

## MINUTES OF REGULAR MEETING – DECEMBER 12, 2016

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:00 p.m. by President Matheis on December 12, 2016 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Swan, Matheis, Reinhart, LaMar and Withers (arrived at 5:04 p.m.).

Directors Absent: Reinhart.

Also Present: General Manager Cook, Executive Director of Finance Clary, Executive Director of Water Policy Weghorst, Executive Director of Operations Shields, Executive Director of Engineering and Water Quality Burton, Director of Water Resources Sanchez, Director of Administration Services Mossbarger, Director of Public Affairs Beeman, Director of Human Resources Roney, Director of Treasury and Risk Management Jacobson, Legal Counsel Arneson (via teleconference), Secretary Bonkowski, Government Relations Officer Compton, Principle Engineer Akiyoshi, Principle Engineer Malloy, Mr. Dane Johnson, Ms. Kellie Welch, Ms. Eileen Lin, Mr. Bruce Newell, Mr. Karl Seckel, Ms. Jennifer Duffy, Mr. Ali Diba, Mr. Masoud Hoseyni, and other members of the public and staff.

ORAL AND WRITTEN COMMUNICATIONS: None.

### ITEMS TOO LATE TO BE AGENDIZED

President Matheis said that every December, the Board elects a President and Vice President for the following year. She said following a discussion with General Manager Cook last week, it was noted that not all Board members would be present for this item, and was therefore deferred to the first meeting in January. She said that tonight, one of the Board members who said he could not attend, was able to be attend after all, so she would like to agendize the item tonight. Director Withers arrived at 5:04 p.m. On MOTION by Swan, seconded and unanimously carried, IT WAS DETERMINED THAT THERE WAS A NEED TO TAKE IMMEDIATE ACTION TO HOLD AN ITEM RELATIVE TO THE ELECTION OF OFFICERS FOR 2017, AND THIS ITEM WAS ADDED TO THE AGENDA AS ITEM NO. 2A.

### ACTION CALENDAR

#### ELECTION OF OFFICERS FOR 2017

Following discussion, on MOTION by Swan, THE ELECTION OF OFFICERS FOR 2017 WAS DEFERRED TO THE JANUARY 9, 2017 BOARD MEETING WHEN IT IS ANTICIPATED THAT ALL BOARD MEMBERS WILL BE PRESENT.

## WORKSHOP

A copy of a PowerPoint presentation was placed before each Director. Director of Water Resources Sanchez provided an overview of the water supply reliability evaluation. She reviewed the project objectives, the integrated resource planning distribution system model, the model baseline assumptions, model scenarios, and model results. She said that the key findings note that: 1) there is no significant water supply shortage gap throughout the evaluation period (2015 through 2020); 2) IRWD's water bank supplies are necessary, during both average and dry hydrologic conditions and provide a buffer if projected demands increase beyond the current forecast; 3) the implementation of the California WaterFix lessens the District's reliance on its water bank; and 4) the implementation of MWD Portfolio A, high probability, new water supply projects, also lessens the District's reliance on its water bank.

## CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 12 WERE APPROVED AS FOLLOWS:

4. MINUTES OF REGULAR BOARD MEETINGS

Recommendation: That the minutes of the November 28, 2016 Regular Board Meeting be approved as presented.

5. COMMENDATION OF ASSISTANT SECRETARY SAVEDRA AND EXPIRATION OF APPOINTMENT DUE TO RETIREMENT

Recommendation: That the Board commend Nancy Savedra for her 11 years of service as Assistant Secretary, expire the appointment of Nancy Savedra as Assistant Secretary with regret effective December 31, 2016, and wish her the best in her well-deserved retirement.

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

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

7. NOVEMBER 2016 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate Swap Summary for November 2016, and disclosure report of reimbursements to board members and staff; approve the November 2016 summary of payroll each payments in the total amount of \$1,825,442 and approve the November 2016 accounts payable disbursement summary of warrants 372431 through 373187, workers' compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$21,857,804.

CONSENT CALENDAR (CONTINUED)

8. FY 2015-16 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Recommendation: Receive and file.

9. PROPOSED 2017 INVESTMENT POLICY

Recommendation: That the Board approve the proposed 2017 Investment Policy, and adopt the following Resolution by title approving investment policy and authorizing the Treasurer and Assistant Treasurers to invest and reinvest funds of the District and of each of its Improvement Districts and to sell and exchange securities.

RESOLUTION NO. 2016-26

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
IRVINE RANCH WATER DISTRICT APPROVING INVESTMENT  
POLICY AND AUTHORIZING THE TREASURER AND ASSISTANT  
TREASURERS TO INVEST AND REINVEST FUNDS OF THE  
DISTRICT AND OF EACH OF ITS IMPROVEMENT DISTRICTS  
AND TO SELL AND EXCHANGE SECURITIES

10. FINANCIAL SYSTEM UPGRADE AND PROJECT MANAGEMENT  
IMPLEMENTATION CONSULTANT SERVICES VARIANCE APPROVAL

Recommendation: That the Board authorize the General Manager to execute a Variance to the agreement with KPMG for Variance No. 4 in the amount of \$100,880 for the Financial Systems Upgrade and Project Management Implementation Agreement.

11. PLANNING AREA 6 (PORTOLA SPRINGS) CAPITAL IMPROVEMENTS

Recommendation: That the Board authorize the General Manager to accept Irvine Community Development Company's construction contract with Boudreau Pipeline Corporation in the amount of \$199,240 for the Portola Springs Neighborhood 4B Improvements, project 5243; and to accept Irvine Community Development Company's construction contract with Boudreau Pipeline Corporation in the amount of \$150,003 for the Portola Springs Neighborhood 5A Improvements, project 6915.

