

## MINUTES OF REGULAR MEETING – JUNE 24, 2002

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by Vice President Swan at 6:30 p.m., June 24, 2002 in the District Office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Miller (arrived at 6:35 p.m.), Withers, Swan, and Matheis  
Directors Absent: Brady

Also Present: General Manager Jones, Director of Finance Zenk, Director of Engineering Heiertz, Secretary Bonkowski, Legal Counsel Arneson, Dr. Tom Bishop, Mr. Roy Farmer, Mr. Don Soderberg, Mr. Ed Morrisroe, and other members of the staff and public.

### COMMUNICATIONS TO THE BOARD

Written: 1) Letter received from Autumnwood Homeowner Association thanking the District for the work performed along Serrano Creek to remedy the erosion problem; and 2) Letter received from Ladera Elementary School thanking the District for supporting the Future Scientists and Engineers of America Club.

Oral: 1) Mrs. Joan Irvine Smith addressed the Board with respect to the Dyer Road Wellfield Project. She said that she understood that currently, the following 17 wells are operational: Wells 1, 2, 4, 5, 6, 7, C-8 and C-9, 10, 11, 12, 13, 14, 15, 16, 17, and 18. Well No. 3 is the only well which is not being operated at this time. There are eight wells (5, 6, 11, 13, 14, 15, 16, and 18) on Edison's Time of Use Program. Well 17 will be placed on Time of Use at the end of June. It is anticipated that the District will continue to run all of the wells, with the exception of Well No. 3, through the end of June. This was confirmed by Mr. Paul Jones, General Manager of the Irvine Ranch Water District.

With respect to the Deep Aquifer Treatment System Wells C-8 and C-9 for the design build contract for the well head facilities and other treatment facilities, Mrs. Smith said that she understood that the change order request for Pascal & Ludwig to complete installation of additional anti-foam and hypochlorite chemical facilities is being considered by the Board this evening (Item #19). Upon authorization, the contractor will begin the work by excavating and installing underground electrical facilities. This was confirmed by Mr. Jones.

Mrs. Smith said that in regards to the Groundwater Storage Program with MWD (previously referred to as the Conjunctive Use Program), it was her understanding that the District has obtained a copy of the *Initial Study/Negative Declaration – Orange County Groundwater Storage Basin Conjunctive Use Program, Orange County, CA* prepared by the Chambers Group, Inc. dated June 2002. The agencies potentially participating in the Conjunctive Use Program are the cities of Fullerton, Huntington Beach, Westminster, Santa Ana, Orange, Buena Park, and Garden Grove, and the Southern California Water Company. This was confirmed by Mr. Jones.

PRESENTATION

Mr. Sat Tamaribuchi of The Irvine Company presented to the San Joaquin Wildlife Sanctuary Board President Peer Swan and Director Mary Aileen Matheis the third endowment to this non-profit organization.

WORKSHOP

OPERATING BUDGET – FISCAL YEAR 2002-2003

General Manager Jones reported that the first public workshop on the proposed budget was held at the June 10, 2002 meeting. Notice of this second budget workshop was published in the Irvine World News on June 20, 2002. Mr. Jones reported that the District's proposed budget for fiscal year 2002-03 totals \$65.2 million, resulting in a \$2.4 million increase over the current 2001-02 operation budget. He said that the increase was attributable to the increased groundwater and imported water costs, and the increased salary and benefit costs. In response to an inquiry relative to the recent MWDOC adjustments to its rate proposal, Mrs. Stoddard reported that the costs were not sufficient to affect the proposed changes, and that they amounted to less than a \$.01/ccf impact to IRWD's melded cost of water. Vice President Swan reported that this item had been reviewed by the Finance and Personnel Committee on several occasions and they recommended approval. Following discussion, on MOTION by Miller, seconded and unanimously carried, THE FOLLOWING RESOLUTIONS WERE ADOPTED BY TITLE:

RESOLUTIONS NO. 2002-21

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA, APPROVING THE DISTRICT'S OPERATING BUDGET FOR FISCAL YEAR 2002-03 AND DETERMINING COMPLIANCE WITH ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

RESOLUTION NO. 2002-22

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA, RESCINDING RESOLUTION NO. 2001-24 AND ADOPTING CHANGES TO THE SCHEDULE OF RATES AND CHARGES AS SET FORTH IN EXHIBIT "B" TO THE RULES AND REGULATIONS OF IRVINE RANCH WATER DISTRICT FOR WATER, SEWER AND RECLAIMED WATER SERVICE AND EXHIBITS THERETO

## CONSENT CALENDAR

Director Matheis commented on item No. 8 relative to the District's position on AB 1969 (Maddox). Following discussion, on MOTION by Miller, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 13 WERE APPROVED AS FOLLOWS:

### 5. MINUTES OF BOARD MEETING

Recommendation: Approve the minutes of June 10, 2002.

### 6. FINANCIAL REPORTS

Recommendation: Receive and file the Investment Summary Report for May 2002, approve Warrant Nos. 230894 through 231884 in the total amount of \$7,523,737.15 and approve the monthly summary of wire transfers in the total amount of \$7,929,717.30.

### 7. STRATEGIC MEASURE DASHBOARDS

Recommendation: Receive and file the strategic measure dashboards and information items.

### 8. LEGISLATIVE UPDATE

Recommendation: Approve the positions on specific bills as recommended, receive and file the legislative update, and direct staff to communicate the Board's positions to appropriate parties.

### 9. CAPITAL BUDGET ADDITION FOR RAISING MANHOLES TO GRADE

Recommendation: Authorize a budget increase for Project No. 27432 for \$23,100, from \$26,700 to \$49,800, and approve an expenditure authorization for same amount.

### 10. ZONE B PIPELINE EXTENSION PROJECT

Recommendation: Adopt the proposed negative declaration for Zone B Pipeline Extension, Project No. 31231; direct staff to post and file a Notice of Determination; and direct staff to file a California Department of Fish and Game De Minimis finding.

### 11. NORTHWOOD CAPE SEAL PROJECT VALVE AND MANHOLE ADJUSTMENT

Recommendation: Approve the addition of Project No. 10401 for \$48,400, Project No. 20401 for \$27,500, and Project No. 30401 for \$2,500 to the FY 2002/03 Capital Budget.

12. CRYSTAL COVE ZONE 2-4 BOOSTER PUMP STATION CONSULTANT CONTRACT

Recommendation: Authorize the General Manager to execute a consultant services contract for \$76,730 with The Keith Companies for Crystal Cove Zone 2-4 Booster Pump Station, Project No. 12050.

13. MICHELSON WATER RECLAMATION PLANT (MWRP) SECONDARY SEDIMENTATION BASINS VARIANCE AND EXPENDITURE AUTHORIZATION

Recommendation: Approve an Expenditure Authorization for \$16,900 for Project No. 28819 and authorize the General Manager to execute Variance No. 4 with HDR Engineering, Inc. for \$15,365 for design of upgrades to the aeration blower system and sedimentation basin testing at MWRP, Project No. 28819.

ACTION CALENDAR

CONSOLIDATION ANALYSIS OF LOS ALISOS WATER DISTRICT

Using a power point presentation, Manager of Internal Audit Bray provided an analysis of the consolidation effort of Los Alisos Water District and IRWD. Mr. Bray reported that the consolidation has provided the former LAWD customers with an estimated annual operating savings of \$1,390,000 and avoidance of approximately \$840,000 in annual debt service costs while maintaining a high level of customer satisfaction and enhancing community benefits. He then discussed the rates and charges in ID 135/235, capital expenses, community benefits, and employee benefits. Following discussion, Director Miller asked the Los Alisos Management Committee to come up with a plan to convey that the wisdom of the consolidation has been realized. Mr. Bishop of the Los Alisos Management Committee relayed that their two goals for the consolidation were realized: 1) there was an increase in service to the rate payers; and 2) that former LAWD employees were not hurt by the consolidation. He said that a representative from the LAWD management committee could make a presentation to the City of Lake Forest at one of their council meetings. Director Withers left at 7:05 p.m.

WORKERS' COMPENSATION CONTRACT

General Manager Jones reported that Marsh Risk & Insurance Services (Marsh) had recently reviewed the marketing responses of the District's workers compensation coverage for the 2002-2003 fiscal year. Mr. Jones said that the District's workers' compensation loss record has improved over the last three years. The District's loss ratio has declined substantially since the high in 1995-96 of 271% (Losses = \$277,283) to the current loss ratio of 8.0% (Losses = \$19,696) for 2002-2001. The total number of claims has dropped from a high of 29 in 1995-96 to the 2002-01 total of 9. He said that Marsh requested quotations from 12 carriers and received responses from five. Discover Property and Casualty has presented the most competitive bid at \$315,000. This

represents a \$64,189 or 25.6% increase in premiums over the 2001-02 fiscal year premiums. This increase includes the 10.1% increase proposed by the California Rating Bureau.

Vice President Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on June 3, 2002. He said that the Committee would like to encourage staff to pursue a self-insurance program for next year. On MOTION by Matheis, seconded and unanimously carried (Withers absent), STAFF WAS AUTHORIZED TO PLACE THE DISTRICT'S WORKERS' COMPENSATION COVERAGE WITH DISCOVER PROPERTY AND CASUALTY (ST. PAUL) FOR FISCAL YEAR 2002-2003 FOR AN ESTIMATED ANNUAL PREMIUM OF \$315,000.

### SHADY CANYON ZONE B PUMPING FACILITIES – CONSULTANT SELECTION

General Manager Jones reported that the San Joaquin Reservoir would be converted from a potable water to a non-potable water seasonal storage facility. Director of Engineering Heiertz reported that as part of the conversion, the following facilities are required: 1) The Shady Canyon Zone B Pump Station (PR 30108) will pump reclaimed water from the Zone A South Tank to a new pipeline to be installed along the new access road and to the existing Zone B 36-inch reclaimed water pipeline in Shady Canyon Drive; 2) The Chambord Road Pipeline Extension (PR 30071) will connect the existing 36-inch pipeline stubbed in Chambord Road to the existing 60-inch MWD inlet/outlet pipeline to the San Joaquin Reservoir; and 3) The existing Coastal Zone D Booster Pump Station (BPS) pumps water from Zone A to Zone D, but this BPS experiences low inlet pressures during maximum demand. The Coastal BPS Modifications (PR 30070) will provide Zone D a more reliable supply from Zone B.

Mr. Heiertz reported that staff received proposals from four consultants: Lee & Ro, PBS&J, Tetra Tech, and The Keith Companies. Staff recommends that Tetra Tech be awarded the work since their design approach, schedule, and man-hours are consistent with the project goals.

Mr. Jones said that he wanted to amend the motion to add that final design and construction phase services would not commence until CEQA for the project had been completed. On MOTION by Miller, seconded and unanimously carried, PROJECT 30070 WAS ADDED TO THE FISCAL YEAR 2001/02 BUDGET FOR \$706,200, PROJECT 30071 FOR \$968,000, AND PROJECT 30108 FOR \$3,144,900, EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR \$104,500 FOR PROJECT 30070, \$112,200 FOR PROJECT 30071, AND \$294,100 FOR PROJECT 30108 FOR THE COASTAL BOOSTER PUMP STATION MODIFICATIONS, CHAMBORD ROAD PIPELINE EXTENSION, AND SHADY CANYON ZONE B PUMP STATION; THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE PROFESSIONAL SERVICES AGREEMENT WITH TETRA TECH FOR \$355,000 FOR PRELIMINARY, FINAL DESIGN, AND CONSTRUCTION PHASE ENGINEERING SERVICES FOR THE SHADY CANYON ZONE B PUMPING FACILITIES WITH FINAL DESIGN AND CONSTRUCTION PHASE SERVICES NOT TO COMMENCE UNTIL CEQA FOR THE PROJECT HAS BEEN COMPLETED.

#### SHADY CANYON PHASE 4 PIPELINES

General Manager Jones reported that the Irvine Community Development Company (ICDC) has recently decided to accelerate development of the remaining Shady Canyon (PA 22) Phase 4 area. Mr. Jones said that the District's facilities include 8,800 feet of 12" and 16" Zone 710 domestic water pipelines and 5,700' of 8", 10", 12" and 16" Zone D reclaimed water pipelines.

Mr. Jones said that The Keith Companies (TKC) has been ICDC's grading and street improvement engineer for all phases of the Shady Canyon development and is also the District's design engineer for capital facilities in Phases 1A, 2A, and 3. He said that staff recommended that TKC be awarded the Phase 4 design since their prior work has been satisfactory in terms of quality, schedule and design costs.

On MOTION by Miller, seconded and unanimously carried, (Withers absent), PROJECT 13890 FOR \$1,165,700 AND PROJECT 33800 FOR \$414,000 WAS ADDED TO THE FY 2001/02 CAPITAL BUDGET; EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR PROJECT 13890 FOR \$78,900 AND FOR PROJECT 33800 FOR \$37,400; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH THE KEITH COMPANIES FOR \$59,892 FOR DESIGN ENGINEERING SERVICES FOR THE SHADY CANYON PHASE 4 PIPELINES.

#### CRYSTAL COVE PHASE 2A DOMESTIC AND RECLAIMED WATER PIPELINES

General Manager Jones reported that the Community Development Company (ICDC) is continuing with the development of the Crystal Cove Beachtown project. Mr. Jones said that the Phase 2 area includes domestic and reclaimed water pipelines that have been included in the project bids requested by ICDC and will be paid for by IRWD under a Supplemental Reimbursement Agreement. He said that bids have been received by ICDC and that Hillcrest Construction was the overall low bidder, and second low bidder on the domestic and reclaimed water pipelines by \$3,000. He said that approval was given to ICDC to award the contract to Hillcrest Construction on May, 29,2002 in the amount of \$317,500 for the District's facilities.

On MOTION by Miller, seconded and unanimously carried, (Withers absent), EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR PROJECT 12049 FOR \$230,800 AND FOR PROJECT 32049 FOR \$188,100 FOR THE CONSTRUCTION OF THE CRYSTAL COVE PHASE 2A CAPITAL DOMESTIC AND RECLAIMED WATER PIPELINES.

#### DEEP AQUIFER TREATMENT SYSTEM CHANGE ORDER REQUEST

General Manager Jones reported that the Board authorized award of the design-build contract to Pascal & Ludwig Constructors for the Deep Aquifer Treatment System (DATS) project in January 2001. Mr. Jones reported that although the project is substantially

completed, staff would like to add sodium hypochlorite and antifoam facilities. These facilities are needed because of differing water quality characteristics, i.e. high bacterial and methane levels.

Director of Engineering Heiertz reported that during startup, water quality samples and well video inspections were taken from wells C-8 and C-9. Mr. Heiertz said that considerable bacterial growth was found on the steel well casings. He said that the proposed sodium hypochlorite facilities would provide small dosages (1-5 mg/l) to control bacterial growth in the degassifiers and clearwell. He said that methane levels were also higher than originally anticipated, resulting in concentrate foam overflowing at the Air Gap Structure No. 2 and a downstream manhole. The proposed anti-foam facilities will eliminate foaming and reduce methane levels to meet OCSD's discharge requirements. He further said that the negotiated price for the work with Pascal & Ludwig is estimated at \$176,955.

On MOTION by Miller, seconded and unanimously carried, THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONSTRUCTOR CHANGE ORDER REQUEST FOR \$176,955 WITH PASCAL AND LUDWIG FOR THE DEEP AQUIFER TREATMENT PROJECT, PROJECT 15050.

#### SOUTH ORANGE COUNTY WASTEWATER (SOCWA) BUDGET FOR 2002/03

General Manager Jones reported that the District is a member agency of South Orange County Wastewater Authority's (SOCWA) for the use of effluent disposal capacity within SOCWA's Aliso Creek Ocean Outfall. Mr. Jones said that IRWD is responsible to fund a portion of SOCWA's capital replacement, operation and maintenance, pretreatment program and agency management expenses. IRWD's portion of SOCWA's final budget for 2002/2003 is \$236,430. This reflects an increase of \$32,470 from 2001/2002. He further said that the majority of this increase is attributed to IRWD's share for Project Committee No. 24 Ocean Outfall Seal Replacement. Mr. Tom Bishop reported that the LAWD Management Committee reviewed this item and urged approval. On MOTION by Miller, seconded and unanimously carried (Withers absent), THE 2002/2003 SOCWA BUDGET FOR \$236,430 WAS APPROVED.

#### GENERAL MANAGER'S COMMENTS

General Manager Jones reported on discussions held with the City of Orange regarding the development of Santiago Hills, Phase 2. He said that the District currently has an agreement for wholesale water service and they would like the District to provide retail water services, and have asked staff to prepare a term sheet. He suggested that an Orange Ad Hoc Committee be established as this matter would require Board review. He reported on the visit from Mr. Bill Steel, Area Manager of the U.S. Bureau of Reclamation, and noted that he was extremely enthusiastic about the proposed Natural Treatment System, and was eager to participate in this project. He said that staff would be preparing a Letter of Request for funding. He reported on the letter received from the City of Irvine regarding sewer service in the Irvine Business Center area (on Adrian Street). He said there is currently not sufficient local service capacity being provided

from the Orange County Sanitation District and they had asked the District to become involved, and would eventually like to transfer that area to IRWD.

#### DIRECTORS' COMMENTS

Director Miller reported on the MWD in-lieu program which is being pursued.

Director Matheis reported that she and Mr. Greg Heiertz attended a Shady Canyon event where Mrs. Monica Florian was honored by BIA. She reported that Defend the Bay was circulating a petition to place the Northern Sphere on the November ballot. She reported on her attendance at a Urban Water Research Institute conference in San Francisco.

Vice President Swan reported on his attendance at the U.S. Bureau of Reclamation anniversary event in Las Vegas. In response to his inquiry, Mr. Greg Heiertz updated him on the pipeline replacement project at the intersection of University and Campus which is being designed by CH2M Hill.

#### RECESS AND RECONVENE REGULAR MEETING

Vice President Swan declared a recess at 7:40 p.m. The meeting was reconvened at 7:50 p.m. with Directors Swan, Matheis and Miller present.

#### CLOSED SESSION

Vice President Swan reported that a closed session would be held with legal counsel relative to existing litigation (Government Code Section 54956.9(a) – Crume versus IRWD.

#### OPEN SESSION

The meeting was reconvened with Swan, Miller, and Matheis present. Vice President Swan reported that there was no action to report.

#### ADJOURNMENT

There being no further business, Vice President Swan adjourned the meeting.

APPROVED and SIGNED this 8th day of July, 2002.

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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 and Giannone