

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

May 13, 2019

PLEDGE OF ALLEGIANCE

CALL TO ORDER

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

ROLL CALL

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

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. **SCIENCE FAIR WINNERS**

Each year, IRWD presents awards to local students for their water-related projects entered in the Irvine Unified School District Science Fair.

PUBLIC HEARING

Next Resolution No. 2019-12

4. **CONSIDERATION OF FINAL ACTION ON A TRANSITION TO DIVISION-BASED ELECTIONS AND CONSIDERATION OF ADOPTION OF A FINAL MAP OF DIVISION BOUNDARIES AND A SEQUENCE OF ELECTIONS**

- A. Declare the Board meeting to be the time and place for a hearing to consider final action of a transition to division-based elections for the election of the Board of Directors, adoption of a final map of division boundaries and a sequence of elections
- B. Announce the hearing was noticed by publication;
- C. Receive and file the Affidavits of Posting and Proof of Publications;

PUBLIC HEARING (CONTINUED)

- D. Request special legal counsel to describe the nature of the proceedings, and purpose;
- E. Open the hearing to solicit and accept comments on the proposed final action on a transition to division-based elections, and adoption of a final map of division boundaries and a sequence of elections;
- F. Request that the Government Relations Officer provide a report to the Board regarding the proposed final action on a transition to division-based elections, and recommended action of a final division map and a sequence of elections;
- G. Inquire whether there is any person present who wishes to provide comments;
- H. Close the hearing and then consider final actions on a move to division-based elections
- I. Inquire whether there are any comments or questions from the members of the Board;
- J. Request that the Board adopt a resolution by title changing the method of election of Directors from at-large to by-division, and adopting a map establishing initial divisions for the election of members of the Board of Directors, division numbering and the sequence of elections.

Reso. No. 2019-

CONSENT CALENDAR

Items 5-9

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

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

6. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the April 22, 2019 Regular Board meeting be approved as presented.

7. FISCAL YEAR 2018-2019 LEGAL SERVICES PROVIDED BY ALSTON & BIRD

Recommendation: That the Board authorize the General Manager to execute a variance to the Letter of Engagement with Alston & Bird for legal services related to complex issues and litigation increasing the not-to-exceed value of the contract by \$1,500,000.

CONSENT CALENDAR

Items 5-9

8. RATIFICATION OF LAWSUIT SETTLEMENT PAYMENT *FARMERS INSURANCE EXCHANGE V. THE IRVINE COMPANY, ET AL*

Recommendation: That the Board ratify the General Manager's approval of payment for \$15,000 to settle case no.: 30-2018-01015483-cu-po-cjc – *Farmers Insurance Exchange v. The Irvine Company, et al.*

9. LETTER OF CREDIT EXTENSION FOR THE SERIES 2009B BONDS

Recommendation: That the Board approve an extension of the Bank of America N.A. Letter of Credit for the District's 2009B bonds to May 2022 at an annual cost of 0.30%, and adopt a resolution by title authorizing certain Actions in connection with an extension of Letter of Credit.

Reso. 2019-

ACTION CALENDAR

10. 2019 REGULAR LAFCO SPECIAL DISTRICTS SEAT ELECTION TO FILL VACANT SPECIAL DISTRICT SEAT

Recommendation: That the Board authorize the District Secretary to submit the "Declaration of Qualification to Vote" form designating President Steve LaMar as IRWD's authorized voting member and Vice President Mary Aileen Matheis as IRWD's alternate voting member for the Orange County Special District Selection Committee election; nominate Santa Margarita Water District Director Sandra Jacobs as a candidate for the Regular LAFCO Special District seat; authorize President LaMar or the designated alternate to submit the "2019 Nomination Form" on behalf of Director Wilson; and authorize the District's voting member to cast the District's ballot in favor of Director Jacobs.

11. REHABILITATION OF DYER ROAD WELLFIELD WELLS, 5, 14 AND 16 BUDGET INCREASE AND CONSTRUCTION AWARD

Recommendation: That the Board authorize a budget increase in the amount of \$324,000, from \$770,000 to \$1,094,000, for Project 07089, and in the amount of \$469,000, from \$770,000 to \$1,239,000, for Project 07091; and authorize the General Manager to execute a construction contract with Best Drilling and Pump, Inc. in the amount of \$2,334,370 for Rehabilitation of Dyer Road Wellfield Wells 5, 14, and 16, Projects 10914, 07089 and 07091.

ACTION CALENDAR- Continued

12. <u>IRWD 2019 REPLACEMENT FUND POLICY</u> Recommendation: That the Board adopt a resolution to approve the updated IRWD 2019 Replacement Fund Policy.	Reso. 2019-
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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.

- 13. General Manager's Report
- 14. Directors' Comments
- 15. Receive oral update(s) from District liaison(s) regarding communities within IRWD's service area and provide information on relevant community events.
- 16. 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.

May 13, 2019
Prepared and
submitted by: C. Compton
Approved by: Paul A. Cook



PUBLIC HEARING

CONSIDERATION OF FINAL ACTION ON A TRANSITION TO DIVISION-BASED ELECTIONS AND CONSIDERATION OF ADOPTION OF A FINAL MAP OF DIVISION BOUNDARIES AND A SEQUENCE OF ELECTIONS

SUMMARY:

Pursuant to Water Code section 35180, IRWD uses an at-large method to elect the members of its Board of Directors. The at-large method allows for voters from the entire service area to elect each of the five members of the Board of Directors. The California Voting Rights Act favors a by-division method of election instead of an at-large method of election for electing members of local government governing bodies. A by-division method divides a service area into separate divisions and allows the voters from each division, as opposed to voters from the entire service area, to elect a member of the Board of Directors. In a by-division method of election, the elected individual serves as the division's representative on the board and must reside in that division.

Since 2017, Elections Code section 10650 has authorized special districts such as IRWD to move from an at-large method of election to a by-division method of election in furtherance of the purposes of the California Voting Rights Act. Elections Code section 10010 governs the process for evaluating and transitioning to a by-division method of election.

Over the past 13 months, the District has evaluated a transition from an at-large method of election for the members of the IRWD Board of Directors to a by-division method of election using the process outlined in Elections Code section 10010 combined with additional opportunities for public comment and input. Throughout the evaluation process, the Board has examined and considered the total population of the District, the requirements of the Federal Voting Rights Act, the requirements of State law including the goals and purposes of the California Voting Rights Act, communities of interest within IRWD's service area, the compactness of possible divisions, and the man-made and natural topographic and geographic characteristics of the District.

After having completed its evaluation and after having examined a number of options for possible division boundaries, the IRWD Board of Directors authorized staff to set a final public hearing for May 13, 2019, pursuant to Election Code Section 10010. The purpose of this hearing is for the Board to consider final action on a transition to division-based elections, and to consider adoption of a final map of division boundaries and a sequence of elections.

Staff recommends that the Board adopt a resolution changing the method of election for the Irvine Ranch Water District Board of Directors from at-large elections to by-division elections, and adopting Map E-2 as the final division boundaries and setting division numbering and sequencing of elections. A copy of the proposed final map, Map E-2, of division boundaries is attached as Exhibit "A". A copy of the two options for division numbering and the sequence of elections is attached as Exhibit "B"

RECOMMENDED HEARING PROCEDURE:

President: Declare the Board meeting of May 13, 2019, to be the time and place for a hearing on the Irvine Ranch Water District Board of Directors' consideration of final action on a transition to division-based elections for the election of the Board of Directors, adoption of a final map of division boundaries and a sequence of elections.

Ask the Board Secretary to announce how the hearing was noticed.

Board Secretary: Announce that the hearing was noticed by publication in the *Orange County Register* on Sunday, April 28, 2019; by publication in Spanish in the *Excelsior Unidos* on Friday, April 26, 2019; by publication in Korean in the *Korea Times* on Saturday, April 27, 2019; by publication in English and Traditional Chinese in the *World Journal* on Saturday, April 27, 2019, and Sunday, April 28, 2019; by publication in Farsi in *Hafteh Bazaar* on Friday, April 26, 2019; by electronic posting in English, Farsi, Korean, Traditional Chinese, and Spanish on the IRWD website, which can be translated into approximately 20 languages; and by physical posting at IRWD's headquarters. Announce that proposed final map — Map E-2— was published on IRWD's website on April 16, 2019, along with the two options proposed for the sequence of elections. The Board Secretary presents affidavits of posting and proof of publication to the Board related to the hearing.

Board of Directors: The Board of Directors receives and files the affidavits of posting and proof of publication as presented by the Board Secretary.

President: Request special legal counsel to describe the nature of the proceedings, and to explain the purpose of the hearing.

Special Legal Counsel: Describe the nature of the proceedings, and explain the purpose of the hearing as being the opportunity to invite and solicit public comment on the proposed final action on a transition to division-based elections for electing the Irvine Ranch Water District Board of Directors, and recommended adoption of a final map of division boundaries and a sequence of elections.

Board of Directors: Open the hearing by taking the following recommended action:

RECOMMENDED MOTION: THAT THE PUBLIC HEARING BE OPENED TO SOLICIT AND ACCEPT COMMENT ON THE PROPOSED FINAL ACTION ON A TRANSITION TO DIVISION-BASED ELECTIONS FOR ELECTING THE IRVINE RANCH WATER DISTRICT BOARD OF DIRECTORS, AND RECOMMENDED

ADOPTION OF A FINAL MAP OF DIVISION BOUNDARIES AND A SEQUENCE OF ELECTIONS.

President: Request that the Government Relations Officer/Deputy General Counsel provide a report to the Board regarding the proposed final action on a transition to by division-based elections, and recommended action of a final division map and a sequence of elections.

Government
Relations Officer/
Deputy General
Counsel:

Provide a report to the Board regarding the proposed final action on a transition to division-based elections for electing the Irvine Ranch Water District Board of Directors, and recommended adoption of a final map of division boundaries and a sequence of elections.

President: Inquire whether there is any person present who wishes to provide comments the proposed final action on a transition to division-based elections for electing the Irvine Ranch Water District Board of Directors, and recommended adoption of a final map of division boundaries and a sequence of elections.

Board of Directors: Close the hearing and then consider final actions on a move to division-based elections.

RECOMMENDED MOTION: THAT THIS PUBLIC HEARING BE CLOSED.

Board of Directors: Inquire whether there are any comments or questions from members of the Board of Directors. After comments or questions, consider the following recommended motion:

RECOMMENDED MOTION: THAT THE BOARD ADOPT THE FOLLOWING RESOLUTION BY TITLE:

Resolution No. 2019-

RESOLUTION CHANGING THE METHOD OF ELECTION OF DIRECTORS FROM AT-LARGE TO BY-DIVISION, AND ADOPTING A MAP ESTABLISHING INITIAL DIVISIONS FOR THE ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS, DIVISION NUMBERING AND THE SEQUENCE OF ELECTIONS

BACKGROUND:

In 2002, Governor Gray Davis signed the California Voting Rights Act (CVRA) into law. The CVRA states that an at-large method of election may not be used to elect local governing boards if it “impairs the ability of a protected class to elect candidates of its choice or its ability to influence the outcome of an election.” (Elections Code §14027)

A violation of the CVRA may be established if it is shown that racially polarized voting, combined with an at-large voting system, impairs the ability of a protected class of voters to elect candidates of its choice or to influence the outcome of an election. (Elections Code §14028(a)) Under the CVRA, “racially polarized voting” means voting in which there is a difference between the choice of candidates or other electoral choices that are preferred by voters in a protected class, and in the choice of candidates and electoral choices that are preferred by voters in the rest of the electorate. (Elections Code §14026(e))

As of the writing of this report, IRWD has not been presented with any evidence of racially polarized voting in its elections, but many local governments have had their at-large method of election challenged under the CVRA. Additionally, many local governments have voluntarily moved to a by-division method of election because it is the only election method not vulnerable to a challenge under the CVRA.

Statutorily Mandated Process for Evaluating a By-Division Method of Election:

While the current at-large method of election used by IRWD pursuant to Water Code section 35180 has served the District’s customers and constituents well, Elections Code section 10650 allows the board of a special district, like IRWD, to move from an at-large method of election to a by-division method of election in furtherance of the purposes of the CVRA.

Elections Code section 10010 provides the process for evaluating divisions and a transition to by-division elections. That process requires, at a minimum, that a special district:

- Adopt a resolution of intent to change the election system.
- Hold at least two public hearings, within 30 days of each other, to accept public input regarding the composition of the divisions and sequence of elections prior to drawing draft division maps.
- After draft division maps are drawn and the maps are published, hold at least two public hearings, within 45 days of each other, to accept public input regarding the draft division maps and the sequence of elections.
- Finally, hold at least one more public hearing at which the board of directors considers final action to transition to by-division elections and considers adoption of a final map of division boundaries and a sequence of elections.

Legally Required Factors Considered When Evaluating Division Boundaries:

While a number of federal and state laws govern the drawing of division boundaries, the U.S. Constitution establishes the fundamental principle which governs the drawing of division boundaries. Above all else, the Constitution requires that divisions be equal, or nearly equal, in total population. Federal courts have ruled that this means that the population difference between the most and least populous divisions may not exceed ten percent. California Elections Code section 22000 further suggests that divisions should be drawn to be, “as far as practicable, equal in population” using the population numbers from the last federal decennial census.

Provided that the equality in population, based on the last decennial census, requirement is met, the Elections Code also allows for consideration of: 1) topography, 2) geography, 3) cohesiveness, contiguity, integrity, and compactness of territory, and 4) communities of interests of the division when determining where division boundaries are placed.

IRWD Process to Evaluate Establishment of Divisions and Elections by Divisions:

On April 2, 2018, the IRWD Board of Directors adopted a resolution of “Intent to Initiate the Process of Establishing Divisions and Elections by Divisions.” In its adoption of the resolution, the Board determined that the public interest was best served by initiating the process to evaluate divisions and a transition to by-division elections. The Board authorized the General Manager, or his designee, to initiate a public evaluation process that complies with Elections Code section 10010, and encourages and allows for full public participation, careful consideration and input into an evaluation of divisions and a transition to by-division elections within IRWD.

The first step in the District’s evaluation process was the release of data related to the population characteristics of the IRWD’s service area. That data was presented to the Board during a Board workshop on May 14, 2018.

The second step in the District’s evaluation process was to hold two public hearings, which were held on June 4 and June 18. These hearings were conducted before the drawing of a draft map or maps of proposed division boundaries. The purpose of the hearings was to invite and solicit public comment on the proposed move to by-division elections, the composition of divisions and the sequence of elections prior to the drawing of draft maps.

The third step in the District’s evaluation process was for the Board to discuss criteria to be used by the District when drawing proposed director division boundaries. The criteria was discussed at a Board Workshop held on August 13, 2018.

Following the workshop, prior to the drawing of potential division area maps, the District invited the public to submit additional comments on the composition of possible divisions and to submit conceptual maps for consideration as the potential division area maps were drawn. That public comment period ran from August 15 to October 15, 2018. During the comment period, the District received two comments and maps from the public. Those comments and maps were provided to the Board at its last Board meeting and are posted on IRWD’s website.

On December 10, 2018, January 14, 2019, March 11, 2019, and April 8, 2019, respectively, IRWD held a third, fourth, fifth and sixth public hearing to invite and solicit public comment on the draft division maps, which have been published by the District on its website, and the potential sequence of elections for the directors from each division at different times to provide for staggered terms of office.

IRWD is now holding a final public hearing at which the Board of Directors will consider final action to transition to by-division elections and consider adoption of a final map of division boundaries and a sequence of elections. The proposed final map, Map E-2, and the options for the sequence of elections have been published on IRWD's website.

Proposed Final Action to Transition to By-Division Elections:

Over the past 13 months, the District has evaluated a transition from an at-large method of election for the members of the IRWD Board of Directors to a by-division method of election using the process outlined in Elections Code section 10010 combined with additional opportunities for public comment and input. Throughout the evaluation process, the Board has examined and considered the total population of the District, the requirements of the Federal Voting Rights Act, the requirements of State law including the goals and purposes of the California Voting Rights Act, communities of interest within IRWD's service area, the compactness of possible divisions, and the man-made and natural topographic and geographic characteristics of the District.

After having completed its evaluation and after having examined a number of options for possible division boundaries, the IRWD Board of Directors, on April 8, 2019, authorized staff to set a final public hearing for May 13, 2019, pursuant to Elections Code Section 10010.

Staff recommends that the Board adopt the proposed resolution changing the method of election of directors from an at-large method of election to a by-division method of election in furtherance of the CVRA. The proposed resolution is attached as Exhibit "C".

Proposed Final Action to Adopt a Final Map, Division Numbering and Sequence of Elections:

As part of its evaluation of a move to by-division elections, the Board of Directors examined 11 different draft maps. It authorized staff to bring Map E-2 before the Board for final action. Map E-2 keeps the most number of villages, which are strong communities of interest within the IRWD service area, together while still achieving proportionality and meeting the objectives of the CVRA.

The Board also authorized staff to bring forth a staggered sequence of elections for final action. Staff prepared two options for division numbering and the sequence. Option One is the original number sequence going in geographical order as proposed in Map E-2. Under Option One, Divisions 1 and 4 would be up for election in 2020 and Divisions 2, 3, and 5 would be up for election in 2022. Option Two is an odds/evens numbering sequence. Under Option Two, the divisions have been renumbered, and Divisions 2 and 4 would be up for election in 2020. Divisions 1, 3, and 5 would be up for election in 2022. Staff recommends adoption of Option 2.

To accomplish this and to adopt the final map, staff recommends that the Board adopt the proposed resolution, which also provides for the adoption of the final map establishing initial divisions for the election of members of the IRWD Board of Directors, division numbering and the sequence of elections.

FISCAL IMPACTS:

Due to the adoption of a resolution of “Intent to Initiate the Process of Establishing Divisions and Elections by Divisions” and by undertaking the Elections Code section 10010 process to evaluate by-divisions elections, the District is incurring costs of a demographer and special legal counsel in addition to potentially other costs.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

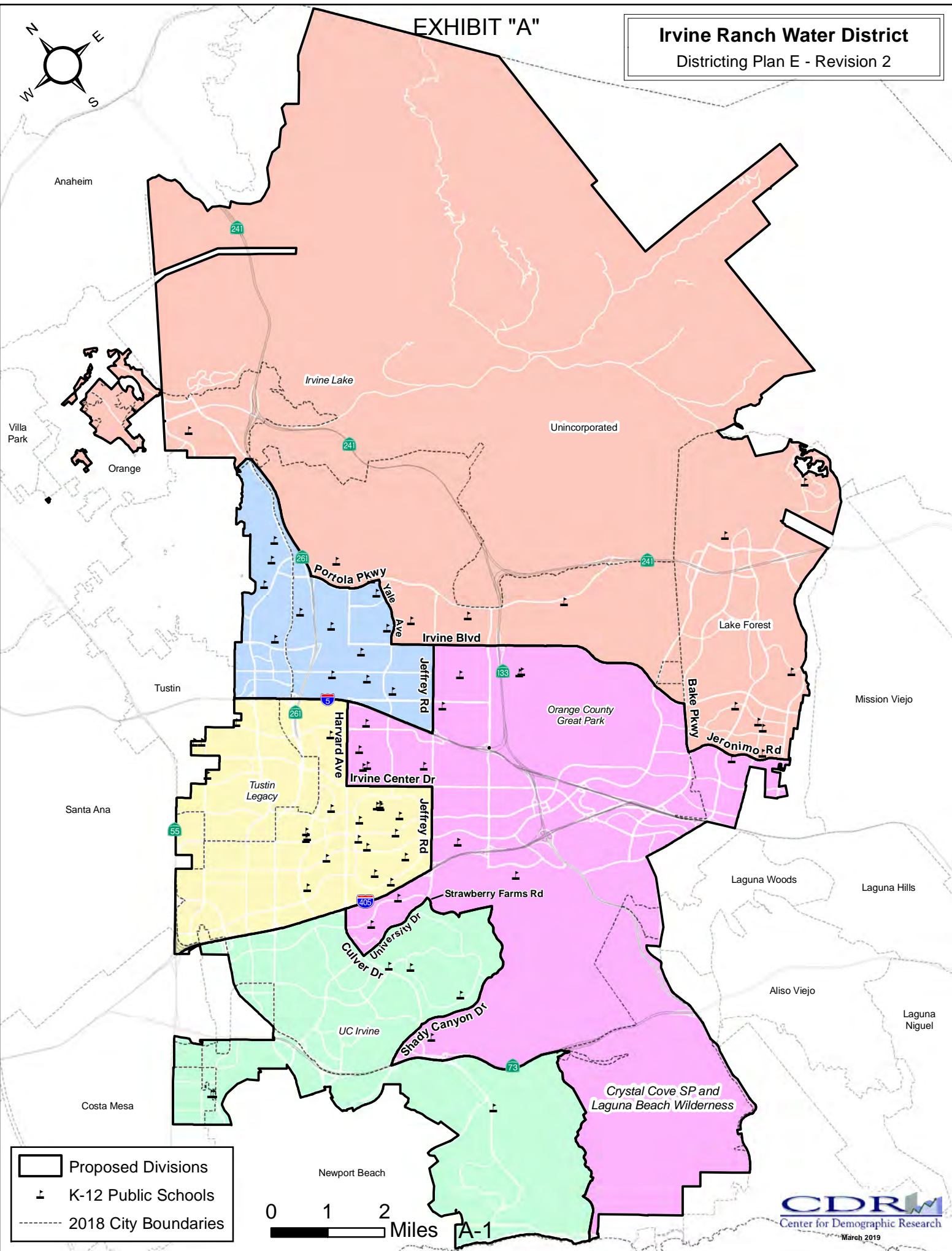
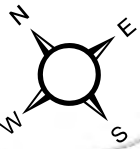
This item was not reviewed by a Committee.

LIST OF EXHIBITS:

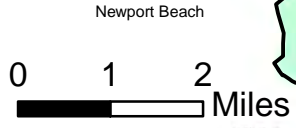
- Exhibit “A” – Proposed Final Map of Division Boundaries
- Exhibit “B” –Options for Division Numbering and the Sequence of Elections
- Exhibit “C” – Proposed Resolution Changing the Method of Election of Directors from At-Large to By-Division, and Adopting a Map Establishing Initial Divisions for the Election of members of the Board of Directors, Division Numbering and the Sequence of Elections.

EXHIBIT "A"

Irvine Ranch Water District Districting Plan E - Revision 2



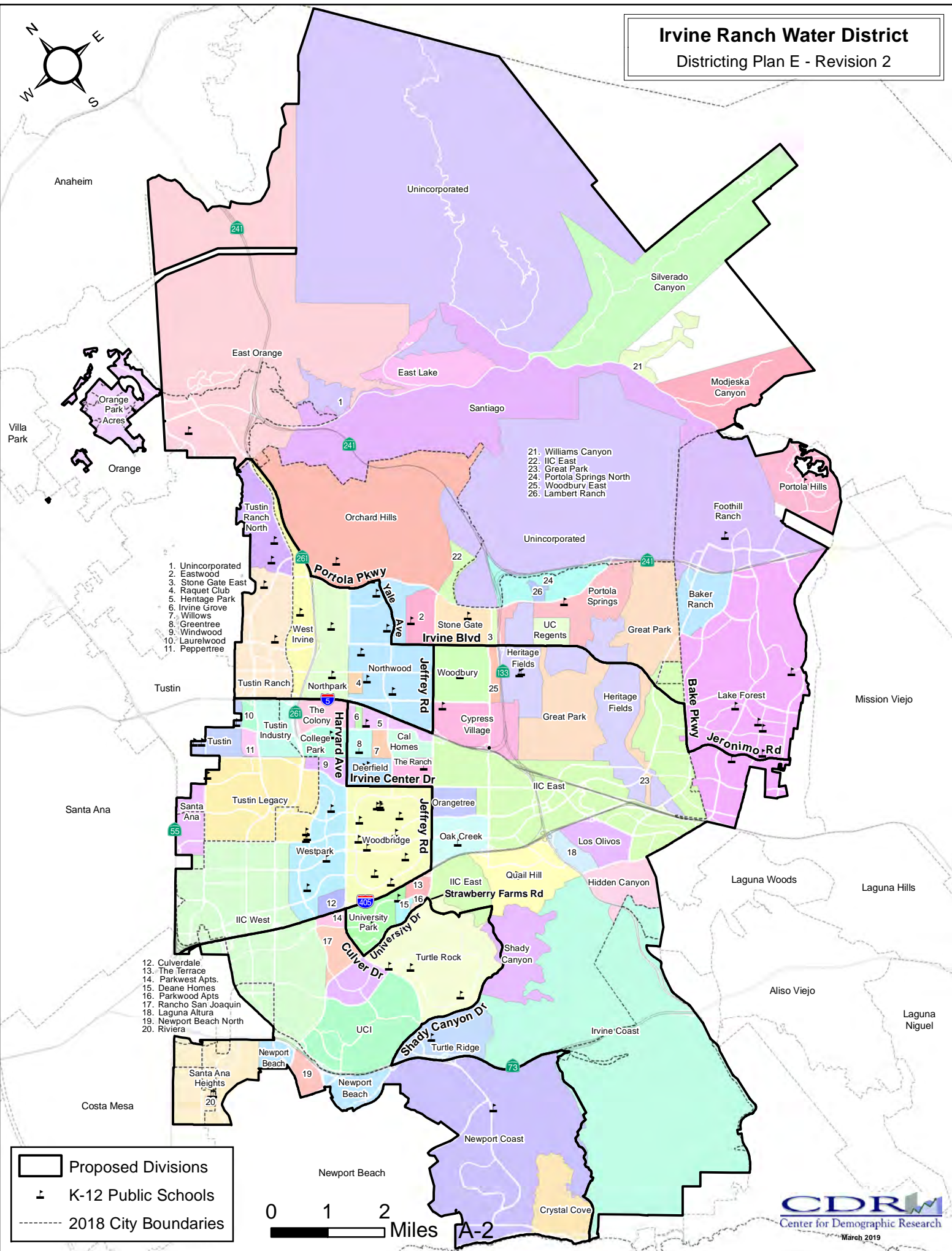
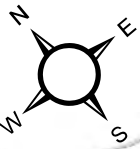
- Proposed Divisions
- K-12 Public Schools
- 2018 City Boundaries



A-1

Irvine Ranch Water District

Districting Plan E - Revision 2

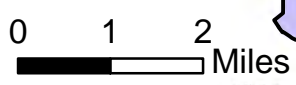


1. Unincorporated
2. Eastwood
3. Stone Gate East
4. Raquet Club
5. Heritage Park
6. Irvine Grove
7. Willows
8. Greentree
9. Windwood
10. Laurelwood
11. Peppertree

21. Williams Canyon
22. IIC East
23. Great Park
24. Portola Springs North
25. Woodbury East
26. Lambert Ranch

12. Culverdale
13. The Terrace
14. Parkwest Apts.
15. Deane Homes
16. Parkwood Apts.
17. Rancho San Joaquin
18. Laguna Altura
19. Newport Beach North
20. Riviera

Proposed Divisions
 K-12 Public Schools
 2018 City Boundaries



A-2

Irvine Ranch Water District- Plan E-Revision 2

Table 1. Population by Division and Race/Ethnicity

	DIVISION					Total
	1	2	3	4	5	
Total Population	65,531	67,021	66,202	69,195	69,202	337,151
Hispanic or Latino of any Race	11,310	6,870	7,958	7,627	6,560	40,325
Non-Hispanic White	39,723	29,069	31,455	31,427	39,523	171,197
Non-Hispanic Asian	10,843	26,733	22,801	25,391	19,007	104,775
Non-Hispanic Black or African-American	1,003	1,147	939	1,177	907	5,173
All Other Non-Hispanic Races/Ethnicities	2,652	3,202	3,049	3,573	3,205	15,681
Population 18 Years and Older	49,405	49,390	51,356	53,018	58,482	261,651
Hispanic or Latino of any Race	7,716	4,622	5,635	5,259	5,299	28,531
Non-Hispanic White	31,167	22,750	25,975	25,381	33,490	138,763
Non-Hispanic Asian	8,296	19,540	17,220	19,364	16,642	81,062
Non-Hispanic Black or African-American	793	845	734	882	775	4,029
All Other Non-Hispanic Races/Ethnicities	1,433	1,633	1,792	2,132	2,276	9,266
Citizen Voting Age Population (CVAP)	48,698	46,786	47,761	46,099	54,999	244,343
Hispanic or Latino of any Race	6,146	4,562	4,656	4,707	7,342	27,413
Non-Hispanic White	31,176	20,384	26,419	24,548	32,983	135,510
Non-Hispanic Asian	8,940	19,138	14,440	14,207	12,006	68,731
Non-Hispanic Black or African-American	925	1,208	1,009	820	848	4,810
All Other Non-Hispanic Races/Ethnicities	1,511	1,494	1,237	1,817	1,820	7,879

Target Division Population	67,430					
Division Difference from Target Population	-1,899	-409	-1,228	1,765	1,772	
Percent Difference from Target Population	-2.82%	-0.61%	-1.82%	2.62%	2.63%	
Percentage Spread	5.44%					

Table 2. Share of Division Populations

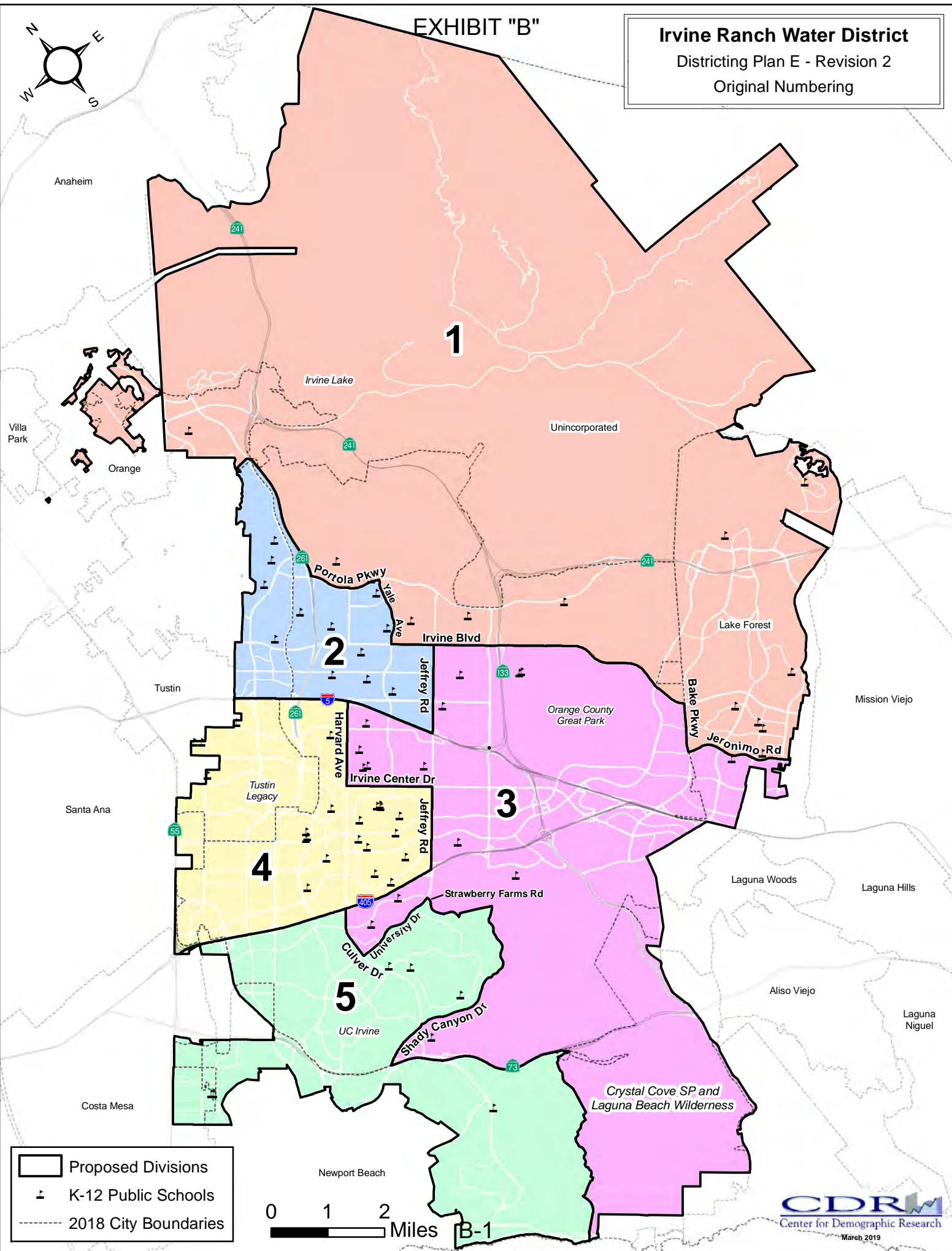
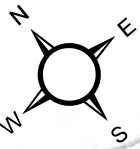
	DIVISION				
	1	2	3	4	5
Total Population	100.0%	100.0%	100.0%	100.0%	100.0%
Hispanic or Latino of any Race	17.3%	10.3%	12.0%	11.0%	9.5%
Non-Hispanic White	60.6%	43.4%	47.5%	45.4%	57.1%
Non-Hispanic Asian	16.5%	39.9%	34.4%	36.7%	27.5%
Non-Hispanic Black or African-American	1.5%	1.7%	1.4%	1.7%	1.3%
All Other Non-Hispanic Races/Ethnicities	4.0%	4.8%	4.6%	5.2%	4.6%
Population 18 Years and Older	100.0%	100.0%	100.0%	100.0%	100.0%
Hispanic or Latino of any Race	15.6%	9.4%	11.0%	9.9%	9.1%
Non-Hispanic White	63.1%	46.1%	50.6%	47.9%	57.3%
Non-Hispanic Asian	16.8%	39.6%	33.5%	36.5%	28.5%
Non-Hispanic Black or African-American	1.6%	1.7%	1.4%	1.7%	1.3%
All Other Non-Hispanic Races/Ethnicities	2.9%	3.3%	3.5%	4.0%	3.9%
Citizen Voting Age Population (CVAP)	100.0%	100.0%	100.0%	100.0%	100.0%
Hispanic or Latino of any Race	12.6%	9.8%	9.7%	10.2%	13.3%
Non-Hispanic White	64.0%	43.6%	55.3%	53.3%	60.0%
Non-Hispanic Asian	18.4%	40.9%	30.2%	30.8%	21.8%
Non-Hispanic Black or African-American	1.9%	2.6%	2.1%	1.8%	1.5%
All Other Non-Hispanic Races/Ethnicities	3.1%	3.2%	2.6%	3.9%	3.3%

EXHIBIT "B"

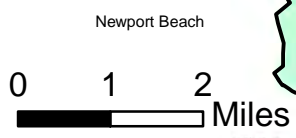
Irvine Ranch Water District

Districting Plan E - Revision 2

Original Numbering



- Proposed Divisions
- K-12 Public Schools
- 2018 City Boundaries

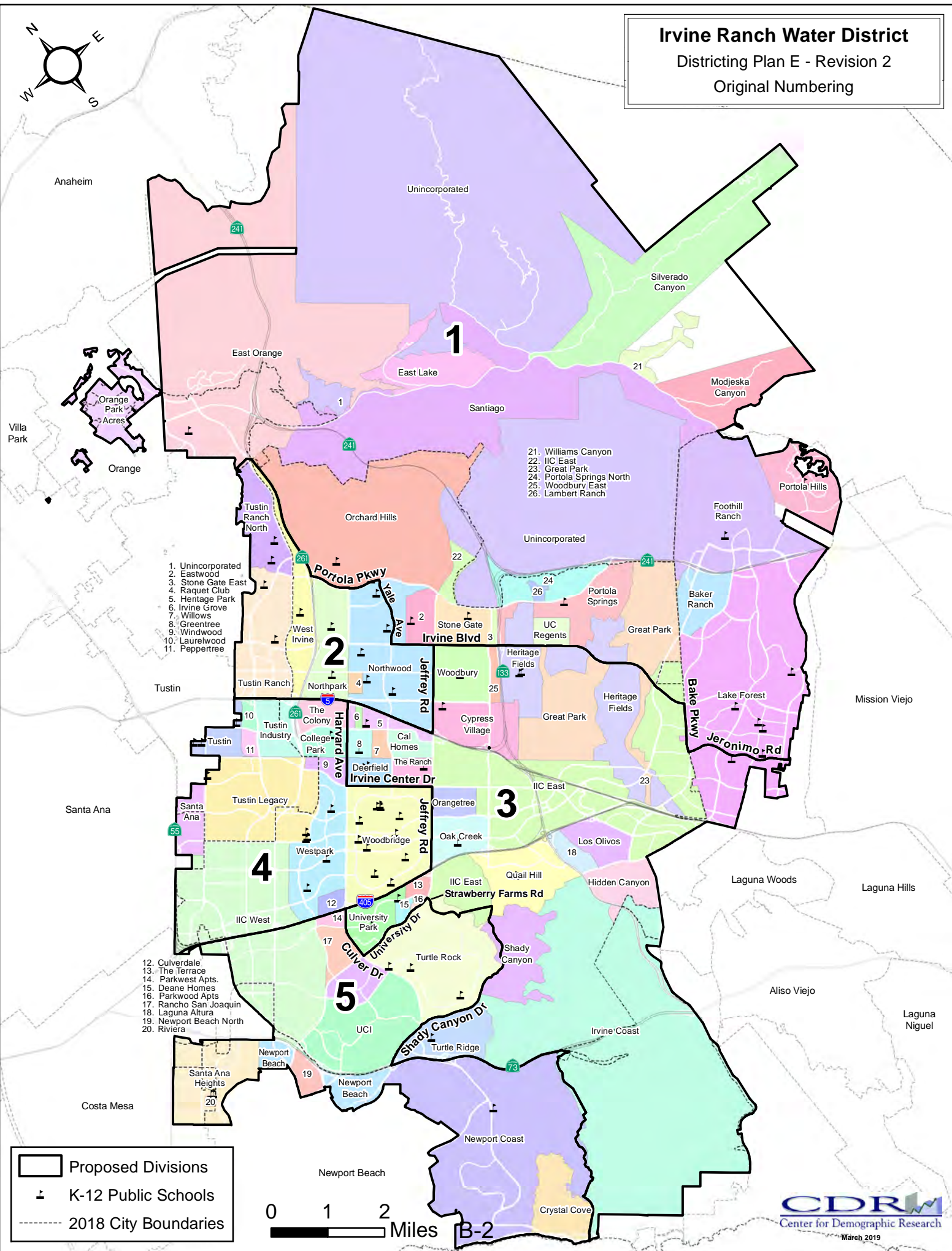
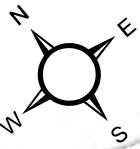


