

## EXHIBIT “A”

### MINUTES OF REGULAR MEETING –SEPTEMBER 11, 2023

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by President McLaughlin at 5:00 p.m. on September 11, 2023 at the District offices, 15600 Sand Canyon Avenue, Irvine.

President McLaughlin said that prior to roll call, she asked the Secretary to make a statement.

Secretary Bonkowski announced that Director Reinhart joined the Board meeting via speaker phone pursuant to California Government Code Section 54953, and that he is participating from the Wolf Creek Run Motorcoach Resort located at 1742 East Highway 160, Site 25, Pagosa Springs, Colorado. In response to Secretary Bonkowski’s inquiry, Director Reinhart said that the agenda was posted at that site 72 hours in advance for any member of the public to review and that that no one wished to participate in the meeting. Secretary Bonkowski said that all votes this evening will be taken by a roll call vote.

Directors Present: LaMar, McLaughlin, Reinhart (via teleconference), Swan, and Withers (arrived at 5:28 p.m.)

Directors Absent: None.

Oral Communications: None.

Written Communications: None.

Items too late to be agendized: None.

Also Present: General Manager Cook, Executive Director of Operations Chambers, Executive Director of Water Policy Weghorst, Executive Director of Technical Services Burton, Director of Strategic Communication and Advocacy / Deputy General Counsel Compton, Director of Water Resources Sanchez, Director of Human Resources Mitcham, Director of Water Quality and Regulatory Compliance Colston, Director of Safety and Security Choi, Director of Maintenance Manning, Director of Recycling Operations Zepeda, Director of Treasury Morris, Director of Information Services Kaneshiro, Secretary Bonkowski, Assistant Secretary Swan, General Counsel Collins, Consultant Newell and members of the staff and public.

### PRESENTATION

#### 4. NATIONAL WATER RESEARCH INSTITUTE PRESENTATION TO THE BOARD

Using a Powerpoint presentation, NWRI’s Executive Director Hardy presented to the Board its upcoming activities and plans. Director Withers arrived at 5:28 p.m.

CONSENT CALENDAR

On MOTION by LaMar, seconded by Withers, and unanimously carried on a roll call vote (5-0) (LaMar, Withers, Reinhart, Swan, and McLaughlin voting aye), CONSENT CALENDAR ITEMS 5 THROUGH 8 WERE APPROVED AS FOLLOWS:

5. BOARD MEETING MINUTES

Recommendation: That the minutes of the August 14, 2023 Regular Board meeting be approved as presented.

6. 2023 LEGISLATIVE AND REGULATORY UPDATE

Recommendation: Receive and file.

7. JULY 2023 TREASURY REPORT

Recommendation: That the Board receive and file the Treasurer's Investment Summary report, the summary of fixed and variable rate debt, and the disclosure report of reimbursements to Board members and staff, approve the July 2023 summary of payroll ACH payments in the total amount of \$2,442,620, and approve the July 2023 accounts payable disbursement summary of warrants 437030 through 437486, Workers' Compensation distributions, ACH payments, virtual card payments, wire transfers, payroll withholding distributions, and voided checks in the total amount of \$38,303,027.

8. AMENDED WATER SUPPLY ASSESSMENT PLANNING AREA 39, LOTS 10 AND 13 PROJECT

Recommendation: Recommendation: That the Board approve the Amended Water Supply Assessment for the revised Planning Area 39 Lots 10 and 13 Project.

ACTION CALENDAR

9. PILOT WATER MANAGEMENT PROGRAM AGREEMENT BETWEEN IRWD AND HOMER LLC – AMENDMENT NO. 1

Executive Director of Water Policy Weghorst reported that in March of this year, the Board authorized an agreement with Homer LLC for a mutually beneficial Pilot Water Management Program which would allow IRWD to utilize Cross Valley Canal (CVC) capacity available from Homer in exchange for IRWD providing Homer an equal amount of recharge capacity in the IRWD Water Bank. Mr. Weghorst said that the term of the program ended on May 31, 2023 due to delays in securing approval of Article 21 water deliveries. Mr. Weghorst said that the revised terms to the Letter Agreement as provided in the exhibit would provide for the delivery of up to 8,000 AF of IRWD water supplies to the IRWD Water Bank using Homer's CVC capacity through December 2023. In exchange, Homer would be able to recharge an equal amount of its water in the IRWD Water Bank in 2024, subject to actual recharge rates and other scheduled

IRWD program deliveries. The capacity exchange would be triggered when IRWD calls for the use of Homer's CVC capacity and Homer has secured approval for IRWD's use of its CVC capacity. The term of the Program would be extended to December 31, 2027, to allow for the return of Homer's water.

