

MINUTES OF REGULAR MEETING – AUGUST 27, 2018

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 Reinhart on August 27, 2018 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Reinhart, Swan, Withers and LaMar.

Directors Absent: Matheis.

Also Present: General Manager Cook, Executive Director of Water Policy Weghorst, Executive Director of Finance and Administration Clary, Executive Director of Engineering and Water Quality Burton, Executive Director of Operations Chambers, Director of Water Recycling Operations Zepeda, Director of Maintenance Drake, Director of Water Resources Sanchez, Director of Administrative Services Mossbarger, Director of Treasury and Risk Management Jacobson, Government Relations Officer Compton, Director of Water Operations Roberts, Director of Public Affairs Beeman, Legal Counsel Collins, Legal Counsel Casey, Secretary Bonkowski, Assistant Secretary Swan, Engineer Ray Bennett, Principal Engineer Cortez, Principal Engineer Akiyoshi, Water Resources Manager Kellie Welch, Manager of Strategic Planning and Analysis Christopher Smithson, Asset Systems Manager Meserlian, District Consultant Bruce Newell, Public Affairs Manager John Fabris, Electrical and Instrumentation Manager O'Neill, Mr. Dane Johnson, Mr. Colt Martin, Ms. Ashley Armstrong, Mr. Victor Zamora, Mr. Andrew Pollard, and members of the public.

WRITTEN AND ORAL COMMUNICATIONS: None.

ITEMS TOO LATE TO BE AGENDIZED: None.

PRESENTATION

RESOLUTION COMMENDING MR. KEN DRAKE FOR HIS DEDICATED AND LOYAL SERVICE TO THE IRVINE RANCH WATER DISTRICT

General Manager Cook read and presented Mr. Ken Drake with a framed resolution for his 37 years of service to the District. On MOTION by Swan, seconded and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2018-25

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY,
CALIFORNIA COMMENDING MR. KEN DRAKE
FOR HIS DEDICATED AND LOYAL SERVICE TO THE IRVINE
RANCH WATER DISTRICT.

CONSENT CALENDAR

Following an inquiry by Director Reinhart on Item No. 8, Strategic Measures Dashboard, on MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 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, Steve LaMar, Doug Reinhart, Peer Swan, and John Withers, as described.

6. MINUTES OF REGULAR AND ADJOURNED REGULAR BOARD MEETINGS

Recommendation: That the minutes of the August 13, 2018 Regular Board Meeting and August 15, 2018 Adjourned Regular Board Meeting be approved as presented.

7. JULY 2018 TREASURY REPORT

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the summary of fixed and variable rate debt, the Monthly Interest Rate SWAP Summary for June 2018, and Disclosure Report of Reimbursements to Board members and staff; approve the July 2018 Summary of Payroll ACH payments in the total amount of \$1,895,072 and approve the July 2018 Accounts Payable Disbursement Summary of Warrants 389485 through 390192, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$31,987,668.

8. IRVINE RANCH WATER DISTRICT STRATEGIC MEASURES

Recommendation: Receive and file.

9. SEWER SIPHON IMPROVEMENTS CONSULTANT SELECTION

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with Woodard & Curran in the amount of \$289,300 for engineering design services for the Sewer Siphon Improvements, Project 07886.

10. NOMINATION OF MARY AILEEN MATHEIS AS THE THIRD VICE PRESIDENT OF ISDOC AND AS A MEMBER OF THE ISDOC EXECUTIVE COMMITTEE

Recommendation: That the Board adopt the following resolution by title nominating Director Mary Aileen Matheis to serve on the Independent Special Districts of Orange County Executive Committee for the 2019-20 term in the role of third Vice President:

RESOLUTION NO. 2018-26

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT, ORANGE COUNTY,
CALIFORNIA NOMINATING MARY AILEEN MATHEIS FOR THE OFFICE
OF THIRD VICE PRESIDENT OF THE INDEPENDENT SPECIAL
DISTRICTS OF ORANGE COUNTY AND AS A MEMBER OF
ITS EXECUTIVE COMMITTEE

CONSENT CALENDAR (CONTINUED)

11. UPDATE ON IRWD PROPERTY IN PALO VERDE IRRIGATION DISTRICT

Recommendation: That the Board authorize the General Manager or his designee to vote on behalf of the Irvine Ranch Water District in the elections for the trustees of the Palo Verde Irrigation District.

