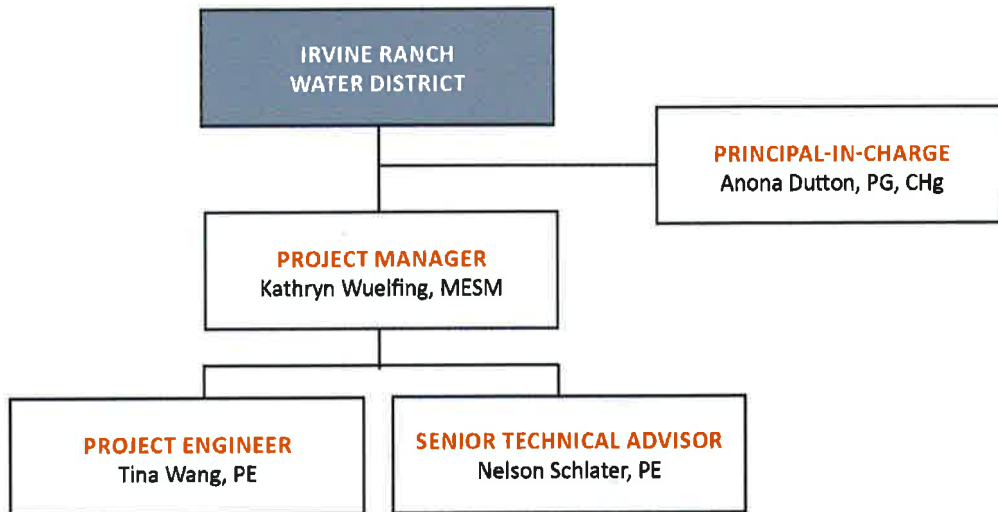
- Draft Water Efficiency Potential Study Report
- Final Water Efficiency Potential Study Report and associated electronic files

TEAM

The qualifications, experiences and roles of the key professionals are summarized below, with detailed resumes for key personnel included in Attachment B. EKI understands key personnel assigned to the project shall not be reassigned without prior written approval from IRWD.



Each EKI team member understands the importance of staff continuity on projects and is fully committed to this project.



Anona Dutton, PG, CHg – Principal-in-Charge

Ms. Dutton has over 17 years of professional experience performing and managing water resources projects. She has managed multi-million dollar efforts to secure reliable water supplies for water agencies and developers, including leading the technical efforts to minimize the water footprint of new and existing development; assessing groundwater and surface water rights and supply yields; securing water transfer options; and evaluating the feasibility of developing new water supply sources such as recycled water, desalination water, and other non-potable sources (stormwater, rainwater, and greywater). Her work has also included Water Conservation Program Planning, developing Water Supply Master Plans, supporting the development of Water System Master Plans, conducting Water Supply Assessments (WSAs), and preparing UWMPs and WSCPs. *As Principal-in-Charge, Ms. Dutton will provide strategic and technical direction, QA/QC, and ensure that appropriate staff resources are made available to meet the project needs.*

Kathryn Wuelfing, MESM – Project Manager

Ms. Wuelfing has over 12 years of experience working in environmental science and water resources, and brings a specialization in the design of figures and complex graphics to communicate data-rich concepts to technical and non-technical audiences alike. Her work at EKI has included water resources planning; designing and implementing data-driven water conservation program evaluation and modeling techniques; development of spreadsheet-based and database tools for use by clients; groundwater and stormwater hydrogeologic modeling; predictive modeling of water use, sewer flows, and wastewater quality for municipal water agencies; and developing UWMPs and SB 610-compliant WSAs. Ms. Wuelfing assists clients with compliance with and preparation for changing water conservation regulations, including the *Making Water Conservation a California Way of Life* initiative. Ms. Wuelfing’s technical skills include design and

management of relational databases, geospatial relational databases (ESRI ArcGIS tools), SQL programming, data visualization and presentation, and statistical analysis. As Project Manager, Ms. Wuelfing will serve as the primary Client contact, coordinate the team's work on a daily basis, track budget and overall project schedule, and develop project goals and technical approaches.

Tina Wang, PE – Water Resources Engineer

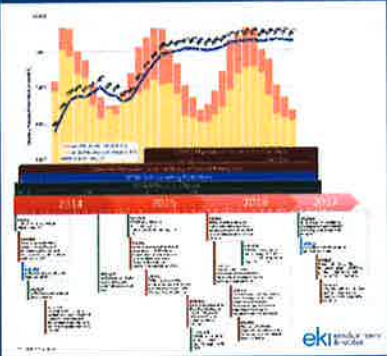
Ms. Wang has an educational background in water resources, hydrologic, water quality, and environmental engineering. She has project experience in supporting public clients with water resources planning, which includes developing UWMPs, WSCPs, water and sewer master plans, and drought response plans, as well as conducting WSA. She has also provided technical support on water system permitting, water right evaluations, water transfers, and Sustainable Groundwater Management Act implementation. As Water Resources Engineer, Ms. Wang will be responsible for researching and compiling project information, performing geospatial and quantitative analyses, drafting documents, and preparing information tables and graphics.

Nelson Schlater, PE – Principal Engineer/Senior Technical Advisor

Mr. Schlater has 20 years of municipal experience (11 years of aerospace experience for a total of 31 years of engineering experience). Mr. Schlater has lead efforts in designing water and wastewater treatment systems for both industrial and municipal applications, including on-site blackwater treatment for non-potable water needs such as toilet flushing, cooling towers, and landscape irrigation. These efforts also involve evaluation of water balances and flow rates for industrial processes and cooling tower end uses. He has managed water and wastewater master and facility planning and pipeline and treatment projects ranging from planning to complex design and construction support. He lead-authored the equipment procurement chapter and co-authored the design chapter in the *Water Environment Federation (WEF), Manual of Practice (MOP) 36: Membrane Bioreactors*. As Senior Technical Advisor, Mr. Nelson will be available as a resource to support project analyses and development of technical approaches, especially related to the CII sector.

REFERENCES

Below, we have specified three clients who can speak to the performance of the key EKI team members included in this proposal on projects similar to this Project. For additional information regarding these and other projects, please refer to EKI’s Statement of Qualifications submitted to IRWD in July 2018.

PROJECT NAME	CLIENT REFERENCE
<p data-bbox="305 510 646 573">Residential Water Use and Conservation Potential Study</p> 	<p data-bbox="735 510 1170 541">Solano County Water Agency (SCWA)</p> <p data-bbox="735 577 1130 774"> Andy Florendo Water Conservation Coordinator 810 Vaca Valley Parkway, Ste. 203 Vacaville, CA (707) 455-1111 aflorendo@scwa2.com </p>
<p data-bbox="272 930 683 993">Water Use Efficiency Strategic Plan Development</p> 	<p data-bbox="735 930 1312 961">West Basin Municipal Water District (West Basin)</p> <p data-bbox="735 997 1076 1197"> Gus Meza Sr. Water Efficiency Specialist 17140 S Avalon Blvd Carson, CA 90746 (310) 660-6209 gusm@westbasin.org </p>
<p data-bbox="261 1455 703 1518">Drought Report Support and Regional Water Supply Reliability Modeling</p> 	<p data-bbox="735 1455 1312 1518">Bay Area Water Supply and Conservation Agency (BAWSCA)</p> <p data-bbox="735 1554 1044 1753"> Nicole Sandkulla General Manager 155 Bovet Road, Suite 650 San Mateo, CA (650) 349-3000 nsandkulla@bawasca.org </p>

BUDGET

Table 1 – Budget Estimate for Proposed Scope of Work
Irvine Ranch Water District

TASKS	EKI Labor						Expenses			TOTAL
	G5 or CAD/ GIS	G2 - Tina Wang	Project Manager (AS1) - Kat Wuelfing	SEN I - Nelson Schlater	OFC - Anona Dutton	TOTAL EKI Labor, including 4% Comm. Charge (1)	CAD/GIS Charge (per hour)	OTHER DIRECT COSTS (?)	TOTAL EXPENSES (1)	
	124	175	213	270	280	(\$)	\$20		(\$)	(\$)
Task 1 – Project Administration										
Subtask 1a – Project Management and Meetings										
Kick-off Meeting at IRWD			10		8	\$4,545	\$0	\$750	\$0	\$5,295
Regular meetings (teleconference; assumed 6 meetings)			18		6	\$5,735	\$0	\$0	\$0	\$5,735
Up to 2 in-person meetings to present key project results			20		8	\$6,760	\$0	\$800	\$0	\$7,560
Ongoing project management			20		2	\$5,013	\$0	\$0	\$0	\$5,013
Subtask 1b – Review of Available Data, Identification of Key Data Gaps and Potential Approaches to Filling Data Gaps										
Review and Identification of Data Gaps	4	12	8		2	\$5,054	\$0	\$0	\$0	\$5,054
Draft TM #1: Summary of Available Data & Data Gaps Assessment	4	24	16		4	\$9,593	\$0	\$0	\$0	\$9,593
Subtotal	8	36	92	0	30	\$36,700	\$0	\$1,550	\$0	\$38,250
Task 2 – Historic Water Efficiency Program Analysis										
Subtask 2a – Analyze Past Program Participation and Program Saturation										
Past Program Participation	20	8	4		2	\$5,504	\$0	\$0	\$0	\$5,504
Evaluation of Trends of Multiple Program Participation	8	4	8		2	\$4,114	\$0	\$0	\$0	\$4,114
Geospatial Participation Density Analysis	4	8	16		2	\$6,099	\$0	\$0	\$0	\$6,099
Natural (Passive) Fixture Replacement	12	16	4	2	2	\$6,490	\$0	\$0	\$0	\$6,490
Device Saturation	24	8	4	2	2	\$6,581	\$0	\$0	\$0	\$6,581
Draft TM #2: Historical Water Efficiency Program Participation and Saturation	4	24	16		4	\$9,593	\$0	\$0	\$0	\$9,593
Subtask 2b – Analyze and Quantify Water Savings Achieved by Past Programs										
Water Savings Analysis	8	16	8		2	\$6,298	\$0	\$0	\$0	\$6,298
Draft TM #3: Water Savings Achieved by Past Programs	4	16	12		4	\$7,251	\$0	\$0	\$0	\$7,251
Subtotal	84	100	72	4	20	\$51,929	\$0	\$0	\$0	\$51,929

Table 1 – Budget Estimate for Proposed Scope of Work (continued)
Irvine Ranch Water District

TASKS	EKI Labor						Expenses			TOTAL
	GIS or CAD/ GIS	IG2 - Tina Wang	Project Manager (AS1) - Kat Wuelfing	SEN I - Nelson Schlatter	OFC - Anona Dutton	TOTAL EKI Labor, including 4% Comm. Charge (1)	CAD/GIS Charge (per hour)	OTHER DIRECT COSTS (2)	TOTAL EXPENSES (1)	
	124	175	213	270	280	(\$)	\$20		(\$)	(\$)
Task 3 - Future Water Efficiency Program Analysis										
Subtask 3a – Evaluation of Current Water Use and Opportunities for Water Savings										
Evaluation of water use by sector and village	12	12	4		2	\$5,200	\$0	\$0	\$0	\$5,200
Estimation of indoor and outdoor water use	12	18	6		2	\$6,735	\$0	\$0	\$0	\$6,735
Identify current highest efficiency water use benchmarks	12	18	6	2	2	\$7,297	\$0	\$0	\$0	\$7,297
Subtask 3b – Future Water Efficiency Program Scenarios	4	16	8	6	2	\$7,467	\$0	\$0	\$0	\$7,467
Subtask 3c – Cost-Effectiveness of Future Programs	8	16	8	2	2	\$6,860	\$0	\$0	\$0	\$6,860
Draft TM #4: Future Water Savings Potential	4	16	12		4	\$7,251	\$0	\$0	\$0	\$7,251
Subtotal	52	96	44	10	14	\$40,810	\$0	\$0	\$0	\$40,810
Task 4 - Data Analysis and Processing										
Data Analysis and Processing	24	8	16			\$8,095	\$0	\$0	\$0	\$8,095
Subtotal	24	8	16	0	0	\$8,095	\$0	\$0	\$0	\$8,095
Task 5 - Reporting										
Demand Curve/ Water Efficiency Program Prioritization	4	16	8	2	4	\$6,926	\$0	\$0	\$0	\$6,926
Prepare Draft Report	8	24	8		4	\$8,337	\$0	\$0	\$0	\$8,337
Prepare Final Report	4	12	6		2	\$4,611	\$0	\$0	\$0	\$4,611
Subtotal	16	52	22	2	10	\$19,874	\$0	\$0	\$0	\$19,874
TOTAL:	184	292	246	16	74	\$157,408	\$0	\$1,550	\$0	\$158,958

Notes:

- (1) A communications charge of 4% of labor costs covers e-mail access, web conferencing, cellphone calls, messaging and data access, file sharing, local and long distance telephone calls and conferences, facsimile transmittals, standard delivery U.S. postage, and incidental in-house copying.
- (2) "Other Direct Costs" includes direct expenses, as listed below, incurred in connection with the work and will be reimbursed at cost plus ten percent (10%) for items such as:
 - a. Maps, photographs, reproductions, printing, equipment rental, and special supplies related to the work.
 - b. Consultants, soils engineers, surveyors, drillers, laboratories, and contractors.
 - c. Rented vehicles, local public transportation and taxis, travel and subsistence.
 - d. Special fees, insurance, permits, and licenses applicable to the work.
 - e. Outside computer processing, computation, and proprietary programs purchased for the work.

JOINT VENTURE

EKI has the depth and breadth of resources to provide all services for this project in-house. No joint venture and/or proposed subcontract arrangements will be used during this Project.

CONFLICT OF INTEREST

EKI is not aware of any personal or organizational conflicts of interest prohibited by law that would impact this Project.

INSURANCE

EKI can comply with the District's insurance requirements. EKI carries at least \$1,000,000 coverage for professional liability, general liability and property damage.

CONTRACT

EKI has reviewed the sample Professional Services Agreement and notes no exceptions.

Attachment A
Schedule of Charges

Client/Address: Irvine Ranch Water District Office
Engineering Counter
15600 Sand Canyon Ave.
Irvine, CA 92718



Proposal/Agreement Date: 17 September 2018

EKI Project # B8-104

SCHEDULE OF CHARGES FOR EKI ENVIRONMENT & WATER, INC.¹

1 January 2018

<u>Personnel Classification</u>	<u>Hourly Rate</u>
Officer and Chief Engineer-Scientist	280
Principal Engineer-Scientist	270
Supervising I, Engineer-Scientist	260
Supervising II, Engineer-Scientist	250
Senior I, Engineer-Scientist	238
Senior II, Engineer-Scientist	225
Associate I, Engineer-Scientist	213
Associate II, Engineer-Scientist	199
Engineer-Scientist, Grade 1	185
Engineer-Scientist, Grade 2	175
Engineer-Scientist, Grade 3	160
Engineer-Scientist, Grade 4	140
Engineer-Scientist, Grade 5	124
Engineer-Scientist, Grade 6	109
Technician	100
Senior GIS Analyst	128
CADD Operator / GIS Analyst	113
Senior Administrative Assistant	125
Administrative Assistant	99
Secretary	82

Direct Expenses

Reimbursement for direct expenses, as listed below, incurred in connection with the work will be at cost plus fifteen percent (15%) for items such as:

- a. Maps, photographs, reproductions, printing, equipment rental, and special supplies related to the work.
- b. Consultants, soils engineers, surveyors, drillers, laboratories, and contractors.
- c. Rented vehicles, local public transportation and taxis, travel and subsistence.
- d. Special fees, insurance, permits, and licenses applicable to the work.
- e. Outside computer processing, computation, and proprietary programs purchased for the work.

A Communication charge for e-mail access, web conferencing, cellphone calls, messaging and data access, file sharing, local and long distance telephone calls and conferences, facsimile transmittals, standard delivery U.S. postage, and incidental in-house copying will be charged at a rate of 4% of labor charges. Large volume copying of project documents, e.g., bound reports for distribution or project-specific reference files, will be charged as a project expense as described above.

Reimbursement for company-owned automobiles, except trucks and four-wheel drive vehicles, used in connection with the work will be at the rate of sixty cents (\$0.60) per mile. The rate for company-owned trucks and four-wheel drive vehicles will be seventy-five cents (\$0.75) per mile. There will be an additional charge of thirty dollars (\$30.00) per day for vehicles used for field work. Reimbursement for use of personal vehicles will be at the federally allowed rate plus fifteen percent (15%).

CADD Computer time will be charged at twenty dollars (\$20.00) per hour. In-house material and equipment charges will be in accordance with the current rate schedule or special quotation. Excise taxes, if any, will be added as a direct expense.