Director Swan said that this item was reviewed at the August 17, 2023 Supply Reliability Programs Committee Meeting. Director Withers commented on his sensitivities with doing this type of transaction with a for-profit landowner. There being no further comments, on MOTION by Swan, seconded by Reinhart and unanimously carried on a roll call vote (5-0) (LaMar, Withers, Reinhart, Swan and McLaughlin voting aye), **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 1 TO THE WATER MANAGEMENT PILOT PROGRAM LETTER AGREEMENT WITH HOMER LLC BASED ON THE REVISED TERMS PRESENTED.**

10. SYPHON RESERVOIR IMPROVEMENT PROJECT FINANCIAL ANALYSIS, DESIGN UPDATE, AND ACCESS ROADWAY CONSTRUCTION AWARD

Using a PowerPoint presentation, Engineering Manager of Infrastructure Planning Akiyoshi provided a financial analysis and a 60% design update of the Syphon Reservoir Improvement project. Mr. Akiyoshi presented the updated evaluation of the project relative to two alternatives, including an updated financial analysis that concluded the Syphon Reservoir remained the most cost-effective alternative while still aligning with IRWD's Board-adopted Strategic Goals.

Using a PowerPoint presentation, Engineering Manager of Treatment and Conveyance Mori reported that staff initially advertised the project to construct the access roadway to a select list of 31 paving and mechanical contractors with staff conducting the mandatory Prebid Meeting on August 2, 2023 with only one of the select list contractors attended the meeting. Mr. Mori said that after the Prebid Meeting, staff contacted many of the select list contractors to determine why they did not attend the Prebid Meeting with responses varied, with a common theme being that the project scope was so broad that only a few contractors possess the skills and experience necessary to self-perform most of the project. Mr. Mori said that staff subsequently contacted the City of Irvine and the Irvine Company to inquire if they knew of any additional contractors who have the expertise required to construct the project. Mr. Mori said that based on those discussions, staff added six additional contractors to the select list and conducted a second mandatory Prebid Meeting. He said that four additional contractors attended the second Prebid Meeting, and all indicated interest in bidding the project. He said that the bid opening was held on August 28, 2023 and one bid was received from PALP Inc. DBA Excel Paving Company with a bid amount of \$4,398,989.08. He further said that given the extensive contractor outreach that staff performed during the bid phase, the diverse nature of the project scope, and the fact that the apparent low bid is within 10 percent of the engineer's estimate, staff recommends proceeding with the construction award which staff evaluated and determined that it is responsive.

Director Reinhart reported that the Syphon Reservoir Improvement Project Financial Analysis and Design Update was reviewed at the Engineering and Operations Committee on August 15, 2023. Director Swan read into the record a prepared statement on the Syphon Reservoir Project

which is attached to these minutes at "Attachment 1". Following discussion, on MOTION by La Mar, seconded by Withers, and carried on a roll call vote (4-1) (LaMar, Withers, Reinhart, McLaughlin voting aye and Swan voting no), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH PALP INC. DBA EXCEL PAVING COMPANY IN THE AMOUNT OF \$4,398,989.08 AND THE BOARD AUTHORIZED A BUDGET INCREASE FOR PROJECT 03808 IN THE AMOUNT OF \$145,000,000, FROM \$146,000,000 TO \$291,000,000, FOR THE SYPHON RESERVOIR IMPROVEMENT PROJECT, PROJECT 03808.

11. General Manager's Report

General Manager Cook reported that on September 4, 2023 there was a pipe break on Jeffrey by the Irvine Valley College which was repaired by Paulus Engineering under the urgent necessity clause at a cost of \$415,000.

He further said that the Orange County Water District's General Manager Mike Markus will be retiring on January 26, 2024 after 35 years of service.

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

Consultant Newell reported that all is well following the recent rains in the canyon area and also noted that the District has been doing road repairs in the area. He also said that he recently returned from Maui doing search and rescue work following its tragic fire.

13. Directors' Comments and Meeting Reports

Pursuant to AB 1234 and Government Code Section 53232.3(d), written reports of the meetings that Board members attended on behalf of IRWD since the last Board Meeting were provided at the meeting. Amendments to the written reports were provided orally, and together the reported meetings were as follows:

Director Swan reported on his attendance at a MWDOC / OCWD Quarterly Joint Planning Committee Meeting, a Southern California Water Dialogue Steering Committee Meeting, a MWDOC Workshop Board Meeting with MWD Directors, a WACO Monthly Meeting, two MWDOC Planning and Operations Committee Meetings, a MWDOC Administration and Finance Committee Meeting, a California Association of Sanitation Agencies meeting in San Diego, a WACO Planning Committee Meeting and monthly meeting, a MWDOC Board Meeting, an OCWA Monthly Industry Insight Meeting and Luncheon, an Urban Water Institute Conference in San Diego, an ACWA Quarterly Regulatory Committee Meeting, a Southern California Water Dialogue Steering Committee, a MWDOC Workshop Board Meeting with MWD Directors, and a Groundwater Banking Joint Powers Authority Special Board Meeting.

Director Withers reported that he attended an OCWA Monthly Industry Insight Meeting and Luncheon, an NWRI and Clark Prize Meeting with Kevin Hardy, an ISDOC Executive Committee Meeting, and a WACO Monthly Meeting.