ACTION CALENDAR

IRWD 2018 SEWER SYSTEM MANAGEMENT PLAN

General Manager Cook reported that the State Water Resources Control Board is the permitting agency for sewage collection systems in California and requires that the owner of a sewage collection system develop, implement, and update a Sewer System Management Plan (SSMP). Mr. Cook said that as part of the SSMP implementation, the State Board also requires that the governing body of the agency that owns the sewer system certify the SSMP.

Director Withers reported that this item was reviewed by the Engineering and Operations Committee on August 20, 2018. On MOTION by Withers, seconded and unanimously carried, THE BOARD APPROVED AND CERTIFIED THE IRWD 2018 SEWER SYSTEM MANAGEMENT PLAN.

ADDITION OF THE KERN FAN GROUNDWATER STORAGE PROJECT TO THE FISCAL YEAR 2018-19 CAPITAL BUDGET

Using a PowerPoint presentation, Director of Water Resources Sanchez provided an overview of the Kern Fan project. Ms. Sanchez reviewed the project purpose to develop a regional water bank in the Kern Fan area to capture, recharge and store unallocated Article 21 water from the State Water Project (SWP) during wet hydrologic periods. The stored water would be extracted when needed to provide ecosystem, emergency supply and water supply benefits. Project operations would be coordinated with the SWP through an agreement with the California Department of Water Resources.

Ms. Sanchez reviewed the project elements noting that new conveyance from the California aqueduct would include a new turnout, a 10-mile canal, 500 cfs capacity, three lift stations, 1,050 acres of recharge basins, and 12 recovery wells. She reviewed a potential location of the proposed project facilities, project benefits, project funding, and schedule. She further reviewed the next steps which include: 1) develop and execute Joint Powers Authority (JPA) agreements with Rosedale-Rio Bravo Water Storage District; 2) develop and execute JPA bylaws; 3) identify canal alignment(s) and evaluate properties for purchase; 4) meet additional requirements specified in Water Storage Investment Program regulations by January 1, 2022; 5) execute funding agreement once additional requirements are met; and 6) continue to investigate potential federal funding sources.

Director Swan reported that this item was reviewed by the Supply Reliability Programs Committee on August 16, 2018. Following discussion, on MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE ADDITION OF THE KERN FAN GROUNDWATER STORAGE PROJECT, PROJECT 10854, IN THE AMOUNT OF \$185,976,000, TO THE FISCAL YEAR 2018-19 CAPITAL BUDGET, LIMITING IRWD'S INITIAL EXPENDITURES AT \$5,000,000.

PRESENTATION

TROPICAL PLAZA NURSERY'S ORANGE COUNTY GREEN AWARD AND 2018 HUMANITARIAN AWARD FOR A DONATED SUCCULENT GARDEN AT IRWD'S BAKER WATER TREATMENT PLANT

Mr. Victor Zamora of Tropical Plaza Nursery presented to the Board a duplicate of its California Landscape Contractors' Association Orange County Green Award and a 2018 Humanitarian Award for its donation of the succulent garden at the Baker Water Treatment Plant. Mr. Zamora thanked both Mr. Thomas Bonkowski and Mr. David Asman for the great working relationship with him during this project as well as past projects.

LAGUNA CANYON ROAD AND QUAIL HILL PARKWAY CATHODIC PROTECTION CONSTRUCTION AWARD

This project will construct a new cathodic protection system for the domestic and recycled water pipelines to reduce the potential for future corrosion leaks. The affected recycled water segments include an approximately 8,200-foot segment, located on Laguna Canyon Road between Barranca Parkway and Romano, and an approximately 5,300-foot segment, located on Quail Hill Parkway between Laguna Canyon Road and Shady Canyon Road. A parallel 3,700-foot, 16-inch to 20-inch steel domestic water segment, located on Quail Hill Parkway between East Knoll Crest and Shady Canyon Road, was also included to prevent the negative impacts of stray current and protect it as well.