Rate for professional staff for legal proceedings or as expert witnesses will be at a rate of one and one-half times the Hourly Rates specified above.

The foregoing Schedule of Charges is incorporated into the Agreement for the Services of EKI Environment & Water, Inc. and may be updated annually.

¹ Formerly known as Erler & Kalinowski, Inc.

November 12, 2018

Prepared and

submitted by: C. Compton 

Approved by: Paul A. Cook 

ACTION CALENDAR

2019 - 2020 FEDERAL ADVOCACY SERVICES

SUMMARY:

On September 4, 2018, the District released a Request for Qualifications (RFQ) for federal advocacy services. Through the RFQ process, IRWD sought to retain the firm best suited to meet the District's federal advocacy needs. The District received nine responses to the RFQ and interviewed the top two qualified firms. The two firms interviewed were Carpi & Clay and Kadesh & Associates.

Based on the firm's qualifications and strategic ability to influence policy decisions at the federal level, staff recommends that the Board authorize the General Manager to execute a Professional Services Agreement with Kadesh & Associates for federal advocacy services. The contract term is proposed to be December 1, 2018, through December 31, 2020 – covering the 116th Congress – and would include a \$10,000 monthly retainer plus reimbursement of reasonable direct expenses.

BACKGROUND:

IRWD released an RFQ for federal advocacy services on September 4, 2018. Statements of Qualifications (SOQs) in response to the RFQ were due October 1. The District received nine responses, from which two firms were selected for interviews. The list of the firms invited to respond to the RFQ and the list of firms that submitted SOQs is attached as Exhibit "A".

On October 15 and October 16, IRWD interviewed Carpi & Clay and Kadesh & Associates at their respective offices in Washington D.C. to provide federal advocacy services to the District. While both firms are exceptionally qualified, based on the SOQs and the interview, Kadesh & Associates presented the most robust qualifications related to federal advocacy on California water policy on behalf of public agencies and demonstrated the most comprehensive strategy for accomplishing IRWD's federal funding and policy objectives in alignment with the District's needs.

Kadesh & Associates – Qualifications:

Mark Kadesh, President of Kadesh & Associates, and his team of three have a combined 70 years of experience in regulatory and legislative affairs. Mr. Kadesh, who would serve as the primary point of contact between the Kadesh & Associates team and IRWD, has an extensive legislative and political background. Since 2007, Kadesh & Associates has represented clients at the federal level. Prior to becoming an advocate, Mr. Kadesh served as Chief of Staff for Senator Dianne Feinstein (D-CA) in addition to working for other members of Congress.

Joining Mr. Kadesh in representing IRWD will be Dave Ramey and Christian Kierig. Mr. Ramey will serve as the Project Manager for the firm's contract with IRWD while Mr. Kierig

will serve as the lead for Congressional appropriations. Both Mr. Ramey and Mr. Kierig also have extensive legislative and political backgrounds. Prior to becoming an advocate two years ago, Mr. Ramey served for over three decades as a senior staffer in the House of Representatives, nearly 20 years of which was in the role of Chief of Staff for Representative Ken Calvert (R-CA). Mr. Kierig, prior to becoming an advocate nearly 10 years ago, served as Senator Feinstein's key appropriations advisor, coordinating funding request for infrastructure projects, and has extensive experience with the appropriations process.

More details regarding the experience and background of the Kadesh & Associates team are included in the Kadesh SOQ, which is attached as Exhibit "B".

Kadesh & Associates' Advocacy Approach:

IRWD strives to be a leader in water resources public policy and governance. During the 115th Congressional session, the District engaged in a number of federal policy discussions regarding water infrastructure, water supply reliability, and Title XVI. If selected, the Kadesh & Associates team would work closely with IRWD staff and Board to identify the District's federal priorities for the 116th Congress and to develop an advocacy strategy to accomplish those priorities leveraging the firm's very strong bipartisan network in the United States Senate, House of Representatives, Administration and resource agencies.

Kadesh & Associates brings decades of experience and key contacts that will provide the District with a high level of knowledge, credibility, and access in Washington, D.C., which will assist the District with achieving its federal policy, funding and regulatory goals. The firm has a strong record of engaging with clients on proper messaging, tracking, and monitoring funding and legislative opportunities, coordinating appropriate advocacy meetings, and communicating with clients.

For these reasons and to advance IRWD's federal advocacy efforts, staff recommends that the Board authorize the General Manager to execute a Professional Services Agreement with Kadesh & Associates for a 25-month period, beginning December 1, 2018, through December 31, 2020. Entering into a 25-month contract with Kadesh & Associates would allow the District to prepare for and have continuity in its Washington, D.C. representation throughout the entire 116th Congress.

FISCAL IMPACTS:

The current contract for federal advocacy services with The Furman Group will expire on December 31, 2018. The current contract included a \$12,500 monthly retainer plus reimbursement of direct expenses for a total contract amount not to exceed \$336,000.

The proposed contract with Kadesh & Associates would cover the period of December 1, 2018, through December 31, 2020, at \$10,000 per month, inclusive of travel costs for the Kadesh & Associates team to travel to the District, plus reasonable reimbursable direct expenses. If approved by the Board, the new contract would have a not-to-exceed amount of \$265,000 and will be charged against the FY 2018-2019 and FY 2019-2020 Operating Budgets.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Policy and Communications Committee on November 5, 2018.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH KADESH & ASSOCIATES FOR FEDERAL ADVOCACY AND CONSULTING SERVICES FOR THE PERIOD OF DECEMBER 1, 2018, THROUGH DECEMBER 31, 2020, AT A RATE OF \$10,000 PER MONTH PLUS REASONABLE REIMBURSABLE DIRECT EXPENSES FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$265,000.

LIST OF EXHIBITS:

Exhibit "A" – List of Firms Invited and Responsive to IRWD's RFQ
Exhibit "B" – SOQ for Federal Advocacy Services from Kadesh & Associates

EXHIBIT "A"

Firms Invited to Respond to IRWD's Request for Qualifications (RFQ) for Federal Advocacy Services and Firms That Submitted Statements of Qualifications (SOQs)

Firms That Submitted SOQs In Response to the RFQ:

1. Blue Water Strategies
2. Carpi Clay & Smith
3. Federal Advocates
4. Foly & Lardner LLP
5. Kadesh & Associates
6. Natural Resources Result, LLC
7. Van Scoyoc Associates
8. VNF Solutions
9. Water Strategies, LLC

Firms Invited to Respond to the RFQ:

1. Alcalde & Fay
2. Brownstein Hyatt Farber Schreck
3. Earth & Water Law Group
4. ENS Resources, Inc.
5. Mercury
6. Packard Government Affairs
7. The Ferguson Group
8. Troutman Sanders Strategies

IRVINE RANCH WATER DISTRICT
PROPOSAL FOR FEDERAL ADVOCACY SERVICES

Submitted by

KADESH & ASSOCIATES

September 27, 2018

KADESH & ASSOCIATES

230 Second Street, SE
Washington, DC 20003
202-547-8800

IRVINE RANCH WATER DISTRICT (IRWD)

KADESH & ASSOCIATES FEDERAL ADVOCACY SERVICES PROPOSAL

KADESH & ASSOCIATES BACKGROUND

Kadesh & Associates is a top-ranked, bipartisan federal advocacy firm, recognized for its track record of success and accomplishments. Our firm is unique in specializing in advocating for California interests and has been very successful in representing California public and private entities before Congress and the Administration. Our highly respected, bipartisan team has been acknowledged consistently by Members of Congress and key Congressional aides and lobbyists as one of Washington's most effective lobbying firms (The Hill, Bloomberg Government). Bloomberg Government recently ranked *Kadesh & Associates* in the top 20 performing lobbying groups, among nearly 2,000 competitors. Members of our firm have proven themselves to be strategic, smart and capable, garnering a stellar reputation in strategically working both sides of the Capitol and the California Delegation in particular.

We also have extensive experience and success working effectively with the Executive Branch, government agencies and regulatory bodies in advancing our clients' priorities. Based on our bipartisan experience on Capitol Hill, we know when and how to move our clients' priorities by leveraging our issue expertise, policy experience and strategic partnerships and relationships with the California Congressional delegation, members of the House and Senate leadership, key committee staff and with the Administration. We have considerable experience working with the U.S. Army Corps of Engineers, the Department of the Interior, the Environmental Protection Agency, the Department of Commerce, and the Department of Transportation, on funding, administrative, regulatory and policy matters.

