

MINUTES OF REGULAR MEETING – JULY 13, 2015

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 July 13, 2015 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Matheis, LaMar Swan, and Withers.

Directors Absent: Reinhart.

Also Present: General Manager Cook, Executive Director of Engineering and Water Quality Burton, Executive Director of Operations Shields, Executive Director of Finance and Administration Clary, Director of Human Resources Roney, Director of Water Resources Sanchez, Director of Treasury and Risk Management Jacobson, Director of Public Affairs Beeman, Assistant Director of Water Operations Roberts, via teleconference Legal Counsel Arneson, Assistant Secretary Savedra, Ms. Christine Compton, Mr. Matt Veeh, Ms. Amy McNulty, Ms. Rosemary Riddle, Mr. Jim Reed, and other members of the public and staff.

Written Communications: None.

Oral Communications: Dr. Stephen Plam, Mr. Neil Morrison, Mr. Donald Wempen, and Mr. Mark Feldstein addressed the Board relative to the proposed statewide drought and added measures in the Level Two Water Shortage Declaration (see pages 3 and 4).

Items too late to be agendaized: None.

CONSENT CALENDAR

On MOTION by Matheis, seconded and carried (3-0) (Swan, LaMar and Matheis voting aye and Withers absent), CONSENT CALENDAR ITEMS 3-8 WERE APPROVED AS FOLLOWS:

3. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the June 22, 2015 Regular Board meeting and the June 23, 2015 Adjourned Regular Board meeting be approved as presented.

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

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

5. 2015 LEGISLATIVE UPDATE

Recommendation: That the Board take a "SUPPORT" position on H.R. 2689.

CONSENT CALENDAR (CONTINUED)

6. LUMP SUM PAYMENT OPTION FOR EMPLOYER CONTRIBUTIONS FOR FY 2015-16 TO THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Recommendation: That the Board approve the lump sum payment for employer contributions to the California Public Employees Retirement System (CalPERS) by making a one-time contribution of \$4,926,104 for the District's FY 2015-16 employer contribution.

7. ORANGE PARK ACRES WELL NO. 1 WELLHEAD FACILITIES FINAL ACCEPTANCE

Recommendation: That the Board authorize the General Manager to accept construction of Orange Park Acres Well No. 1 Wellhead Facilities, project 11405 (1250); authorize the General Manager to file a Notice of Completion; and authorize the release of retention 35 days after filing of the Notice of Completion.

8. WATER SUPPLY ASSESSMENT FOR TUSTIN LEGACY SPECIFIC PLAN AMENDMENT

Recommendation: That the Board approve the Water Supply Assessment for the Tustin Legacy Specific Plan Amendment.

Director Withers arrived at 5:10 p.m.

ACTION CALENDAR.

STATEWIDE DROUGHT AND LEVEL TWO WATER SHORTAGE DECLARATION

General Manager Cook reported that in September 2014, the Board declared a Level One Shortage calling for voluntary reduction in water use by IRWD's customers. On April 1, 2015 the Governor issued Executive Order B-2-15, which mandates a 25 percent statewide reduction in urban potable water use from 2013 levels. Subsequent regulatory action by the State Water Resources Control Board (SWRCB) established IRWD's specific potable water use reduction target at 16 percent. In comparison, the District's Water Shortage Contingency Plan defines a Level Two Shortage as a significant shortage between 10 to 25 percent.

Using a Powerpoint presentation Director of Water Resources Sanchez reported in January 2014, the Governor declared a statewide drought emergency and the SWRCB adopted Emergency Drought Regulations in July 2014 in response to worsening conditions. In response to the Governor's 2014 emergency drought declaration, in September 2014 the Board declared a Level One Shortage. Level One for IRWD is a low level shortage with reductions of up to 10 percent. In April, the Governor's Executive Order mandated 25 percent cut and our mandated target is 16 percent. Based on our water shortage contingency plan a shortage between 10 to 25 percent for IRWD is a Level Two shortage. This represents a significant shortage condition and it incorporates all of the basic measures IRWD always has in effect, plus the Level One measures, plus additional Level Two measures. This moves us away from voluntary measures in Level

One to incorporating also Demand Management measures in Level Two. The measures we already have in effect, some are permanent, and include Level One measures are:

- Prevention of irrigation run-off and water waste;
- Leak prevention;
- Ban on washing down hard or paved surfaces, except when necessary to alleviate safety or sanitary hazards;
- Ban on the use of non-recirculating water features;
- Ban on single-pass cooling;
- Ban on the use of a hose for vehicle washing unless it has a positive shut-off device, and
- Enhance drought messaging.