The project was advertised for construction bidding to a select list of six cathodic protection contractors. Corpro Companies, Inc. is the apparent low bidder with a bid amount of \$1,085,918.98; the engineer's estimate was \$1,171,080. On MOTION by LaMar, seconded and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE FOR PROJECT 05156 IN THE AMOUNT OF \$275,000, FROM \$588,500 TO \$863,500, AND FOR PROJECT 10541 IN THE AMOUNT OF \$50,000, FROM \$491,700 TO \$541,700; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH CORRPRO COMPANIES, INC. IN THE AMOUNT OF \$1,085,918.98 FOR THE LAGUNA CANYON ROAD AND QUAIL HILL PARKWAY CATHODIC PROTECTION, PROJECTS 05156 AND 10541.

POWER PURCHASE AGREEMENT FOR BAKER SOLAR PROJECT

Using a PowerPoint presentation, Engineer Bennett reported that the Baker Solar Project is a proposed 1.1 megawatt (mW) photovoltaic (PV) facility to be constructed adjacent to the Baker Water Treatment Plant. The Project will supplement electricity provided by Southern California Edison to IRWD and will operate in conjunction with an energy storage system to reduce IRWD's cost of electricity at the Baker Plant.

Mr. Bennett said that staff, in conjunction with special legal counsel, evaluated the following three options for implementing the Project: Option 1 – Long term lease under a Power Purchase Agreement (PPA) with SunPower; Option 2 – Ownership by IRWD through an agreement with SunPower; and Option 3 – Ownership by IRWD through an agreement with a third-party solar contractor. Using charts and graphs, Mr. Bennett reviewed an economic analysis of ownership options. He further reviewed the proposed schedule for the project.

Director Withers reported that this item was reviewed by the Engineering and Operations Committee on August 20, 2018. General Manager Cook said that he would like to include language on the lease where the leased area is limited to only the area comprising the top of the reservoirs where the panels will be placed. Following discussion, on MOTION by Withers, seconded and unanimously carried, **SUBJECT TO NON-SUBSTANTIVE CHANGES, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A POWER PURCHASE AGREEMENT WITH SOLAR STAR IRWD BAKER, LLC TO OWN, DESIGN, CONSTRUCT, OPERATE AND MAINTAIN A PHOTOVOLTAIC SYSTEM AT THE BAKER WATER TREATMENT PLANT WITH LANGUAGE TO BE INCORPORATED STATING THAT LEASED AREA IS LIMITED TO ONLY THE AREA THAT COMPRISES THE TOP OF THE RESERVOIRS FOR AN AMOUNT OF SPACE REQUIRED FOR THE PANELS AND OTHER EQUIPMENT AS DETERMINED BY STAFF.**

GENERAL MANAGER'S REPORT

General Manager Cook reported that he and staff will be meeting with the Bureau of Reclamation tomorrow in Sacramento relative to Federal issues.

He further said that he will be on vacation for two weeks beginning September 7, 2018 and that Mr. Kevin Burton will be Acting General Manager the first week and Mr. Paul Weghorst will be Acting General Manager the second week.

DIRECTORS' COMMENTS

Director Withers reported that Mr. Bob Ghirelli, Assistant General Manager of the Orange County Sanitation District, has retired.

Director Swan reported that he attended an OCWD Board meeting, Newport Chamber of Commerce meetings, a WACO Planning meeting, and an Urban Water Institute conference, and that tomorrow he will be in Sacramento attending an ACWA Energy conference.

Director LaMar reported that he attended an Urban Water Institute conference.

Director Reinhart also reported on his attendance at an Urban Water Institute conference.

COMMUNITY UPDATES

Consultant Bruce Newell reported on the Holy Jim fire which he said burned 150 acres today. He said that he will be attending a community fire meeting on September 13th.

CLOSED SESSION

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.

OPEN SESSION

Following the Closed Session, the meeting reconvened with four Directors present. President Reinhart said that no action was reported.

ADJOURNMENT

President Reinhart adjourned the meeting at 7:25 p.m.

APPROVED and SIGNED this 10th day of September, 2018.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Claire Hervey Collins, Legal Counsel – Lewis Brisbois