

MINUTES OF REGULAR MEETING – July 13, 2020

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 July 13, 2020 via teleconference pursuant to the provisions of the Governor’s Executive Orders N-25-20 and N-29-20 due to COVID-19. Members of the public did not attend this meeting in person.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Technical Services Burton, Executive Director of Water Policy Weghorst, Executive Director of Finance and Administration Clary, Director of Treasury and Risk Management Jacobson, Executive Director of Operations Chambers, General Counsel Collins, Director of Public Affairs Beeman, Director of Human Resources Roney, Director of Water Quality and Regulatory Compliance Colston, Director of Recycling Operations Zepeda, Director of Maintenance Mykitta, Director of Administrative Services Malone, Director of Water Resources Sanchez, Government Relations Officer/Deputy General Counsel Compton, Secretary Bonkowski, Mr. Bruce Newell, Mr. Dean Kirk, and members of staff and the public.

WRITTEN: None.

ORAL COMMUNICATIONS:

ITEMS TOO LATE TO BE AGENDIZED: None.

PUBLIC HEARING – SEWER CHARGES IN THE NEWPORT NORTH SERVICE AREA

On June 24, 2019, the Board adopted a two-year budget which included rates and charges for Fiscal Year (FY) 2020-21. The rates adopted for FY 2020-21 were monthly sewer charges of \$26.35 for residential single-family homes and \$19.75 per unit for multiple family dwelling units. Considering the hardships to many IRWD customers created by the impacts of COVID-19, on May 26, 2020, the Board approved that the FY 2020-21 sewer rate increases scheduled to become effective on July 1, 2020 be deferred.

Mr. Cook said by adoption of Resolution No. 1987-45, the Board of Directors elected to have sewer charges for certain parcels of land located in the Newport North area collected on the tax roll together with IRWD’s general taxes. The resolution directs the filing of a report containing a description of such parcels and the corresponding charges for each fiscal year. Pursuant to the requirements of the Health and Safety Code of the State of California, a public hearing on the report is required.

President Matheis declared this to be the time and place for a hearing on the sewer charge report for the Newport North and declared the hearing open. She asked the Secretary how the hearing was noticed.

PUBLIC HEARING – SEWER CHARGES IN THE NEWPORT NORTH SERVICE AREA  
(CONTINUED)

Secretary Bonkowski said that the report was filed with her on June 16, 2020 and notice of the filing of the report and the time and place of this hearing was published in the Daily Pilot on June 28, July 5, and July 12, 2020. She said that a notice was also posted in the District office and on the District's website (www.irwd.com) on June 24, 2020.

On MOTION by Matheis, seconded by Withers and unanimously carried by a roll call vote (5-0) Withers, Matheis, Reinhart, Swan, and LaMar voting aye, and 0 noes, THE AFFIDAVIT OF POSTING AND THE PROOF OF PUBLICATION PRESENTED BY THE SECRETARY WAS RECEIVED AND FILED.

General Manager Cook asked Legal Counsel Collins to describe the nature of the proceedings. Legal Counsel Collins said that tonight's public hearing on the sewer charge report is an annual requirement of the Counsel Health and Safety Code, Section 5473, in order to collect the sewer charges on the tax roll.

General Manager Cook asked the Secretary whether there have been any written communications. She said there were none.

General Manager Cook asked if there was anyone present who wished to address the Board regarding the proposed collection of sewer charges on the tax roll. There were none.

General Manager Cook asked whether there are any comments or questions from members of the Board of Directors. There were none. He then asked that the hearing be closed.

On MOTION by Swan, seconded by Matheis and unanimously carried by a roll call vote (5-0) Withers, Matheis, Reinhart, Swan, and LaMar voting aye, and 0 noes, THE HEARING WAS CLOSED AND THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2020 –13

RESOLUTION OF THE BOARD OF DIRECTORS  
OF IRVINE RANCH WATER DISTRICT ADOPTING THE  
SEWER CHARGE REPORT AND AUTHORIZING COLLECTION OF  
SEWER CHARGES ON THE TAX ROLL FOR  
THE NEWPORT NORTH SERVICE AREA

CONSENT CALENDAR

On MOTION by LaMar, seconded by Swan, and unanimously carried by a roll call vote (5-0) Withers, Matheis, Reinhart, Swan, and LaMar voting aye, and 0 noes, CONSENT CALENDAR ITEMS 4 THROUGH 13 WERE APPROVED AS FOLLOWS:

4. BOARD MEETING MINUTES

Recommendation: That the minutes of the June 22, 2020 Regular Board meeting be approved as presented.

CONSENT CALENDAR (CONTINUED)

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, Peer Swan, Steven LaMar, and John Withers, as described.

6. 2020 LEGISLATIVE AND REGULATORY UPDATE

Recommendation: That the Board adopt a "seek amendments" position on SB 474 (Stern).

7. BAKE PARKWAY DOMESTIC WATER ZONE 5 TO 4 FIRE FLOW PRESSURE REDUCING VALVE AND PIPELINE FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Bake Parkway Domestic Water Zone 5 to 4 Fire Flow Pressure Reducing Valve and Pipeline, 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 for Project 05404.

8. FISCAL YEAR 2020-21 PURCHASE ORDER VENDOR COMMITMENTS GREATER THAN \$200,000

Recommendation: That the Board approve the submitted list of vendor commitments greater than \$200,000 based on approved FY 2020-21 operating budget expenditures.

9. LUMP SUM PAYMENT OPTION FOR EMPLOYER CONTRIBUTIONS FOR FY 2020-21 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 \$5,888,727 for IRWD's FY 2020-21 employer contribution.

10. INFORMATION SERVICES PROFESSIONAL SERVICES SUPPORT CONTRACT RENEWALS

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement for Fiscal Year 2020-21 with Infosys Limited in the amount of \$325,000 for managed support services.

11. BAKER WATER TREATMENT PLANT ENTRANCE IMPROVEMENTS BID REJECTION

Recommendation: That the Board reject the bid received for the Baker Water Treatment Plant Entrance Improvements, Project 10559 and authorize staff to re-bid the project after revising the bid documents.

CONSENT CALENDAR (CONTINUED)

12. CULVER DRIVE 12-INCH DOMESTIC WATER PIPELINE RELOCATION BUDGET INCREASE AND CONSTRUCTION AWARD

Recommendation: That the Board authorize a budget increase in the amount of \$708,000, from \$248,000 to \$956,000, and authorize the General Manager to execute a construction contract with L&S Construction, Inc. in the amount of \$333,000 for the Culver Drive 12-inch Domestic Water Pipeline Relocation, Project 07170.

13. TURTLE RIDGE PIPELINES CATHODIC PROTECTION BUDGET INCREASE AND CONSTRUCTION AWARD

Recommendation: That the Board authorize a budget increase in the amount of \$444,000, from \$309,000 to \$749,000, for Project 07888 and \$379,500, from \$309,000 to \$688,500, for Project 07889, and authorize the General Manager to execute a construction contract with Paulus Engineering, Inc. in the amount of \$579,777 for the Turtle Ridge Pipeline Cathodic Protection, Projects 07888 and 07889.

ACTION CALENDAR

WATER EFFICIENCY TACTICAL INCENTIVE FUNDING AUTHORIZATION

General Manager Cook reported that IRWD's Water Use Efficiency Program includes tactical incentives to encourage customers to install water conservation devices that are cost-effective to the District. In 2015, IRWD executed a multi-year Water Conservation Participation Agreement with the Municipal Water District of Orange County (MWDOC) to administer District incentives for regional rebate programs.

Director LaMar reported that this item was reviewed by the Water Resources Policy and Communications Committee on July 9, 2020. In response to Director Swan's inquiry, Director of Water Resources Sanchez said that she will provide him a summary of how the dollars were allocated in the prior fiscal year. There being no further comments, on MOTION by LaMar, seconded by Swan, and unanimously carried by a roll call vote (5-0) Withers, Matheis, Reinhart, Swan, and LaMar voting aye, and 0 noes, THE BOARD AUTHORIZED THE GENERAL MANAGER TO ALLOCATE \$325,000 IN FUNDING TO THE FY 2020-21 REBATE PROGRAMS ADMINISTERED THROUGH THE WATER CONSERVATION PARTICIPATION AGREEMENT BETWEEN MUNICIPAL WATER DISTRICT OF ORANGE COUNTY AND IRWD, AND EXECUTE ADDENDA TO THE AGREEMENT AS MAY BE NECESSARY TO ALLOCATE FUNDS TO SPECIFIC PROGRAMS AND MODIFY DEVICE INCENTIVE LEVELS BASED ON CUSTOMER PARTICIPATION RATES AND REGIONAL PROGRAM FUNDING LEVELS.

2020 WATER USE EFFICIENCY OUTREACH CAMPAIGN

General Manager Cook said that staff proposes a 2020 Water Use Efficiency Outreach Campaign comprised of several targeted customer outreach initiatives intended to promote

existing and new programs described in the Fiscal Year 2020-21 Water Use Efficiency Implementation Plan (Water Efficiency Plan). The new outreach campaign is designed for the current environment by addressing customers' current needs and interests with compelling communication programs.

Using a PowerPoint presentation, Director of Public Affairs Beeman reported that in December 2019, IRWD completed a comprehensive Future Potential Water Efficiency Study of past water conservation programs, in January 2020, key findings were presented to the Board, and in May 2020, staff presented to the Water Resources Policy and Communications Committee a Water Efficiency Plan, which described existing and proposed new water use efficiency programs that are consistent with the findings of the study.

Ms. Beeman reviewed this year's goal which will be to support and promote existing and new water use efficiency programs as described in the Water Use Efficiency Implementation Plan. She said that staff recommends a new suite of creative and targeted outreach initiatives to: 1) promote turf removal and weather-based controller incentives; 2) encourage RightScaping; 3) increase attendance at virtual Garden Workshops; 4) refresh the WaterStar Business Outreach Program materials; and 5) create digital outreach materials for targeting commercial, industrial and institutional (CII) customers.

Ms. Beeman said that to assist with the development and implementation of the 2020 outreach campaign, staff recommends that IRWD execute a Professional Services Agreement with Sukle Advertising & Design. She then reviewed elements of the campaign along with a proposed implementation schedule through December 2020. She said that the following provides the negotiated not-to-exceed costs for tasks that will be billed by Sukle on a time and material basis: 1) "Don't Waste a Good Thing" Campaign for a total of \$305,500; 2) CII and WaterStar Refresh for a total of \$45,000; and 3) Account Leadership and Planning for a total of 55,000.

Director LaMar reported that this item was reviewed by the Water Resources Policy and Communications Committee on July 9, 2020 and that he is pleased with the strategic plan. In response to Director Reinhart's comment, Director of Water Resources Sanchez agreed that the focus of the program is on residential customers who are using water outside of the normal limits. Following discussion, on MOTION by LaMar, seconded by Matheis, and unanimously carried by a roll call vote (5-0) Withers, Matheis, Reinhart, Swan, and LaMar voting aye, and 0 noes, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH SUKLE ADVERTISING & DESIGN IN THE AMOUNT OF \$396,000 FOR THE IMPLEMENTATION OF THE 2020 WATER USE EFFICIENCY OUTREACH CAMPAIGN.**

SECURITY SERVICES CONTRACT

In August 2017, IRWD entered into a three-year agreement with Securitas, Inc. to provide security services to the District. This agreement will expire on September 1, 2020. Securitas is proposing to continue providing security services to IRWD.

Director Swan reported that this item was reviewed by the Finance and Personnel Committee on July 7, 2020. He provided his suggestions to staff which included adding additional automation services versus physical patrolling and involving the police department when necessary versus the security. In response to Director Swan’s inquiry, staff will provide a report relative to losses if security had not been in place. On MOTION by Swan, seconded by Reinhart and unanimously carried by a roll call vote (5-0) Withers, Matheis, Reinhart, Swan, and LaMar voting aye, and 0 noes, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH SECURITAS, INC. FOR SECURITY GUARD AND PATROL SERVICES FOR AN AMOUNT OF \$2,392,692.**

SETTING CONNECTION FEES AND PROPERTY TAXES FOR FISCAL YEAR 2020-21

Executive Director of Finance and Administration Clary reported that the District typically adjusts connection fees annually, with the most recent adjustment occurring in July 2019. The changes to connection fees proposed for Fiscal Year (FY) 2020-21 are based on updates to the IRWD capital budget, staff’s understanding of the remaining balance of projected development units, and adjustments to the Engineering News Record (ENR) construction cost index.

Using a PowerPoint presentation, Mr. Christopher Smithson reviewed the proposed connection fees and proposed property tax rates noting that staff is proposing reductions to several property tax rates to ensure that property tax revenue is equivalent to or less than annual debt requirements. He said that the proposed reduction is due primarily to significantly higher assessed property tax values. He further provided an analysis of changes within the Improvement Districts.

Director Swan reported that the Finance and Personnel Committee spent substantial time reviewing this item on July 7, 2020, and that the Committee concurs with staff’s recommendation. On MOTION by Swan, seconded by Reinhart and unanimously carried by a roll call vote (5-0) Withers, Matheis, Reinhart, Swan, and LaMar voting aye, and 0 noes, **THE BOARD ADOPTED THE FOLLOWING RESOLUTIONS BY TITLE EFFECTIVE AUGUST 1, 2020:**

RESOLUTION NO. 2020 –14

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH  
WATER DISTRICT, ORANGE COUNTY, CALIFORNIA  
ADOPTING CHANGES TO CONNECTION FEES AS SET FORTH IN THE  
SCHEDULE OF RATES AND CHARGES IN EXHIBIT “B” OF  
THE RULES AND REGULATIONS OF IRVINE RANCH WATER  
DISTRICT FOR WATER, SEWER, RECYCLED WATER, AND  
NATURAL TREATMENT SYSTEM SERVICE

RESOLUTION NO. 2020 –15

RESOLUTION OF THE BOARD OF DIRECTORS OF  
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA  
ESTABLISHING *AD VALOREM* TAX REVENUES FOR  
FISCAL YEAR 2020-21

RESOLUTION NO. 2020 –16

RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE IRVINE RANCH WATER DISTRICT AMENDING  
ALLOCATION OF *AD VALOREM* PROPERTY  
TAXES TO DEBT SERVICE, SUBJECT TO PLEDGE

GENERAL MANAGER’S REPORT

General Manager Cook provided an update on the status of employees who tested positive for COVID-19, and said he is very concerned with the upswing of activity within the state.

Mr. Cook reported on the recent LA Times article about the ongoing lawsuit relative to JM Pipeline. He said that staff and legal counsel will create a Fact Sheet on the impact of the recent court decision and the money spent to date for discussion at a future Closed Session.

Mr. Cook further updated the Board on the recent correspondence from Ms. Cindy Messer of the Department of Water Resources noting that it will prioritize work relative to the Kern Fan Groundwater Storage Project and the creation of the Joint Powers Authority.

DIRECTORS’ COMMENTS

Director Withers reported that today he filed with the County with the intent of running for Division 1 Director in the November election for IRWD’s open seat. He said that tomorrow he will be attending an OCBC Infrastructure Committee and an NRWI Board meeting, and that on Thursday he will be attending the first OCSD virtual tour and suggested that staff investigate a similar tour as well. He said additionally on Thursday he will be attending a Sustain OC event relative to water resiliency, and this Friday he will be participating in an OCSD weekly update conference call relative to COVID-19.

Director LaMar reported that he attended an OCWD PFAS update meeting, several ACWA Committee meetings, a MWDOC Board meeting with MWD Directors, a WACO monthly meeting, and an OCBC Infrastructure meeting.

Director Swan reported on his attendance at a MWDOC Board meeting with MWD Directors, a *Wake-Up* Newport Chamber of Commerce meeting, an OCBC Government Affairs meeting, a MWDOC Administration Committee meeting, an OCWD Water Issues Committee meeting, and a WACO meeting.

DIRECTORS' COMMENTS (Continued)

Director Reinhart reported on his attendance at a WaterReuse California conference, a MWDOC Board meeting, an OCWD Board meeting, an OCWD Water Issues Committee meeting, an OCWD Administration and Finance Committee meeting, and a WACO meeting.

Director Matheis reported on her attendance at a MWDOC meeting, a WACO meeting, a Southern California Legislative Task Force meeting, and an ISDOC Committee meeting. She further said that the Urban Water Institute will not be holding its normal conference this August.

COMMUNITY UPDATE

The District's consultant, Mr. Bruce Newell, updated the Board on recent activity in the canyon noting that residents are being fined by OCS&D for flows from their septic tanks containing high levels of zinc and copper. He further updated the Board on hikers by the Modjeska Reservoir.

CLOSED SESSION

Legal Counsel Collins said that the following would be held this evening:

CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL — ANTICIPATED LITIGATION – Pursuant to Government Code Section 54956.9(d)(2): significant exposure to litigation. *(One (1) potential case; Main Street Notice of Subrogation, claim on file with the District.)*

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors Matheis, Reinhart, LaMar, Withers, and Swan present. Legal Counsel Collins reported that no action was taken in closed session that requires a report under the Brown Act.

ADJOURNMENT

President Matheis adjourned the meeting at 6:46 p.m.

APPROVED and SIGNED this 10<sup>th</sup> day of August 2020.



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President, IRVINE RANCH WATER DISTRICT



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Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:



Claire Hervey Collins, General Counsel  
Hanson Bridgett LLP