

MINUTES OF REGULAR MEETING – NOVEMBER 9, 2015

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:00 p.m. by President LaMar on November 9, 2015 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Reinhart, LaMar, Swan, Matheis and Withers (arrived at 5:13 p.m.).

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Finance and Administration Clary, Executive Director of Engineering and Planning Burton, Executive Director of Water Policy Weghorst, Executive Director of Operations Sheilds, Director of Treasury and Risk Management Jacobson, Director of Public Affairs Beeman, Director of Human Relations Roney, Legal Counsel Arneson, Secretary Bonkowski, Government Relations Manager Christine Compton, Mr. Eric Akiyoshi, Mr. Ray Bennett, Mr. Matthew Veeh, Ms. Kellie Welch, Ms. Amy McNulty, Mr. Mike Rudinica, Mr. Jim Reed, and other members of the public and staff.

WRITTEN AND ORAL COMMUNICATIONS: None.

CONSENT CALENDAR

PRESENTATION

SUMMARY OF EMBEDDED ENERGY PLAN

Water and Energy Resource Planner Bennett presented objectives of the Embedded Energy Plan which he said will reduce embedded energy use over time; avoid energy expenses through water conservation; develop a pumping surcharge recommendation; estimate future energy use with conservation; and position IRWD to obtain energy utility funding for water conservation programs. Director Withers arrived at 5:13 p.m. Mr. Bennett reviewed several concept and terms along with energy accounting. Mr. Bennett reviewed the embedded energy plan components along with a chart showing historic energy intensity for potable, non-potable and wastewater systems. Ms. McNulty reviewed the historic embedded energy conservation activities from 2005 to present along with mapping tools.

Mr. Bennett provided an update on future baselines and a scenario analysis including embedded energy pan components, a chart showing a projected baseline for energy use, scenarios for future passive conservation and active conservation, a bar chart indicating total future energy use using various conservation activities. He further reviewed proposed next steps including the immediate steps which include an expert peer review, final report, and fact sheet for web site and sharing. He said the near term steps include an SCE pilot utility funding program, a CPUC energy calculator comparison, a SCE WET-PAG presentation, data collection recommendations, and pumping surcharge estimates. Following discussion, it was the consensus of the Board to hold a workshop to set up goals and targets.

CONSENT CALENDAR

On MOTION by Matheis, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 7 WERE APPROVED AS PRESENTED

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the October 26, 2015 Regular Board meeting be approved as presented.

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

Recommendation: That the Board ratify/approve meetings and events for Steven LaMar, John Withers, Peer Swan, Mary Aileen Matheis and Douglas Reinhart.

6. DUDLEY RIDGE WATER DISTRICT PROPOSITION 218 NOTICE AND BALLOT

Recommendation: That the Board authorize the General Manager to submit an Official Assessment Ballot in support of the Dudley Ridge Water District proposed benefit assessments and standby charges as described in the Notice of Proposed Assessment.

7. ACWA 2015 MEMBERSHIP MEETING AND 2016-2017 ELECTION

Recommendation: That the Board support the slate of candidates selected by the ACWA Nominating Committee endorsing Ms. Kathleen Tiegs for ACWA President and Mr. Brett Hastey for ACWA Vice President; support the proposed bylaw amendments; and designate Director Steven LaMar as IRWD's voting delegate for ACWA's December 2, 2015 membership meeting.

ACTION CALENDAR

REVIEW OF 2015 LEGISLATIVE ACTIVITIES AND 2016 LEGISLATIVE PLANNING

Government Relations Manager Compton reported on the 2015 legislative priorities which directed staff to engage in policy discussions to protect IRWD's revenues and the District's ability to use its allocation-based tiered rate structure to respond to the drought and water supply shortages. The priorities also directed staff to engage in discussions regarding implementation of the water bond, expanded use of recycled water, energy efficiency in the water and wastewater sectors, and groundwater management. Ms. Compton said that over the last year, staff and IRWD's state legislative advocate worked on each of these issues and other state issues of importance to the District including the emergency drought regulations, Proposition 218, storm-induced overflow restrictions, and other State Water Resources Control Board (SWRCB) regulations.

Ms. Compton said that at the federal level, IRWD and its federal legislative advocate have engaged on legislation defining environmental infrastructure projects, federal drought legislation, and implementation of the Water Resources Reform and Development Act. She said that as in years past, the District has promoted the Syphon Reservoir Recycled Water Storage Project, and

at the local level, IRWD continued to work to build stronger relationships with its community stakeholders.

Ms. Compton said that it is expected that Congress will tackle a number of issues of interest to the water and wastewater communities. Staff and IRWD's federal legislative advocate discussed the expected 2016 political environment and federal issues with the Committee. She then reported on: 1) defining environmental infrastructure projects; 2) implementation of the Water Resources Reform and Development Act; and 3) the Santa Ana Mountains to Sea National Monument Proposal. She reviewed expected 2016 Statewide legislative issues, including Cap-and-Trade Auction revenues; continued implementation of the 2014 Water Bond; public goods charge for water; Proposition 218 reforms: recycled water use in decorative lakes and storm-induced overflow restrictions; and the state budget.