Ms. Sanchez said that the proposed Level Two response measures include:

- Customers shall reduce potable landscape watering by up to 50%;
- Ban on discretionary pool filling. Filling new pools and refilling pools for required maintenance exempted;
- Commercial car washes shall reuse water if equipped to do so;
- Recycled water shall be used for construction activities including earthwork, dust control and cleanup, and for street sweeping. May be waived at District's discretion if it imposes undue hardship;
- No owners of common interest developments shall be fined for reducing watering of, unless the association uses recycled water for the common area, and recycled water is also available at the irrigated area of the separate interest.
- Targeted conservation efforts will focus on customers in the wasteful tier
- Customers shall fill swimming pools to a lower level to reduce loss from splashing;
- Customers shall survey plumbing fixtures for leaks every two months and eliminate water loss;
- Each person shall restrict showers to five minutes or less;
- No person shall run water unnecessarily; and
- Customers shall only run full loads of laundry and dishes.

She said that these are all the measures that currently in effect and measures proposed to be added in Level Two.

Director Swan commented on the measures recommended for enforcement and believed these should be suggested behaviors versus enforcement. Following discussion by the other board members it was the consensus that Director's Swan recommendation be implemented in the resolution.

President LaMar said four individuals requested to speak on this item. The first speaker is Dr. Stephen Palm. Dr. Palm commented that he is in support of these measures, but specifically he wanted to speak on Clause "K", which is Common Interest Developments or HOA's. He said that there are lots of HOAs in Irvine and if you cannot work with an HOA, you are not going to get very far in letting a homeowners grass go brown. He said it would be helpful if information was clearer and more specific for homeowners in how to make Clause "K" more effective. He

suggested that IRWD work more closely with the HOAs to assist with these water conservation measures.

President LaMar next invited Mr. Neil Morrison to speak. Mr. Morrison expressed his concerns with the proposed mandate for potable use reduction. He said he fully understands the state's water shortage and will continue to do his part, but does not feel others including IRWD are doing theirs. He said all around him there are new homes, apartments and businesses being constructed that require potable water, but he does not see the reduction in building permit or in IRWD issuing water meters. He feels that IRWD is asking him to reduce his use in potable water so that they can provide potable water to these new homes, apartments and businesses.

President LaMar next called on Mr. Ronald Wempen. Mr. Wempen is an Irvine homeowner who resides in a Homeowners Association that will not allow him to let his lawn go brown. If he does, he will be fined by his HOA. He has tried communicating with his HOA on this issue, but has been unsuccessful. He said he was aware of a bill before the State stopping HOAs for disallowing synthetic turf to be installed in place of grass however he does not know of the outcome.

President LaMar said there was one final speaker Mr. Mark Feinstein. Mr. Feinstein stated that there is false information about pools and he is in the pool business. He said he wants to invite the Board to make sure that they are looking at the facts when it comes to pools and when IRWD imposes restriction to make sure they are based on reality and not a symbolic water saving.

Director Matheis reported that this item was reviewed and approved by the Water Resources Policy and Communications Committee on July 2, 2015. A motion was made by Matheis and seconded by Withers to adopt the resolution, but prior to the vote, a discussion was held by the Board to amend minor language to the declaration. It was the consensus that the indoor items concerning showers, running water and dishwashers and washing machines be reworded to encourage implementation. Director Matheis then restated the pending motion to include amended language to the resolution which was unanimously carried (4-0), and the resolution was adopted by title as follows:

RESOLUTION NO. 2015 -18

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY,
CALIFORNIA, DECLARING WATER SHORTAGE LEVEL TWO
(SIGNIFICANT SHORTAGE CONDITION).