B-1

Irvine Ranch Water District

Districting Plan E - Revision 2

Original Numbering



- 1. Unincorporated
- 2. Eastwood
- 3. Stone Gate East
- 4. Raquet Club
- 5. Heritage Park
- 6. Irvine Grove
- 7. Willows
- 8. Greentree
- 9. Windwood
- 10. Laurelwood
- 11. Peppertree

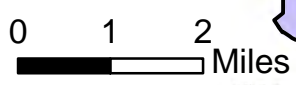
- 21. Williams Canyon
- 22. IIC East
- 23. Great Park
- 24. Portola Springs North
- 25. Woodbury East
- 26. Lambert Ranch

- 12. Culverdale
- 13. The Terrace
- 14. Parkwest Apts.
- 15. Deane Homes
- 16. Parkwood Apts.
- 17. Rancho San Joaquin
- 18. Laguna Altura
- 19. Newport Beach North
- 20. Riviera

Proposed Divisions

K-12 Public Schools

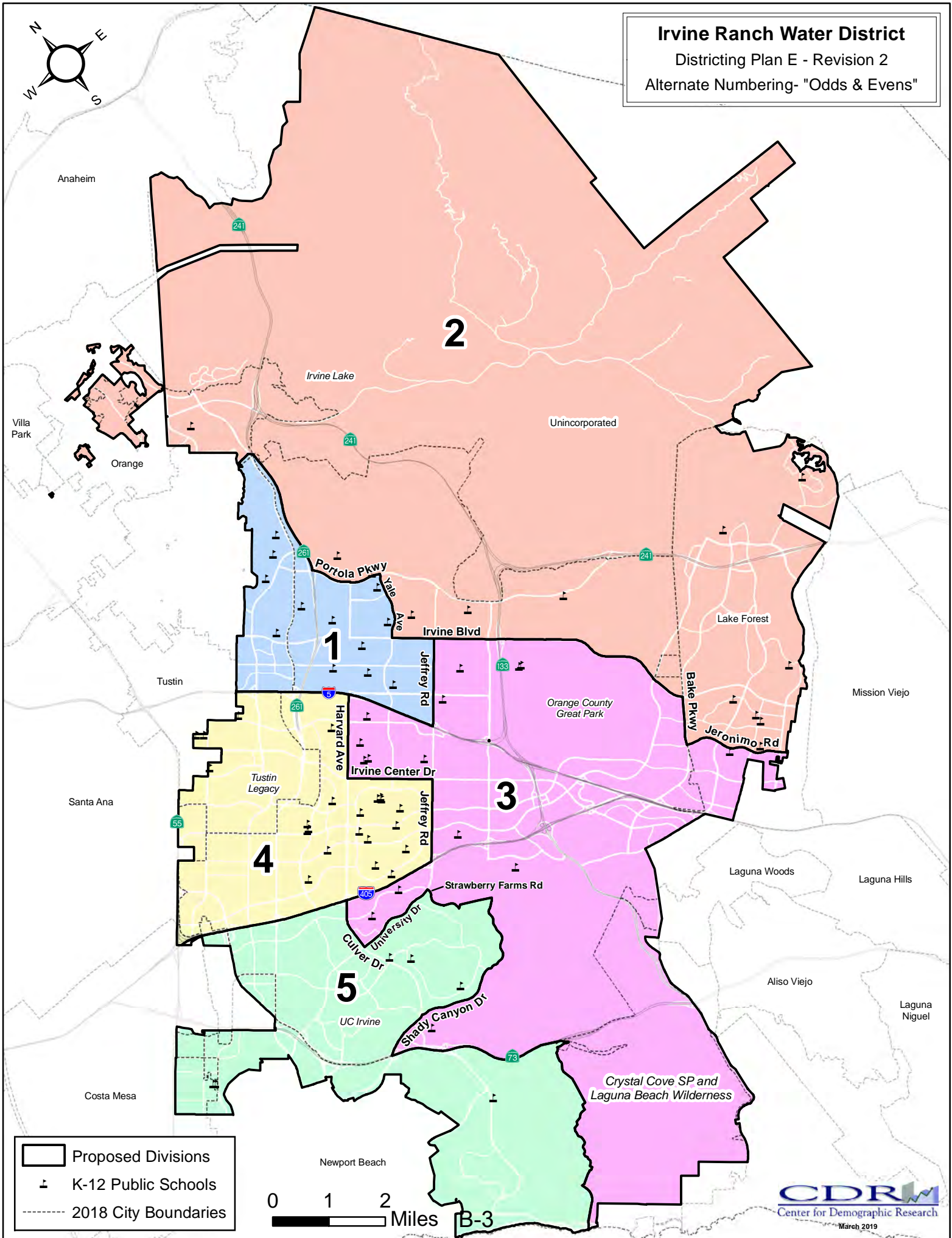
2018 City Boundaries



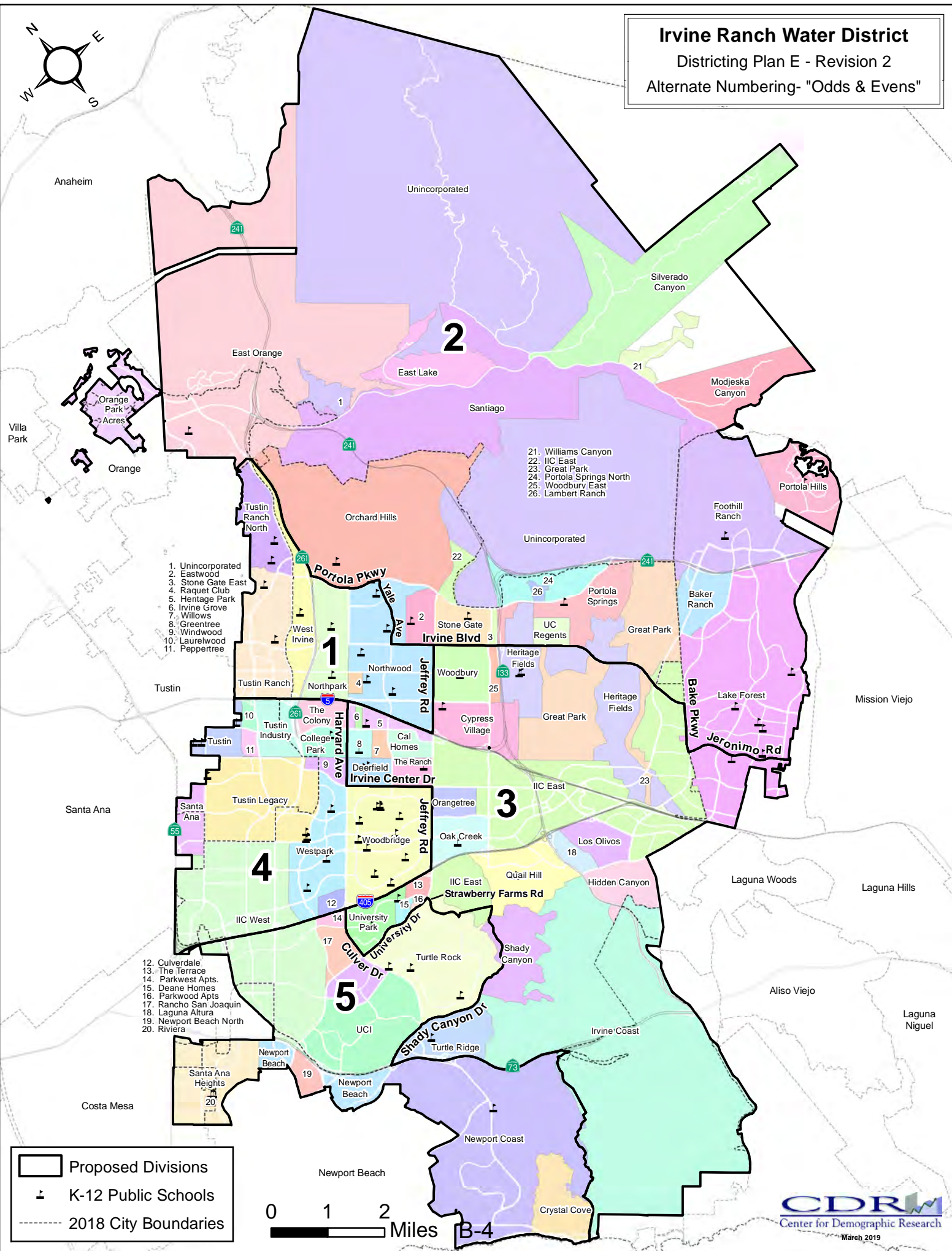
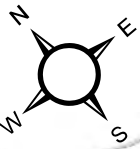
B-2

Irvine Ranch Water District

Districting Plan E - Revision 2
Alternate Numbering- "Odds & Evens"



Irvine Ranch Water District
 Districting Plan E - Revision 2
 Alternate Numbering- "Odds & Evens"



1. Unincorporated
2. Eastwood
3. Stone Gate East
4. Raquet Club
5. Heritage Park
6. Irvine Grove
7. Willows
8. Greentree
9. Windwood
10. Laurelwood
11. Peppertree

21. Williams Canyon
22. IIC East
23. Great Park
24. Portola Springs North
25. Woodbury East
26. Lambert Ranch

12. Culverdale
13. The Terrace
14. Parkwest Apts.
15. Deane Homes
16. Parkwood Apts
17. Rancho San Joaquin
18. Laguna Altura
19. Newport Beach North
20. Riviera

Proposed Divisions
 K-12 Public Schools
 2018 City Boundaries

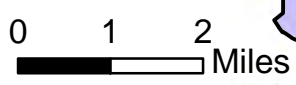


EXHIBIT “C”

RESOLUTION NO. 2019-

RESOLUTION CHANGING THE METHOD OF ELECTION OF DIRECTORS FROM AT-LARGE TO BY-DIVISION, AND ADOPTING A MAP ESTABLISHING INITIAL DIVISIONS FOR THE ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS, DIVISION NUMBERING AND THE SEQUENCE OF ELECTIONS

Pursuant to Water Code section 35180, the Irvine Ranch Water District (“IRWD”) currently uses an at-large method to elect members of its Board of Directors (“Board”); and

In 2016, Elections Code section 10650 was enacted and it authorizes the board of a special district to enact by-division elections in furtherance of the purposes of the California Voting Rights Act;

In a by-division system of election, candidates for the Board must reside within a division, and candidates are elected only by the voters of that division; and

On April 2, 2018, the Board of Directors adopted a Resolution of Intent to initiate the process of establishing elections by division; and

In adopting the Resolution of Intent, the Board committed to pursuing the process outlined in Elections Code section 10010, which requires two public hearings to accept public input and comments on how to draw division boundaries prior to drawing draft division boundary maps, time to develop draft maps, publication of draft maps before they are discussed by a local agency, at least two additional public hearings to receive public input and comments on any developed draft maps and any amendments to those maps, and at least one more public hearing held by the governing body of the local agency at which it considers final action to transition to by-division elections and considers adoption of a final map of division boundaries; and

The IRWD Board of Directors also committed to undertaking a process that complies with Elections Code section 10010 and encourages and allows for full public participation and input into an evaluation of divisions and by-division elections for the IRWD;

The Board of Directors, in accordance with the provisions of Elections Code 10010 and its commitment, held duly noticed public hearings with publications in English, Spanish, Chinese, Farsi and Korean on June 4, 2018, June 18, 2018, December 10, 2018, January 14, 2019, March 11, 2019 and April 8, 2019 as well as public workshops on May 14, 2018 and August 13, 2018 along with another extensive public comment period; and

The Board of Directors retained the Center for Demographic Research at California State University, Fullerton to analyze the demographics of the District and

assist with the preparation and analysis of draft Director Division maps consistent with the provisions of the federal Constitution, the federal Voting Rights Act, California law and traditional redistricting principles; and

The Board of Directors encouraged submittal of proposed division maps by members of the public and caused all maps submitted by members of the public and those drafted by the Center for Demographic Research to be posted prominently on the District's website along with the demographic characteristics of each map; and

The Board of Directors considered all comments made by members of the public.

NOW, THEREFORE, the Board of Directors of IRVINE RANCH WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE and ORDER that:

1. The Board of Directors hereby finds the foregoing recitals to be true and correct;
2. Commencing with the regularly-scheduled election of November, 2020, Directors shall be elected using a by-division method of election;
3. The Board of Directors adopts the map identified as Map E-2 attached hereto as Exhibit "1" and incorporated herein by this reference as the map setting forth the initial Director Divisions;
4. The Board of Directors adopts the district numbering identified in Exhibit "2" and incorporated herein by this reference as the map setting forth the District Division numbers;
5. The sequencing of elections shall be as follows: Directors for Divisions 2 and 4 will be elected in November, 2020 and every four years thereafter. Directors for Divisions 1, 3, and 5 will be elected in November, 2022 and every four years thereafter;
6. Pursuant to Elections Code section 22000, the Board of Directors will consider adjustments of the Division boundaries following each decennial federal census to assure compliance with all applicable provisions of law;
7. The District General Manager is directed to take any ministerial actions necessary to implement this resolution and report any such actions to the Board of Directors at its next regular meeting.
8. If necessary to facilitate the implementation this resolution as determined by the County Registrar of Voters, the General Manager is authorized to make technical adjustments to Division boundaries that do not substantially affect the population in the Divisions, the eligibility of candidates, or the residence of any elected Director within any Division.


ADOPTED, SIGNED AND APPROVED this 13th day of May 2019.

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

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

APPROVED AS TO FORM:
LEWIS BRISBOIS
Claire Hervey Collins, Legal Counsel

By: _____

May 13, 2019
Prepared and
submitted by: K. Swan
Approved by: Paul A. Cook 

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

May 16	OC Forum's California's Economic Outlook with State Treasurer Ma
May 28	Monthly Discussion of District Activities with the General Manager
June 3-4	ACWA JPIA 40 th Anniversary Luncheon
June 19	Chapman University's Annual Economic Forecast
June 26-28	Watershed Stewardship in the Wildland Urban Interface, Auburn

Mary Aileen Matheis

May 11	2019 Irvine Korean Cultural Festival Ceremony
May 29	OCBC's 2019 Economic Development Forum, Anaheim
June 4	OCBC Chairman's Leadership Series, Costa Mesa
June 19-21	2019 California Water Law & Policy Conference, San Francisco
July 29-30	Water Education Foundation Board Member Retreat, Long Beach

Peer Swan

May 16	OC Forum's California's Economic Outlook with State Treasurer Ma
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John Withers

May 10	ACC-OC 8 th Annual Golden Hub of Innovations Awards, Santa Ana
May 11	2019 Irvine Korean Cultural Festival Ceremony
May 17	Secretary of State Visit & Orange County 2020 Vote Center Planning, Irvine
May 29	OCBC's 2019 Economic Development Forum, Anaheim

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.

May 13, 2019
Prepared and
Submitted by: K. Swan
Approved by: Paul A. Cook



CONSENT CALENDAR

MINUTES OF BOARD MEETING

SUMMARY:

Provided are the minutes of the April 22, 2019 Regular Board meeting for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE APRIL 22, 2019 REGULAR BOARD MEETING BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – April 22, 2019 Minutes of Regular Board Meeting

EXHIBIT "A"

MINUTES OF REGULAR MEETING – APRIL 22, 2019

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:06 p.m. by President LaMar on April 22, 2019 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Engineering and Water Quality Burton, Executive Director of Water Policy Weghorst, Executive Director of Operations Chambers, Executive Director of Finance and Administration Clary, Director of Water Resources Sanchez, Director of Public Affairs Beeman, Director of Treasury and Risk Management Jacobson, Legal Counsel Collins, Assistant Secretary Swan, Government Relations Officer/Deputy General Counsel Compton, Director of Recycling Operations Zepeda, Director of Maintenance Mykitta, Director of Human Resources Roney, Mr. Christopher Smithson, Mr. Eric Akiyoshi, Mr. Mitch Robinson, Mr. Bruce Newell, staff, and members of the public.

WRITTEN COMMUNICATIONS: None.

ORAL COMMUNICATIONS: None.

ITEMS TOO LATE TO BE AGENDIZED: None.

BOARD WORKSHOPS

FISCAL YEARS 2019-20 AND 2020-21 OPERATING BUDGETS, PROPOSED BUDGETS AND RECOMMENDED RATES AND CHARGES

General Manager Cook reported that staff will present the second workshop for the operating budgets for the upcoming fiscal years to the Board for final review and approval. The discussion will also drive a probable increase in rates and recommendation for approval in the different Proposition 218 notices mailed to IRWD customers.

