

MINUTES OF REGULAR MEETING – MARCH 25, 2019

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 LaMar on March 25, 2019 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Reinhart, Matheis, Swan, Withers (arrived at 5:07 p.m.) and LaMar.

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Engineering and Water Quality Burton, Executive Director of Water Policy Weghorst, Executive Director of Operations Chambers, Executive Director of Finance and Administration Clary, Director of Water Recycling Operations Zepeda, Director of Water Resources Sanchez, Director of Public Affairs Beeman, Director of Treasury and Risk Management Jacobson, Legal Counsel Collins, Secretary Bonkowski, Assistant Secretary Swan, Government Relations Officer/Deputy General Counsel Compton, Director of Water Quality & Regulatory Compliance Colston, Director of Water Operations Roberts, Director of Maintenance Mykitta, staff, and members of the public.

WRITTEN COMMUNICATIONS: None.

ORAL COMMUNICATIONS: None.

ITEMS TOO LATE TO BE AGENDIZED: None.

CONSENT CALENDAR

On MOTION by Matheis, seconded and carried (4-1) (Matheis, LaMar, Reinhart, Swan voting aye and Withers absent), CONSENT CALENDAR ITEMS 4 THROUGH 8 WERE APPROVED AS FOLLOWS:

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

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

5. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the March 11, 2019 Regular Board meeting be approved as presented.

CONSENT CALENDAR (CONTINUED)

6. NEWPORT COAST LIFT STATION REHABILITATION FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Newport Coast Lift Station Rehabilitation, Projects 05470 And 06400; 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.

7. FEBRUARY 2019 TREASURY REPORTS

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 February 2019, and Disclosure Report of Reimbursements to Board members and staff; approve the February 2019 Summary of Payroll ACH payments in the total amount of \$2,107,829 and approve the February 2019 Accounts Payable Disbursement Summary of Warrants 395760 through 396571, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$29,768,988.

8. AMENDMENT NO. 8 TO THE SANTIAGO AQUEDUCT COMMISSION JOINT POWERS AGREEMENT

Recommendation: That the Board approve Amendment No. 8 to the Santiago Aqueduct Commission Joint Powers Agreement subject to non-substantive changes.

ACTION CALENDAR

2019 LEGISLATIVE AND REGULATORY UPDATE

Using a PowerPoint presentation, Government Relations Officer/Deputy General Counsel Compton reviewed items covered by the March 2019 update and said that new information will be provided tonight including 1) Paradise Irrigation District backfill funding request; new amendments to the Water Tax and Safe Drinking water proposals, and introduction of HR 1754: extended NPDES permit terms. Director Withers arrived at 5:07 p.m. Ms. Compton review the Paradise Irrigation District backfill funding request for a one-time appropriation of \$21,693,203 from the General Fund which is needed to keep it operating while recovering from the fires. She reviewed the current safe drinking water proposals including ACA3 (Mathis, Garcia, Rubio, and Salas), AB 134 (Bloom), SB 200 (Monning with ASM, Garcia), SB 660 (Caballero), Safe and Affordable Drinking Water and Exide Cleanup BTB, AB 217 (Garcia), SB 414 (Caballero), and SB 669 (Caballero) and reviewed recommended positions on safe drinking water proposals. She recommended that the Board consider a potential "support if amended" position on AB 217 while providing staff flexibility on when the District would move to the recommended position and on how a change in position would be communicated. She also stated that the amendments sought by the District would be removal of the water tax, which the District opposes, and further refinements to the bill concerning implementation. Ms. Compton also reviewed recommended positions on HR 1764 (Garamendi and Calvert),

Director Matheis said that this item was reviewed by the Water Resources Policy and Communications Committee on March 18, 2019. Director Swan raised concerns relative to SB 414 (Caballero), which would create the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that have powers to absorb, improve, and operate noncompliant public water systems. He said that he could only support this bill if certain amendments were made. Specifically, that the bill should be amended to remove the role for Local Agency Formation Commissions in order to expedite consolidations, and that the bill should be amended to address the formation of possibly multiple Small System Water Authorities with a county. Director Swan also raised concerns regarding AB 217, and suggested that the District oppose the bill and water tax.

Director Matheis made a motion to approved the item which was seconded by Reinhart. Prior to a vote, Director Swan asked that SB 414 be voted on separately. There were no objections from the Board to vote on this item separately. On MOTION by Matheis, seconded and unanimously carried, THE BOARD ADOPTED A “SUPPORT” POSITION ON AB 510 (COOLEY), AB 1204 (RUBIO), HR 1764 (GARAMENDI) AND A PARADISE IRRIGATION FUNDING REQUEST, A “WATCH” POSITION ON SB 307 (ROTH); AN OPPOSE/OPPOSE UNLESS AMENDED” POSITION ON AB 332 (HERTZBERG), AND AUTHORIZED THE DISTRICT TO MOVE TO A “SUPPORT IF AMENDED” POSITION ON AB 217 (GARCIA) consistent with staff’s recommendation. On MOTION by Matheis, seconded by Withers, and carried, (4-1) (Reinhart, Matheis, LaMar and Withers voting aye, and Swan voting no THE BOARD SUPPORTED SB 414 (CABALLERO).

MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES CHANGE ORDER, VARIANCES, AND BUDGET INCREASE

Filanc/Balfour-Beatty (FBB) is constructing the Michelson Water Recycling Plant (MWRP) Biosolids and Energy Recovery Facilities (Biosolids Project). The Biosolids Project is scheduled to be extended to June 30, 2020.

Executive Director of Engineering and Water Quality Burton said that staff negotiated with FBB and agrees to the labor and material costs contained in Change Order No. 99 in the amount of \$330,609.60. Change Order No. 99 includes an additional: 1) regenerative thermal oxidizer (RTO) stack bypass re-route in the amount of \$42,305.48; 2) soil remediation on the south road of the Biosolids site in the amount of \$43,444.97; 3) base and paving in the amount of \$21,619.30; 4) odor scrubber recirculation piping and pipe support modifications in the amount of \$103,308.35; 5) electrical modifications in the control room of the solids handling building in the amount of \$9,371.28; 6) modifications to the acoustical panels in the solids handling building in the amount of \$14,704.14; 7) 480 V power source for vacuum system in the dryer room in the amount of \$9,995.96; 8) explosion proof duct smoke detector in the digester control building gas room in the amount of \$25,719.23; 9) SCADA programming update to the Centrate treatment area in the amount of \$38,467.14; 10) SCADA programming update to digester gas system in the amount of \$21,673.75.

Mr. Burton said that Black & Veatch has provided contract administration, construction inspection, and construction management services since 2013 and that the following additional work is required: 1) submittal reviews; 2) review of Requests for Information); 3) schedule review; 4) claims review and dispute resolution; 5) supplemental onsite design team

representative, electrical and instrumentation/controls inspections, and civil/mechanical field engineering; 6) electronic operations and maintenance manual development; 7) pre-start-up process overview training; 8) start-up testing coordination; and 9) post-start-up services.

Variance No. 8 with Black & Veatch in the amount of \$2,865,066 is for supplemental contract administration, construction phase, and start-up and commissioning services.

Mr. Burton said that Arcadis has provided construction inspection, construction management, and document control system services since the start of the Biosolids project. Through Variance No. 3, Arcadis will negotiate and prepare change orders, provide as-needed construction management support, assist with resolving project claims and delays submitted by FBB, and assist in project close-out activities. These services will be provided through June 30, 2020. Arcadis will also provide document control services until June 30, 2020, including assistance with the archiving of vital project documents. Variance No. 3 is for construction management and document control support in the amount of \$664,138.

Mr. Burton said that EI&C Engineering has provided technical oversight of the process control system (PCS) development and will continue in this role through June 30, 2020. Additionally, they will provide additional automation staff to support start-up testing when it is anticipated that multiple start-up tests are scheduled simultaneously, and provide engineering support for air permitting, start-up testing, and other engineering tasks. Variance No. 3 is in the amount of \$835,860 is for supplemental PCS construction management services, start-up testing, development of PCS operations manuals, and associated PCS training presentations.

Mr. Burton said that with the extension of the project to June 30, 2020, an increase in the capital budget for the Biosolids Project is required to fund the future change orders, consultants, Construction Management staff, legal and claims staff to resolve more complex construction items, operations and maintenance staff during start-up and training, landscaping, and the MWRP Construction Trailer and supplies. The estimated expenses are itemized as follows: future change orders -\$1,250,000; consultants - \$4,167,000; legal counsel - \$3,600,000; IRWD staff - \$1,741,000; start-up chemicals - \$200,000; landscape - \$700,000; and contingency - \$1,000,000, for a total cost of \$12,658,000.

There is currently approximately \$1,689,000 left in the existing Biosolids budget. Staff is requesting a budget increase of \$10,969,000 to cover the estimated expenses.

Director Reinhart said that this item was reviewed by the Engineering and Operations Committee on March 19, 2019. Following inquiries from Director Swan relative to the project, on MOTION by Swan, seconded and unanimously carried, THE BOARD APPROVED CHANGE ORDER NO. 99 IN THE AMOUNT OF \$330,609.60, WITH FILANC/BALFOUR BEATTY FOR ITEMS INCLUDING HARDSCAPING, SOIL REMEDIATION, PAVING, MECHANICAL AND ELECTRICAL CHANGES, AND SCADA PROGRAMMING MODIFICATIONS; AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 8 WITH BLACK & VEATCH IN THE AMOUNT OF \$2,865,066 FOR SUPPLEMENTAL CONTRACT ADMINISTRATION, CONSTRUCTION PHASE, START-UP, AND COMMISSIONING SERVICES; AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 3 WITH ARCADIS, INC. IN THE AMOUNT OF \$664,138 FOR SUPPLEMENTAL CONSTRUCTION MANAGEMENT AND DOCUMENT CONTROL SYSTEM SERVICES;

AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 3 WITH EI&C ENGINEERING, INC. IN THE AMOUNT OF \$835,860 FOR SUPPLEMENTAL PROCESS CONTROL SYSTEM (PCS) OVERSITE, CONSTRUCTION MANAGEMENT SERVICES, START-UP TESTING, AND VARIOUS ENGINEERING TASKS; AND AUTHORIZED A BUDGET INCREASE IN THE AMOUNT OF \$10,969,000 FROM \$227,573,100 TO \$238,542,100, TO THE FY 2018-19 CAPITAL BUDGET FOR THE MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES, PROJECT 04286.

GENERAL MANAGER'S REPORT

General Manager Cook reported that Ms. Bobbi Larson, CASA's Executive Director, announced her retirement.

Mr. Cook said that the District received a complimentary letter thanking staff members Mr. Allen Shinbashi, Mr. Harry Cho and Mr. Tom Bonkowski for demonstrating professionalism and integrity during a work effort at the District's Well 15.

DIRECTORS' COMMENTS

Director Reinhart reported on his attendance at an OCWD Water Issues Committee meeting, a WateReuse California Annual conference, and an OCWD Board Meeting.

Director Withers announced that this Wednesday Supervisor Wegner is scheduled for his swearing-in ceremony at the Great Park.

Director Swan reported on his attendance at an OCBC Government Affairs Committee meeting and an Infrastructure Committee meeting, a MWDOC Board meeting and Administration and Finance Committee meeting, a WACO Planning meeting, a Newport Bay Watershed Executive Committee meeting where he was reelected Chairman, and Newport Beach Chamber of Commerce meetings.

Director Matheis reported on her attendance at a WateReuse conference and said she was proud of General Manager Cook's efforts on his panel discussion, and a Santiago Aqueduct Quarterly Commission meeting which she chaired.

Director LaMar reported on his attendance at a Federal Advocacy meeting in Washington, DC, an ACWA Region Elections Nominating Committee Training, a California Environmental Dialogue Plenary meeting in Sacramento, a Natural Communities Coalition Board meeting, and a briefing and tour with Ms. Maya Mouawad, Water Education Foundation's 2019 Water Leader.

COMMUNITY UPDATES

Consultant Newell said that he attended two emergency preparedness workshops and noted that the canyons are in good condition this spring.

CLOSED SESSION

Legal counsel Collins said that a Closed Session would be held this evening as follows:

CONFERENCE WITH LABOR NEGOTIATORS – Pursuant to Government Code Section 54957.6

Designated Agency Representatives: Paul Cook and Jenny Roney

Employee Groups: IBEW Local #47 Non-Exempt Supervisor Unit Employees

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors Withers, LaMar, Matheis, Swan and Reinhart present. President LaMar said that staff is authorized to proceed as recommended for Non-Exempt Supervisor Unit Employees.

ADJOURNMENT

President LaMar adjourned the meeting.

APPROVED and SIGNED this 8th day of April, 2019.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Claire Hervey Collins, Legal Counsel
– Lewis Brisbois