Our firm's success has been largely based on working closely with our clients to establish clear priorities and developing and implementing effective legislative and regulatory strategies to achieve those goals. Our clients are often their own best advocates and we aim to position our clients to reach the most appropriate audience at the most opportune time with the most effective message. This approach has been successful for our existing clients, and we propose this strategy if retained by the IRWD.

Combined, *Kadesh & Associates'* bipartisan team has over seven decades of legislative and advocacy experience, including extensive work on California water, water infrastructure and environmental issues. *Kadesh & Associates'* expertise in water issues and in securing federal funding was gained through direct experience working on the policies and politics related to these issues as senior Congressional staffers and as federal advocates providing advocacy services before Congress and the Administration.

We have reviewed the Scope of Work outlined in the RFQ and are confident that we have an established track record in providing all the required political, strategic and technical services for this contract. This includes outreach to the District's California delegation and key Administration officials to keep them apprised of the District's projects, priorities, and needs; introductions to new members and officials; coordination of Washington D.C. meetings for key IRWD officials; the exploration of additional advocacy avenues for IRWD's priorities; and, Bill tracking and monitoring of pertinent legislation and pending regulations that could affect the District.

KEY LOBBYISTS AND TEAM ORGANIZATION

Mark Kadesh, President of *Kadesh & Associates*, will serve as the primary point of contact for *Kadesh & Associates*. He would be closely assisted by Dave Ramey and Chris Kierig, Principal Consultants. Importantly, we anticipate and encourage IRWD staff to call on any member of our team frequently as the need arises. This type of flexibility and timely “24/7” access has been highly effective in working with our current clients. This on-going level of close communication and collaboration will help ensure the District’s success in advancing its federal legislative and regulatory policy goals.

Mark Kadesh, *President of Kadesh & Associates*, will serve as *Project Director* for this contract, playing a lead role in public policy strategy development and implementation. Mr. Kadesh has extensive legislative and political experience and insights gained from his distinguished public policy career, including sixteen years working on Capitol Hill. For seven years he served as Chief of Staff to Senator Dianne Feinstein (D-CA) and previously served as her Legislative Director, handling and gaining in-depth knowledge of issues ranging from tax, commerce, environmental regulations, transportation, water, energy, finance, trade and appropriations. Mr. Kadesh also served as Deputy Campaign Manager for Senator Feinstein’s 2006 Senate Re-election Campaign. He served as Chief of Staff to Representative Jane Harman (D-CA) and as a Legislative Assistant for Senator Daniel Patrick Moynihan (D-NY).

As a federal advocate, Mr. Kadesh has spent the past decade advocating for California public and private sector interests. He has consistently been named a top lobbyist who has “mastered the art of working Capitol Hill’s hallways” (The Hill, Bloomberg Government).

Dave Ramey, a *Principal at Kadesh & Associates*, will serve as the Project Manager for this contract given his considerable expertise in water, infrastructure and environmental policy issues. Mr. Ramey’s impressive career in public service has included over three decades of experience as a senior staffer in the House of Representatives. He served nearly twenty years as Chief of Staff to Representative Ken Calvert (R-CA), Chairman of the California Republican Delegation, where he capably administered the office’s political, legislative, and communications functions. Mr. Ramey coordinated Rep. Calvert’s duties on the Appropriations Committee where Calvert serves as Chairman of the Interior Subcommittee and a senior Member of the Defense, and Energy & Water Subcommittees. Prior to serving as Chief of Staff to Representative Calvert, Mr. Ramey served as his Legislative Director where he oversaw the office’s legislative and budget affairs.

Christian Kierig, a *Principal Consultant at Kadesh & Associates*, will serve as the lead for Congressional appropriations and will play a lead role in Congressional and Administration advocacy. Mr. Kierig is highly knowledgeable of the internal workings of the appropriations process and with infrastructure and water issues unique to California. For eight years, he served as Legislative Assistant for Senator Dianne Feinstein (D-CA) where he was responsible for handling the Senator’s membership on the Senate Appropriations Committee. As the Senator’s key appropriations advisor, he coordinated funding requests for infrastructure projects and programs. This included working directly with California counties and cities to advance their local agendas through federal funding.

Joyce West, *Kadesh & Associates’ Public Policy Contracts Manager*, will be responsible for compliance with administrative contact requirements and providing support for meetings, reporting and budgeting. Ms. West has over twenty years of experience managing public policy grants and contracts.

Full CVs for Mark Kadesh, Dave Ramey, and Christian Kierig are attached. Per the RFQ, the contact information for *Kadesh & Associates* is as follows:

Mark Kadesh, President, *Kadesh & Associates*
230 2nd Street, SE, Washington, DC 20003
Mark@KadeshDC.com (202-547-8800)

KADESH & ASSOCIATES' APPROACH

Kadesh & Associates' success has largely been based on leveraging our extensive bipartisan experience serving at the top levels in the trenches on Capitol Hill for California's two most senior Appropriators – House and Senate, Democrat and Republican. This has afforded us unmatched insight, understanding, and access to the California Delegation and staff, and access to relevant committees and agencies. We capitalize on our substantive policy and legislative expertise and our well-established contacts with California's Congressional Delegation and Congressional, Executive Branch, government agency, and regulatory policymakers and staff.

Shrewd strategy development and diligent implementation is central to our success. We work closely with our clients to formulate clear strategic priorities. We then aggressively develop and execute results-oriented strategies to achieve our clients' federal advocacy and funding goals. A key factor distinguishing us from other top lobbying firms is that there are no junior members of our team. Our clients receive the full attention of seasoned professionals who have held senior positions on Capitol Hill. We function proactively and strategically to achieve results for our clients.

Our prior experience in federal strategy development, lobbying and federal funding, has shown there are several critical elements that, when combined, create an effective agenda and implementation strategy:

Timely Communications, Intelligence Gathering and Feedback. The first critical element is maintaining an efficient communications system between the District and *Kadesh & Associates*. We schedule regular conference calls to discuss day-to-day events and issues and use on-going e-mail reports and telephone contacts for issue-specific topics and concerns which arise. Scheduled communications provide a forum for regular exchange of information and intelligence reporting regarding on-going activities and new developments for immediate feedback and consideration. In addition to regularly scheduled calls, we anticipate and plan to have timely phone and email contact with the District's team to discuss and advance strategic priorities as issues arise.

Identifying Strategic Priorities/Opportunities and Developing Advocacy Action Plans. The second critical element is the development of clear priorities within the IRWD's legislative and policy platform. *Kadesh & Associates* will work closely with the District to identify federal opportunities to address its needs as well as craft a legislative and regulatory strategy to advance policy initiatives. Some of the policy initiatives will require interaction with the Administration and regulatory officials. *Kadesh & Associates* will work closely with the District to give thoughtful consideration to the best methods of moving policy initiatives in the legislative and regulatory arenas (e.g., as amendments or stand-alone measures). We anticipate using the annual budget and appropriations process to address the District's funding issues. Importantly, *Kadesh & Associates* has excellent working relationships with Senator Feinstein who currently serves as Ranking Member of the Senate Energy & Water Appropriations Subcommittee and Congressman Calvert who chairs the House Interior Appropriations subcommittee and sits on the House Energy & Water Appropriations subcommittee.

Besides the House and Senate Appropriations Committees, the firm has excellent connections with other key Committees, including the House Transportation and Infrastructure Committee, which has jurisdiction over WRDA, the Senate and House Energy and Natural Resources Committees, and with Representative Mimi Walters and the California delegation. These committees are legislatively active, offering significant opportunities to advance IRWD's goals through legislation, hearings or other means.

Raising Congressional/Regulatory Awareness and Maintaining Strategic Partnerships. Raising IRWD's profile with key Congressional offices and Administration/Regulatory officials will be a priority. IRWD's work on retail potable water service, sewage collection and treatment, water recycling, water banking, and urban runoff treatment services appeals to both sides of the aisle. By partnering with other water districts with similar interests, we could open the door to working with key members not from California. Our team has proven effective in helping our clients build productive, strategic relationships with organizations that share mutual policy objectives. As a bipartisan firm, we're exceptionally well positioned to build successful bipartisan coalitions.

Developing Effective and Compelling Communications. Our team excels in messaging. We are skilled in crafting the optimal way to make policy and political arguments that result in positive outcomes. It will be important for *Kadesh & Associates* to work closely with the District in developing supporting communications and documents relating to key priorities. These communications include Congressional briefings, messaging, hearing testimony, and legislative correspondence as needed by our Congressional and regulatory contacts. Because every member of *Kadesh & Associates'* team has extensive Hill experience, we know first-hand how these communications can be most effectively framed.

QUALIFICATIONS AND RELATED EXPERIENCE

Kadesh & Associates has a consistent and impressive record of accomplishment in representing our current clients, working effectively with the Legislative and Executive branches to advance their federal priorities. Our public clients include the Metropolitan Water District of Southern California, the Santa Clara Valley Water District, the Mammoth Community Water District, the South Coast Air Quality Management District, the California High Speed Rail Authority, Riverside County, the Port of Los Angeles, Metrolink and the Los Angeles Metropolitan Transportation Authority. Our private clients include Northrop Grumman, Edison International and Alaska Airlines.

Importantly, *Kadesh & Associates* has extensive, first-hand experience securing federal funding for our clients and advocating for needs through legislative or regulatory actions, maximizing opportunities offered by appropriations and authorization processes, and through federal regulatory and grant processes. Despite the current era of budget austerity, our team has an excellent record of success in securing federal funding for our clients' critical projects.

Specific examples of *Kadesh & Associates'* federal advocacy accomplishments achieved by its team of seasoned policy and federal advocacy professionals are outlined below. Importantly, this includes a consistent record of success in advocating for other California water districts.

- **Metropolitan Water District of Southern California (MET)** continues to play a pivotal role in water distribution and conservation in Southern California. *Kadesh & Associates* works closely with MET to obtain federal funding for water-related issues relating to Title XVI, CALFED, and, most recently, funding and regulatory issues relating to WaterFix. In addition to a full slate of regular meetings with Members of the House and Senate and relevant committees, *Kadesh & Associates* obtained high-level Administration meetings, including meeting with the Secretary of the Interior

Ryan Zinke to discuss WaterFix, the Colorado River, WIFIA, ESA reform and implementation and Department of Interior reorganization. We work closely with MET's federal team and regularly arrange meeting for Board members and staff. Our primary point of contact is: Jeff Kightlinger/Executive Director/(213) 217-6211.

- **Santa Clara Valley Water District.** Pursuant to two major client visits annually and ongoing follow up with Congressional offices, a major funding victory of \$177 million from the Army Corps of Engineers was announced in July 2018 from the Disaster Supplemental Funding to protect the southern end of the San Francisco Bay from sea-level rise and coastal flooding. *Kadesh & Associates* worked with Senator Feinstein and the House delegation over several years to obtain this funding. This project is a partnership with the California State Coastal Conservancy, the U.S. Army Corps of Engineers (USACE), and regional stakeholders to provide coastal flood protection, restore and enhance tidal marsh and related habitats, and provide recreational and public access opportunities. Initial construction for flood protection is planned for the urban area of North San José and the community of Alviso. The federal portion of construction is expected to cost \$177 million. In addition to federal funding and the potential for state funding, this project relies on federal participation from USACE to plan, design and construct the project. Our primary point of contact is: Rachael Gibson/Deputy Administrative Officer, of Government Relations/408-630-2884.
- **The Los Angeles Metropolitan Transportation Authority (MTA).** *Kadesh & Associates* has represented MTA before Congress and the Administration since 2010. This includes working on appropriations, re-authorization, and the federal budget. Through these efforts, funding has been included in the FY15-FY19 Presidential budget requests for the Westside subway and the Downtown Regional Connector. In FY18, this culminated in Congressional appropriations of \$300 million for these projects. *Kadesh & Associates* also played a key role in obtaining a letter of no prejudice from the FTA allowing tunneling work to begin early on the final segment of the Westside Subway. Our primary point of contact is: Raffi Haig Hamparian/Government Relations Manager/(213) 922-3769.
- **The Port of Los Angeles.** *Kadesh & Associates* has represented the Port of Los Angeles since 2011. Our funding efforts include working to increase the rate of return to California ports from the Harbor Maintenance Trust Fund and to expand the permitted uses of those monies. This has included working on Energy-Water appropriations and the Water Resources Development Act. We also obtained DOE funding to support the Port's zero emissions goods movement program. Our primary point of contact is: David Libatique/Senior Director of Government Affairs/(310) 732-3905.

We consider our work on behalf of our clients to be of the highest caliber and believe our current clientele reflects this in their long-standing relationships with the firm. In the event a conflict arises, we would immediately contact the clients impacted and attempt to develop a suitable resolution. We believe an open dialogue can address and prevent many of the concerns raised by potential conflicts.

COST/PRICING INFORMATION

We propose a monthly fixed fee retainer of \$10,000 including travel costs for our team to travel to the District. This will facilitate the strategic planning, communications, advocacy and lobbying services of Mr. Kadesh, Mr. Ramey and Mr. Kierig to be available to the District as needed to fully achieve the tasks outlined in the RFQ as described in this proposal.

ATTACHMENT A

KADESH & ASSOCIATES RESUMES

Mark Kadesh

230 2nd Street, SE, Washington, DC 20003
Mark@KadeshDC.com 202-547-8800

EDUCATION

- 1988 **Harvard University**
Kennedy School of Government
Master of Public Policy. Public management, economics, statistics, finance, decision analysis, negotiations and political analysis coursework.
- 1985 **Brandeis University**
Bachelor of Arts Degree in Politics. Summa cum laude, high honors, Phi Beta Kappa.

EMPLOYMENT

- 2007-
Current **Kadesh & Associates**
President
Federal advocacy and government consulting firm that focuses on California-based interests.
- 2006-2007 **Bartlett, Bendall and Kadesh**
Partner
Washington D.C.-based consulting and lobbying organization.
- 1999-2006 **Senator Dianne Feinstein (D-CA)**
Chief of Staff
Managed five offices, 75 employees and a \$4 million annual budget. Directed political, legislative, administrative and media operations of the office.
- 1998 **Senator Dianne Feinstein (D-CA)**
Legislative Director
Provided and oversaw legislative development and analysis.
- 1998 **Jane Harman for Governor Campaign**
Research Director
Managed the research and policy positions of candidate.
- 1994-1998 **Representative Jane Harman (D-CA)**
Chief of Staff
Managed three offices, fifteen employees and a \$900,000 annual budget. Directed political, legislative, administrative and media operations of the office.
- 1992-1994 **Senator Dianne Feinstein (D-CA)**
Senior Legislative Assistant
Legislative responsibilities included tax, trade, banking, budget and economic issues.
- 1989-1992 **Senator Daniel Patrick Moynihan (D-NY)**
Legislative Assistant
Legislative responsibilities included banking, public works, budget and commerce issues.
- 1989 **The Urban Institute**
Research Associate II
Evaluated the impact and efficacy of court mediation.

Dave Ramey

230 Second Street, SE
Washington, DC 20003
Dave@KadeshDC.com 202-547-8800

EDUCATION

- 1984 **College of William and Mary**
Bachelor of Arts in International Relations, Minor in Government.
- 2010 **US Naval War College**
Master of Arts with Highest Distinction, National Security and Strategic Studies.

EMPLOYMENT

- Nov 2016 to **Kadesh & Associates**
Current *Principal*
Federal advocacy and government consulting firm specializing in California-based interests.
Co-Chairman of the bipartisan California State Society.
- May 1997 to **Congressman Ken Calvert (CA-42), Chair, Interior Appropriations Committee**
Oct 2016 *Chief of Staff to Chairman of the House Republican Delegation*
Administered all political, legislative, communication and personnel functions for twelve-term Member with a 15-person staff and \$1.2 million budget. Chaired the California Republican Administrative Personnel group.
- Jan 1993 to **Congressman Ken Calvert (CA-43)**
April 1997 *Legislative Director*
Oversaw legislative, communication, personnel and budget functions; designed and executed legislative program; hired and trained staff.
- Dec 1988 to **House Republican Conference, Hon. Jerry Lewis, Chairman**
Dec 1992 *Senior Advisor and Foreign Policy/Defense Analyst*
Wrote position papers, speeches and reports; designed and staffed retreats for House Republican Members.
- July 1987 to **House Republican Policy Committee, Hon. Jerry Lewis, Chairman**
Nov 1988 *Foreign Policy and Defense Analyst*
Wrote position papers, speeches and reports; designed and staffed retreats for House Republican Members; and convened Member and staff discussions on legislative and political issues.
- Feb 1985 to **House Republican Research Committee, Hon. Jerry Lewis, Chairman**
June 1988 *Foreign Policy and Defense Analyst*
Wrote position papers, speeches and reports; designed and staffed retreats for House Republican Members; conducted briefings and directed task forces.

CHRISTIAN N. KIERIG

4619 Greene Place NW • Washington, D.C. 20007 • (202) 236-7497

EXPERIENCE

Principal Consultant, Kadesh & Associates

Washington, D.C. January 2008 – Present

- Helped establish very successful start-up government relations firm, including client development and service.

Senior Associate, CJ Strategies

Washington, D.C. July 2006 – December 2007

- Involved with almost every aspect of a small, start-up government relations business, including client retention and generating new business.

Senior Associate, Copeland Lowery & Jacquez

Washington, D.C. February 2001 – June 2006

- Represented over 30 clients, ranging from cities and counties to small businesses.
- Developed tailored legislative strategies to match clients' needs with opportunities at the federal level and saw those projects through to completion.
- Interacted with Members of Congress and Administration officials to advance client legislative agendas and obtain federal funding for client priorities.
- Generated new business, including proposal writing and long-term client development.

Legislative Assistant, United States Senator Dianne Feinstein (D-CA)

Washington, D.C. January 1999 – February 2001

- Primary staff for a member of the U.S. Senate's Committee on Appropriations, which controls all discretionary federal spending.
- Developed first-hand knowledge of the Congressional budget process and how to maneuver within that environment.
- Advised local officials, public entities, and private groups seeking federal appropriations and Congressional spending for transportation needs, community and economic development programs, water projects, health initiatives, military programs, and other projects.
- Evaluated thousands of annual appropriations requests for federal funding and worked with the Committee to develop the Senator's priorities and secure funding.

Director of Special Projects, United States Senator Dianne Feinstein (D-CA)

Washington, D.C. January 1994 – June 1998

- Primary point of contact for elected officials and others seeking federal assistance including appropriations and grant funding.
- Coordinated federal response to the 1994 Northridge earthquake and floods in California.
- Drafted legislation for consideration in Senate committees and on the Senate floor, including the establishment of the Presidio Trust.

Assistant to the Legislative Director, United States Senator Dianne Feinstein (D-CA)

Washington, D.C. November 1992 – January 1994

- Reported on day-to-day Senate floor activities including pending legislation and relevant amendments.
- Supervised twelve legislative correspondents responding to constituent mail and inquiries.

EDUCATION

Pepperdine University, Malibu, California, August, 2006

Masters of Business Administration – Graziadio School of Business

Occidental College, Los Angeles, California, June, 1992

Bachelors of Arts in Political Science

November 12, 2018

Prepared and

submitted by: P. Weghorst 

Approved by: Paul A. Cook 

ACTION CALENDAR

PROPOSED IRWD POLICY PRINCIPLES REGARDING METROPOLITAN WATER DISTRICT'S REGIONAL RECYCLED WATER PROGRAM

SUMMARY:

Metropolitan Water District of Southern California is considering the development of a groundwater augmentation program, sometimes referred to as “the Carson Plant”. This program will provide advanced treatment to effluent from the Joint Water Pollution Control Plant, a facility operated by the Sanitation Districts of Los Angeles County and located in the city of Carson. A full-scale Carson Plant would produce up to 150 million gallons per day (MGD) of purified water that would be delivered for recharge to four groundwater basins in Orange County and Los Angeles County. The proposed project would become a major source of water for the Orange County Groundwater Basin. To help guide IRWD’s advocacy efforts related to the proposed Carson Plant and its related facilities, staff has prepared the attached policy position paper. Staff recommends that the Board adopt the proposed policy principles.

BACKGROUND:

In 2004, IRWD began producing policy papers on topics of particular interest to the District. Because of IRWD’s standing in the water industry, the opinion of the District is regularly solicited on issues of vital interest to the industry and the community. In order to keep these position papers current and germane to explaining the District’s position, staff occasionally recommends that the Board review the papers and, when appropriate, adopt new policies or incorporate revisions.

Policy Principles for Metropolitan’s Regional Recycled Water Program:

Metropolitan is currently studying the feasibility of developing the Carson Plant – a regional water recycling program consisting of facilities to treat effluent from the Joint Water Pollution Control Plant in Carson and to convey this advance-treated water to four groundwater basins in Metropolitan’s service area, including the Orange County Groundwater Basin, for recharge. The ongoing feasibility study includes the operation of a demonstration-scale project that is currently under construction that will be used to verify the designs for the full-scale project. The feasibility study will also identify the requirements for product water delivery facilities and financing the project. A full-scale project would provide up to 150 MGD of advanced purified water to the region and would become a major source of water for Orange County. A fact sheet describing the proposed program, prepared by Metropolitan, is provided as Exhibit “A”.

To help guide IRWD’s advocacy efforts related to the proposed Carson Plant, staff has prepared the policy position paper regarding Metropolitan’s Proposed Regional Recycled Water Program, which is attached as Exhibit “B”. Staff recommends that the Board adopt the proposed policy principles.

Action Calendar: Proposed IRWD Policy Principles Regarding Metropolitan Water District's
Regional Recycled Water Program
November 12, 2018
Page 2

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

None.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Policy and Communications Committee on
November 5, 2018.

RECOMMENDATION:

THAT THE BOARD ADOPT THE PROPOSED IRWD POLICY POSITION PAPER
REGARDING METROPOLITAN WATER DISTRICT'S PROPOSED REGIONAL
RECYCLED WATER PROGRAM.

LIST OF EXHIBITS:

Exhibit "A" – Fact Sheet for the Metropolitan Water District's Proposed Regional Recycled
Water Program in Carson

Exhibit "B" – Draft IRWD Policy Position Regarding Metropolitan Water District's Regional
Recycled Water Program in Carson

EXHIBIT "A"

A NEW SOURCE OF WATER FOR SOUTHERN CALIFORNIA



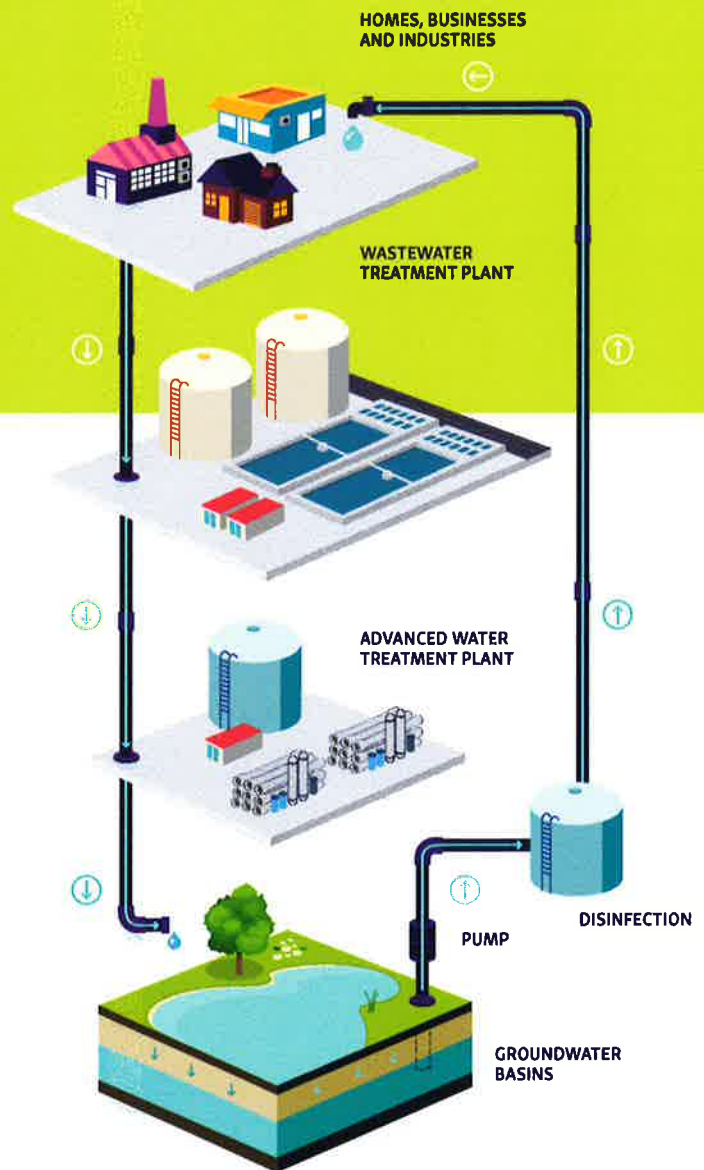
Water is too precious to use just once. So the Metropolitan Water District of Southern California is making a major investment in a potential water recycling project that will reuse water currently sent to the ocean. The Regional Recycled Water Program, a partnership with the Sanitation Districts of Los Angeles County, will purify wastewater to produce high quality water that can be used again. The program will start with a demonstration facility and could eventually become one of the largest advanced water treatment plants in the world.

How it works

The process begins with wastewater discharged from homes, businesses and industries. After the wastewater has been cleaned and treated, it flows to an advanced water treatment plant where it is further purified. The water then replenishes groundwater basins and is eventually pumped up, disinfected and used again.

Why it works

- Uses region's largest untapped source of treated wastewater, currently sent to the ocean.
- Produces a drought-proof source of water, readily available rain or shine.
- Prepares the Southland in the event of a catastrophic earthquake by increasing local water supplies.
- Replenishes groundwater basins, which provide 30% of Southern California's water supply and have seen levels drop to historic lows in recent years.
- Helps meet needs of region's growing economy and population at a cost comparable to other local water resources.
- Helps ensure regional water reliability through diversifying sources, in addition to conservation, local supply development and imported water.



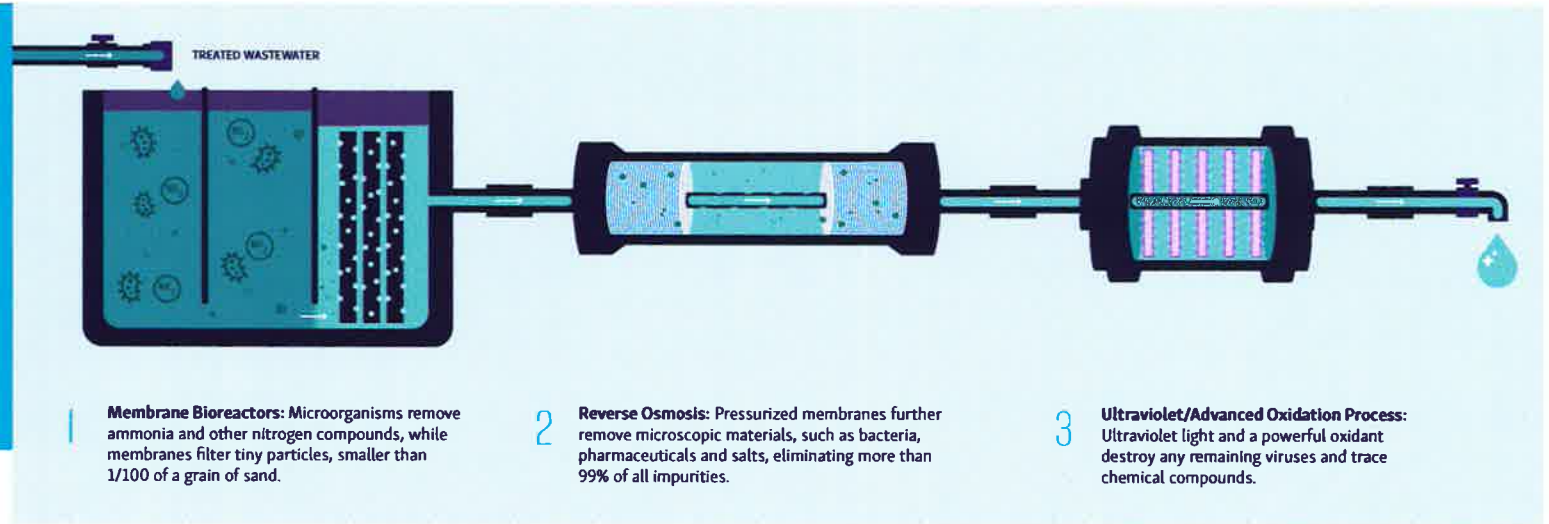
INTRODUCING THE REGIONAL RECYCLED WATER ADVANCED PURIFICATION CENTER

The new Regional Recycled Water Advanced Purification Center is a demonstration facility that takes treated wastewater from the Sanitation Districts' Joint Water Pollution Control Plant in Carson and applies a rigorous purification process to ensure the water is safe to reuse. The facility uses both tried and tested water treatment technologies employed across the world for decades and innovative processes to remove contaminants such as pharmaceuticals, pesticides, viruses, bacteria and potentially harmful chemicals down to the microscopic level, leaving only clean water.

THE PURIFICATION PROCESS

After wastewater is cleaned and treated through multiple processes, it flows to the Regional Recycled Water Advanced Purification Center for additional treatment.

The end result is high quality, purified water that could eventually help replenish groundwater.



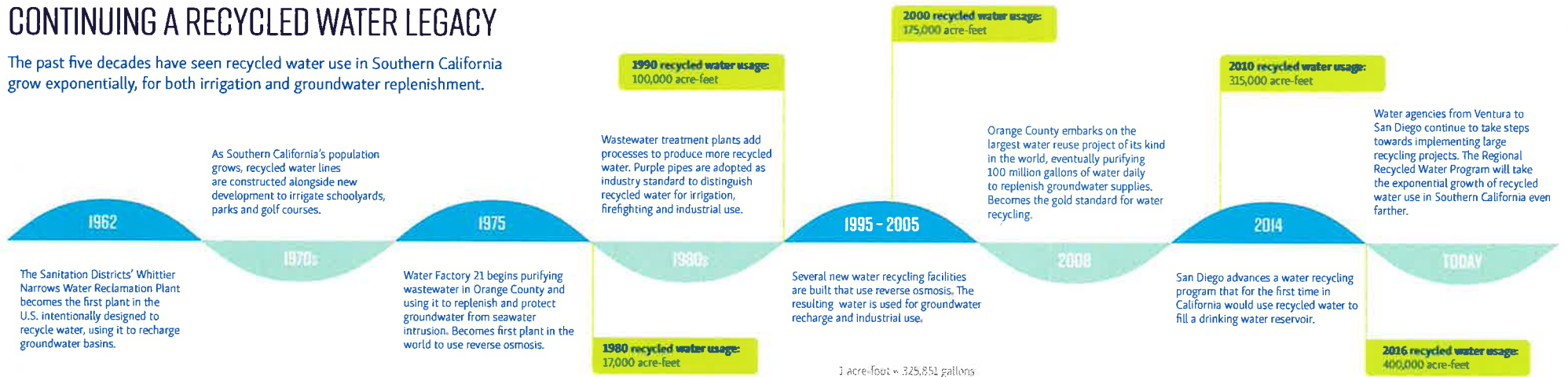
1 Membrane Bioreactors: Microorganisms remove ammonia and other nitrogen compounds, while membranes filter tiny particles, smaller than 1/100 of a grain of sand.

2 Reverse Osmosis: Pressurized membranes further remove microscopic materials, such as bacteria, pharmaceuticals and salts, eliminating more than 99% of all impurities.

3 Ultraviolet/Advanced Oxidation Process: Ultraviolet light and a powerful oxidant destroy any remaining viruses and trace chemical compounds.

CONTINUING A RECYCLED WATER LEGACY

The past five decades have seen recycled water use in Southern California grow exponentially, for both irrigation and groundwater replenishment.



STARTING SMALL AND SCALING UP

The Advanced Purification Center is a demonstration facility that will generate information needed for the potential future construction of a full-scale recycled water plant. It uses a unique application of membrane bioreactors designed to significantly increase efficiency in water recycling. Scientists and engineers will test the process to ensure the resulting purified water meets the highest water quality standards. Once approved by regulators, the innovative process could be used around the globe.

ADVANCED PURIFICATION CENTER:

A 500,000 gallon/day demonstration facility

Cost: \$17 million for construction

Timeline: Under construction; operation begins late 2018

FULL-SCALE ADVANCED WATER TREATMENT PLANT:

A full-scale facility would produce up to 150 million gallons daily, enough to serve more than 335,000 homes. Purified water would be delivered through 60 miles of pipelines to 4 groundwater basins in Los Angeles and Orange counties. These basins supply water to 7.2 million people.

Cost: \$2.7 billion to build, \$129 million annually to operate, resulting in a water cost of \$1,600/acre-foot.

Timeline: 11 years to design and build, once approved



THE PARTNERS

The Metropolitan Water District of Southern California is a state-established cooperative of 26 cities and water agencies serving nearly 19 million people in six counties. The district imports water from the Colorado River and Northern California to supplement local supplies, and helps its members to develop increased water conservation, recycling, storage and other resource-management programs.

The Sanitation Districts of Los Angeles County is a regional public agency consisting of 24 independent special districts serving over 5.6 million people in 78 cities and the unincorporated territory within Los Angeles County. The Sanitation Districts protect public health and the environment through innovative and cost-effective wastewater and solid waste management and, in doing so, convert waste into resources such as recycled water, energy and recycled materials.

www.lacsd.org

The Metropolitan Water District of Southern California

700 N. Alameda St.

Los Angeles, CA 90012

P.O. Box 54153

Los Angeles, CA 90054-0153

(213) 217-6000

(800) call-mwd (225-5693)

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@mwdh2o



THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA



SANITATION DISTRICTS OF LOS ANGELES COUNTY

EXHIBIT "B"

IRVINE RANCH WATER DISTRICT POLICY POSITION ON METROPOLITAN WATER DISTRICT'S PROPOSED REGIONAL RECYCLED WATER PROGRAM DRAFT

November 12, 2018

Issue Summary:

Metropolitan Water District of Southern California is currently studying the feasibility of developing a groundwater augmentation program utilizing advanced-treated recycled water, sometimes referred to as "the Carson Plant". This regional water recycling program consists of facilities to treat effluent from the Joint Water Pollution Control Plant, which is operated by the Sanitation Districts of Los Angeles County in the city of Carson. The program would convey advance-treated recycled water for recharge at four groundwater basins in Metropolitan's service area, including the Orange County Groundwater Basin. State water policy recognizes this type of project as a groundwater augmentation program, similar to the Groundwater Replenishment System operated by Orange County Water District. Metropolitan's ongoing feasibility study includes the operation of a 0.5 million gallons per day (MGD) demonstration-scale project, currently under construction, that will be used to verify the designs for a full-scale project. The feasibility study will also identify the requirements for product water delivery facilities and for financing the program.

A full-scale project would provide up to 150 MGD of advanced purified water to the region and is expected to be available as a major source of reliable water for Orange County. Since the Carson Plant would provide a new source of water to Metropolitan's service area, the water supply reliability for all of Southern California would be further diversified and improved.

Background:

The Carson Plant would utilize proven, state-of-the-art water treatment technologies, including a membrane bioreactor (MBR) system, followed by a reverse osmosis system. Ultraviolet light and an effective oxidant would destroy any remaining viruses, pharmaceuticals, and other chemical compounds.

The program would provide a source of water to four groundwater basins in Los Angeles and Orange County. Water deliveries to the basins would occur through approximately 60 miles of pipelines. It is anticipated that Orange County would receive up to 65,000 acre-feet per year (AFY) of purified water to be recharged by Orange County Water District. Currently, the cost to construct the project is estimated at \$2.9 billion with an estimated cost of water of \$1,600 per acre-foot. Once the project is approved, Metropolitan estimates that the project would take 11 years to design and construct. The project would comply with rules that have already been established in state policy for the indirect potable reuse (IPR) of water. Following is an overview of state policy related to the use of recycled water in California.

Existing State Policy:

In 2013, the State Water Resources Control Board amended California's Recycled Water Policy, which included a mandate to increase the use of recycled water in the state by 500,000 AFY by 2030. This policy is currently being revised by the State Board to include additional water


quality control provisions for recycled water. In 2014, California adopted IPR rules that provide detailed criteria for treatment processes, contaminants to test for, and how long treated water must remain in the ground as a result of groundwater augmentation projects. In 2018, the state finalized surface augmentation regulations that allow advanced treated potable reuse water to be discharged into surface reservoirs that provide drinking water through traditional potable water treatment facilities. As yet, California does not have regulations that govern direct potable reuse (DPR) of water. In October 2017, AB 574 was signed into law that sets 2023 as the deadline for the development of raw water augmentation regulations that would facilitate DPR uses of highly treated recycled water by introducing the water upstream of existing conventional potable water treatment plants.

To help guide IRWD’s advocacy efforts related to the Metropolitan’s proposed Carson Plant, staff has prepared the following policy position principles:

Policy Principles:

1. State, regional, and local water resource policies should encourage, not penalize, the use of tertiary treated water along with the development of groundwater, surface and raw water augmentation projects that make use of proven technologies for the advanced treatment and use of recycled water.
2. The use of tertiary and advanced-treated recycled water should be maximized in advance of commitments to implementing more expensive and less reliable projects.
3. Metropolitan should update its ongoing feasibility study of the Carson Plant once the state releases raw water augmentation regulations in 2023. Consideration of these rules may result in a project that would produce water at a lower cost than currently envisioned by focusing exclusively on augmenting groundwater supplies.
4. The use of existing facilities should be considered by Metropolitan wherever possible to improve the cost effectiveness of the Carson Plant. The use of existing facilities should not impair Metropolitan’s ability to optimize the use of its facilities for the storage, treatment, and distribution of imported water.
5. Metropolitan should meld the costs of water from the Carson Plant into its full-service rate structure. If the project is used for groundwater augmentation, then the cost of water should be melded into Metropolitan’s Full-Service Tier 1 Untreated Rate. If the project is used for raw water augmentation, then the cost of water should be melded into the Full-Service Tier 1 Treated Rate.
6. Metropolitan should consider entering into partnerships with other water agencies for the design, construction, and/or operation of its Regional Water Recycling Program that do not result in local agencies subsidizing the cost of water to other agencies in Metropolitan’s service area.

7. IRWD should assist Metropolitan in its ongoing feasibility study by sharing IRWD’s experiences in the application of Membrane Bioreactor and other technologies at the Michelson Water Recycling Plant.
8. Reliability benefits from the Carson Plant should be incorporated into ongoing and future water supply reliability studies performed in Orange County and Metropolitan’s service area.
9. IRWD should advocate for participation in the Carson Plant by the Municipal Water District of Orange County and Orange County Water District as a means of maintaining higher water levels in the Orange County Groundwater Basin and improving the water supply reliability of all Orange County.

November 12, 2018
Prepared and
submitted by: K. Swan
Approved by: Paul A. Cook 

ACTION CALENDAR

BOARD OF DIRECTORS' FEES

SUMMARY:

The Finance and Personnel Committee annually reviews the Board of Directors' compensation and recommends the Board to either accept or deny a fee increase for the new calendar year. Pursuant to the District's Ordinance No. 1989-1 and enacted under Section 20202 et seq. of the California Water Code, the Board's meeting compensation increases on January 1 of each year. An increase may not exceed an amount equal to five (5%) percent per year, and no meeting fee compensation for more than a total of ten (10) days in any calendar month.

BACKGROUND:

The most recent Board of Directors' compensation increase was effective in January 2017. The current compensation for the Board of Directors is \$273 per meeting, not to exceed ten (10) meetings per month. In accordance with Section 20202 et seq. of the California Water Code, the Board's meeting compensation is allowed to increase on January 1 of each year by five (5%) percent. If the Board accepts the 5% increase, the resulting per meeting fee will be \$286, rounded down to the nearest dollar.

Exhibit "A" is a survey of the Director Fees for IRWD and other local water districts.

FISCAL IMPACTS:

A 5% increase has a nominal impact on the operating budget if accepted by the Board.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act (CEQA), Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on November 6, 2018.

RECOMMENDATION:

THAT THE BOARD EITHER ACCEPT OR DENY THE FIVE (5%) PERCENT COMPENSATION INCREASE FOR CALENDAR YEAR 2019.

LIST OF EXHIBITS:

Exhibit "A" – Survey of Director Fees

EXHIBIT "A"

**BOARD OF DIRECTORS PER DIEM SURVEY
(as of November 1, 2017)**

AGENCY	PER DIEM MEETING	EFFECTIVE DATE	MAXIMUM MEETINGS PER MONTH
El Toro Water District	\$198.00	December 2007	10
Irvine Ranch Water District	\$273.00	January 2017	10
Mesa Water District	\$264.00	April 2017	10
Moulton Niguel Water District	\$220.00	September 2016	10
Municipal Water of Orange County	\$282.85	January 2017	10
Orange County Water District	\$275.00	April 2017	10
Santa Margarita Water District	\$210.00	February 2009	10
South Coast Water District	\$190.00	January 2006	10
Yorba Linda Water District	\$150.00	January 2003	10