Director LaMar reported that he attended a CCEEB Water Quality Task Force Meeting, a Moulton Niguel Water District Tour of Baker Water Treatment Plant, an ACWA Officers Meeting, an Urban Water Institute Conference in San Diego, an ACWA Officers' Meeting, and an ACWA Quarterly Regulatory Committee Meeting.

Director Reinhart reported that he attended a MWDOC Board Meeting, a Moulton Niguel Water District Tour of Baker Water Treatment Plant, an OCWD Board Meeting, an Urban Water Institute Conference in San Diego, a MWDOC Workshop Board Meeting with MWD Directors, an OCWD Board Meeting, a Groundwater Banking Joint Powers Authority Special Board Meeting, and a WACO Monthly Meeting.

Director McLaughlin reported on her attendance Monthly Discussion of District Activities with the General Manager and a WACO Monthly Meeting.

15. Adjournment

There being no further business, Director McLaughlin adjourned the meeting.

APPROVED and SIGNED this 9<sup>th</sup> day of October 2023.

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President, IRVINE RANCH WATER DISTRICT

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Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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Claire Hervey Collins, General Counsel  
Hanson Bridgett LLP

## **My take on Syphon Reservoir**

**September 11,2023**

**The mission of Irvine Ranch Water District, a public agency, is to provide high quality water and sewer services in an efficient, **cost effective**, and environmentally sensitive manner which produces a high level of customer satisfaction.**

**The IRWD District is pursuing a project to enlarge the existing Syphon Reservoir from about 500 Acre Foot (AF) of storage to about 5,000 AF, an increase of about 4,500 AF at a current estimated cost in excess of a quarter of a billion dollars. This expansion is planned to capture excess reclaimed water generated during winter periods (when irrigation demands usually significantly decline) especially during WET years. The ability to capture these flows provides added water supplies during summer months when recycled water supplies are exceeded by irrigation demands and saves the District about \$500 AF on the purchase of untreated imported water or about \$2.2 million/yr if the reservoir was filled. It should be noted that during recent years the expanded reservoir capacity would have been needed in about one year in four producing average **savings of about \$500,000 YR. It can be argued that over time population growth will increase the amount of excess recycled water that can be saved but that may be more than offset by the lower usage requirement mandated by the State of California.****

**In addition to the above savings by increasing storage, the District would avoid having to be charged a capacity charge by the Orange County Sanitation District (OCSan) on the amount of the excess flow**

that might need to be discharged to them. This one-time charge would be above the current charges for wastewater service provided to the Newport Coast and the former area in IRWD that formally was in the former OCSan District #7 that was annexed into IRWD and is calculated using the dry weather flow amount over a period of time. For estimating purposes if all the current excess water was sent to OCSan than  $1,100 \text{ AF year} / 4 = 275 \text{ AF month} / 3.07 = 89.58/30 = 2.99 \text{ MGD}$  capacity needed.  $2.99 * \$9 = \$26.87$  million. Assuming OCSan 's cost of treatment is  $\$800 / \text{MG}$  higher than IRWD than increased annual costs would be  $1,100 \text{ AF} / 3.07 = 358.31 \text{ MG} * 800 = \$286,644.95 \text{ YR}$

In summary

Cost of  $\$250,000,000$  financed over 25 years at 4% =  $\$16,003,000 \text{ YR}$

Lost revenue	\$500,000 yr
Added MWDSC untreated $\$505 * 1100 =$ ( $\$805 - 350 = \$505$ ) MWDSC- MWRP	555,500 yr
Added OCSan treatment	286,660 yr
<b>OCSan one time capital \$36 million</b>	
<b>\$36 million at 4% for 25 years</b>	<b>9,000,000 yr</b>

**TOTAL \$10,342,160 yr**

**SAVINGS \$5,660,840 yr**

**In addition, OCSan will likely experience decreased flow to its plants in the future due to increased pressure from the State of California to reduce in house use to 42 gal per person per day. If the excess IRWD flow are diverted in part before the rainy season than flows to OCWD's GWRS facility could be better met.**

**Furthermore, by decreasing Recycled Water production by 1,100 AF/yr, IRWD would be able to pump 935 AF more from the basin (assuming BPP of 85%) saving about another \$561,000 yr bringing the **total savings to over \$6.000,000 YR.****

**The third option studied was to provide the Green Acre Project with the 3,566 AF used which would be under contract to OCWD and use their existing system. OCWD collects charges from their users to maintain their system so little cost to IRWD. This would free up another 3,566 AF/Yr for GWRS to offset declining supplies. If OCWD agreed to pay IRWD the approx. \$350 AF cost of providing this water, the cost of MWDSC replacement water would increase costs by  $\$505 \times 3,566 \text{ AF} = \$1.8 \text{ mil}$ . This would be offset by allowing IRWD to pump another 3,000 AF of groundwater which more than offsets any added cost.**

**There are many other benefits to not expanding Syphon Reservoir but then above is more than enough.**

**Peer Swan**