Using a PowerPoint presentation, Manager of Strategic Planning and Analysis, Mr. Christopher Smithson reviewed the schedule for budget and rate adoption to meet the May 3, 2019 deadline to mail the Proposition 218 Notices for a public hearing on June 24, 2019. Mr. Smithson provided a detailed review of the key drivers of the Operating Budget comparison to the prior year budget. He further explained the proposed rates for Fiscal Years 2019-20 and 2020-21 for a typical residential customer; and provided a comparison of rates based on groundwater availability and imported water among neighboring agencies. Following a lengthy review for the Proposition 218 Notices and structure, Director Swan reported that this item was reviewed multiple times by the Finance and Personnel Committee Meeting and supports the staff's recommendation.

On MOTION by Withers, seconded by Matheis, and unanimously carried, THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE APPROVING THE OPERATING BUDGETS FOR FISCAL YEARS 2019-20 AND 2020-21 (WITH RATES AND CHARGES FOR FY 2019-20 TO BE ADOPTED ON JUNE 24, 2019) AND APPROVED THE PROPOSITION 218 NOTICES SUBJECT TO NON-SUBSTANTIVE MODIFICATIONS.

RESOLUTION NO. 2019 – 10

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT,
ORANGE COUNTY, CALIFORNIA
APPROVING THE DISTRICT’S OPERATING BUDGETS FOR
FISCAL YEAR 2019-20 AND FISCAL YEAR 2020-21 AND DETERMINING COMPLIANCE
WITH ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

TWO-YEAR CAPITAL BUDGET FOR FISCAL YEARS 2019-20 AND 2020-21

General Manager Cook introduced Mr. Mitch Robinson to take the lead on the presentation to the Board regarding their consideration to adopt the Capital Budget for the Fiscal Years 2019-20 and 2020-21.

Using a PowerPoint presentation, Mr. Robinson reviewed the Fiscal Year 2018-19 Capital Budget by providing an overview and comparison of projected to actual expenditures. He provided a review and an anticipated forecast on development within the District’s service area. With the transition from an annual to biennial operating and capital budgets, Mr. Robinson outlined a preview two-year Capital Budget for Fiscal Years 2019-20 and 2020-21 and noted that categories considered were a slowdown in development; the Biosolids project coming online in December 2020; and the OCS D CORF. He explained flagged projects that require additional Board review prior to capital expenditures and said that the two-year Capital Budget flagged projects will include: Future Ground Water Supply; Kern Fan Groundwater Storage; Lake Forest Well 1 Drilling; Syphon Reservoir Improvements; and Tustin Legacy Red Hill Well Drilling and Equipping. He noted that all projects with start dates beyond Fiscal Year 2020-21 will be presented to Board prior to any expenditure authorizations. Mr. Robinson also briefed the Board on the Long-Term Capital Program.

Director Reinhart reported that this item was reviewed by the Engineering and Operations Committee on April 16, 2019; and following a thorough review, the committee confirmed the staff recommendation to adopt the resolution recommended by staff. Following a motion by Director Reinhart, and seconded by Matheis to adopt the resolution; Director Swan offered a substitute motion to approve the Capital Budget Fiscal Year 2019-20 subject to all of the flagged projects noted and to schedule a review of the Capital Budget on a year-to-year basis as it is not subject to the Proposition 218 noticing. As the substitute motion did not receive a second, the original motion was carried by the following vote: Reinhart, Withers, Matheis, and LaMar voting aye and Swan voting no (4-1), AND THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2019 – 11

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY
CALIFORNIA, APPROVING THE DISTRICT’S CAPITAL
BUDGET FOR FISCAL YEARS 2019-20 AND 2020-21

CONSENT CALENDAR

Director Swan requested that Item 10 be moved to the Action Calendar for discussion. There being no further comments, this item was moved accordingly. On MOTION by Matheis, seconded by Reinhart, and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 9 AND 11 WERE APPROVED AS FOLLOWS:

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

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

6. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the April 8, 2019 Regular Board meeting be approved as presented.

7. 2019 LEGISLATIVE AND REGULATORY UPDATE

Recommendation: That the Board adopt a “support” position on AB 1672 (Bloom).

8. MARCH 2019 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer’s Investment Summary Report, the Summary of Fixed and Variable Rate Debt, and Disclosure Report of Reimbursements to Board members and staff; approve the March 2019 Summary of Payroll ACH payments in the total amount of \$3,310,358 and approve the March 2019 accounts payable Disbursement Summary of warrants 396572 through 397437, Workers’ Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$15,169,316.

9. IRVINE RANCH WATER DISTRICT STRATEGIC MEASURES

Recommendation: Receive and file.

11. SERRANO CREEK OUTFALL STRUCTURE JOINT DEVELOPMENT AND REIMBURSEMENT AGREEMENT

Recommendation: That the Board authorize the General Manager to execute the Joint Development and Reimbursement Agreement between IRWD and Lennar Homes of California, subject to non-substantive changes.

ACTION CALENDAR

ENTERPRISE ASSET MANAGEMENT LINEAR ASSET INTEGRATION SERVICES

In response to Director Swan's inquiry, General Manager Cook explained that the project is a phased implementation. He said that following the successful implementation of the new Enterprise Asset Management software (Maximo) of the nonlinear assets such as the Michelson Water Recycling Plant, Los Alisos Water Recycling Plant, he said that staff will be focusing on the integration of the linear assets (pipelines, manholes, valves, and service lines). In response to Director Swan's comment that he wanted to confirm that Maximo was not found to be deficient in any way, this was confirmed by staff. Director Reinhart said that this item was reviewed by the Engineering and Operations Committee on April 16, 2019, and the Committee concurs with staff's recommendation. On MOTION by Reinhart, seconded by Matheis, and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A SOLE SOURCE PROFESSIONAL SERVICES AGREEMENT WITH SPATIAL WAVE INC. FOR MAXIMO INTEGRATION WITH GIS ASSETS/MAPLET IN THE AMOUNT OF \$229,000.

PELICAN HILLS GOLF CLUB SEWER PIPELINE REHABILITATION BUDGET ADDITION

General Manager Cook reported that this item is for a budget addition to rehabilitate damaged sewer pipelines located within the Pelican Hills Golf Club in the Newport Coast area. Executive Director of Engineering and Water Quality Burton said that almost 5,000 feet of pipe that run through the golf course have been identified to have problems, and need repair. This project will assess the problems, describe remediation, and identify prevention remedies in the future. Mr. Burton said that staff has closely coordinated with the Golf Club and while there will be impacts to the course, it is agreed that these issues need to be remedied. Director Reinhart reported that this was reviewed by the Engineering and Operations Committee on April 16, 2019, and concurs with staff's recommendation. On a MOTION by Reinhart, seconded by Matheis, unanimously carried, THE BOARD AUTHORIZED THE ADDITION OF PROJECT 11121 IN THE AMOUNT OF \$531,300 TO THE FY 2018-19 CAPITAL BUDGET FOR THE PELICAN HILLS GOLF CLUB SEWER PIPELINE REHABILITATION.

MICHELSON WATER RECYCLING PLANT BIOSOLIDS LANDSCAPING CONSTRUCTION AWARD

General Manager Cook said this is a construction award for landscaping at the new facilities for the Biosolids Project. Director Reinhart reported that this item was reviewed by the Engineering and Operations Committee on April 16, 2019, and the Committee concurs with the staff's recommendation. On a MOTION by Reinhart, seconded by Matheis, unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION

CONTRACT WITH MARINA LANDSCAPING, INC. IN THE AMOUNT OF \$596,474 FOR THE MICHELSON RECYCLING PLANT BIOSOLIDS LANDSCAPING, PROJECT 04286.

SANTIAGO CANYON PUMP STATION IMPROVEMENTS CONSULTANT SELECTION

General Manager Cook said this item is being designed to increase fire flow capacities in IRWD's Santiago Canyon. Executive Director of Engineering and Water Quality Burton described this project stemming from a 2017 fire flow analysis of all of the canyon areas. Mr. Burton said that the District set a goal to upgrade the existing system to have 1,000 gallons per minute from each hydrant along mainlines for a two-hour fire fight which will be a substantial improvement for many of the areas in the canyon. The scope of improvements includes increased pumping capacity, site work, piping replacement, electrical, instrumentation, and communication upgrades to varying degrees. Director Reinhart confirmed this item was reviewed by the Engineering and Operations Committee on April 16, 2019, and supports the staff recommendation. On MOTION by Reinhart, seconded by Matheis, and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH LEE & RO, INC. IN THE AMOUNT OF \$485,400 FOR ENGINEERING DESIGN SERVICES FOR THE SANTIAGO CANYON PUMP STATION IMPROVEMENTS, PROJECT 01398.

ONE-YEAR EXTENSION OF JACKSON RANCH AGRICULTURAL LEASE

General Manager Cook noted that the District owns property in Kings County as part of IRWD's water banking program, and to keep the 883 acres productive, IRWD leased this property to various tenants; most recently to Adee Honey Farms, a bee-keeping operation. Director Withers left the Board room. Director Swan reported that this was presented to the Supply Reliability Programs Committee on April 18, 2019, and supports the staff recommended action. On MOTION by Swan, seconded by Reinhart and carried (4-0), (Swan, Reinhart, Matheis, and LaMar voting aye, and Withers absent), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 1 TO THE AGRICULTURAL LEASE WITH ADEE HONEY FARMS TO EXTEND THE TERM OF THE LEASE FOR AN ADDITIONAL ONE-YEAR PERIOD TO MAY 15, 2020.

GENERAL MANAGER'S REPORT

General Manager Cook reported that in accordance with IRWD's Purchasing Policy, he authorized a Purchase Order with Paulus Engineering in the amount of \$120,690 due to a matter of urgent necessity to address repairs to a 20' deep manhole with traffic impacts at MacArthur and Main Street. He said that the project began as a sewer manhole re-lining project, however the manhole failed, and a repair was required immediately.

Mr. Cook also reported that landscaping and irrigation modifications are underway in the parking lot at Sand Canyon headquarters to create a succulent demonstration garden similar to the one at the Baker Treatment Plan which was donated by Tropical Plaza.

DIRECTORS' COMMENTS

Director Reinhart reported on his attendance at a OCWD Water Issues Committee; an IRWD resident tour; and an OCWD Board Meeting.

Director Swan reported that he attended an MWDOC Public Affairs & Legislation Committee meeting; Sustain OC Energy Infrastructure Annual Conference; a lecture at UCI regarding Transitioning to Integrated Water Management; a WACO Planning Committee meeting; an OCWA Monthly Meeting and lecture spotlighting Yorba Linda Water District; an IRWD resident tour; and various Newport Chamber of Commerce meetings. He asked staff to provide a briefing regarding Syphon Reservoir at a future Board meeting.

Vice President Matheis reported on her attendance at the City of Irvine's swearing in ceremony for its new mayor; an OC Forum's monthly meeting and lecture; a State of South County featuring Supervisor Bartlett; an OCWA monthly meeting; an ACC-OC's Board of Directors' Installation; and the OCBC's Monthly Leadership series.

President LaMar reported on his meeting with Senator Umberg, General Manager Cook, and Ms. Christine Compton.

COMMUNITY UPDATES

Mr. Bruce Newell reported that he looks forward to the briefings on the upcoming Santiago Canyon Pump Station Improvements; and will pass this information along to the community.

CLOSED SESSION

Legal Counsel Collins said that a Closed Session would be held this evening as follows:

CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(d)(1): *Irvine Ranch Water District v. Orange County Water District*, Case No. BS168278 [Lead Case] & Case No. BS175192 [Consolidated Case]

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors LaMar, Matheis, Swan, and Reinhart present with Withers absent. President LaMar said that the Board authorized legal counsel to file a petition for review if the court certifies the Phase 1 case for interlocutory appeal, and announced that the District would be filing an amendment to the complaint.

ADJOURNMENT

President LaMar adjourned the meeting at 7:18 p.m.

APPROVED and SIGNED this 13th day of May, 2019.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Claire Hervey Collins, Legal Counsel
– Lewis Brisbois

May 13, 2019
Prepared and
submitted by: C. Compton
Approved by: Paul A. Cook



CONSENT CALENDAR

FISCAL YEAR 2018-2019 LEGAL SERVICES PROVIDED BY ALSTON & BIRD

SUMMARY:

The District has adopted a team approach to the procurement of legal services. The approach divides legal service responsibility for regular issues and matters across multiple law firms. In order to implement the District's chosen approach, the Board authorized the General Manager to enter into several agreements for legal services. One of the firms the District has contracted with is Alston & Bird. Alston & Bird currently provides legal services to the District related to complex matters and complex litigation under a letter of engagement.

On March 26, 2018, the Board authorized the General Manager to execute a variance to the letter of engagement with Alston & Bird for legal services related to complex issues and litigation with a term of April 1, 2018, to June 30, 2019, and a not-to-exceed amount of \$1,500,000. Given the number of complex matters and amount of complex litigation the District has faced this last year, staff recommends that the Board authorize a second variance to the letter of engagement with Alston & Bird increasing the not-to-exceed amount by \$1,500,000.

BACKGROUND:

The District has adopted a team approach that divides legal service responsibility for regular issues and matters among several law firms. The approach utilizes an outside general counsel who provides legal services related to municipal law, transactional and non-complex issues, rate-setting, and other routine general counsel matters. The general counsel also provides coordination among the District's various legal counsel. Additionally, the approach utilizes at least two different law firms to provide legal services related to complex issues, complex litigation, and legal matters related to water resources and policy issues. Staff provides legal services management and legal service continuity along with having other duties.

In order to implement the District's adopted approach to general legal services, the District entered into an agreement with the selected general counsel and agreements with two other law firms. One of the firms was Alston & Bird.

Services Provided by and Proposed Variance with Alston & Bird:

Alston & Bird currently provides legal services to the District related to complex matters and complex litigation under a letter of engagement. The services, representation, and counsel provided by the firm have been of a good quality.

On March 26, 2018, the Board authorized the General Manager to execute a variance to the letter of engagement with Alston & Bird for legal services related to complex issues and litigation with a term of April 1, 2018, to June 30, 2019, and a not-to-exceed amount of \$1,500,000. Given the number of complex matters and amount of complex litigation the District has faced the last year,

staff recommends that the Board authorize the General Manager to enter into a second variance to the Letter of Engagement with Alston & Bird increasing the not-to-exceed amount by \$1,500,000.

District.

FISCAL IMPACTS:

The total not-to-exceed amount for the two variances is \$3,000,000. If approved by the Board, the new contract and variances will be charged against the Fiscal Year 2018-2019 Operating Budgets, as appropriate. Legal services related to capital projects will be billed to the capital budgets, as appropriate.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Due to timing, this item was not reviewed by a committee.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE A VARIANCE TO THE LETTER OF ENGAGEMENT WITH ALSTON & BIRD FOR LEGAL SERVICES RELATED TO COMPLEX ISSUES AND LITIGATION INCREASING THE NOT-TO-EXCEED VALUE OF THE CONTRACT BY \$1,500,000.

LIST OF EXHIBITS:

None.

May 13, 2019
Prepared by: A. Shinbashi
Submitted by: R. Jacobson/C. Clary
Approved by: Paul A. Cook



CONSENT CALENDAR

RATIFICATION OF LAWSUIT SETTLEMENT PAYMENT FARMERS INSURANCE EXCHANGE V. THE IRVINE COMPANY, ET AL

SUMMARY:

The District was named in a lawsuit along with the Irvine Company by Farmers Insurance as a result of a sports car being damaged by a loose valve can lid owned by the District. The General Manager approved a payment for \$15,000 towards settlement of the case. Staff recommends that the Board ratify the General Manager's settlement approval.

BACKGROUND:

On October 12, 2017, a Lamborghini sports car struck a loose/damaged valve can lid located in the parking lot of the Crystal Cove Shopping Center owned by the Irvine Company. The valve can lid caused significant damage to the underside of the car resulting in a property damage claim. Staff inspected the incident scene and determined the valve can cylinder lid appeared to have been damaged by a paving contractor hired by the Irvine Company's property manager to pave and slurry the parking lot.

Farmers Insurance sued the District, the Irvine Company and its general contractor Cuesta Properties, as well as paving subcontractors Superior Paving and United Paving involved in the parking lot re-paving/slurry project. Farmers was seeking \$125,000 in subrogation for claims paid to its insured for the alleged property damage. The District retained attorney Robert Fisher of Koeller, Nebekar, Carlson, Haluck LLP for defense in the lawsuit.

The Irvine Company tendered its defense to IRWD based on indemnity language in the easement documents for this location. IRWD's legal counsel denied the tender as being "outside the scope of the indemnity obligation" of the District. The Irvine Company served written discovery on the contractor and subcontractor(s) responsible for the paving work, and actively pursued tenders to these parties based on contractual indemnity provisions and its status as an additional insured.

On February 11, 2019, Superior Paving agreed to take the Irvine Company's assigned rights to the case and reached a settlement with the plaintiff for \$75,000. As part of this arrangement, Superior Paving acquired the Irvine Company's assigned rights to indemnity against IRWD and expressed its interest to prosecute an indemnity claim against the District. Staff and District legal counsel negotiated with Superior Paving's counsel and agreed to pay \$15,000 toward the plaintiff's settlement, in lieu of prolonging the case and incurring additional legal motions and costs. A settlement agreement was executed by all parties and a motion to dismiss the case was filed and is pending approval of the court.

FISCAL IMPACTS:

Including the settlement amount of \$15,000 and estimated legal fees of \$7,500, the District's total cost to settle the claim is approximately \$22,500.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee at its meeting on May 1, 2019.

RECOMMENDATION:

THAT THE BOARD RATIFY THE GENERAL MANAGER'S APPROVAL OF PAYMENT FOR \$15,000 TO SETTLE CASE NO.: 30-2018-01015483-CU-PO-CJC – *FARMERS INSURANCE EXCHANGE V. THE IRVINE COMPANY, ET AL.*

LIST OF EXHIBITS:

None.

May 13, 2019

Prepared by: J. Davis / T. Fournier

Submitted by: R. Jacobson / C. Clary

Approved by: Paul A. Cook



CONSENT CALENDAR

LETTER OF CREDIT EXTENSION FOR THE SERIES 2009B BONDS

SUMMARY:

The District currently has \$57.5 million of Consolidated Series 2009B Bonds (2009B Bonds) supported by a Bank of America N.A. (BANA) letter of credit (LOC) scheduled to expire July 15, 2019. IRWD's municipal advisor, Public Financial Management (PFM), issued a Request for Proposal to 13 banks to provide an LOC for three to five years. Based on eight proposals received and feedback from PFM, staff recommends that the Board approve the extension of the LOC with BANA for three years at 0.30% per year, representing a 0.10% reduction from the current rate of 0.40%, and adopt a resolution authorizing certain actions in connection with extension of Letter of Credit (Consolidated Series 2009B).

BACKGROUND:

The District currently has \$57.5 million of 2009B Bonds supported by a BANA LOC priced at 0.40% per year, which is scheduled to expire on July 15, 2019. BANA initially provided a proposal to extend the LOC for terms of one, two, three, and four years at an annual rate of 0.25%, 0.29%, 0.35%, and 0.43%, respectively. After further negotiations, BANA reduced its three-year price to 0.30%. Additionally, seven other banks provided pricing for three-, four-, and five-year terms. Staff evaluated all of the proposals and received feedback from the District's municipal advisor. While some banks provided lower annual LOC fees, due to additional expenses required to substitute a new LOC provider (publishing new disclosure documents, legal and rating agency fees) estimated at \$156,000, an LOC replacement would be significantly more expensive than extending the current LOC.

Staff recommends Board approval to extend the BANA LOC to May 2022 at an annual cost of 0.30%. The Summary of Letter of Credit Proposals is attached as Exhibit "A".

FISCAL IMPACTS:

The total letter of credit fee for the 2009B Bonds will be \$483,470 for the three-year period. The LOC fee reduction from 0.40% to 0.30% will result in a net cost reduction of approximately \$123,000 for the three-year term. Expenses related to the extension are estimated at \$38,200.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on May 1, 2019.

RECOMMENDATION:

THAT THE BOARD APPROVE AN EXTENSION OF THE BANK OF AMERICA N.A. LETTER OF CREDIT FOR THE DISTRICT'S 2009B BONDS TO MAY 2022 AT AN ANNUAL COST OF 0.30%, AND ADOPT THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2019-

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT
AUTHORIZING CERTAIN ACTIONS IN CONNECTION
WITH EXTENSION OF LETTER OF CREDIT
(CONSOLIDATED SERIES 2009B)

LIST OF EXHIBITS:

Exhibit "A" – Summary of LOC Proposals

Exhibit "B" – Resolution Authorizing Certain Actions in Connection with LOC
Extension

Exhibit "A"

IRVINE RANCH WATER DISTRICT Summary of Letter of Credit Proposals

Average 3-Year LOC Stated Amount 53,718,836

Bank	Term (Years)	LOC Fee	Three-Year LOC Fee	Issuance / Extension Costs ⁽¹⁾		All-in Cost
					Total	
Bank of the West ⁽²⁾	3	0.250%	\$402,891		\$157,600	\$560,491
Barclays	3	0.270%	\$435,123		\$162,600	\$597,723
Sumitomo ⁽³⁾	3	0.290%	\$467,354		\$157,600	\$624,954
Bank of America	3	0.300%	\$483,470		\$38,200	\$521,670
TD Bank	3	0.330%	\$531,816		\$152,600	\$684,416
JPMorgan	3	0.650%	\$1,047,517		\$150,100	\$1,197,617

(1) Includes legal fees, rating agency fees, and staff time

(2) Limited credit support for VRDOs. Not many public market comps.

(3) Only VRDOs in weekly mode

Bank of America

Current LOC Fee 0.40%	\$644,626
Proposed LOC Fee 0.30%	483,470
Savings	\$161,156
Extension Cost	38,200
Net Savings	\$122,956

Exhibit "B"

RESOLUTION NO. 2019-

RESOLUTION OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT AUTHORIZING CERTAIN ACTIONS IN CONNECTION WITH EXTENSION OF LETTER OF CREDIT (CONSOLIDATED SERIES 2009B)

The Irvine Ranch Water District (“**IRWD**”) has issued the Bonds of IRWD, Consolidated Series 2009B (the “**Series 2009B Bonds**”).

The irrevocable letter of credit of Bank of America, N.A. (“**BANA**”) has been issued with respect to the 2009B Bonds (the “**2009B Bonds Letter of Credit**”).

The 2009B Bonds Letter of Credit is scheduled to expire on July 15, 2019.

Consistent with IRWD’s Debt Management Policy, the Board of Directors (the “**Board**”) must approve all debt issuance or refunding proposals made by IRWD involving a pledge or other extension of IRWD’s credit through the sale of securities, execution of loans or leases, or making guarantees, or otherwise involving directly or indirectly the lending or pledging of IRWD’s credit.

After evaluating proposed terms and conditions for extending the Letter of Credit, the Board believes it is in the interest of IRWD to authorize the extension of the Letter of Credit as provided herein.

The 2009B Bonds Letter of Credit was issued and has previously been extended pursuant to the Amended and Restated Reimbursement Agreement, dated as of April 1, 2011, as amended by the First Amendment to Amended and Restated Reimbursement Agreement, dated as of July 15, 2013, and subsequently amended by the Second Amendment to Amended and Restated Reimbursement Agreement, dated as of June 22, 2016, each by and between the District and BANA (collectively, the “**2009B Bonds Reimbursement Agreement**”).

The Board of Directors of IRWD therefore resolves as follows:

Section 1. The Treasurer is hereby authorized and directed to cause the extension of the Letter of Credit, so as to expire on or about May 2022. The form of a third amendment to the 2009B Bonds Reimbursement Agreement (inclusive of the form of a second amended and restated fee letter) is hereby approved in substantially the form presented to the Board with this resolution, and the President and Secretary are authorized and directed to execute such amendment and the President is authorized to execute such fee letter, each in the form so presented with such changes therein as are approved by, and on the date for delivery established by, the Treasurer with the concurrence of the President, which approval will be conclusively evidenced by execution and delivery thereof.

Section 2. The foregoing authorization to cause the extension of the Letter of Credit shall include the approval of the terms of any amendments to agreement and instrument to be delivered by and to the respective remarketing agent. The President and Secretary of IRWD are

authorized and directed to execute any amendment so approved.

Section 3. The foregoing authorization to cause the extension of the Letter of Credit shall further include any and all of the following: preparation and/or approval, execution and delivery of any notices, instruments, disclosure or other documents to be delivered or distributed in conjunction with the authorized actions, and any other actions to implement such extension of the Letter of Credit.

Section 4. The President, Secretary and each other officer of IRWD is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transaction contemplated by this resolution.

ADOPTED, SIGNED AND APPROVED this 13th day of May 2019.

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

By: _____
District Counsel

THIRD AMENDMENT TO
AMENDED AND RESTATED REIMBURSEMENT AGREEMENT

This THIRD AMENDMENT TO AMENDED AND RESTATED REIMBURSEMENT AGREEMENT (this "Amendment"), is made and entered into as of May 16, 2019 by and between IRVINE RANCH WATER DISTRICT, a California water district (the "District"), and BANK OF AMERICA, N.A., a national banking association (the "Bank").

WITNESSETH

WHEREAS, the District and the Bank have previously entered into an Amended and Restated Reimbursement Agreement, dated as of April 1, 2011, a First Amendment to Amended and Restated Reimbursement Agreement, dated as of July 15, 2013, and a Second Amendment to Amended and Restated Reimbursement Agreement, dated as of June 22, 2016 (collectively, the "Agreement"), with reference to the Bonds of Irvine Ranch Water District, Consolidated Series 2009B;

WHEREAS, the District desires to extend the scheduled expiration date of the Letter of Credit (as defined in the Agreement);

WHEREAS, the Bank is willing to extend the stated expiration date of the Letter of Credit (as defined in the Agreement) as long as certain amendments are made to the Agreement; and

WHEREAS, the District is willing to agree to such amendments in order to extend the stated expiration date of the Letter of Credit (as defined in the Agreement).

NOW, THEREFORE, in consideration of the foregoing, the premises and mutual covenants contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings given thereto in the Agreement.

2. Effectiveness of this Amendment. This Amendment shall become effective as provided herein at the time (the "Amendment Effective Time") on the first date (the "Amendment Effective Date") on which each of the following conditions shall be satisfied or waived by the Bank:

(a) Delivery of Amendment. The Bank shall have received a copy of this Amendment duly executed and delivered by the District.

(b) Delivery of Second Amended and Restated Fee Letter. The Bank shall have received a copy of the letter agreement of even date herewith from the Bank to the District regarding fees and expenses duly acknowledged and agreed to by the District, amending and restating the Fee Letter (as defined in the Agreement).

(c) Delivery of Resolution. The Bank shall have received the Resolution of IRWD authorizing the extension of the Letter of Credit, the execution of this Amendment and the other matters contemplated hereby and thereby.

(d) Delivery of Incumbency Certificate. The Bank shall have received an incumbency certificate of IRWD certifying the names and signatures of the people authorized to execute and deliver, on behalf of IRWD, this Amendment and the other matters contemplated hereby, in form and substance satisfactory to the Bank.

(e) Representations and Covenants of the District; No Defaults. The following statements shall be true and correct on and as of the Amendment Effective Date, and the Bank shall have received a certificate signed by an authorized officer of the District, dated the Amendment Effective Date, stating that:

(i) The representations of the District contained in Article IV of the Agreement and Section 5 of this Amendment are true and correct in all material respects on and as of the Amendment Effective Date as though made on and as of such date, provided that (A) references in Article IV to the issuance and sale of the Bonds shall refer to the actual date on which the Bonds were issued and sold, (B) references to June 30, 2010 set forth in Section 4.9 of the Agreement shall be deemed to be references to June 30, 2018 and (C) the reference to November 29, 2010 set forth in Section 4.9 of the Agreement shall be deemed to be a reference to November 12, 2018.

(ii) The District has performed or complied with all of its obligations, agreements and covenants to be performed or complied with by it pursuant to the Agreement on or prior to the Amendment Effective Date.

(iii) After giving effect to the execution and delivery of this Amendment and the letter agreement described in Section 2(b) above by the District, there exists no Default or Event of Default.

(f) Fees, Costs and Expenses. The Bank shall have received payment of all fees, costs and expenses due under the Agreement that are to be paid on or prior to the Amendment Effective Date, including, without limitation, the fees and expenses of counsel for the Bank incurred in connection with the preparation, execution and delivery of this Amendment and the letter agreement described in Section 2(b) above.

(g) No Material Adverse Effect. As of the Amendment Effective Date, the Bank, in its sole determination, shall be satisfied that (i) no Material Adverse Effect has occurred since June 30, 2018, and (ii) no law, rule or regulation shall have been enacted, amended, suspended or repealed that would result in a Material Adverse Effect.

3. Amendments. At the Amendment Effective Time:

(a) The following defined terms in Section 1.1 of the Agreement shall be amended and restated in their entireties to read as follows:

“Bank Rate” means, for each day of determination with respect to any Liquidity Advance or Term Loan, a rate per annum equal to the greater of (i) the Bond Rate and (ii) (A) the Base Rate, for the period from and including the Purchase Date of the related Bank-Owned Bond to and including the earlier of (x) the Termination Date and (y) the 90th day following such Purchase Date, and (B) the Base Rate plus one percent (1%), for the period from and including the earlier of (x) the Termination Date and (y) the 91st day following such Purchase Date; provided that from and after the occurrence of an Event of Default, the Bank Rate shall mean the Default Rate.

“Base Rate” means, for each day of determination, a rate of interest per annum equal to the highest of (i) the Prime Rate plus one percent (1%); (ii) the Federal Funds Rate plus two percent (2%); and (iii) seven percent (7%).

“Fee Letter” shall mean the letter dated May 16, 2019, from the Bank to IRWD regarding fees and expenses in respect of the Financing Documents, as amended, restated, supplemented or otherwise modified from time to time.

(b) The phrase “the date that is fifteen days following” is hereby deleted from clause (vi) of Section 2.3(a) of the Agreement.

(c) The phrase “the date that is fifteen days following” is hereby deleted from clause (ii) of the second sentence of Section 2.3(b) of the Agreement.

(d) Section 5.1 of the Agreement is hereby revised by the addition of a new paragraph (r) thereto to read as follows:

(r) Bank-Owned Bond Rating. IRWD shall provide written evidence to the Bank that a long-term rating of at least investment grade has been assigned to Bank-Owned Bonds by any of Moody’s, S&P or Fitch within forty-five (45) days of any Liquidity Drawing that is not repaid within ten (10) days of such drawing.

(e) The Notice information of the Bank in Section 8.3 of the Agreement is hereby amended and restated in its entirety to read as follows:

If to the Bank for
credit matters, to: Bank of America, N.A.
555 California Street, Suite 1160
CA5-705-11-00
San Francisco, CA 94104
Attention: Grace Barvin, Senior Vice President
Telephone: (415) 913-2325
Email: grace.barvin@baml.com

with a copy to: Bank of America, N.A.
800 5th Avenue, 35th Floor
WA1-501-35-11
Seattle, WA 98104
Attention: Satinder Parwana
Telephone: (206) 358-6055
Email: satinder.parwana@baml.com

If to the Bank with
respect to the Letter
of Credit to:

Bank of America, N.A.
1 Fleet Way
PA6-580-02-30
Scranton, PA 18507-1999
Attention: Letter of Credit Department
Telephone: (800) 370-7519, option 1
Facsimile: (800) 755-8743

(f) Section 8.13 of the Agreement is hereby amended and restated in its entirety to read as follows:

Section 8.13. Reserved.

4. Amendment of the Letter of Credit. At the Amendment Effective Time, the Bank shall execute and deliver to the Trustee a Notice of Extension extending the Stated Expiration Date to May 16, 2022.

5. Representations and Warranties.

(a) The District is a California water district duly created and validly existing under the Constitution and the laws of the State of California.

(b) The District has the power and authority to execute, deliver and perform this Amendment.

(c) The District has taken all necessary action to authorize this Amendment, and to execute, deliver and perform its obligations under this Amendment in accordance with its terms.

(d) This Amendment has been duly executed and delivered by the District, and when executed and delivered by the Bank will be, a legal, valid and binding obligation of the District in accordance with its terms, except as such enforceability may be limited by (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) The execution, delivery and performance of this Amendment by the District in accordance with its terms does not and will not (i) contravene the organizational documents of

the District, (ii) require any consent or approval of any person other than those which have been obtained (and not revoked) prior to the Amendment Effective Date, (iii) violate any laws, rules or regulations (including, without limitation, Regulations T, U or X of the Federal Reserve Bank, or any successor regulations), (iv) conflict with, result in a breach of or constitute a default under any contract to which the District is a party or by which it or any of its property may be bound or (v) result in or require the creation or imposition of any lien upon or with respect to any property now owned or hereafter acquired by the District except such liens, if any, expressly created by any Financing Document.

(f) There is no action, suit or proceeding, at law or in equity, or before any court, public board, public body or arbitrator pending (or to the knowledge of the District, threatened), against the District or any officers of the District in their respective capacities as such (i) to restrain or enjoin the execution and delivery by the District of this Amendment, (ii) in any manner questioning the authority of the District to execute, deliver and perform this Amendment or the other Financing Documents to which it is a party, or (iii) questioning the validity or enforceability of this Amendment or the other Financing Documents to which it is a party.

6. Miscellaneous.

(a) Except as expressly modified by this Amendment, the Agreement shall continue to be and remain in full force and effect in accordance with its terms.

(b) This Amendment may be executed in any number of counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one instrument.

(c) The Bank's rights and obligations under this Amendment shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the laws of said State, without regard to principles of conflicts of law. The District's rights and obligations under this Amendment shall be deemed to be a contract made under the laws of the State of California and for all purposes shall be construed in accordance with the laws of said State, without regard to principles of conflicts of law.

(d) This Amendment may be executed by facsimile signature and each such signature shall be treated in all respects as having the same effect as an original signature.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

IRVINE RANCH WATER DISTRICT

By: _____

Name: Steven E. LaMar

Title: President

IRVINE RANCH WATER DISTRICT

By: _____

Name: Leslie Bonkowski

Title: Secretary

BANK OF AMERICA, N.A.

By: _____

Name: Grace Barvin

Title: Senior Vice President

May 16, 2019

Irvine Ranch Water District
2009B GO Bonds
Second Amended and Restated Fee Letter

Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, CA 92718
Attention: Treasurer

Ladies and Gentlemen:

Reference is made to (i) the Amended and Restated Reimbursement Agreement dated as of April 1, 2011 between Irvine Ranch Water District (“*you*” or the “*District*”) and Bank of America, N.A. (“*BANA*” or the “*Bank*”) relating to the Bonds of Irvine Ranch Water District, Consolidated Series 2009B, as amended by the First Amendment to Amended and Restated Reimbursement Agreement, dated as of July 15, 2013, between the District and BANA, as further amended by the Second Amendment to Amended and Restated Reimbursement Agreement, dated as of June 22, 2016, and as further amended by the Third Amendment to Amended and Restated Reimbursement Agreement, dated as of May 16, 2019, between the District and BANA (collectively, the “*Agreement*”), and (ii) the Amended and Restated Fee Letter dated June 22, 2016, between the Bank and the District regarding certain fees and expenses (the “*Existing Fee Letter*”). This letter agreement amends and restates the Existing Fee Letter in its entirety as of the date hereof. Any capitalized term below that is defined in the Agreement shall have the same meaning when used herein. This letter is the Fee Letter described in the Agreement.

In order to induce BANA to extend the stated expiration date of the Letter of Credit to May 16, 2022, the District agrees to make the following payments at the following times:

(1) The District agrees to pay to the Bank on July 1, 2019, for the period commencing on April 1, 2019 to and including June 30, 2019, and in arrears on the first Business Day of each January, April, July and October until the Termination Date and on the Termination Date, a letter of credit fee (the “*Letter of Credit Fee*”) on the daily average undrawn Stated Amount of the Letter of Credit in effect from time to time from the date of this Fee Letter to and including the Termination Date, at the Letter of Credit Fee Rate. As used herein, “*Letter of Credit Fee Rate*” means the fee rate per annum set forth in the grid below opposite Level 1; provided, however, if any Rating Agency downgrades its Rating to a Level less than Level 1, the applicable “Letter of Credit Fee Rate” shall be the rate per annum set forth in the grid below opposite the Level that corresponds to (i) the Level that contains all of the Ratings in the event the Ratings fall within a single Level, (ii) the Level that contains two Ratings in the event the Ratings from three Rating Agencies fall within two Levels, (iii) the second lowest Level in the event the Ratings fall within

three Levels or (iv) the Level that contains the lower rating in the event that the District has determined to have Ratings assigned by only two Rating Agencies and the Ratings fall within different Levels (it being understood that Level 1 is the highest Level) during each related period:

(A) for the period commencing on April 1, 2019, to but not including May 16, 2019, the Letter of Credit Fee Rate for such period shall be determined in accordance with the pricing matrix set forth below:

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	LETTER OF CREDIT FEE RATE
Level 1:	Aa2 or above	AA or above	AA or above	0.400%
Level 2:	Aa3	AA-	AA-	0.425%
Level 3:	A1	A+	A+	0.525%
Level 4:	A2	A	A	0.675%
Level 5:	A3	A-	A-	0.825%
Level 6:	Baa1	BBB+	BBB+	1.075%
Level 7:	Baa2	BBB	BBB	1.325%
Level 8:	Baa3	BBB-	BBB-	1.825%

(B) for the period commencing on May 16, 2019 and at all times thereafter, the Letter of Credit Fee Rate for such period shall be determined in accordance with the pricing matrix set forth below:

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	LETTER OF CREDIT FEE RATE
Level 1:	Aa2 or above	AA or above	AA or above	0.300%
Level 2:	Aa3	AA-	AA-	0.325%
Level 3:	A1	A+	A+	0.425%
Level 4:	A2	A	A	0.575%
Level 5:	A3	A-	A-	0.725%
Level 6:	Baa1	BBB+	BBB+	0.975%
Level 7:	Baa2	BBB	BBB	1.225%
Level 8:	Baa3	BBB-	BBB-	1.725%

Notwithstanding the foregoing, the Letter of Credit Fee Rate shall be increased by 1.50% per annum from the Letter of Credit Fee Rate in effect immediately prior thereto, (a) in the event that (i) any Rating is withdrawn, suspended or otherwise unavailable from any Rating Agency (other

than as a result of the District's determination for reasons other than credit-related reasons or an imminent withdrawal, suspension or downgrade to reduce the number of Rating Agencies assigning Ratings from three to two) or (ii) only one Rating Agency is providing a Rating, and/or (b) upon the occurrence and during the continuance of an Event of Default other than an Event of Default of the type described in clauses (i) and (ii) of Section 7.1(n) of the Agreement. Any change in the Letter of Credit Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to the Ratings above are references to the rating categories of the Rating Agencies as presently determined by the respective Rating Agencies and in the event of adoption of any new or changed rating system by any Rating Agency, the Ratings from the applicable Rating Agency shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. BANA and the District acknowledge that as of the date hereof the Letter of Credit Fee Rate is that specified above for Level 1.

(2) In the event the Letter of Credit is terminated prior to the first anniversary of the date of this Fee Letter, a termination fee (the "**Termination Fee**") payable on the date of such termination equal to the Letter of Credit Fee that would have been payable to the Bank pursuant to preceding paragraph (1) but for the termination of the Letter of Credit for the period from and including the date on which the Letter of Credit is terminated to and including the first anniversary of the date of this Fee Letter assuming (A) a Letter of Credit Fee Rate equal to the Letter of Credit Fee Rate in effect immediately prior to the termination of the Letter of Credit; and (B) a Stated Amount equal to the Stated Amount in effect immediately prior to the termination of the Letter of Credit; provided, however, that the Termination Fee shall not be payable if (1) (A) the Letter of Credit is terminated after the six month anniversary of the date of this Fee Letter and (B) the Bank's (x) unsecured short-term credit rating at the time of termination is below "P-1" by Moody's, below "A-1" by S&P or below "F1" by Fitch or (y) unsecured long-term credit rating at the time of termination is below "A3" by Moody's, below "A-" by S&P or below "A-" by Fitch or (2) the Bank submits a request for payment pursuant to Section 2.2(f) of the Agreement.

(3) A draw fee of \$250 for each drawing under the Letter of Credit, payable on each Business Day on which the Bank honors the amount of any such drawing or, if the District so elects, payable quarterly in arrears along with the Letter of Credit Fee.

(4) The Bank's customary courier fees and wire transfer fees payable promptly following the District's receipt of an invoice therefor.

(5) Upon each transfer of the Letter of Credit in accordance with its terms, a transfer commission equal to \$2,500.

(6) (A) At the time any non-material amendment, waiver, supplement or restatement of the Agreement is requested or (B) in connection with any Bank consent required for any non-material amendment, waiver, supplement or restatement of any Financing Document (other than the Agreement) at the time such consent is sought, a fee of \$2,500 plus reasonable attorneys' fees and expenses, which fee shall be earned and payable whether or not any such amendment, waiver, supplement or restatement is executed or consent granted. Fees for material amendments, waivers, supplements, restatements, supplements and consents shall be negotiated at the time sought.

All amounts paid pursuant to this Fee Letter shall be non-refundable. Computations of the Letter of Credit Fee and the Termination Fee shall be made on the basis of a 360 day year and actual days elapsed. All amounts paid pursuant to this Fee Letter shall be paid in the manner and to the account set forth in the Agreement.

This Fee Letter may not be amended or waived except by an instrument in writing signed by BANA and you.

The provisions of Sections 8.9 and 8.10 of the Agreement shall be incorporated by this reference into this Fee Letter as if such provisions were set forth in their entirety except that references to other agreements or "this Agreement" shall mean this Fee Letter and references to "hereunder" or "hereof" shall mean under this Fee Letter or of this Fee Letter.

This Fee Letter may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Fee Letter by electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

This Fee Letter is delivered to you on the understanding that neither this Fee Letter nor any of its terms shall be disclosed, directly or indirectly, to any other person except (1) to your officers, directors, employees, accountants, attorneys, agents and advisors who are directly involved in the consideration of this matter on a confidential and need-to-know basis and for whom you shall be responsible for any breach by any of them of this confidentiality undertaking or (b) under compulsion of law (whether by interrogatory, subpoena, civil investigative demand or otherwise) or by order of any court or governmental or regulatory body, provided that, to the extent permitted, you shall give us reasonable prior notice of such disclosure.

[Remainder of page intentionally left blank.]

Please confirm that the foregoing is our mutual understanding by signing and returning to BANA an executed counterpart of this Fee Letter. This Fee Letter shall become effective as of the date first above referenced upon our receipt of an executed counterpart of this Fee Letter from you.

Very truly yours,

BANK OF AMERICA, N.A.

By: _____
Name: Grace Barvin
Title: Senior Vice President

Accepted and agreed to
as of the date first
written above by:

IRVINE RANCH WATER DISTRICT

By: _____

Name: Steven E. LaMar

Title: President

By: _____

Name: Leslie Bonkowski

Title: Secretary

May 13, 2019

Prepared and

submitted by: C. Compton

Approved by: Paul A. Cook



ACTION CALENDAR

2019 REGULAR LAFCO SPECIAL DISTRICTS SEAT ELECTION TO FILL VACANT SPECIAL DISTRICT SEAT

SUMMARY:

On April 10, 2019, Orange County Local Agency Formation Commission (LAFCO) Commissioner Charley Wilson, a Director of the Santa Margarita Water District, resigned from LAFCO. As a result of the resignation, the Independent Special Districts Selection Committee is now conducting a nomination and election process for the LAFCO seat formerly held by LAFCO Commissioner Wilson. Commissioner Wilson held one of two Regular Special District seats on the Commission. The current term of office for the open Regular Special District seat will expire on June 30, 2020.

As part of the election process, the Executive Officer of LAFCO is now accepting nominations for the position and “Declaration of Qualification to Vote” forms designating the voting member and alternate for each special district seeking to vote in the election. The deadline for submitting nominations and the “Declaration of Qualification to Vote” is Friday, June 7, 2019 at 3:00 p.m. If more than one candidate is nominated for the open seat, ballots for election of the Special District LAFCO member will be emailed on June 17, 2019, and must be returned prior to July 19, 2019, at 3:00 p.m.

Nominations are also being accepted for the alternate Special District seat, should the current alternate run for the open Regular Special District seat and be elected to the seat.

Staff recommends that the Board:

- Authorize the District Secretary to submit the “Declaration of Qualification to Vote” form designating President Steve LaMar as IRWD’s authorized voting member and Vice President Mary Aileen Matheis as IRWD’s alternate voting member for the Orange County Special District Selection Committee election;
- Nominate Santa Margarita Water District Director Sandra Jacobs as a candidate for the Regular LAFCO Special District seat;
- Authorize President LaMar or the designated alternate to submit the “2019 Nomination Form” on behalf of Director Jacobs; and
- Authorize the District’s voting member to cast the District’s ballot in favor of Director Jacobs.

BACKGROUND:

In April of even numbered years, the Independent Special Districts Selection Committee (Selection Committee) begins the nomination and election process for the Regular LAFCO Special District seat expiring June 30 of that year. While 2019 is not an even number year, the Selection Committee has begun a nomination and election for process for a Regular LAFCO Special District seat that was recently vacated by LAFCO Commissioner Charley Wilson's resignation from the Commission. The term of Former Commission Wilson's seat runs until 2020.

Selection Committee Nomination and Election Process:

On May 1, the Executive Director of LAFCO, on behalf of the Selection Committee, sent a letter to each of Orange County's special districts notifying them of the seat vacancy, and of the nomination and election process to fill the Regular LAFCO Special District seat formerly held by Commissioner Wilson. A copy of the letter is attached as Exhibit "A".

As part of the nomination and election process, each special district must designate a board member to serve as its designated voting member and must designate a board member to serve as the alternate in the event the designated voting member is not available. The Selection Committee requires that each special district file the "Declaration of Qualification to Vote" form designating the voting member and alternate by June 7, 2019, at 3:00 p.m. Staff recommends that the Board authorize the District Secretary to submit the "Declaration of Qualification to Vote" form designating President Steve LaMar as IRWD's authorized voting member and Vice President Mary Aileen Matheis, as IRWD's alternate voting member, for the Orange County Special District Selection Committee election prior to the June 7 deadline.

The deadline for submitting nominations for the open seat is also June 7. Santa Margarita Water District Director Sandra Jacobs has indicated her interest in representing special districts at LAFCO. Staff recommends that the Board nominate Director Jacobs as a candidate for the open Regular LAFCO Special District seat. Staff also recommends that the Board authorize President LaMar or the designated alternate to submit the "2019 Nomination Form" on his behalf, and authorize the District's voting member to cast the District's ballot in favor of Director Jacobs. A copy of a letter from Director Jacobs indicating her interest in the seat and a copy of her biography are attached as Exhibit "B".

If more than one candidate is nominated for the open seat, ballots for election for the Special District LAFCO member will be mailed on June 17 and must be returned prior to July 19 at 3:00 p.m. In accordance with Government Code Section 56332(c)(1) and the Bylaws of the Orange County Special District Selection Committee, "if only one candidate is nominated for a vacant seat, that candidate shall be deemed selected, with no further proceedings" (Bylaws Article III, Section F).

FISCAL IMPACTS:

None.

COMMITTEE STATUS:

This item was not reviewed by a Committee.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE DISTRICT SECRETARY TO SUBMIT THE “DECLARATION OF QUALIFICATION TO VOTE” FORM DESIGNATING PRESIDENT STEVE LAMAR AS IRWD’S AUTHORIZED VOTING MEMBER AND VICE PRESIDENT MARY AILEEN MATHEIS AS IRWD’S ALTERNATE VOTING MEMBER FOR THE ORANGE COUNTY SPECIAL DISTRICT SELECTION COMMITTEE ELECTION; NOMINATE SANTA MARGARITA WATER DISTRICT DIRECTOR SANDRA JACOBS AS A CANDIDATE FOR THE REGULAR LAFCO SPECIAL DISTRICT SEAT; AUTHORIZE PRESIDENT LAMAR OR THE DESIGNATED ALTERNATE TO SUBMIT THE “2019 NOMINATION FORM” ON BEHALF OF DIRECTOR WILSON; AND AUTHORIZE THE DISTRICT’S VOTING MEMBER TO CAST THE DISTRICT’S BALLOT IN FAVOR OF DIRECTOR JACOBS.

LIST OF EXHIBITS:

Exhibit “A” – Independent Special Districts Selection Committee Letter Regarding the Nomination and Election Process

Exhibit “B” – Letter from and Biography for Santa Margarita Water District Director Sandra Jacobs

EXHIBIT "A"

LOCAL AGENCY FORMATION COMMISSION

ORANGE COUNTY



May 1, 2019

REGULAR MEMBERS

CHAIR
CHERYL BROTHERS
CITY MEMBER

VICE CHAIR
DOUGLASS DAVERT
SPECIAL DISTRICT MEMBER

IMMEDIATE PAST CHAIR
DEREK J. MCGREGOR
PUBLIC MEMBER

LISA BARTLETT
COUNTY MEMBER

DR. ALLAN BERNSTEIN
CITY MEMBER

DONALD P. WAGNER
COUNTY MEMBER

VACANT
SPECIAL DISTRICT MEMBER

ALTERNATES

WENDY BUCKNUM
CITY MEMBER

JAMES FISLER
SPECIAL DISTRICT MEMBER

LOU PENROSE
PUBLIC MEMBER

MICHELLE STEEL
COUNTY MEMBER

STAFF

CAROLYN EMERY
Executive Officer

TO: Independent Special Districts Presiding Officers

FROM: Carolyn Emery, Executive Officer

SUBJECT: **Appointment Process for OC LAFCO Regular and Alternate Special District Member Seats**

One of the two OC LAFCO Regular Special District Member seats was vacated on April 10, 2019. The expiration date of this term is June 30, 2020.

If the incumbent Alternate Special District member decides to run for and is elected to the regular special district seat, the alternate seat will also be open. The incumbent is not required to resign from the alternate seat if he decides to run for the open regular seat. Therefore, the OC LAFCO Executive Officer will accept nominations for both the regular and alternate special district seats. Nominations must be received by OC LAFCO no later than **3 PM** on Friday, June 7, 2019.

The appointment process for special district seats is governed by Government Code Section 56332 and the Independent Special District Selection Committee Bylaws. In accordance with the Committee's Bylaws, the appointment process is conducted by mailed ballot and attached to this notification are the following:

- (1) The "**Declaration of Qualification to Vote**" for designating the authorized regular voting member and the alternate voting member of your district, for this appointment process. This form must be returned to OC LAFCO no later than **3 PM** on **Friday, June 7, 2019**. Please note that if OC LAFCO does not receive the form by that date, your district will be ineligible to vote.
- (2) The "**2019 Nomination Form**" for submitting a candidate's name for the Regular and Alternate Special District seats. If your district is nominating a candidate for the OC LAFCO Regular and/or Alternate Special District Member seats, the form must be filled out completely and returned to OC LAFCO no later than **3 PM** on **Friday, June 7, 2019**. Candidate resumes or other supplemental

information may also be included and will be distributed with the ballots.

Both forms may be returned to OC LAFCO by any of the following:

Email: cemery@oclafco.org

Mail: Orange County LAFCO
2677 North Main Street, Suite 1050
Santa Ana, CA 92705
Attn: Carolyn Emery, Executive Officer

FAX: (714) 640-5139
Attn: Carolyn Emery, Executive Officer

For your reference, a timeline of key dates for the appointment process is below:

<i>Nomination Process for Appointment of OC LAFCO Special District Seats</i>	
DATE	EVENT
May 1, 2019	OC LAFCO Executive Officer emails notification letters with Declaration of Qualification to Vote and Nomination Form to independent special district presiding officers, special district general managers.
June 7, 2019	Deadline for submitting Declaration of Qualification to Vote and Nomination Form for the regular and alternate special district members to OC LAFCO by 3:00 p.m.*
June 10 - 14, 2019	OC LAFCO develops ballots.
June 17, 2019	Ballots emailed to all special district presiding officers/designees. <u>Please ensure that ballot is executed by the designee indicated in your Declaration of Qualification to Vote.</u>
July 19, 2019	Ballots due to OC LAFCO by 3:00 p.m.
July 22, 2019	OC LAFCO staff (or designee) tabulates ballots and announces results.
August 14, 2019	Oath of office administered (Commission Hearing).
* Pursuant to Government Code §56332 (c)(1), if only one candidate is nominated for a vacant seat, that candidate shall be deemed selected, with no further proceedings.	

Should you have any questions regarding the appointment process, please contact me or our Commission Clerk, Cheryl-Carter Benjamin at (714) 640-5100.

Sincerely,



Carolyn Emery
Executive Officer

Attachments:

- A. Declaration of Qualification to Vote
- B. 2019 Nomination Form – Regular and Alternate Special District Member

cc: Special District General Managers
Special District Board Clerks

DECLARATION OF QUALIFICATION TO VOTE

Steven E. LaMar, Presiding Officer
Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, CA 92618-3102
boardmail@irwd.com

I, _____,* hereby attest that
_____**has been authorized by the Board of
_____to vote in the Orange County Special
District Selection Committee election as the regular voting member.

The Board also designated _____**as the alternate
voting member.

Name and Title*: _____

Signature*: _____

Date: _____

Must be signed by either Board President **or Board Secretary*

*** Must be a member of the Board*

Completed forms must be received by OC LAFCO by 3 PM, Friday, June 7, 2019.

Forms must be delivered to OC LAFCO by:

- (1) Email at: cemery@oclafco.org, or
- (2) Mail at: Orange County LAFCO
2677 North Main Street, Suite 1050
Santa Ana, CA 92705
Attn: Carolyn Emery, or
- (3) FAX at: (714) 640-5139, Attn: Carolyn Emery

2019 NOMINATION FORM

Candidates for the Orange County Local Agency Formation Commission (OC LAFCO)

CANDIDATE INFORMATION FOR REGULAR SPECIAL DISTRICT MEMBER:

NAME: _____

TITLE: _____

DISTRICT: _____

Check box if resume or statement of qualifications is attached.

CANDIDATE INFORMATION FOR ALTERNATE SPECIAL DISTRICT MEMBER IF THE INCUMBENT ALTERNATE SPECIAL DISTRICT MEMBER IS ELECTED TO THE REGULAR SPECIAL DISTRICT MEMBER SEAT:

NAME: _____

TITLE: _____

DISTRICT: _____

Check box if resume or statement of qualifications is attached.

SPECIAL DISTRICT SELECTION COMMITTEE MEMBER SUBMITTING NOMINATION
(Must be the presiding officer or a designated alternate board member.)

NAME: _____ DATE: _____

SIGNATURE: _____

TITLE: _____

DISTRICT: _____

A resume or other supplemental information about the candidate may be included and will be distributed with the ballots. All completed nomination forms and any supplemental information must be returned to OC LAFCO by:

1. Email at: cemery@oclafco.org, or
2. Mail at: Orange County LAFCO
2677 North Main Street, Suite 1050
Santa Ana, CA 92705
Attn: Carolyn Emery, or
3. Fax at: (714) 640-5139, Attn: Carolyn Emery

All forms and supplemental information must be received by OC LAFCO by 3:00 p.m. on Friday, June 7, 2019. Nomination forms or candidate information received after that deadline will not be considered.

EXHIBIT "B"

BOARD OF DIRECTORS

SAUNDRA F. JACOBS BETTY H. OLSON, PH.D

CHARLEY WILSON CHARLES GIBSON

JUSTIN McCUSKER

DANIEL R. FERONS
GENERAL MANAGER



Santa Margarita Water District

April 22, 2019

President Steve LaMar
Irvine Ranch Water District
P.O. Box 57000
Irvine, CA 92619-7000

Dear President LaMar:

I am delighted to announce my candidacy for Special District Representative to the Orange County Local Agency Formation Commission ("LAFCO"). I would be honored to receive your district's support to elect me as your next LAFCO Commissioner.

In the next few years, LAFCO will be called on to address a host of issues on the governance in our county particularly as it relates to special districts. From the planned schedule of Municipal Service Reviews to the ultimate governance of the remaining unincorporated areas of the county—many of which are in south Orange County where I currently serve on the Board of the Santa Margarita Water District; there is much work to be done.

My passion for public service and the work of special districts comes from my 23 years on the Santa Margarita Water District Board. As your President of the Executive Committee for the Independent Special Districts of Orange County I have a keen interest and awareness of the needs and requirements for the success of all special districts—from library, cemetery and vector control districts, to water, sewer, and other community services, both non-enterprise and enterprise. I hope that I have adequately demonstrated my willingness to provide leadership in organization, advocacy, and communications to benefit and nurture special districts of every stripe and that I am fully prepared to step in the role of LAFCO Commissioner.

I have enclosed some background information on my experience in public service and business as well as my platform as a candidate for LAFCO Special District Representative. I would be delighted to meet with you and your board colleagues to discuss my candidacy and answer any questions you may have. I hope you will contact me at 949/702-1145 or at saundraj@smwd.com. It would be my honor to serve you and our organizations and I humbly ask for your vote and support.

Sincerely,

A handwritten signature in blue ink that reads "Sandra".

Saundra F. Jacobs, President
Santa Margarita Water District

Sandra F. Jacobs

Candidate for Special District Representative, LAFCO

Special District Organizations

- President, Santa Margarita Water District, (Current; Elected board member since 1996)
- President, Executive Committee, Independent Special Districts of Orange County, (Current; Board member since 1999)
- South Orange County Watershed Management Area Executive Committee. (Current member, Former Chair)
- Santiago Aqueduct Committee, Board of Directors, Alternate
- California Special Districts Association, Member
- California Women's Leadership Association, member
- Association of California Water Agencies (ACWA), Region 10 member, Communications Committee
- ACWA Joint Powers Authority, Executive Committee Member
- Orange County Water Association, member
- Former President, Board of Directors, Lake Mission Viejo Association

Professional Organizations

- Registered Environmental Assessor
- American Planning Association, Member
- Association of Environmental Professionals, Member
- California Wireless Association, Member

Personal Background

I've been married to my husband Jeff for 25 years and have lived in Mission Viejo since 1992. I've raised 4 step-daughters and now have 14 beautiful grandchildren. I have an engrained work ethic from my mother who raised me and my 3 siblings by herself.

Business Background

I have been a business owner for the past 25 years and I specialize in regulatory compliance in the telecommunication industry. As a business owner of over 80 employees, I understand the value of budgets and working within those budgets.

No Conflict of Interest

I do not have any conflicts of interest or other external influences that would affect my judgement and decisions as a LAFCO Commissioner.


Platform

I believe LAFCO is a facilitating organization. Its job is to support and enable cooperative and voluntary applications and conduct the reviews and inquiries required by statute without bias or favor. I believe in local control; that local communities know what is best for their ratepayers, their residents and their businesses. I do not support involuntary consolidations or dissolutions of special districts or other units of government except in extreme cases of insolvency or other dire circumstances.

May 13, 2019

Prepared by: C. Spangenberg/M. Cortez

Submitted by: K. Burton

Approved by: Paul A. Cook 

ACTION CALENDAR

REHABILITATION OF DYER ROAD WELLFIELD WELLS 5, 14 AND 16 BUDGET INCREASE AND CONSTRUCTION AWARD

SUMMARY:

Dyer Road Wellfield (DRWF) Wells 5, 14 and 16 have experienced biological and inorganic fouling as well as reduction in production and specific capacity and need rehabilitation. Staff recommends that the Board:

- Authorize a budget increase in the amount of \$324,000, from \$770,000 to \$1,094,000, for Project 07089, and in the amount of \$469,000, from \$770,000 to \$1,239,000, for Project 07091, and
- Authorize the General Manager to execute a construction contract with Best Drilling and Pump, Inc. in the amount of \$2,334,370 for the rehabilitation of DRWF Wells 5, 14 and 16.

BACKGROUND:

DRWF Wells 5, 14, and 16 require rehabilitation in order to improve their hydraulic performance and to remove foulants and scale from the wells. All three wells are located in Santa Ana as shown in Exhibit "A".

DRWF Well 5 was constructed in 1998 with copper bearing steel and was previously rehabilitated in 2015 due to extensive biological fouling. In 2018, after the well had sat dormant for a period, an inspection video of the well casing revealed that the louvers were completely plugged by what appears to be crystalline calcite, a result of microbial induced corrosion (MIC). The well at the time of shutdown was unable to produce water and is in need of a thorough mechanical and chemical rehabilitation.

DRWF Well 14 was constructed in 1986 with mild steel as the casing material and steel Johnson screens. The specific capacity and production levels have not dropped dramatically; however, a video of the well conducted in November 2018 indicated heavy encrustation of iron-related and slyme bacteria at various depths within the screened intervals within the well. The well is one of the higher producers in the DRWF with recent pumping rates close to 3,500-gallons per minute (gpm). Due to its high production capacity, this well has been in operation for an extensive period and the pump assembly and motor were operated to failure. As a result, the pump and motor will also be replaced as part of the project.

DRWF Well 16 was constructed in 1996 with copper bearing steel as the casing material. The specific capacity of Well 16 has decreased over time from the well's original specific capacity of 49 gpm per foot of drawdown to 12 gpm per foot of drawdown in 2017. The decrease in specific capacity is attributed to heavy biological fouling and encrustation buildup within the gravel pack

as verified by a recent downhole video of the well. The original pumping rate was 2,400 gpm; the average flow rate for Well 16 dropped to 1,700 gpm in the past year. In addition to the rehabilitation, a new well pump will be installed in the well.

Construction Award:

IRWD retained Richard C. Slade & Associates to provide design services for the rehabilitation of DRWF Wells 5, 14 and 16. The rehabilitation design was completed in March 2019, and the project was advertised for construction to a select bidders list of seven contractors. The bid opening was held on April 23, 2019 and one bid was received. Best Drilling and Pump, Inc. is the apparent low bidder with a bid amount of \$2,334,370. The engineer’s estimate of \$1,728,900 was lower than the bid amount due to: 1) the assumption that the contractor would complete only one well rig mobilization/demobilization at each well site; however, the contractor will need to mobilize/demobilize a second time to install the new pumps and motors at Wells 14 and 16 at the time of equipment delivery, 2) increased costs for new pump and motor at Well 14 and a new pump at Well 16, and 3) increased costs for a stainless steel liner at Well 16.

Although the District received only one bid, the majority of the line item bid unit prices and costs are consistent with bids from previous rehabilitation projects. The bid summary is attached as Exhibit “B”.

FISCAL IMPACTS:

DRWF Wells 5, 14, and 16 Rehabilitation, Projects 10914, 07089 and 07091, are included in the FY 2019-20 Capital Budget. An increase in the existing budgets for Projects 07089 and 07091 is requested to fund the construction phase of the projects.

Project No.	Current Budget	Addition <Reduction>	Total Budget
10914	\$ 770,000	-\$0-	\$ 770,000
07089	\$ 770,000	\$324,000	\$1,094,000
07091	\$ 770,000	\$469,000	\$1,239,000
Total	\$2,310,000	\$793,000	\$3,103,000

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 15301 which provides exemption for minor alterations of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. A Notice of Exemption for Well 5 was filed with the Orange County Clerk Recorder on September 25, 2018, for Well 16 on July 10, 2018, and for Well 14 on April 16, 2019, respectively.

COMMITTEE STATUS:

Construction awards are not routinely taken to a Committee prior to submittal to the Board.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE A BUDGET INCREASE IN THE AMOUNT OF \$324,000, FROM \$770,000 TO \$1,094,000, FOR PROJECT 07089, AND IN THE AMOUNT OF \$469,000, FROM \$770,000 TO \$1,239,000, FOR PROJECT 07091; AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH BEST DRILLING AND PUMP, INC. IN THE AMOUNT OF \$2,334,370 FOR REHABILITATION OF DYER ROAD WELLFIELD WELLS 5, 14, AND 16, PROJECTS 10914, 07089 AND 07091.

LIST OF EXHIBITS:

Exhibit "A" – Location Map

Exhibit "B" – Bid Summary

EXHIBIT "A"

Exhibit "A-1"-Location Map for DRWF Well 5



Exhibit "A-2"
Location Map for DRWF Wells 14 and 16



W. Warner Avenue

S. Susan Street

**Well
16**

**Well
14**

S. Fairview Street

EXHIBIT "B"

Bid Opening: Tuesday,
April 23, 2019 @ 2:00 p.m.

Irvine Ranch Water District
Bid Summary

Entered By: L. Gates

For
Rehabilitation of Dyer Road Wellfield Well Nos. 5, 14 16
PR 10914, 07089 and 07091, Code 7358

						1	
				Engineer's Estimate		Best Drilling and Pump, Inc.	
						Colton, CA	
Item No.	Description	Qty	Unit	Unit Price	Total Amount	Unit Price	Total Amount
A1	Mobilization/Demobilization of pump rig, equipment and accessories. Remove, store and protect from damage the removable front pump house structure. Prepare contract documents and other preliminary work and prepare site as specified.	1	LS	\$60,000.00	\$60,000.00	\$121,000.00	\$121,000.00
A2	Disconnect motor from electrical system, remove discharge header, pipe, motor column pipe, vertical turbine pump, couplings, electrical cable and all other appurtenances and sound well. Deliver pump, motor, and discharge header to DISTRICT MWRP Operations Center.	1	LS	\$10,000.00	\$10,000.00	\$11,500.00	\$11,500.00
A3	Brush well casing with a steel wire brush. Conduct initial bio-cleaning of the casing walls by injecting hydrogen peroxide into the well during brushing, as specified. Bail sediment following brushing.	12	HRS	\$450.00	\$5,400.00	\$400.00	\$4,800.00
A4	Conduct well redevelopment using "air-jetting" methods, via the AirBurst® or BoreBlast® methods.	1	LS	\$15,000.00	\$15,000.00	\$18,500.00	\$18,500.00
A5	Perform chemical treatment of well water using HercChemTech chemical treatment plan, as specified.	2	EA	\$78,000.00	\$156,000.00	\$75,000.00	\$150,000.00
A6	Perform mechanical redevelopment (airlifting and swabbing) of the well.	60	HRS	\$425.00	\$25,500.00	\$500.00	\$30,000.00
A7	Conduct treatment and discharge of mechanical and/or pumping redevelopment fluids (as applicable) via neutralization and blending and disposal of solids/sludges per specifications, including treatment, sampling, analysis and reporting for NPDES compliance.	1	LS	\$15,000.00	\$15,000.00	\$20,000.00	\$20,000.00
A8	Clear water column and provide up to four downwell interim, clear-viewing, color video surveys of well casing as specified.	4	EA	\$1,300.00	\$5,200.00	\$1,200.00	\$4,800.00
A9	Mobilize, install, maintain, remove and demobilize a diesel or gasoline engine, temporary test pump, equipment and other appurtenances/accessories as necessary in accordance with specifications.	1	LS	\$25,000.00	\$25,000.00	\$17,500.00	\$17,500.00
A10	Perform pumping redevelopment of the well including monitoring of water levels, pumping rates, and sand content, as specified.	60	HRS	\$450.00	\$27,000.00	\$475.00	\$28,500.00
A11	Perform a 12-hour (maximum) step drawdown test and a minimum 24-hour (maximum 48-hour) constant rate pumping test, including monitoring of water levels, pumping rates, and sand content, as specified.	60	HRS	\$450.00	\$27,000.00	\$475.00	\$28,500.00
A12	Perform a flowmeter (spinner) survey under dynamic (pumping) conditions throughout the perforated sections of the well, as specified.	1	LS	\$6,000.00	\$6,000.00	\$3,750.00	\$3,750.00
A13	Conduct depth-specific groundwater sampling at specific depth intervals. Collection, sampling and analysis are to be performed by the DISTRICT.	4	EA	\$500.00	\$2,000.00	\$400.00	\$1,600.00
A14	Clear water column and provide a final downwell color video survey of the well casing as specified.	1	LS	\$1,300.00	\$1,300.00	\$1,200.00	\$1,200.00
A15	Conduct a static spinner survey of the well under non-pumping conditions.	1	LS	\$6,000.00	\$6,000.00	\$3,750.00	\$3,750.00
A16-1	Furnish new column pipe, couplings, line shaft, adaptors, and all other items necessary to complete pump and motor installation.	1	LS	\$18,000.00	\$18,000.00	\$53,820.00	\$53,820.00
A16-2	Obtain vertical pump, motor, discharge header from DISTRICT and re-install pump and all appurtenances to original depth or to an alternative depth, as directed.	1	LS	\$7,000.00	\$7,000.00	\$12,500.00	\$12,500.00
A16-3	Re-establish wiring and connection of permanent pump and motor into DISTRICT electrical system, in the presence of a DISTRICT electrician and conduct testing of the permanent pump for a period of three (3) consecutive days.	1	LS	\$7,500.00	\$7,500.00	\$4,500.00	\$4,500.00
A16-4	Allowance for additional costs for parts and/or materials during replacement of permanent pump.	1	LS	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
A17	Provide for vibration monitoring and testing of the permanent pump (initial).	1	LS	\$2,000.00	\$2,000.00	\$3,000.00	\$3,000.00
A18	Conduct well disinfection and clean up site as specified.	1	LS	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00
A19-1	Standby time with active rig and crew as directed by DISTRICT.	16	HRS	\$100.00	\$1,600.00	\$50.00	\$800.00

For
Rehabilitation of Dyer Road Wellfield Well Nos. 5, 14 16
PR 10914, 07089 and 07091, Code 7358

						1	
				Engineer's Estimate		Best Drilling and Pump, Inc.	
						Colton, CA	
Item No.	Description	Qty	Unit	Unit Price	Total Amount	Unit Price	Total Amount
A19-2	Standby time with <u>inactive</u> rig and crew as directed by DISTRICT.	16	HRS	\$100.00	\$1,600.00	\$50.00	\$800.00
A20	Restore site and proximity to pre-existing conditions.	1	LS	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
SUBTOTAL, Base Bid Schedule A					\$446,100.00		\$542,820.00
B1	Mobilization/Demobilization of pump rig, equipment and accessories. Prepare contract documents and other preliminary work and prepare site as specified.	1	LS	\$50,000.00	\$50,000.00	\$92,000.00	\$92,000.00
B2	Disassembly/re-assembly of wellhead building.	1	LS	\$5,000.00	\$5,000.00	\$25,000.00	\$25,000.00
B3	(Optional) Provide site security: 1) unarmed guard Mondays through Fridays (dawn to dusk), 2) Periodic (random) site security with unarmed guard during the day on Saturdays and Sundays.	1	LS	\$12,000.00	\$12,000.00	\$55,000.00	\$55,000.00
B4	Disconnect motor from electrical system, remove discharge header, pipe, motor, vertical turbine pump, couplings, and all other appurtenances and sound well. Deliver pump, motor, and discharge header to DISTRICT MWRP Operations Center.	1	LS	\$10,000.00	\$10,000.00	\$10,500.00	\$10,500.00
B5	Brush well casing with a stiff nylon brush. Conduct initial biocleaning of the casing walls by injecting hydrogen peroxide into the well during brushing, as specified. Bail sediment following brushing.	30	HRS	\$450.00	\$13,500.00	\$400.00	\$12,000.00
B6	Conduct (optional) secondary bio-cleaning of the casing walls by swabbing methods using hydrogen peroxide, as specified.	1	LS	\$7,500.00	\$7,500.00	\$54,000.00	\$54,000.00
B7	Perform Casing Inspection Thickness Measurement (CITM) survey of full length well casing.	1	LS	\$9,000.00	\$9,000.00	\$7,500.00	\$7,500.00
B8	Conduct well redevelopment using "air-jetting" methods, via the AirBurst® or BoreBlast® methods.	1	LS	\$15,000.00	\$15,000.00	\$18,500.00	\$18,500.00
B9	Perform chemical treatment of well water using HercChemTech chemical treatment plan, as specified.	2	EA	\$60,000.00	\$120,000.00	\$65,000.00	\$130,000.00
B10	Perform mechanical redevelopment (airlifting and swabbing) of the well.	120	HRS	\$425.00	\$51,000.00	\$500.00	\$60,000.00
B11	Conduct treatment and discharge of mechanical and/or pumping redevelopment fluids (as applicable) via neutralization and blending and disposal of solids/sludges per specifications, including treatment, sampling, analysis and reporting for NPDES discharge compliance.	1	LS	\$15,000.00	\$15,000.00	\$20,000.00	\$20,000.00
B12	Clear water column and provide up to four downwell interim, clear-viewing, color video surveys of well casing as specified.	4	EA	\$1,300.00	\$5,200.00	\$1,200.00	\$4,800.00
B13	Mobilize, install, maintain, remove and demobilize a diesel or gasoline engine, temporary test pump, equipment and other appurtenances/accessories as necessary in accordance with specifications.	1	LS	\$25,000.00	\$25,000.00	\$17,500.00	\$17,500.00
B14	Perform pumping redevelopment of the well including monitoring of water levels, pumping rates, and sand content, as specified.	60	HRS	\$450.00	\$27,000.00	\$475.00	\$28,500.00
B15	Perform a 12-hour (maximum) step drawdown test and a minimum 24-hour (maximum 48-hour) constant rate pumping test, including monitoring of water levels, pumping rates, and sand content, as specified.	60	HRS	\$450.00	\$27,000.00	\$475.00	\$28,500.00
B16	Perform a flowmeter (spinner) survey under dynamic (pumping) conditions throughout the perforated sections of the well, as specified.	1	LS	\$6,000.00	\$6,000.00	\$3,750.00	\$3,750.00
B17	Conduct depth-specific groundwater sampling at two specific depth intervals. Collections, sampling and analysis to be performed by the DISTRICT.	2	EA	\$500.00	\$1,000.00	\$400.00	\$800.00
B18	Clear water column and provide a final downwell color video survey of the well casing as specified.	1	LS	\$1,300.00	\$1,300.00	\$1,200.00	\$1,200.00
B19	Conduct a static spinner survey of the well under non-pumping conditions.	1	LS	\$6,000.00	\$6,000.00	\$3,750.00	\$3,750.00
B20-1	Furnish new pump assembly and new pump motor as a mated pair, as necessary.	1	LS	\$110,000.00	\$110,000.00	\$155,000.00	\$155,000.00
B20-2	Furnish new column pipe, couplings, line shaft, adaptors and other items, as necessary.	1	LS	\$18,000.00	\$18,000.00	\$47,620.00	\$47,620.00
B20-3	Pick up discharge header from the DISTRICT, reinstall pump and appurtenances to depth, as directed.	1	LS	\$5,000.00	\$5,000.00	\$12,500.00	\$12,500.00

Rehabilitation of Dyer Road Wellfield Well Nos. 5, 14 16
PR 10914, 07089 and 07091, Code 7358

						1	
				Engineer's Estimate		Best Drilling and Pump, Inc.	
						Colton, CA	
Item No.	Description	Qty	Unit	Unit Price	Total Amount	Unit Price	Total Amount
B20-4	Re-establish wiring and connection of permanent pump/motor into DISTRICT electrical system, in the presence of a DISTRICT electrician and conduct testing of the permanent pump/motor under start-up and operating conditions for seven (7) consecutive days.	1	LS	\$15,000.00	\$15,000.00	\$4,500.00	\$4,500.00
B20-5	Allowance for additional costs for parts and/or materials during replacement of permanent pump.	1	LS	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
B21	Provide for vibration monitoring and testing of the permanent pump (initial and 6 month).	1	LS	\$2,000.00	\$2,000.00	\$7,000.00	\$7,000.00
B22	Conduct well disinfection and clean-up site, as specified.	1	LS	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00
B23-1	Standby time with <u>active</u> rig and crew as directed by DISTRICT.	16	HRS	\$100.00	\$1,600.00	\$50.00	\$800.00
B23-2	Standby time with <u>inactive</u> rig and crew as directed by DISTRICT.	16	HRS	\$100.00	\$1,600.00	\$50.00	\$800.00
B24	Restore site and proximity to pre-existing conditions.	1	LS	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
SUBTOTAL, Base Bid Schedule B					\$581,700.00		\$823,520.00
C1	Mobilization/Demobilization of pump rig, equipment and accessories. Prepare contract documents and other preliminary work and prepare site as specified.	1	LS	\$50,000.00	\$50,000.00	\$118,000.00	\$118,000.00
C2	Disconnect motor from electrical system, remove discharge header, pipe, motor, vertical turbine pump, couplings, and all other appurtenances and sound well. Deliver pump, motor and discharge header to DISTRICT MWRP Operations Center.	1	LS	\$10,000.00	\$10,000.00	\$12,500.00	\$12,500.00
C3	Brush well casing with a steel wire brush. Conduct initial biocleaning of the casing walls by injecting hydrogen peroxide into the well during brushing, as specified. Bail sediment following brushing.	12	HRS	\$450.00	\$5,400.00	\$400.00	\$4,800.00
C4	Conduct (optional) secondary bio-cleaning of the casing walls by swabbing methods using hydrogen peroxide, as specified.	1	LS	\$5,000.00	\$5,000.00	\$52,800.00	\$52,800.00
C5	Perform Casing Inspection Thickness Measurement (CITM) survey of well casing.	1	LS	\$9,000.00	\$9,000.00	\$7,500.00	\$7,500.00
C6	Conduct (optional) caliper survey to the total depth of the well.	1	LS	\$1,500.00	\$1,500.00	\$1,600.00	\$1,600.00
C7	Perform (optional) plumbness & alignment survey to the total depth of the well.	1	LS	\$1,000.00	\$1,000.00	\$2,700.00	\$2,700.00
C8	Install (optional) full casing liner and gravel pack envelope inside the existing well casing, as specified.	1	LS	\$265,000.00	\$265,000.00	\$320,000.00	\$320,000.00
C9	Conduct well redevelopment using "air-jetting" methods, via the AirBurst® or BoreBlast® methods.	1	LS	\$15,000.00	\$15,000.00	\$18,500.00	\$18,500.00
C10	Perform chemical treatment of well water using HercChemTech chemical treatment plan, as specified.	2	EA	\$45,000.00	\$90,000.00	\$65,000.00	\$130,000.00
C11	Perform mechanical redevelopment (airlifting and swabbing) of the well.	60	HRS	\$425.00	\$25,500.00	\$500.00	\$30,000.00
C12	Conduct treatment and discharge of mechanical and/or pumping redevelopment fluids (as applicable) via neutralization and blending and disposal of solids/sludges per specifications, including treatment, sampling, analysis and reporting for NPDES discharge compliance.	1	LS	\$15,000.00	\$15,000.00	\$20,000.00	\$20,000.00
C13	Clear water column and provide up to four downwell interim, clear-viewing, color video surveys of well casing as specified.	4	EA	\$1,300.00	\$5,200.00	\$1,200.00	\$4,800.00
C14	Mobilize, install, maintain, remove and demobilize a diesel or gasoline engine, temporary test pump, equipment and other appurtenances/accessories as necessary in accordance with specifications.	1	LS	\$25,000.00	\$25,000.00	\$17,500.00	\$17,500.00
C15	Perform pumping redevelopment of the well including monitoring of water levels, pumping rates, and sand content, as specified.	60	HRS	\$450.00	\$27,000.00	\$475.00	\$28,500.00
C16	Perform a 12-hour (maximum) step drawdown test and a minimum 24-hour (maximum 48-hour) constant rate pumping test, including monitoring of water levels, pumping rates, and sand content, as specified.	60	HRS	\$450.00	\$27,000.00	\$475.00	\$28,500.00
C17	Perform a flowmeter (spinner) survey under dynamic (pumping) conditions throughout the perforated sections of the well, as specified.	1	LS	\$6,000.00	\$6,000.00	\$3,750.00	\$3,750.00
C18	Conduct depth-specific groundwater sampling at seven specific depth intervals. Collection, sampling and analysis to be performed by the DISTRICT.	7	EA	\$500.00	\$3,500.00	\$400.00	\$2,800.00

Rehabilitation of Dyer Road Wellfield Well Nos. 5, 14 16
PR 10914, 07089 and 07091, Code 7358

				Engineer's Estimate		1 Best Drilling and Pump, Inc. Colton, CA	
Item No.	Description	Qty	Unit	Unit Price	Total Amount	Unit Price	Total Amount
C19	Clear water column and provide a final downwell color video survey of the well casing as specified.	1	LS	\$1,300.00	\$1,300.00	\$1,200.00	\$1,200.00
C20	Conduct a static spinner survey of the well under non-pumping conditions.	1	LS	\$6,000.00	\$6,000.00	\$3,750.00	\$3,750.00
C21-1	Furnish new pump assembly, new column pipe, couplings, line shaft, adaptors, and all other items necessary for complete pump and motor unit, as necessary.	1	LS	\$53,000.00	\$53,000.00	\$55,000.00	\$55,000.00
C21-2	Obtain serviced existing pump motor and discharge head, as necessary.	1	LS	\$5,000.00	\$5,000.00	\$56,730.00	\$56,730.00
C21-3	Re-install pump assembly to depth as directed, appurtenances and discharge header, as specified.	1	LS	\$15,000.00	\$15,000.00	\$12,500.00	\$12,500.00
C21-4	Re-establish wiring and connection of permanent pump/motor into DISTRICT electrical system, in the presence of a DISTRICT electrician and conduct testing of the permanent pump for a period of three (3) consecutive days.	1	LS	\$7,500.00	\$7,500.00	\$4,500.00	\$4,500.00
C21-5	Allowance for additional costs for parts and/or materials during replacement of permanent pump.	1	LS	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
C22	Provide for vibration monitoring and testing of the permanent pump (initial and 6 month).	1	LS	\$2,000.00	\$2,000.00	\$6,500.00	\$6,500.00
C23	Conduct well disinfection and clean up site, as specified.	1	LS	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00
C24-1	Standby time with <u>active</u> rig and crew as directed by DISTRICT.	16	HRS	\$100.00	\$1,600.00	\$50.00	\$800.00
C24-2	Standby time with <u>inactive</u> rig and crew as directed by DISTRICT.	16	HRS	\$100.00	\$1,600.00	\$50.00	\$800.00
C25	Restore site and proximity to pre-existing conditions.	1	LS	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
<i>SUBTOTAL, Base Bid Schedule C</i>					\$701,100.00		\$968,030.00
<i>TOTAL SCHEDULES A, B & C:</i>					\$1,728,900.00		\$2,334,370.00
Adjustment (+ or -)					\$0.00		\$0.00
TOTAL AMOUNT OF BID					\$1,728,900.00		\$2,334,370.00
				<u>Item</u>		<u>Manufacturers:</u>	
				Well 14 Pump		Flowserve	
				Well 16 Pump		Flowserve	
				Well 14 Motor		U.S. Motors	
						<u>Subcontractors:</u>	
						Air-Burst - General Pump Company, Inc.	

May 13, 2019

Prepared by: C. Smithson

Submitted by: C. Clary

Approved by: Paul A. Cook



ACTION CALENDAR

IRWD 2019 REPLACEMENT FUND POLICY

SUMMARY:

IRWD utilizes various planning tools, such as its Replacement Planning Model and Replacement Fund Balance Model, to assist with long-term financial planning for establishing and justifying the replacement component of customer rates. Staff recommends that IRWD update its 2001 Replacement Fund Policy to ensure that adequate funding is available to assist with the payment of future infrastructure replacement expenses and to meet other unanticipated cash flow needs of the District, and that Board adopt a resolution making changes to the IRWD 2019 Replacement Fund Policy.

BACKGROUND:

IRWD has a long history of planning for the future capital costs associated with its water and sewer systems infrastructure. Recognizing that replacement is both inevitable and costly, IRWD has historically maintained its Replacement Fund to ensure that sufficient funding is available for updating, replacing and refurbishing various components of the water and sewer systems. Evidence of this commitment to capital planning is demonstrated through periodic review and update of the District's Replacement Planning Model (RPM) and the Replacement Fund Balance Model which incorporates the annual adopted capital budget and Long-term Capital Program identifying future infrastructure replacement needs. The District has also set aside funds to provide financial flexibility and allow effective response to potential catastrophic events, significant unplanned emergency repairs, and provide operating liquidity while maintaining excellent service levels.

IRWD established a Replacement Fund in the early 1980s funded by its customers as a component of the monthly fixed water and sewer service charge. The District adopted a formal policy in 1996 to ensure sufficient funds are available to pay for replacement infrastructure; this policy was updated in 2001. The 2001 policy identified categories for use and target balances for each category within the Replacement Fund. The proposed resolution provided as Exhibit "A", and the IRWD 2019 Replacement Fund Policy provided as Exhibit "B", updates the 2001 policy. The objectives of the policy are to:

- 1) Establish a prudent level to designate and generate funds for long-term capital infrastructure replacement needs;
- 2) Moderate the financial impact on future customer rates attributable to replacing and enhancing capital facilities;
- 3) Provide financial flexibility to effectively respond to catastrophic events and significant unplanned emergency repairs; and
- 4) Provide operating liquidity for rate stabilization, unplanned revenue shortfall, or unanticipated expenditures.

The table below identifies the existing (2001) and proposed categories and uses for the Replacement Fund.

Existing		Proposed	
Category	Purpose	Category	Purpose
1	Capital Facilities Long term replacements	Capital Facilities	Long term replacement and refurbishment including environmental requirements
2	Self Insurance Self insurance for catastrophic loss beyond District's insurance coverage; unplanned emergency repairs	Self Insurance	Loss beyond District's coverage of existing infrastructure; unplanned emergencies
3	Variable Rate Hedge Mitigate impact of changing financial markets	Variable Rate Hedge	No longer necessary as the District no longer has exposure to 100% variable rate debt.
4	System Refurbishments Fund Annual replacement expenditures that extend the useful life of facilities	System Refurbishments	(included in # 1)
5	Environmental Compliance Comply with changing environmental requirements	Environmental Compliance	(included in # 1)
6	Rate Stabilization Mitigate the impact of short-term effects on user rates	Rate Stabilization	Mitigate the impact of short-term effects on user rates

Staff initially presented the existing and proposed categories and uses for the Replacement Fund at the Finance and Personnel Committee meeting on December 5, 2018. Staff also presented an updated RPM and Replacement Fund Balance Model at the Finance and Personnel Committee meetings on November 6, 2018 and December 5, 2018, and compared the Replacement Fund balances with the proposed target requirements. At the Board meeting, staff will provide:

- 1) An update the Fund Balance Model for the Board-adopted FY 2019-20 and FY 2020-21 Capital Budget and Long-term Capital Program;
- 2) A review of the recommended target criteria for the Replacement Fund Policy; and
- 3) An update on actual Replacement Fund balances compared to recommended target criteria.

Staff recommends that Board approve a resolution adopting changes to the IRWD 2019 Replacement Fund Policy.

FISCAL IMPACTS:

The updated Replacement Fund Policy will have no fiscal impact to the FY 2019-20 and FY 2020-21 budgets.

ENVIRONMENTAL COMPLIANCE:

This item is statutorily exempt from the California Environmental Quality Act (CEQA).

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on May 1, 2019.

RECOMMENDATION:

THAT THE BOARD ADOPT THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2019-

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE
RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA
ADOPTING CHANGES TO REPLACEMENT FUND POLICY

LIST OF EXHIBITS:

Exhibit "A" – Resolution

Exhibit "B" – Proposed IRWD 2019 Replacement Fund Policy

EXHIBIT "A"

RESOLUTION NO. 2019 -

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT
RESCINDING RESOLUTION 2001-10 AND
APPROVING THE REPLACEMENT FUND POLICY

WHEREAS, the proposed Replacement Fund Policy sets forth guidelines to ensure that adequate funding is available to assist with the payment of future infrastructure replacement expenses to meet other unanticipated cash flow needs of the District and will advance sound financial management practices.

NOW, THEREFORE, the Board of Directors of IRWD DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. The Board of Directors hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the adoption of this Resolution.

Section 2. The Board hereby rescinds Resolution No. 2010-10 dated February 12, 2001 in its entirety.

Section 3. The Board of Directors hereby approves and adopts the Replacement Fund Policy.

Section 4. This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 13th day of May, 2019.

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

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

APPROVED AS TO FORM:
LEWIS BRISBOIS
Legal Counsel - WD

By: _____

Exhibit "B"

IRVINE RANCH WATER DISTRICT REPLACEMENT FUND POLICY

May 13, 2019

Purpose

The Replacement Fund Policy sets forth guidelines to ensure that adequate funding is available to assist with the payment of future infrastructure replacement expenses and to meet other unanticipated cash flow needs of the District. The objectives of the policy are to:

- 1) Establish a prudent level to designate and generate funds for long-term capital infrastructure replacement needs;
- 2) Moderate the financial impact on future customer rates attributable to replacing and enhancing capital facilities;
- 3) Provide financial flexibility to effectively respond to catastrophic events and significant unplanned emergency repairs; and
- 4) Provide operating liquidity for rate stabilization, unplanned revenue shortfall, or unanticipated expenditures.

Replacement Fund Policy

To promote prudent financial management, the District is committed to systematic capital replacement planning and long-term financial planning. The District has a long history of planning for the replacement and enhancement of aging water and sewer infrastructure. Recognizing that capital replacement projects are both inevitable and costly, IRWD has historically maintained a Replacement Fund to ensure that sufficient funding is available for updating, replacing, refurbishing, and enhancing various components of the water and sewer systems to avoid severe impacts to customer rates. Evidence of this commitment to capital planning is demonstrated through periodic review and update of the District's Replacement Planning Model (RPM) and the Replacement Fund Balance Model which incorporates the annual adopted capital budget and Long-term Capital Program identifying future infrastructure replacement needs. The District has also set aside funds to provide financial flexibility and allow effective response to potential catastrophic events, significant unplanned emergency repairs, and provide operating liquidity while maintaining excellent service levels.

IRWD established a replacement fund in the early 1980s, funded by its customers as a component of the monthly fixed water and sewer service charge, for the purpose of funding replacements of IRWD facilities as they reach the end of their useful lives. This practice distributes costs among present and future customers in a fair manner, protecting the customers' considerable investment in the IRWD water and sewer infrastructure from inevitable costs of future replacements.

The IRWD Board of Directors has periodically reviewed and adjusted IRWD's practices concerning the use, sources, and level of funding, and management of the replacement fund based on studies of sources and uses of replacement funding, fund growth and depletion, and other relevant factors. Future anticipated replacements and other unanticipated cash

flow needs identified in the objectives above are currently funded primarily through monthly water and sewer fixed service charges. Although the Replacement Fund is intended to only be sufficient to pay a portion of the full cost of future infrastructure replacements and other sources of replacement funding will be needed, this funding will reduce the impact on the replacement rates paid by customers in the future.

Target Balance

The replacement fund policy will promote prudent financial management and ensure adequacy and appropriateness of the fund balance. This will be accomplished through the establishment of target balances based on the identified objectives as discussed below.

Long Term Capital Replacement:

The target funding level for capital facilities replacement shall include 100% of the total projected expenditures included in the RPM for years 1 through 5 and 50% of the total projected expenditures in years 6 through 10. The RPM projection will be updated periodically and the fund balance requirement will be adjusted accordingly. The targeted expenditures will increase over time due to the aging infrastructure providing a need for an escalating fund balance.

Catastrophic Events and Significant Unplanned Emergency Repairs:

The target funding level for unplanned system failures and emergency repairs due to catastrophic loss not covered by insurance shall be five times the deductible/self-insured retention amount (\$125,000 for property and \$100,000 for general liability).

Rate Stabilization for Operating Liquidity:

The target funding level to provide rate stabilization and to provide operating liquidity for potential shortfalls in operating revenues or unplanned expenditures shall be based on a specified number of years' working capital, as established and revised from time to time in conjunction with the adoption of the IRWD Operating Budget. The recommended target is a three-year average of net operating working capital.

The Replacement Fund Policy is an essential element of the District's long-term financial plan and demonstrates prudent financial management. It reflects industry best practice and will protect customers from significant future rate increases as the District replaces aging infrastructure. The fund is also an important element supporting IRWD's excellent credit rating. Staff will periodically update the RPM model and associated Replacement Fund Balance Model and provide updates to the Committee on actual replacement fund balances compared with target requirements. It is anticipated that any required changes to fund balances can be integrated into subsequent rate changes.