Ms. Compton further reviewed expected 2016 government relations activities and staff resource allocations and expected 2016 association proposals.

Director Matheis said that this item was reviewed by the Water Resources Policy and Communications Committee on November 5, 2015. Following discussion, staff was asked to revisit legislative planning at an upcoming meeting with IRWD's federal and state legislative advocates. On MOTION by Matheis, seconded and unanimously carried, THE BOARD ADOPTED THE PROPOSED INITIAL 2016 LEGISLATIVE AND REGULATORY RESOURCE ALLOCATION PLAN AND THE LEGISLATIVE/REGULATORY ISSUES AND ACTIVITIES OF HIGH CONCERN TO IRWD IN 2016.

REVISED MWDOC RATE STRUCTURE POLICY POSITION PAPER

Executive Director of Water Policy Weghorst reported that in 2004, IRWD began producing policy position papers on topics of particular interest and importance to the District. Mr. Weghorst said to keep these position papers current, staff occasionally recommends that the Board review the papers, and when appropriate, incorporate revisions. He said that IRWD's MWDOC Rate Structure Policy Position Paper was last revised and adopted by the Board on October 2004. At that time, MWDOC collected volumetric based charges from its member agencies. In 2011, IRWD signed the *Agreement Between MWDOC and its Member Agencies on Budget, Activities, Charges, and Other Issues* that transitioned MWDOC to collecting fixed charges based on each member agency's number of retail service connections. In addition, MWDOC began charging its member agencies for *Core* and *Choice* services. The agreement will expire in 2016 and MWDOC is set to initiate a Cost of Service study that will be used to establish rates for its services upon expiration of the agreement. He then reviewed the updated the MWDOC Rate Structure Policy Position Paper provided in the exhibit. Director Swan provided comments on adding language relative to fixed charge fees. Following discussion, it was the consensus of the Board to table this item until the November 23, 2015 Board meeting.

OTHER BUSINESS

GENERAL MANAGER'S REPORT

General Manager Cook reported on today's conference call he and staff held with the State Water Resources Control Board staff relative to working on regulations for an Emergency Drought Report. He said they discussed concepts for NGO counts and equity credits as well as noting that the emergency regulations currently do not support any water banking as an extraordinary supply which IRWD would like included, especially for the Strand Ranch.

DIRECTORS' COMMENTS

Director Swan said that he attended his usual agency meetings as well as the annual Clarke Prize event.

Director Reinhart reported that he attended MWDOC's Board and Member Agency Elected Officials forum, and a SOCWA Board meeting where they hired a consultant to look at State Revolving Fund participation. He further said he was unable to attend the WACO meeting last Friday.

Director Matheis reported that she attended the October 2 Water Market discussion meeting and a WACO meeting.

Director LaMar said he did not attend the MWDOC Elected Officials Forum or last Friday's WACO meeting.

CLOSED SESSION

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

- 1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR relative to Government Code Section 54956.8
Property: OCSD Service Area 7 Sewer Infrastructure
Agency Negotiator: Paul Cook, General Manager
Purpose of Negotiations: Proposed Acquisition of Property – Price and Terms, and
- 2) CONFERENCE WITH LABOR NEGOTIATOR pursuant to Government Code Section 54957.6.
Agency Designated Representative: Steven LaMar
Unrepresented Employee: Paul Cook

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Reinhart, Matheis, Withers, Swan, and LaMar present. No action was reported from the second closed session. President LaMar reported that relative to the first item, the Board by unanimous consent agreed to inform OC LAFCO in writing that IRWD is willing to include the following language in future

agreements regarding OCSD Service Area 7 with OC LAFCO, OCSD, and any other required agencies:

OCSD has planned and constructed regional conveyance and treatment facilities to serve Service Area 7. OCSD is contractually obligated to provide treated wastewater effluent from its entire service area, inclusive of Service Area 7, to Orange County Water District. IRWD and OCSD agree that all parcels in Service Area 7 shall continue to be customers of OCSD, and that the wastewater flows from these parcels will continue to flow for treatment as they currently flow. IRWD shall not divert the wastewater currently flowing to OCSD from Service Area 7 away from OCSD for any purpose, including but not limited to scalping wastewater for reuse.

The Board also agreed to communicate this decision to the Orange County Board of Supervisors.

General Manager's Compensation

On MOTION by Reinhart, seconded and unanimously carried (5-0 ayes), EFFECTIVE OCTOBER 1, 2015, THE GENERAL MANAGER WAS GRANTED AN INCREASE OF HIS CURRENT COMPENSATION BY \$13,000 WITH THE DISCRETION TO APPLY THIS INCREASE TO HIS BASE SALARY, AUTO ALLOWANCE AND/OR PERFORMANCE AWARD.

ADJOURNMENT

President LaMar adjourned the meeting in memory of IRWD's consultant Bruce Newell's mother.

APPROVED and SIGNED this 23rd day of November, 2015.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone