

## MINUTES OF REGULAR MEETING – FEBRUARY 8, 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 February 8, 2016 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Engineering and Water Quality Burton, Executive Director of Finance and Administration Clary, Executive Director of Water Policy Weghorst, Executive Director of Operations Sheilds, Director of Treasury and Risk Management Jacobson, Director of Administration Mossbarger, Director of Water Resources Sanchez, Director of Human Resources Roney, Assistant Director of Water Operations Roberts, Legal Counsel Arneson, Secretary Bonkowski, Government Relations Officer Compton, Mr. Matthew Veeh, Ms. Amy McNulty, Mr. Jim Reed, and other members of the public and staff.

WRITTEN AND ORAL COMMUNICATIONS: None.

ITEMS RECEIVED TOO LATE: None.

### CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 8 WERE APPROVED AS FOLLOWS:

3. 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.

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the January 25, 2016 Regular Board meeting be approved as presented.

5. ADDENDUM NO. 2 TO THE STRAND RANCH INTEGRATED BANKING PROJECT FINAL ENVIRONMENTAL IMPACT REPORT

Recommendation: That the Board approve Addendum No. 2 to the Strand Ranch Integrated Banking Project Final Environmental Impact Report including the determinations set forth in Addendum No. 2, approve the modification to the project and authorize staff to file a Notice of Determination with the Counties of Orange and Kern as well as the state clearinghouse.

CONSENT CALENDAR (CONTINUED)

6. 2016 INDEX TENDER NOTES REMARKETING

Recommendation: That the Board approve the 2016 Index Tender Notes Remarketing Statements and adopt the following resolution by title:

RESOLUTION NO. 2016-4

RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE IRVINE RANCH WATER DISTRICT APPROVING  
REMARKETING STATEMENTS RELATING TO  
UNSCHEDULED MANDATORY TENDERS  
(REFUNDING SERIES 2011A-1 AND REFUNDING  
SERIES 2011A-2)

7. RANCHO PARKWAY ZONE C RECYCLED WATER PIPELINE CONSTRUCTION  
AWARD

Recommendation: That the Board authorize the General Manager to execute a construction contract with Paulus Engineering, Inc. in the amount of \$413,125 for the Rancho Parkway Zone C Recycled Water Pipeline, project 6470.

8. ON-CALL PROFESSIONAL PROGRAMMING AND NETWORKING CONSULTANT  
SERVICES VARIANCE APPROVAL

Recommendation: That the Board authorize the General Manager to execute Variance No. 2 to the On-call Programming and Network Services Agreement with Outsource Technical in the amount of \$260,000.

ACTION CALENDAR

DROUGHT OUTREACH PROGRAM UPDATE AND BUDGET REQUEST

Public Relations Manager Matthew Veeh reported that a comprehensive IRWD customer drought outreach plan was developed and implemented in response to the Governor's mandate for IRWD to reduce potable water use by 16% by February 2016 and that this mandate was extended to October 31, 2016 by the Governor's November 13, 2015 Executive Order. Mr. Veeh said that regulations are currently being developed by the State Board to implement the extension with consideration of various equity adjustments. The goal of the outreach plan was to reduce outdoor water use and said that major components of the program included "*Brown is the New Green*" advertising campaign that has transitioned into the "*Color your World*" campaign. In response to Director Swan's inquiry, Mr. Veeh said that that an additional \$500,000 would fund the new drought outreach programs, water savings messages, collateral materials and promotions to be implemented in the remainder of FY 2015-16. Following discussion, on MOTION by LaMar, seconded and unanimously carried, **THE BOARD APPROVED AN ADDITIONAL \$500,000 IN FY 2015-16 OVER-ALLOCATION FUNDING FOR CUSTOMER DROUGHT OUTREACH PROGRAMS.**

## WATERWISE CONSULTING AGREEMENT VARIANCE NO. 1 FOR TURNKEY TURF REMOVAL PROGRAM

General Manager Cook reported that the District's long-term water efficiency strategy includes the transformation of water intensive landscapes to drought-tolerant landscapes. Mr. Cook said that the turf removal rebate and incentive program has been a key component of the District's drought response. He said to increase participation in the turf removal rebate program, IRWD entered into an agreement with WaterWise Consulting, Inc. to implement a Turnkey Turf Removal Program.

Ms. Amy McNulty said that the continuation of the Turnkey program will help IRWD meet its state-mandated potable use reduction target and will also support the District's long-term goal of reduction in outdoor potable use through landscape transformation. She said that Variance No. 1 would amend IRWD's Non-Consultant Services Agreement with WaterWise. This variance would include: 1) increasing the program funding by \$305,000; 2) allowing participation by multi-family customers in the Department of Water Resources (DWR) grant-funded Water-Energy Residential Resource Program; 3) providing the same level of funding per square foot for multi-family participants as provided to single family participants, with a per site funding cap of \$25,000 for multi-family, consistent with the regional rebate program; and 4) incorporating changes to meet DWR requirements that include extending liability coverage to the state, and granting the state the right to inspect customer sites that will receive grant funds. Following discussion, on MOTION by LaMar, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 1 TO THE NON-CONSULTANT SERVICES AGREEMENT BETWEEN IRWD AND WATERWISE CONSULTING, INC. IN THE AMOUNT OF \$305,000.**

## FINANCIAL SYSTEM UPGRADE AND PROJECT MANAGEMENT IMPLEMENTATION CONSULTANT SELECTION

Executive Director of Finance Clary reported that in November 2013, the Board approved the consolidation of Water and Sewer Improvement Districts (IDs) which is a key part of the system configuration in the implementation of the District's Oracle Financial System in 2011 along with many other significant customizations. Ms. Clary said that staff requested two consulting firms with Oracle Financial Systems experience, KPMG and Project Partners, to review the current system configurations and make recommendations. The consultants spent time with staff reviewing and discussing the requirements, including requirements for transitioning projects from the legacy system onto Oracle. The result was a detailed analysis and report containing the requirements for implementing the Project Management module, remediating the changes necessary to implement the District's ID Consolidation configuration, and simplifying the system to utilize more standard out-of-the-box functionality. Utilization of out-of-the-box functionality will eliminate the need for several customizations made during the original implementation which requires significant staff time to support.

Executive Director of Administration Mossbarger said that a Request for Proposal was issued on August 5, 2015 to the following consultants with experience performing Oracle EBS financial systems software upgrades and implementations including Ciber, Emtec, KPMG/Project Partners, IBM, and Infosys Ltd. Mr. Mossbarger said that three proposals were

received and reviewed by a cross-functional evaluation team, and after completing a thorough evaluation of the firms based on their written proposals, KPMG (utilizing Project Partners as a strong subcontractor) was the evaluation team's top selection with Infosys as second choice. Based upon a review of the proposals, the top two firms were selected to participate in an extensive interview process. He said that based on evaluation criteria in the proposals, on site interviews and extensive reference checking, staff recommends KPMG be retained by IRWD to provide implementation services as the system integrator. Upon selection of KPMG as the finalist, the evaluation team performed further due diligence through a one and a half day solutions confirmation workshop which focused on due diligence activities to further investigate KPMG/Project Partners' proposed solutions and confirm the solution scope. He noted that the solutions confirmation workshop resulted in several changes to the original KPMG proposal for a net increase of \$281,601.

Mr. Mossbarger said that the Oracle EBS Financial software upgrade requires upgrades to existing equipment. The upgraded hardware includes servers to host the EBS production environments, and testing environments, as well as an upgrade to the Storage Area Network to house additional data. He said that the additional hardware costs required for the upgrade and implementation total \$152,000.

Mr. Mossbarger said that Outsource Technical has worked with the District since 2012, providing Oracle technical and project management contract resources. Staff has identified gaps in internal resources required for a successful implementation. Outsource Technical will provide the District with contract resources for staff augmentation to supplement District staff with the during implementation with fees of \$450,000. He further said that internal staff labor is expected to add approximately \$659,000 to the project cost. In addition to internal labor, temporary labor will be included in the FY 2016/17 operating budget to provide for resources to "backfill" for IRWD employees who will be dedicated to the project.

Director Swan reported that this item was reviewed by the Finance and Personnel Committee on February 2, 2016 and concurs with staff's recommendation. Director LaMar asked staff to provide options by June 2016 for the next fiscal year's budget. Following discussion, on MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH KPMG LLP FOR A NOT-TO-EXCEED COST OF \$2,544,000; APPROVED A CAPITAL BUDGET INCREASE OF \$838,800 EACH FOR PROJECTS 4394 AND 4395, FOR A TOTAL BUDGET INCREASE OF \$1,677,600; APPROVED THE PROCUREMENT OF HARDWARE FOR A NOT-TO-EXCEED COST OF \$152,000; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH OUTSOURCE TECHNICAL FOR A NOT-TO-EXCEED COST OF \$450,000.

AB 1713 (EGGMAN, D-STOCKTON) – SACRAMENTO-SAN JOAQUIN DELTA

On MOTION by Swan, seconded and unanimously carried, THE BOARD ADOPTED AN "OPPOSE" POSITION ON AB 1713 (EGGMAN, D-STOCKTON) AND AUTHORIZED IRWD TO WORK WITH ITS INDUSTRY PARTNERS TO COMMUNICATE CONTINUED SUPPORT FOR THE 2009 DELTA PACKAGE AND POLICIES THAT FURTHER THE CO-EQUAL GOALS OF WATER SUPPLY RELIABILITY AND THE DELTA ECOSYSTEM.

## GENERAL MANAGER'S REPORT

General Manager Cook provided the water conservation estimates for January, which he said was reduced by 5% or 6%, and noted that the District is on track with a 16.1% reduction in water use. He said that the gallon per capita per day is a little bit higher, and staff will be updating the Water Resources Policy and Communications Committee with details next month.

He said that he attended an Ocean Desalination workshop which focused on distribution alternatives. He noted that he had prepared a letter for this workshop, which had been reviewed by the District's Ocean Desalination Ad Hoc Committee, outlining the District's concerns relative to water quality issues.

Mr. Cook reported that the District is a finalist in the California Water Environmental Associations' Collection System of the Year Award. He said that David Newell, the District's consultant Bruce Newell's son, had been recognized as Fireman of the Year.

He further said that the February 23, 2016 Board meeting will be cancelled due to a lack of a quorum. The next meeting will be held on March 14<sup>th</sup>.

## DIRECTORS' COMMENTS

Director LaMar reported on his attendance at a California Environmental Dialogue meeting in Sacramento that focused on watersheds and that last week, he and Consultant Bruce Newell attended an Orange County Fire Authority meeting where consultant Carol Rose was hired to assist them.

Director Withers reported on his attendance at OCSA's tour of the Santa Ana Watershed Project Authority's facility. He said that he will be attending the upcoming City of Irvine's State of the City Address, and a LAFCO meeting on Wednesday.

Director Swan reported on his attendance at a WACO meeting, a Southern California Dialogue meeting, an Ocean Desalination Committee meeting, an OCWD Board meeting, a Newport Bay Watershed Executive Committee meeting, and that tomorrow he and General Manager Cook are scheduled to speak to an Orange County Register reporter relative to ocean desalination.

Director Reinhart reported that he attended MWDOC's Board workshop with MWD Directors, a SOCWA Board meeting, and a WACO meeting.

Director Matheis reported that she will be attending the Mayor's State of the City Address this week along with the Urban Water Institute's conference in Palm Springs. She noted the upcoming ACWA Legislation conference in Washington, DC. She further said that she attended the Best and Bravest Awards which the Exchange Club of Irvine sponsored, and the the Orange Park Acres annual Board meeting.

Mr. Jim Reed, the District's consultant, reported on meetings he attended on behalf of the District.

ADJOURNMENT

President Matheis adjourned the meeting at 6:15 p.m.

APPROVED and SIGNED this 14th day of March, 2016.

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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