12. MICHELSON WATER RECYCLING PLANT FILTER PUMP STATION 2 AND  
WELLS 12 AND 13 ROOF MODIFICATIONS FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Michelson Water Recycling Plant Filter Pump Station 2 and Wells 12 and 13 roof modifications, projects 5453 and 5469; authorize the General Manager to file a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

## ACTION CALENDAR (CONTINUED)

### ON-CALL CONSTRUCTION INSPECTION SERVICES VARIANCE

Using a PowerPoint presentation, Executive Director of Engineering and Water Quality Burton provided an overview of the variance for on-call construction. Mr. Burton reported that the District's current and upcoming inspection workload for capital, development and operational improvement projects continues to exceed the level that can be supported by the District's staff with the District's construction inspection group consisting of six staff inspectors and four on-call consultant inspectors who are currently responsible for the inspection, field coordination, documentation and record drawing preparation of over 415 projects spread across the District. He said that based on currently active and upcoming construction projects planned by the Irvine Company, FivePoint Communities, Lennar, Toll Brothers and the Cities of Tustin and Lake Forest, staff anticipates the need for continued consultant field inspection support for a period of up to two years.

On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 1 WITH CIVILSOURCE IN THE AMOUNT OF \$1,219,360 FOR ON-CALL CONSTRUCTION INSPECTION SERVICES FOR TWO INSPECTORS FOR A TWO-YEAR PERIOD.

### CONSULTANT SELECTION TO USE AERIAL IMAGERY TO DETERMINE IRRIGATED AREAS

Mr. Dane Johnson reported said that advances in aerial imagery and remote sensing techniques provide a cost-effective approach to identifying and measuring irrigated areas at a parcel level. Mr. Johnson said that the information will be used by staff to evaluate the accuracy of irrigated area data being developed by the State Water Resources Control Board and the California Department of Water Resources (State Agencies) for use in the proposed Long-Term Conservation Framework. He said that this this approach will result in the following: 1) a district-wide standardized methodology to determine customer water budgets based on accurate aerial measurement techniques; 2) the ability to assess changes in landscape area over time and to update information, including the addition of irrigated areas associated with new developments; 3) the ability to use IRWD data to evaluate and assess the accuracy of the methodologies developed by the State Agencies as part of the Long-Term Conservation Framework; and 4) the ability to assist the State Agencies with developing a water budget for IRWD.

Director LaMar reported that this item was reviewed and approved by the Water Resources Policy and Communications Committee on December 8, 2016. General Manager Cook said he will contact the State Board to determine if it would be interested in using IRWD's model. On MOTION by LaMar, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH EAGLE AERIAL SOLUTIONS TO PROVIDE AERIAL IMAGERY IRRIGATED AREA ANALYSIS SERVICES IN THE AMOUNT OF \$159,299 WHICH INCLUDES AN OPTIONAL \$38,486 IN SERVICES TO UPDATE THE ANALYSIS RESULTS TO ACCOUNT FOR CHANGES IN IRRIGATED AREA THAT WILL OCCUR IN FISCAL YEAR 2017-18.

## GENERAL MANAGER'S REPORT

General Manager Cook reported that Congress passed the WRDA bill, now called WIIN, which refines the Title 16 program that bodes well for IRWD. He said that staff will be meeting with the District's Federal Consultant, the Furman group, and Mr. Bill Steel from the Bureau of Reclamation, to discuss the program.

## DIRECTORS' COMMENTS

Director LaMar reported that he attended the City of Tustin's ceremonial swearing-in of the Mayor and Mayor Pro-tem last Friday, and that he will be attending the City of Irvine's swearing-in ceremony tomorrow. He also said he will be attending the Natural Communities Coalition Board meeting this week.

Director Withers reported that he will be attending Wednesday's OCSD Board meeting and that on Tuesday he will attend the City of Irvine's swearing-in ceremony along with NWRI's Operations Committee meeting.

Director Swan reported that he attended the ACWA conference, a Newport Bay Watershed Committee meeting, an OCBC holiday event with Director LaMar, and a WACO monthly meeting.

Director Matheis said she that tomorrow she will be attending the Colorado Water Users Association conference in Las Vegas.

IRWD's consultant, Mr. Jim Reed, reported that he attended an ISDOC meeting, a SOCWA Board meeting, a WACO monthly meeting, a City of Lake Forest Council meeting and on Wednesday, he will be attending the SAC Board meeting.

IRWD's consultant, Mr. Bruce Newell, reported that he attended a Coastal meeting relative to wildfire protection as well as an Inter-Canyon League with the Fire Safe Council.

## CLOSED SESSION

President Matheis reported that the following Closed Sessions would be held:

CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL RELATIVE TO ANTICIPATED LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(D)(4) (ONE POTENTIAL CASE); and

CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL RELATIVE TO EXISTING LITIGATION - Government Code Section 54956.9(d)(1) IRWD v. OCWD (Case No.30-2016-00858584-CU-WM-CJC).

## OPEN SESSION

Following the Closed Session, the meeting was reconvened with four Board members present. President Matheis said relative to the first item, on MOTION, SECONDED AND UNANIMOUSLY APPROVED BY A 4-0 VOTE, THE BOARD APPROVED MODIFIED CHANGE ORDER NO. 45 IN THE AMOUNT OF \$9.25 MILLION FOR IRWD'S BIOSOLIDS AND ENERGY RECOVERY PROJECT.

ADJOURNMENT

There being no further commends, President Matheis adjourned the meeting.

APPROVED and SIGNED this 9th day of January, 2017.

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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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Legal Counsel - Bowie, Arneson, Wiles & Giannone