

EXHIBIT "A"

MINUTES OF REGULAR MEETING –FEBRUARY 13, 2023

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 McLaughlin on February 13, 2023 at the District offices, 15600 Sand Canyon Avenue, Irvine.

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

Directors Absent: None.

Written and Oral Communications: None.

Also Present: General Manager Cook, Executive Director of Operations Chambers, Executive Director of Finance and Administration Clary, Executive Director of Technical Services Burton, Executive Director of Water Policy Weghorst, Director of Treasury and Risk Management Jacobson, Director of Strategic Communications and Advocacy / Deputy General Counsel Compton, Director of Water Resources Sanchez, Director of Recycling Operations Zepeda, Director of Human Resources Mitcham, Director of Safety and Security Choi, Director of Maintenance Manning, Director of Information Services Kaneshiro, Secretary Bonkowski, Assistant Secretary Swan, General Counsel Collins, other staff, and members of the public.

PUBLIC HEARING

CONSIDERATION OF RESOLUTION OF NECESSITY TO INITIATE EMINENT DOMAIN PROCEEDINGS TO ACQUIRE MITIGATION LAND FOR SYPHON RESERVOIR IMPROVEMENT PROJECT

President McLaughlin said that a Public Hearing is being held to receive public comments on the proposed adoption of a Resolution of Necessity to acquire approximately 99 acres of unimproved real property located in Orange County, California, west of Black Star Canyon Road and northwest of Santiago Canyon Road for the Syphon Reservoir Improvement Project and asked General Counsel Collins to describe the legal requirements for this Public Hearing.

General Counsel Collins said that the Board is holding a public hearing on whether to adopt a resolution of necessity to acquire the subject property. A public hearing is required by law prior to the filing of an action in eminent domain to acquire the property. Each owner of an interest in the subject property has the right to receive notice of the hearing, and to appear and be heard on the following issues: 1) whether the public interest and necessity require the project; 2) whether the project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury; 3) whether the property sought to be acquired is necessary for the project; and 4) whether an offer to purchase the property for fair market value was made to the owners. She said that the staff report and proposed resolution have been slightly revised since the Board package was published on Friday, and the revised versions have been placed before each of the Board members and are also available at the public information table. She further said that staff and counsel will brief the board on these four issues, and then any owners present will have an opportunity to be heard, prior to Board discussion and any vote on the resolution.

PUBLIC HEARING (CONTINUED)

President McLaughlin asked the Secretary how notice of this public hearing was given. Secretary Bonkowski said that pursuant to California Code of Civil Procedure Section 1245.235, on January 23, 2023, the District sent via First Class Mail a Notice of Intention to Adopt a Resolution of Necessity and Right to Appear and Be Heard to each member of the property Ownership Group. She said that the notice was also sent by overnight carrier and was posted on the District's website on the same day. She provided for public inspection a copy of the affidavit of posting. On MOTION by Swan, seconded by Withers and unanimously carried, THE AFFIDAVIT OF POSTING WAS RECEIVED AND FILED.

President McLaughlin said that as provided in California Code of Civil Procedure Section 1245.235, those who filed a request within the time specified in the notice may appear and be heard on the matters referred to in Code of Civil Procedure Section 1240.030. She asked the Secretary if any written communication had been received. Secretary Bonkowski said that the District received a request from Mr. John S. Peterson, legal counsel to several members of the ownership group within the time specified in the notice, and that the letter has been included in the staff report and also included as an exhibit in the agenda packet. President McLaughlin asked if there were any members of the public who wished to be heard. There were none.

Using a Power Point presentation, Director of Water Resources Sanchez reviewed the purpose of increasing the capacity of the existing Syphon reservoir from 578 acre-feet to 5,000 acre-feet, and said that by increasing storage, IRWD will inundate lands that are the subject of prior mitigation, which will require replacement mitigation lands. Ms. Sanchez said that public interest and necessity require the Syphon project. She reviewed the benefits of this project along with the mitigation requirements. She said that staff along with consultants reviewed available and appropriate mitigation sites throughout the region, and the Tran-Belna property (consisting of 99 acres) was determined to meet all mitigation criteria for upland offsite credits and noted that the parcel is surrounded by the Natural Communities Conservation Plan and includes gnatcatcher habitat, which is a protected species. She said that this land is undeveloped, open space land, with no public road access or utilities and the resource agencies are very supportive of permanently protecting the habitat on this property. Legal Counsel Collins then described the uneconomic remnant legal requirements noting that based on the topography and vegetation, there is no reasonable way to carve out a developable portion of the site amounting to a 10-acre minimum while still obtaining the necessary mitigation lands.

Director of Treasury and Risk Management Jacobson reported that the Tran-Belna parcel was identified as an ideal mitigation parcel and IRWD obtained an appraisal in 2020 and made an offer to the owners to voluntarily acquire the property. Mr. Jacobson said that the appraisal assumed that if the land could be rezoned residential, it might have a somewhat higher value than as agricultural open space. Despite that assumption, the Ownership Group rejected the District's offer at that time. Mr. Jacobson said that in 2022, IRWD hired another appraiser to make a new appraisal based on current comparable sales. He said that the appraisal was based on the current actual zoning and general plan land use designations. He said that counsel for the owners accompanied the appraiser and staff on the appraisal inspection, with the current appraisal determined to be approximately \$550,000. He said that another offer was made to all eight owners; one owner accepted, and the other seven owners either rejected the offer or did not respond.

Legal Counsel Collins said that the public interest and necessity require that the Syphon project be undertaken, that the project is planned and located in a manner that will be most compatible with the greatest public good and the least private injury, and that the acquisition of the Tran-Belna parcel is necessary to meet the mitigation needs for the Syphon Project. Ms. Collins said that as described, acquisition of the entire parcel is necessary to avoid leaving an uneconomic remnant of land, and that IRWD has met all the statutory requirements for obtaining an appraisal, making an offer based on the fair market value as determined by that appraisal, and providing notice and an opportunity to be heard today on the resolution of necessity. She said that IRWD remains hopeful that a voluntary, negotiated settlement can be reached with all members of the Ownership Group; however, since that has not yet been achieved, staff requests that the Board adopt the resolution of necessity and authorize the use of eminent domain in order to ensure timely acquisition of the property so that this project can be permitted.

President McLaughlin said that being there are no comments from the public in the audience, she closed the hearing and asked for comments from members of the Board of Directors. Director Swan said that for the reasons stated previously about the Syphon Reservoir project, he will be voting no. President McLaughlin said that for the record this motion requires four affirmative votes to pass. On MOTION by LaMar, seconded by Reinhart and carried by a roll call vote (Reinhart, LaMar, Withers and McLaughlin voting aye, and Swan voting no) (4-1 vote), THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2023-2

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT
DETERMINING THAT THE PUBLIC INTEREST AND NECESSITY
REQUIRE THE ACQUISITION OF MITIGATION LAND FOR
THE SYPHON RESERVOIR IMPROVEMENT PROJECT AND
DIRECTING THE INITIATION OF EMINENT DOMAIN PROCEEDINGS
(APNs: 105-361-07 and 105-361-09)

CONSENT CALENDAR

On MOTION by Withers, seconded by LaMar, and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 7 WERE APPROVED AS FOLLOWS:

4. BOARD MINUTES

Recommendation: That the minutes from the January 23, 2023 Regular Board Meeting and January 31, 2023 Adjourned Regular Board meeting be approved as presented.

5. AUDIT FIRM EXTENSION FOR FISCAL YEAR ENDING JUNE 30, 2023

Recommendation: That the Board authorize the General Manager to execute a new one-year audit services contract with Davis Farr LLP for the fiscal year ending June 30, 2023 at a cost of \$67,850 plus possible single audit fees not to exceed \$3,500.

CONSENT CALENDAR (CONTINUED)

6. 2023 LEGISLATIVE AND REGULATORY UPDATE

Recommendation: The Board adopt a “SUPPORT, AS PROPOSED TO BE AMENDED” position on SB 23 (Caballero).

7. SEAWATCH RECYCLED WATER PRESSURE REDUCING STATION FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Seawatch Recycled Water Zone G to G-Reduced Pressure Reducing Station Project, 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 11597.

ACTION CALENDAR

8. IRVINE LAKE – COOPERATIVE AGREEMENT FOR FUTURE JOINT RECREATION USE

Director of Treasury and Risk Management Jacobson reported that Irvine Lake is owned jointly by IRWD and Serrano Water District, and that the majority of property adjacent to Irvine Lake is owned by the County which is now designated for open space and recreation/park use. Recreation rights for activities on the lake are owned by the County (75%) and Serrano (25%).

Mr. Jacobson said that currently the County manages recreation activities at Irvine Lake which include a fishing concession shop and shoreline fishing as well as a picnic area and events facility adjacent to the lake which hosts corporate outings, festivals, concerts, running and bicycle events and other activities. He said that the County’s events facility is adjacent to an area of land within the lake boundaries owned by the water districts known as “the Flats”. He said that based on discussions with the County and Serrano, the potential for a joint agreement to lease the combined area of the current event area and the Flats and to also include the fishing concessions was proposed. He reviewed key terms of the agreement including: 1) the issuance of a request for proposal by the County and procedures to select a long-term recreation lessee to manage recreation activities (which will include IRWD and Serrano participation); 2) future management responsibilities and defining permitted recreational uses within Irvine Lake and adjacent land owned by the County; 3) disclosures regarding the Districts’ planned construction project and limitations on use of the Flats property during that project; 4) provisions allowing for the permanent use of the Flats property for reservoir purposes at the discretion of the water districts; and 5) the distribution of net lease revenues from the future joint recreation use based on land and recreation rights interests being contributed to the lease.

Mr. Jacobson said that the County has also drafted a request for proposal (RFP) intended to facilitate the selection of one primary lessee to operate all recreation activities at and around the lake. The RFP is currently being reviewed by IRWD and Serrano staff and legal counsels.

Following discussion, on MOTION by LaMar, second by Withers and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE COOPERATIVE AGREEMENT FOR IRVINE LAKE RECREATIONAL CONCESSION SOLICITATION AND ADMINISTRATION AND TAKE ANY ACTIONS NECESSARY TO SELECT A CONCESSIONAIRE TO CONDUCT RECREATIONAL ACTIVITIES AT IRVINE LAKE.

9. ADVANCED METERING INFRASTRUCTURE FEASIBILITY STUDY AND BUSINESS PLAN

Using a PowerPoint presentation, Water Efficiency Manager McNulty reported that Advanced Metering Infrastructure (AMI) integrates smart meters, communications networks, and data management platforms into a system that produces more frequent and accurate water usage data. Ms. McNulty said that this technology allows for frequent collection of water usage data that is then utilized to improve customer billing, leak detection, and overall water resource management.

Ms. McNulty said that in 2010, IRWD evaluated AMI technology and made the decision to not deploy the technology (at that time) given high implementation costs, numerous complexities, and the evolving nature of the technology. She said that since February 2022, an interdisciplinary team of staff has been working to re-evaluate the implementation of AMI technology at IRWD. The team reviewed a total of nine AMI service providers, conducted numerous reference checks, and participated in AMI-related committees to learn from other water agencies' experience with AMI. The team's work provided a thorough understanding of the various types of existing AMI systems and components. Given this understanding, the team identified the need for professional assistance in preparing a Feasibility Study for implementing AMI at IRWD and in preparing a corresponding Business Plan.

Ms. McNulty said that on January 13, 2023, staff issued a request for proposal (RFP) for the preparation of an AMI Feasibility Study and Business Plan that will identify long-term needs for development of an AMI program, include a cost-benefit and return on investment analysis of various implementation scenarios and will assess the impacts of AMI on IRWD processes, personnel, and technology.

On MOTION by LaMar, seconded by Withers and carried, (LaMar, Withers, Reinhart and McLaughlin voting aye, and Swan voting no) (4-1 vote), THE BOARD AUTHORIZED THE ADDITION OF AMI IMPLEMENTATION FOR THE DOMESTIC AND RECYCLED SYSTEMS, PROJECTS 12514 AND 12515, IN THE COMBINED AMOUNT OF \$180,000 TO THE FY 2022-23 CAPITAL BUDGET.

OTHER BUSINESS

GENERAL MANAGER'S COMMENTS – None.

COMMUNITY UPDATE – None.

DIRECTOR COMMENTS

Director LaMar reported that he attended the meetings on the list.

Director Withers reported that he attended the meetings on the list and highlighted the IRWD 2023 Community tour. He said that today he attended a lunch meeting with the MNWD's General Manager Lopez. He said tomorrow he will be attending an OC Public Affairs Association meeting.

Director Swan reported that he attended the meetings on the list along with a Newport Chamber of Commerce event.

Director Reinhart reported that he attended the meetings on the list except for the OCWD Board meeting.

Director McLaughlin said that she was only able to attend the WACO meeting on the list.

CLOSED SESSIONS

General Manager Cook said that the Closed Sessions listed on the agenda would not be held this evening.

ADJOURNMENT

President McLaughlin adjourned the meeting at 6:19 p.m.

APPROVED and SIGNED this 27th day of February 2023.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Claire Hervey Collins, General Counsel
Hanson Bridgett LLP