NEWPORT BAY WATERSHED TOXICS TOTAL MAXIMUM DAILY LOAD PROGRAM
COOPERATIVE AGREEMENT D11-066 AMENDMENT NO. 1

In 1999, IRWD joined the Newport Bay Watershed Committee to fund ongoing nutrient, fecal coliform and toxics monitoring studies through an agreement that was replaced in 2012. The 2012 agreement had a three-year term. The proposed amendment would extend the term of the agreement by an additional three years, ending on June 30, 2018.

There being no discussion. On MOTION by Swan, seconded and carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 1 TO AGREEMENT NO. D11-066 TO FUND NUTRIENT, FECAL COLIFORM AND TOXICS TOTAL MAXIMUM DAILY LOAD (TMDL) PROGRAMS IN THE NEWPORT BAY WATERSHED SUBJECT TO NON-SUBSTANTIVE CHANGES.

UPDATE TO IRWD GROUNDWATER MANAGEMENT POLICY PRINCIPLES

General Manager Cook reported that in September 2014, the Sustainable Groundwater Management Act (SGMA) was signed into law which created a framework for sustainable and local management of the state's groundwater resources. He said that prior to SGMA, disputes over the use of groundwater were resolved through groundwater adjudications which are usually tried in County Superior Court. Currently, legislation is pending that will seek to streamline adjudications, make the process more cost effective and establish how such litigation would intersect with SGMA. This legislation could result in a streamlined adjudication that could impact IRWD's groundwater banking interests in Kern County.

Mr. Cook said that as a leader in state and federal water resources public policy and governance, Irvine Ranch Water District has worked to promote policy initiatives that allow the District, along with other water purveyors in California, to enhance the quality and reliability of water supplies throughout the state. To assist in the District's advocacy efforts on groundwater adjudication and management issues, staff has prepared a proposed update to the IRWD Groundwater Management Policy Principles paper as follows:.

- Legislation should not interfere with the ability of land owners to establish through groundwater adjudications their rights and priorities to use groundwater;
- The right to file a complaint initiating an adjudication to establish and define water rights and their associated priorities should exist independent of the requirements of SGMA;
- Flexibility needs to be provided for in the adjudication process to allow for the adjudication of a portion of a basin or sub-basin, as defined in Bulletin 118, where a clear sub-area boundary can be determined and where hydrogeologic studies indicate that the area can be independently managed;
- Any complaint in a groundwater adjudication action should name as defendants all landowners with active groundwater wells as documented in existing county permit records; all operators of public water systems that use groundwater from the basin as a supply source; and all entities facilitating the management or replenishment of groundwater resources;
- Any landowner, person or entity that has an interest in the area of adjudication should be allowed to intervene in an adjudication;
- The process of adjudication should be fair to all parties and not unfairly empower parties that represent the majority of the pumping in the area of adjudication;
- A GSA should manage a basin pursuant to SGMA consistent with the rights, priorities and physical solutions resulting from a groundwater basin adjudication;
- In the implementation of SGMA, GSA's should not take actions that hinder or place

- burdens on agencies already providing positive benefits to the groundwater basin and its effective management;
- In the development of GSPs, the recharge of water and use of unused storage capacity in areas that are currently unmanaged should be encouraged;
 - GSPs should ensure that stormwater capture and recharge are maximized to the extent possible taking into consideration existing rights and priorities to the use of water and water quality considerations;
 - Actions should be taken that facilitate exchanges of water through consolidated places of use. Such actions would support GSPs by providing water banking storage capabilities to entities with excess water during wet periods. This additional storage would regulate supplies for use during dry years and would reduce dependency on mining of groundwater;
 - DWR should provide examples of locally controlled governance structures that have been successful in the management of groundwater resources that local entities can consider in the formation of GSAs. Examples of successful adjudications and management methods should be provided and best practices should be published;
 - Incentives should be provided to encourage local and regional management of groundwater basins in the form of grant funding for establishing monitoring well networks, modeling tools and other actions that will facilitate the implementation of GSPs; and
 - The State should be an active participant in establishing a funding source for cleanup of contaminated groundwater sites in high and medium priority basins where responsible parties are unavailable, unable or unwilling to pay for cleanup.

Director Matheis reported that this item was reviewed by the Water Resources Policy and Communications Committee on July 2, 2015.

President LaMar inquired whether there were any comments or questions from members of the Board of Directors. Director Swan commented relative to the state participating in contaminated groundwater site cleanup. He said that there is money available through Prop 1 and Prop 84. Director Swan is concerned about that unless there is a change in policy that IRWD and most the water communities are against a water tax to fund these projects. The policy is asking the state to help pay for contaminated groundwater cleanup, if we're going to say that, then we have to make sure that it is specified through the use of current and future bond proceeds and not a water tax. Following discussion, Director Swan asked that the policy be amended to include language that a funding source from bond proceeds for contaminated groundwater cleanup be added.

On **MOTION** by LaMar, seconded and carried **THE BOARD ADOPTED THE UPDATED GROUNDWATER MANAGEMENT POLICY PRINCIPLES WITH A MINOR LANGUAGE REVISION, BASED ON INPUT FROM THE BOARD, AND AUTHORIZED STAFF TO ENGAGE IN DISCUSSIONS WITH THE AUTHORS OF GROUNDWATER ADJUDICATION-RELATED LEGISLATION TO PROTECT IRWD'S INTERESTS CONSISTENT WITH THE UPDATED POLICY PRINCIPLES.**

GENERAL MANAGER'S REPORT

General Manager Cook reported that there was a large increase in customer calls last week due to the split bills that covered rate periods in both fiscal years. Most customers were questioning why they received two bills in June. He complimented Rosemary Riddle and the Customer Service staff on their ability to handle all calls in a positive way. He said that the District was also putting information on its website to inform and help customers

Mr. Cook reported last week, that he and Christine Compton went to Sacramento to attend a meeting called by the Assembly Speaker's office relative to rate structure proposal. Other agencies involved in the discussion included were Eastern Municipal Water District, San Diego County Water Authority, and ACWA.

DIRECTORS' COMMENTS

Director Withers reported that he attended a LAFCO MSR workshop and where President LaMar gave a presentation.

Director Swan reported that he attended the Baker Treatment Plan tour, a Southern California Water Dialogue meeting, a Newport Chamber meeting on desalination, and a WACO Meeting. He said he also like to request that tonight's meeting be adjourned in memory of Tom McFadden, who was the General Manager of Los Alisos.

Director Matheis reported she and Director LaMar attended an IRWD briefing and tour with Sabiha Khan of Senator Dianne Feinstein's office and also a meeting with Orange County Supervisor Lisa Bartlett. She said she also attended the Trabuco Canyon Water District's dedication of Shadow Rock Detention Basin Project.

Director LaMar reported that he and Director Reinhart attended a luncheon with Mesa Water District. He said he also attended the tour with Senator Feinstein's aide and met with OC Supervisor Lisa Bartlett, and had a brainstorm session with MWD staff. He further said he met with Lake Forest Mayor Pro Tem Andrew Hamilton and toured the MWRP facility.

IRWD's consultant Mr. Jim Reed reported on meetings he attended on behalf of the District including a Lake Forest mixer, ISDOC Quarterly meeting and a WACO meeting.

CLOSESD SESSION

President LaMar said that the following Closed Session would be held:

- (1) CONFERENCE WITH LEGAL COUNSEL relative to existing litigation - Government Code Section 54956.9(d)(1) -State of California, et al., ex rel. Hendrix v. J-M Manufacturing Company, Inc., et al.;
- (2) CONFERENCE WITH LEGAL COUNSEL relative to anticipated litigation pursuant to Government Code Section 54956.9(d)(4) (one potential case);
- (3) CCONFERENCE WITH LABOR NEGOTIATORS - Government Code Section 54957.6:
Agency Designated Representatives: Paul Cook and Jenny Roney

Employees Organization: Irvine Ranch Water District Employees Association; and
(4) CONFERENCE WITH REAL PROPERTY NEGOTIATOR relative to Government
Code Section 54956.8:

Property: OCSD Service Area 7 Sewer Infrastructure

Agency Negotiator: Paul Cook, General Manager

Purpose of Negotiations: Proposed Acquisition of Property – Price and Terms

OPEN SESSION

The meeting was reconvened with LaMar, Matheis, Swan and Withers present. President LaMar said that no action was reported from the Closed Session.

ADJOURNMENT

There being no further business, President LaMar adjourned the meeting in memory of Tom McFadden.

APPROVED and SIGNED this 27th day of July, 2015.

President, IRVINE RANCH WATER DISTRICT

Assistant Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone