

**AGENDA
IRVINE RANCH WATER DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING**

September 12, 2011

PLEDGE OF ALLEGIANCE

CALL TO ORDER 5:00 P.M., Board Room, District Office
15600 Sand Canyon Avenue, Irvine, California

ROLL CALL Directors Reinhart, Matheis, Swan, Withers and President LaMar

NOTICE

If you wish to address the Board on any item, including Consent Calendar items, please file your name with the Secretary. Forms are provided on the lobby table. Remarks are limited to five minutes per speaker on each subject. Consent Calendar items will be acted upon by one motion, without discussion, unless a request is made for specific items to be removed from the Calendar for separate action.

COMMUNICATIONS TO THE BOARD

1. A. Written:
- B. Oral: Mrs. Joan Irvine Smith relative to the Dyer Road Wellfield.

2. **ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

Recommendation: Determine that the need to discuss and/or take immediate action on item(s) introduced come to the attention of the District subsequent to the agenda being posted.

CONSENT CALENDAR

Next Resolution No. 2011-40

Items 3-9

3. **MINUTES OF REGULAR BOARD MEETING**

Recommendation: That the minutes of the August 22, 2011 Regular Board Meeting be approved as presented.

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

Recommendation: That the Board ratify/approve the meetings and events for Steven LaMar, Mary Aileen Matheis, Douglas Reinhart, John Withers and Peer Swan.

5. **REVISED PERSONNEL POLICIES AND PROCEDURES**

Recommendation: That the Board adopt a resolution rescinding Resolution No. 2011-28 and establishing revised personnel policies (for Policy Nos. 38 and 39.

Reso. No. 2011-

CONSENT CALENDAR - Continued

Next Resolution No. 2011-40

Items 3-9

6. RECYCLED WATER DECHLORINATION STATIONS FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Recycled Water Dechlorination Stations, project 30206 (1701); 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. LAKE FOREST WELL NO. 2 DESTRUCTION AND DRILLING CONTRACT CHANGE ORDER AND FINAL ACCEPTANCE

Recommendation: That the Board authorize the General Manager to execute Contract Change Order No. 3 with Layne Christensen Company in the credit amount of <\$89,343.75>; accept construction of Lake Forest Well No. 2, project 11461 (1498); authorize the General Manager to file a Notice of Completion; and authorize the release of retention 35 days after filing of the Notice of Completion.

8. LOS ALISOS WATER RECYCLING PLANT LANDSCAPE AND IRRIGATION PROJECT – FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Los Alisos Water Recycling Plant Landscape and Irrigation Project, projects 20243 (2940) and 30134 (2915); authorize filing of a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

9. STRAND RANCH WELL DRILLING AND CONSTRUCTION PROJECT – FINAL ACCEPTANCE

Recommendation: That the Board approve Final Change Order No. 4 in the amount of (\$768,440.80) for project 11289 (2812); accept the Strand Ranch Recovery Facilities Project - Drilling and Construction of Extraction Wells; authorize the General Manager to file a Notice of Completion for the work; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

ACTION CALENDAR

10. 2012 MEDICAL INSURANCE COVERAGE RENEWAL

Recommendation: That the Board authorize the continuance of the District's health care coverage with CalPERS for the calendar year 2012 and approve changes in employee contribution levels as recommended.

ACTION CALENDAR - Continued

11. CONSULTANT SELECTION FOR EVALUATING POTENTIAL CHANGES TO RETIREMENT AND HEALTH BENEFITS

Recommendation: That the Board approve the retention of Aon Hewitt and Hanson Bridgett to evaluate potential changes to the District's retirement and health programs; approve an addition of \$200,000 to the District's FY 2011-12 operating budget; authorize the General Manager to execute a Professional Services Agreement with Aon Hewitt for an amount not-to-exceed \$150,000; and authorize the General Manager to execute a Professional Services Agreement with Hanson Bridgett for an amount not-to-exceed \$50,000.

12. INTEREST RATE SWAP NOVATION FROM CITIBANK TO WELLS FARGO

Recommendation: That the Board approve novating the current Citibank, N.A. interest rate swaps to Wells Fargo Bank, N.A.

13. STRAND RANCH GROUNDWATER RECOVERY PROJECT PIPELINE FACILITIES AND WELL EQUIPPING CONSTRUCTION AWARD

Recommendation: That the Board approve an Expenditure Authorization in the amount of \$3,681,700 for project 11289 (2812); and authorize the General Manager to execute a construction contract with W.M. Lyles Co. in the amount of \$3,281,860 for well equipping and construction of pipeline facilities and CVC turn-ins.

OTHER BUSINESS

Pursuant to Government Code Section 54954.2, members of the Board of Directors or staff may ask questions for clarification, make brief announcements, make brief reports on his/her own activities. The Board or a Board member may provide a reference to staff or other resources for factual information, request staff to report back at a subsequent meeting concerning any matter, or direct staff to place a matter of business on a future agenda. Such matters may be brought up under the General Manager's Report or Directors' Comments.

14. A. General Manager's Report

OTHER BUSINESS - Continued

14. B. Directors' Comments

- 1)

- 2)

- 3)

- 4)

- 5)

C. CLOSED SESSION WITH LEGAL COUNSEL RELATIVE TO:

- 1) Existing litigation - Government Code Section 54956.9(a) – SEMA Construction vs. the City of Tustin and City of Tustin vs. IRWD, and

- 2) Public Employee Appointment/Employment - Government Code Section 54957.
Title: General Manager.

D. Adjourn

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Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Irvine Ranch Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Board Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance to the Board of Directors Room of the District Office.

The Irvine Ranch Water District Board Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

September 12, 2011

Prepared and

Submitted by: L. Bonkowski

Approved by: P. Cook

CONSENT CALENDAR

MINUTES OF REGULAR BOARD MEETING

SUMMARY:

Provided are the minutes of the August 22, 2011 Regular Board Meeting for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE AUGUST 22, 2011 REGULAR BOARD MEETING BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – August 22, 2011 Regular Board Meeting

EXHIBIT "A"

MINUTES OF REGULAR MEETING – AUGUST 22, 2011

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 August 22, 2011 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: Interim General Manager Cook, Senior Director of Finance Cherney, Senior Director of Operations Pedersen, Director of Engineering Burton, Secretary Bonkowski, Assistant Secretary Savedra, Treasurer Jacobson, Legal Counsel Arneson, Director of Water Resources Heiertz, Director of Wastewater Operations Posey, Director of Water Quality Hills, Mr. Steve Malloy, Mr. Jeff Smyth, Ms. Kirsten McLaughlin, Mr. Dan Buhmaster, Mr. Jim Reed, and other members of the public and staff.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION:

Mrs. Joan Irvine Smith's assistant addressed the Board of Directors with respect to the Dyer Road Wellfield. She said it was her understanding that currently wells C-8 and C-9 will operate in accordance with the District's annual pumping plan. Wells, 1, 2, 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 15, 16, 17 and 18 will be off. This was confirmed by Mr. Cook, Interim General Manager of the District.

With respect to the Orange County Basin Groundwater Conjunctive Use Program being coordinated by Municipal Water District of Orange County (MWDOC) and Orange County Water District (OCWD), a Notice of Completion was approved by the OCWD Board of Directors on March 19, 2009. Metropolitan Water District has given notice to OCWD to extract 22,000 acre feet in fiscal year 2009/10. The extraction is being performed by agencies that constructed conjunctive use wells under this program. IRWD is not a participant. This was confirmed by Mr. Cook.

With respect to the OCWD annexation of certain IRWD lands, on June 5, 2009, IRWD received a letter from OCWD noting that OCWD has completed the formal responses to comments they previously received on the draft program Environmental Impact Report. The letter further noted that with this task completed, OCWD has exercised its right to terminate the 2004 Memorandum of Understanding (MOU) regarding annexation. OCWD also indicated that due to the lack of progress on the annexation issue, the draft program Environmental Impact Report will not be completed. On June 8, 2009, OCWD completed the Long-Term Facilities Plan which was received and filed by the OCWD Board in July 2009. Staff has been coordinating with the City of Anaheim (Anaheim) and Yorba Linda Water District (YLWD) on their most recent annexation requests and has reinitiated the annexation process with OCWD. IRWD, YLWD and Anaheim have negotiated a joint MOU with OCWD to process and conduct environmental analysis of the annexation requests. The MOU was approved by the OCWD Board on July 21, 2010. This was confirmed by Mr. Cook.

With respect to the Groundwater Emergency Service Plan, IRWD has an agreement in place with various south Orange County water agencies, MWDOC and OCWD, to produce additional groundwater for use within IRWD and transfer imported water from IRWD to south Orange County in case of emergencies. IRWD has approved the operating agreement with certain south Orange County water agencies to fund the interconnection facilities needed to affect the emergency transfer of water. MWDOC and OCWD have also both approved the operating agreement. This was confirmed by Mr. Cook.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED – None.

PRESENTATION

PARTNER COMMENDATION

In celebration of the District's 50th anniversary, Interim General Manager Cook presented Certificates of Commendation to Mayor Peter Herzog of the City of Lake Forest and Mayor Jerry Armante of the City of Tustin. Mr. Cook said that the City of Newport was unable to attend this evening's recognition event.

CONSENT CALENDAR

On MOTION by Matheis, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 21 WERE APPROVED AS FOLLOWS:

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the August 8, 2011 Regular Board Meeting be approved as presented.

5. APPROVE BOARD OF DIRECTORS' ATTENDANCE AT MEETINGS AND EVENTS

Recommendation: That the Board approve the meetings and events for Steven LaMar, Mary Aileen Matheis, and John Withers.

6. DISTRICT STRATEGIC MEASURES DASHBOARDS

Recommendation: That the Board receive and file the Strategic Measures Dashboards and Information items.

7. 2011 FEDERAL LEGISLATIVE UPDATE

Recommendation: That the Board adopt a Support position on House Resolution 2599 (Hayworth-NY).

CONSENT CALENDAR (CONTINUED)

8. JULY 2011 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for July 2011; and approve the July 2011 Disbursement Summary of Warrants Nos. 321390 through 322229, Workers' Compensation distributions wire transfers, payroll direct deposit ACH payments, payroll withholding distributions and voided checks in the total amount of \$24,318,135.84.

9. AMENDED AND RESTATED REMARKETING AGREEMENT

Recommendation: That the Board adopt the following resolution by title authorizing execution of Amended and Restated Remarketing Agreement (Consolidated refunding Series 2008A).

RESOLUTION NO. 2011-38

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT AUTHORIZING
EXECUTION OF AMENDED AND RESTATED REMARKETING
AGREEMENT (CONSOLIDATED REFUNDING SERIES 2008A)

10. CORRECTION TO RESOLUTION 2011-16 ADOPTING CALPERS CONTRIBUTION RATES FOR SENIOR MANAGEMENT STAFF

Recommendation: That the Board adopt the following resolution by title correcting Resolution No. 2011-16 on Employee Paid Member Contributions (for Senior Management staff).

RESOLUTION NO. 2011-39

RESOLUTION OF THE BOARD OF
DIRECTORS OF THE IRVINE RANCH WATER DISTRICT,
ORANGE COUNTY, CALIFORNIA CORRECTING
RESOLUTION 2011-16 ON EMPLOYER PAID
MEMBER CONTRIBUTIONS
(FOR SENIOR MANAGEMENT STAFF)

11. UPCOMING PROJECTS STATUS REPORT

Recommendation: Receive and file.

CONSENT CALENDAR (CONTINUED)

12. EAST IRVINE ZONE 3 RESERVOIR PHOTOVOLTAIC SYSTEM – FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the East Irvine Zone 3 Reservoir Photovoltaic System, project 11367 (1006); authorize filing of a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

13. NEWPORT COAST AREA PIPELINES CATHODIC PROTECTION UPGRADES CONTRACT CHANGE ORDER AND FINAL ACCEPTANCE

Recommendation: That the Board approve Contract Change Order No. 3 with American Construction and Supply, Inc. in the credit amount of <\$240,417.>; accept construction of the Newport Coast Area Pipelines Cathodic Protection Upgrades, project Nos. 10917 (1664), 20410 (1665) and 30917 (1474); and authorize payment of the retention 35 days after the date of recording the Notice of Completion.

14. DOMESTIC WATER BOOSTER PUMP STATIONS ROOF REPLACEMENT FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Domestic Water Booster Pump Stations roof replacement, project 11359 (1809); 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.

15. CENTRAL ZONE 1 RESERVOIR EXTERIOR PAINTING FINAL ACCEPTANCE

Recommendation: That the Board accept the repainting of the Central Zone 1 Reservoir, project 11025 (1807); authorize filing of a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

16. DEEP AQUIFER TREATMENT SYSTEM BUILDING UPGRADE AND ROOF REPAIR REPLACEMENT FINAL ACCEPTANCE

Recommendation: That the Board accept the construction of the Deep Aquifer Treatment System Roof Replacement, project 11287 (1835); authorize filing of a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

CONSENT CALENDAR (CONTINUED)

17. CATHODIC PROTECTION MONITORING CONSULTANT SELECTION FOR FISCAL YEARS 2011-12 AND 2012-13

Recommendation: That the Board authorize the General Manager to award a Professional Services Agreement to RBF Consulting for \$173,460 for the Cathodic Protection Monitoring project for Fiscal Year 2011-12 and Fiscal Year 2012-13.

18. ON-CALL CEQA/NEPA PROFESSIONAL SERVICES AGREEMENT VARIANCE NO. 3

Recommendation: That the Board authorize the General Manager to execute Variance No. 3 to the On-Call CEQA/NEPA Professional Services Agreement with ICF International in the amount of \$30,000 to provide additional supplemental environmental review work related to projects previously performed by ICF International.

19. CONTRACT CONSTRUCTION INSPECTION SERVICES

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with Tetra Tech, Inc. in the amount of \$200,000 for on-call construction inspection services.

20. FISCAL YEAR 2011/12 WATER QUALITY PLANNING RESERVES - BUDGET AND EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board approve Expenditure Authorizations in the amount of \$107,300 for project 11576 (1253); \$52,300 for project 21086 (1595); and \$95,300 for project 30357 (1725).

21. NOMINATION OF CANDIDATES FOR THE POSITION OF PRESIDENT AND VICE PRESIDENT FOR THE ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)

Recommendation: That the Board support the nomination of Randy Record of Eastern Municipal Water District for President and John Coleman of East Bay Municipal Water District for Vice President and direct staff to prepare a letter of support for these candidates.

ACTION CALENDAR

FISCAL YEAR 2011-12 IRVINE LAKE OPERATIONS, MAINTENANCE AND CAPITAL BUDGET

Senior Director of Operations Pedersen reported that staff met with Serrano Water District on July 6, 2011 to discuss the expected FY 2011-12 budgetary needs for the on-going operation and maintenance of Irvine Lake and Santiago Creek Dam. Mr. Pedersen said that the proposed Budget is \$377,000 which is \$45,000 less than the FY 2010-11 budget primarily due to the current schedule and phased approach for the updated seismic study for the dam. SWD is responsible for the remaining 25 percent of the costs equaling \$105,500.

Mr. Pedersen said that the following items are included in the proposed Budget: 1) continued implementation of the Quagga Mussel Monitoring and Control Plan, including an underwater investigation of the inside of the outlet tower; 2) updated seismic study for the dam including evaluation of an alluvium unit underlying the dam, in response to a request by the Division of Safety of Dams (DSOD); 3) location of the "terrace fault" and evaluation of its potential impact on the dam during an earthquake, which is also in response to a request by the DSOD; and 4) asphalt concrete pavement repairs and maintenance for the access roads.

Director Swan reported that this item was reviewed by the Serrano/IRWD Ad Hoc Committee and the Committee recommended approval. He also noted the outstanding issues relative to Irvine Lake which are ongoing.

Following discussion, on MOTION by Matheis, seconded and unanimously carried, THE BOARD APPROVED THE IRVINE LAKE OPERATIONS, MAINTENANCE AND CAPITAL BUDGET, INCLUDING \$282,750 FOR IRWD'S PROPORTIONATE SHARE OF THE COSTS AND \$94,250 FOR SERRANO WATER DISTRICT'S PROPORTIONATE SHARE OF THE COSTS.

RESERVOIR MANAGEMENT SYSTEM MIXING SYSTEM UPGRADE PROJECT

Senior Director of Operations Pederson reported that Reservoir Management System (RMS) units were installed in nine of the District's domestic water system reservoirs between October 2008 and February 2009 to address numerous nitrification events in the reservoirs. The units consist of mixing pumps, chlorine analyzers and ammonia and chlorine feed systems to boost the chloramines residual in the reservoirs. Mr. Pedersen said that overall, the RMS units have performed exceptionally well and substantially reduced the frequency of nitrification events in the water distribution system; however, a number of reservoirs have experienced inadequate mixing which results in an uneven distribution of disinfectant and occasional slugs of water with both higher and lower than normal chlorine residuals. He said that this project involves upgrading the mixing system in the affected reservoirs to ensure an even distribution of disinfectant.

Mr. Pedersen said that staff performed research on reservoir mixing systems and learned that Newhall County Water District had experienced excellent results with the Vortex Reservoir Recirculation System (Vortex System) produced by Superior Water Technologies. The Vortex System consists of a mixing pump mounted on the roof of the reservoir that supplies water to three horizontally-oriented jets suspended in the reservoir by stainless steel piping. Staff performed a site inspection of the Vortex System installed for Newhall County Water District and was impressed with its performance. He said that staff contacted Superior Water Technologies and negotiated to perform a no-cost, six-month pilot test of the Vortex System at the 7.0 million gallon East Irvine Zone 3 Reservoir. This reservoir was selected because it was equipped with an RMS unit and had experienced three episodes of high disinfectant residual in 2010. The pilot test ran for seven months and during that period, the Vortex System along with the existing RMS unit chemical feed system, maintained a very consistent disinfectant residual in the reservoir. Additionally, the chlorine residual in the reservoir was significantly more consistent than that of the adjacent 5.0 million gallon reservoir which remained in operation with the submersible mixing system and experienced several episodes of abnormal disinfectant residual.

Mr. Pedersen said that in order to validate the field results, staff arranged for Flow Science, Inc. to perform a computational fluid dynamics (CFD) analysis of the mixing systems. The work consisted

of constructing a CFD model of the 7.0 million gallon East Irvine Zone 3 Reservoir and evaluating the degree of mixing in the reservoir under the following three scenarios: 1) no mixing system, 2) the original submersible pump mixer, and 3) a Vortex System. The CFD results indicated that the Vortex System is superior and produced the most rapid tracer concentration distribution in the reservoir. Based on the need for improved mixing equipment at certain IRWD reservoirs and the excellent performance of the Vortex System, staff recommends the purchase and installation of the Vortex Systems at the District's RMS-equipped reservoirs that have experienced abnormal disinfectant residuals (5.0 million gallon East Irvine Zone 3, 7.0 million gallon East Irvine Zone 3, Lomas Valley, Santiago Hills, Lake Forest Zone 2 East, Orchard Hills, and Williams).

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on August 16, 2011. Following Director Swan's suggestion that staff share our experiences on the mixing system and report from Flow Sciences with other water agencies relative to their reservoir management systems, Mr. Pedersen said that staff could prepare a technical article on the matter. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$360,100 FOR THE RESERVOIR MANAGEMENT SYSTEM (RMS) MIXING SYSTEM UPGRADES, PROJECT 11586 (1306); AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A SOLE-SOURCE PURCHASE OF SEVEN VORTEX RESERVOIR RECIRCULATION SYSTEMS FROM SUPERIOR WATER TECHNOLOGIES FOR \$358,150.

TUSTIN RANCH ROAD PROJECT – REIMBURSEMENT AGREEMENT WITH TUSTIN COMMUNITY REDEVELOPMENT AGENCY

Interim General Manager Cook reported that in February 2008, the Board authorized the execution of a Reimbursement Agreement (RA) with the Tustin Legacy Community Partners for the design and construction of capital improvements within the Tustin Legacy development. The engineering design was initiated soon after, but not completed because the developer, Shea Properties, withdrew from the project. Tustin Community Redevelopment Agency (TCRA) is now completing the contract documents for the street improvement of Tustin Ranch Road (CIP 70100). As part of the project, the District facilities will be constructed including 5,900 lineal feet (LF) of domestic water, 5,200 LF of sewer, and 10,300 LF of recycled water pipelines. The TCRA will construct the project in two phases: 1) grading and storm drain improvements, and 2) street improvements including IRWD facilities and dry utilities. Since the storm drain and IRWD facilities will be constructed in separate phases, the shared dewatering cost issue experienced in a previous City of Tustin project (sewer construction by SEMA), is eliminated. Separate dewatering costs will be included with the work items for each utility system (storm drain, domestic water, sewer, etc.).

Director of Engineering Burton reported that the design and construction of the IRWD facilities will be completed under an RA with TCRA. Mr. Burton said staff reviewed and incorporated language into the RA so that IRWD has more control of its own work and has a direct role in contract negotiations, and IRWD will have 10 calendar days to review and approve the IRWD bid items submitted by TCRA's proposed successful bidder. Should IRWD not approve the bid and terminate the RA with written notice, IRWD will be able to install the capital facilities with its own contractor in conjunction with, and in cooperation with, TCRA's project and within reasonable timeframes; and 4) the administration fee of 4% of the actual cost of construction will cover all costs of the project administration for the IRWD facilities including, but not limited to, accounting, inspection, construction administration, submittal review, permits and rights-of way, surveying,

geotechnical, bonds, insurance, and all other items not specifically included in the bid schedules for the IRWD facilities.

Mr. Burton said that the City awarded the construction contract for Phase 1 of the project to Sandoval Pipeline Engineering on August 2, 2011 with a construction completion date of February 2012. He said that the Phase 2 Improvement plans that include the IRWD facilities are currently in IRWD's plan check process. Approval of the improvement plans will likely take place by the end of August; however, the project specifications have yet to be submitted to IRWD for its initial review. The City Council will approve the prequalified list of bidders and authorize the project bid advertising in September 2011. The Phase 2 bid opening is tentatively scheduled for the end of October 2011, and the construction award will follow in November 2011. Construction activities will start in January 2012.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on August 16, 2011. Director Swan suggested amended language in Section 4 relative to change orders. In response to Director Matheis' inquiry, Director of Engineering Burton explained the benefit of another agency installing District pipelines. On MOTION by Reinhart, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A REIMBURSEMENT AGREEMENT WITH THE TUSTIN COMMUNITY REDEVELOPMENT AGENCY FOR AN ESTIMATED CONSTRUCTION COST OF \$1,444,500 FOR THE DESIGN AND CONSTRUCTION OF THE IRWD CAPITAL DOMESTIC WATER, SEWER, AND RECYCLED WATER FACILITIES ASSOCIATED WITH THE CITY OF TUSTIN'S TUSTIN RANCH ROAD PROJECT.**

VARIANCE REQUEST FOR STRAND RANCH RECOVERY FACILITIES - CONSTRUCTION MANAGEMENT

Interim General Manger Cook reported that that construction of all wells is complete at the Strand Ranch Integrated Banking Project. Mr. Cook said that equipping these wells with pumps, motors and appurtenances and construction of conveyance pipelines and Cross Valley Canal turn-ins is currently out to bid.

Director of Water Resources Heiertz said that in October 2008, the Board approved a contract in the amount of \$214,300 with Dee Jasper and Associates (DJA) for construction management of the Strand Ranch Recharge Facilities. Several variances to the contract have been approved including: 1) Variance No. 1 in the amount of \$5,240 and Variance No. 2 in the amount of \$9,340 for demolition and destruction of additional wells found on Strand Ranch; 2) Variance No. 3 in the amount of \$28,816 to provide on-site inspection services and support for pilot hole drilling and completion of monitoring wells; 3) Variance No. 4 in the amount of \$649,528 to provide construction management services for the Strand Ranch recovery wells including subcontracting with WEI for well drilling, well construction and testing oversight; 4) Variance No. 5 in the amount of \$57,590 to provide groundwater modeling for Addendum No. 1 to the Strand Ranch Integrated Banking Project Final Environmental Impact Report (FEIR) and for Cross Valley Canal monitoring plan support services from WEI as a requirement of the FEIR; and 5) Variance No. 6 in the amount of \$171,550 to provide additional well drilling oversight, groundwater modeling to be used in the design of the Project well field and construction oversight for modifications to one of the recharge facility transfer structures.

Mr. Heiertz said that at the request of IRWD, DJA prepared a scope of work, cost estimate and schedule for construction management work related to equipping wells on the Project with pumps, motors and appurtenances, construction of conveyance pipelines, and construction of the Cross Valley Canal turn-ins. The engineer's estimate for the construction of the related recovery facilities is \$4.7 million. Construction oversight will include daily inspection services and reporting, soil and compaction testing, project coordination, maintenance of records, progress payment preparation and quality control inspections. He said that DJA has prepared Variance No. 7 to its Professional Services Agreement which includes the detailed scope of work, cost estimate and schedule to perform this work for the amount of \$286,744. He further said that staff recommends that DJA be retained to provide construction management services associated with the equipping of the wells and the construction of the required pipelines and turn-in structures based on its excellent past performance and direct knowledge of the project details.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on August 16, 2011. He also commented that DJA is doing a good job for the District and that the price for the variance is satisfactory. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGE TO EXECUTE VARIANCE NO. 7 TO THE PROFESSIONAL SERVICES AGREEMENT WITH DEE JASPAR AND ASSOCIATES IN THE AMOUNT OF \$286,744 FOR CONSTRUCTION MANAGEMENT FOR EQUIPPING THE PROJECT WELLS WITH PUMPS, MOTORS AND APPURTENANCES, CONSTRUCTION OF CONVEYANCE PIPELINES AND CONSTRUCTION OF CROSS VALLEY CANAL TURN-INS.

MWRP BIOSOLIDS HANDLING AND ENERGY RECOVERY FACILITIES DRYING SYSTEM PROCUREMENT AND VARIANCE NOS. 8 AND 9

Principle Engineer Malloy reported that Black & Veatch identified two manufacturers that could supply a triple pass, direct-fired, drum drying system capable of producing Class A pellets: Siemens and Andritz. The evaluation ranked Andritz as more qualified than Siemens to supply the drying system based several criteria including the number of municipal biosolids drying installations in North America; heat drying systems product improvements; heat drying systems safety improvements; project execution capabilities in the areas of design, training, startup and commissioning, and product support with North American staff; lower overall risk to IRWD; and lower capital and operating costs based upon a number of North American installations.

Mr. Malloy said that based upon the evaluation, IRWD and Black & Veatch prepared a Heat Dryer Procurement document and transmitted it to Andritz in March 2011. Negotiations ensued with correspondence and meetings occurring through July 2011. The negotiations resulted in making clarifications to technical information, clear demarcation of the drying system supplier project deliverables, modifying the terms and conditions of the contract documents, and agreeing on the total negotiated price. The specified drum drying system with 6,000 kilograms per hour evaporative capacity (DDS-60) is large enough to dry sludge from MWRP and the Los Alisos Water Recycling Plant (LAWRP). The key terms are summarized as follows: 1) the total negotiated price including design submittals, equipment manufacturing, delivery, taxes, and testing for DDS-60 is \$12,294,043. This cost is close to Black & Veatch's estimate and benchmarks well against heat dryer system procurement for projects of similar size; 2) the drum drying system includes a product storage silo recycle system to increase the safety of the drying system; 3) an initial payment of \$1,229,440 (10% of negotiated price) to fund design submittals and to hold various suppliers costs to meet IRWD's project schedule; 3) the Andritz contract and purchase

order will be assigned to the general contractor; and 4) after the general contractor is retained, the general contractor will issue a Notice to Proceed with Fabrication. Andritz shall then deliver the heat dryer system no earlier than 300 days and not later than 360 days after issuance of the Notice to Proceed with Fabrication.

Mr. Malloy said that in July 2010, staff initiated discussions and worked with the South Orange County Wastewater Authority (SOCWA) representatives to prepare an agreement for its participation in the biosolids receiving station and heat drying facilities. In order to accommodate the solids from SOCWA, the heat dryer facilities had to be increased from a DDS-50 (MWRP biosolids only) to a larger DDS-70 (MWRP, LAWRP and SOCWA sludge). Black & Veatch modified the design criteria and staff worked with Andritz in upsizing the heat dryer components to be capable of processing SOCWA sludge. In June 2011, SOCWA informed IRWD that it was not going to participate in the MWRP Biosolids project. As a result of this action, Black & Veatch modified the design for the dewatering centrifuges, solids feed pumps, piping, electrical, instrumentation and control, and solids conveyor system along with the heat dryer procurement documents to accommodate the smaller DDS-60. The solids receiving facilities and the solids handling building are not being down-sized. This additional design scope of work requires approval of Variance No. 8 in the amount of \$83,600. Through July 8, 2011, SOCWA's share of the amount expended by Black & Veatch to design the larger dryer system prior to termination of negotiations with SOCWA was \$145,940. With the additional cost of Variance No. 8, the total reimbursement that IRWD will seek from SOCWA will be \$229,540.

Mr. Malloy said that the Foundation Alternatives Study was completed in July 2011 and the results recommended that a Mass Pile Foundation (MPF) be used to provide sufficient lateral support to the egg-shaped digesters and the digester control building complex. This is due to the underlying peat layer not supplying adequate lateral support to the original standard pile foundation design during a seismic event. The MPF is estimated to have a construction cost of \$7 million and is relatively simpler to construct compared to the other three alternatives investigated: soil stabilization by deep soil mixing (\$9.4 million), jet grouting (\$19 million), and soil removal and replacement (\$9 million). The original design assumed a conventional pile foundation could be implemented at a cost of \$5.3 million. As a result, the MPF will result in an incremental construction cost increase of approximately \$1.7 million over the conventional pile foundation design. In order to implement the MPF, additional design work by Black & Veatch, as defined in Variance No. 9 in the amount of \$88,560 must be completed. Variance No. 9 also includes engineering costs for an indicator pile testing program similar to what was done for the MWRP Phase 2 Expansion project to provide better pile design requirements for the bidding contractors. The plan is to perform the indicator pile test program as a construction change order while the MWRP Phase 2 Expansion pile contractor is on site after all the floodwall piles are completed, estimated to be later in the fall of 2011.

Mr. Malloy said that staff has completed review of the 60% design submittal by Black & Veatch. The design schedule is delayed by approximately four months – from the end of January through May – due to extended negotiations with SOCWA and Andritz, the drying system down-sizing, the biogas utilization study, and the foundation alternatives analysis.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on August 16, 2011.

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH ANDRITZ SEPARATIONS, INC. IN THE AMOUNT OF \$12,294,043 FOR PROCUREMENT OF THE DRYING SYSTEM FOR THE MWRP BIOSOLIDS AND ENERGY RECOVERY FACILITIES; APPROVED VARIANCE NO. 8 IN THE AMOUNT OF \$83,600 WITH BLACK & VEATCH; APPROVED VARIANCE NO. 9 IN THE AMOUNT OF \$88,560 WITH BLACK & VEATCH; AND APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$1,307,300 FOR THE MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITY, PROJECT 20847 (1617).

GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY POLICY PRINCIPLES

Ms. Kirsten McLaughlin reported that approximately 30 local government transparency and reform bills were introduced in response to the 2010 City of Bell scandals. Ms. McLaughlin said that topics include compensation disclosure, auditing, meeting notices and transparency, conflicts of interest, and public contracts, among others. Approximately half of the local government reform bills introduced continue to move forward this year, and new and re-introduced proposals on these topics are expected in 2012. She said that staff continues to work closely with the California Special Districts Association, California Municipal Utilities Association, the Association of California Water Agencies and other industry associations to respond to these measures and provide information to the Legislature about how these proposals would impact the delivery of services and costs to their constituents, particularly how these proposals would impact IRWD.

Ms. McLaughlin said that staff has developed draft Government Transparency and Accountability Policy Principles to provide a basis for IRWD outreach on these issues through the remainder of the current legislative session and in the coming years.

Director Matheis said that this item was reviewed and approved at the Water Resources Policy and Communications Committee on August 15, 2011. Following discussion, Director Swan suggested that the Statement of Economic Interest (Form 700) be placed on the District's website for designated employees. Additionally, Mr. Cook said that he would bring back the policy principles in six months or as needed for Committee and Board approval.

On MOTION by Matheis, seconded and unanimously carried, THE BOARD ADOPTED THE PROPOSED GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY POLICY PRINCIPLES.

GENERAL MANAGER'S REPORT

Interim General Manager Cook reported that Ms. Kirsten McLaughlin, who serves on the Legislative Committee with the California Special Districts Association, was the recipient of its Legislative Advocate of the Year award.

Mr. Cook reported that the Orange County Sanitation District co-signed a letter relative to temporary flows during the shutdowns of the Michelson Water Recycling Plant which is scheduled for November or December 2011.

Mr. Cook reported on an email he received from the Association of California Water Agencies asking for Committee appointment nominations for the 2012-2013 term.

DIRECTORS' COMMENTS

Director Swan reported on his attendance at a Newport Beach Watershed Committee meeting last week there they discussed the Serrano Creek erosion problem as well as a California Association of Sanitation Agencies conference in San Diego where they had very good technical sessions.

Director Swan reported that the ACWA Region 10 ballot was sent out incorrectly; it was not reviewed by its Board prior to distribution, and that a meeting will be held with the Board where they will be making recommendations, and then the ballot will be redistributed to its membership.

Director Swan said that he will be attending the Urban Water Institute's Annual Water Policy Conference this week.

Director Matheis was that she attended OCBC's Legislative briefing with Congressman Darrell Issa as well as ACWA's 2011 Regulatory Summit. She said that Mr. Paul Cook hosted a tour of with representatives from Korea and that he did an excellent job providing an overview of the District.

Director LaMar reported on his attendance at an OCSD Hydrogen Energy Station Commissioning Celebration last week.

ADJOURNMENT

There being no further business, Director LaMar adjourned the meeting at 6:50 p.m.

APPROVED and SIGNED this 12th day of September, 2011.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone

September 12, 2011
Prepared and
Submitted by: N. Savedra 
Approved by: P. Cook 

CONSENT CALENDAR

RATIFY/APPROVE BOARD OF DIRECTORS’
ATTENDANCE AT MEETINGS AND EVENTS

SUMMARY:

Pursuant to Resolution 2006-29 adopted on August 28, 2006, approval of attendance of the following events and meetings are required by the Board of Directors.

Events/Meetings

Steven LaMar

9/09/11 ACWA Federal Affairs Committee meeting
10/20/11 MWDOC Water Policy Forum

Mary Aileen Matheis

10/5-6/11 Water Education Foundation Board of Directors Meeting

Doug Reinhart

8/24/11 Meeting w/South County Agencies regarding MWDOC Agreement
9/08/11 South Coast Water District Board Meeting
10/20/11 MWDOC Water Policy Forum

Peer Swan

8/30/11 ACWA Finance Committee Meeting
9/28-30/11 ACWA Board of Directors’ Meeting
10/20/11 MWDOC Water Policy Forum

John Withers

10/20/11 MWDOC Water Policy Forum

RECOMMENDATION:

THAT THE BOARD RATIFY/APPROVE THE MEETINGS AND EVENTS FOR STEVEN LaMAR, MARY AILEEN MATHEIS, DOUG REINHART, PEER SWAN, AND JOHN WITHERS AS DESCRIBED.

LIST OF EXHIBITS:

None.

September 12, 2011
Prepared and
Submitted by: Janet Wells
Approved by: Paul Cook 

CONSENT CALENDAR

REVISED PERSONNEL POLICIES AND PROCEDURES

SUMMARY:

Staff has developed the Personnel Policies and Procedures to consistently address personnel-related issues at the Irvine Ranch Water District. Revisions to any of these policies must be approved by the IRWD Board of Directors from time-to-time to keep current with state and federal law, to adopt best practices in administering Human Resource policy, and to correctly reflect practices adopted in conducting District business.

Staff recommends that the Board:

- Approve the revisions as detailed below, and
- Adopt a resolution establishing revised personnel policies and rescinding Resolution No. 2011-28, dated July 11, 2011.

BACKGROUND:

Staff has reviewed the policies below and identified a need for revisions to the following policies:

- Policy No. 38 – Safety Shoe and Prescription Safety Eyewear Policy
- Policy No. 39 – Deferred Compensation Plan

Redlined copies of the proposed revisions to Policies 38 and 39 are attached as Exhibits “A” and “B”, respectively, and summarized below:

Policy No. 38 – Safety Shoe and Prescription Safety Eyewear Policy: Policy has been revised to reflect that specific standards for safety shoes are set by the American Society for Testing and Materials (ASTM) F2412-05, and F2413-05. Revisions also include walking shoes for Leak Detection employees.

Policy No. 39 – Deferred Compensation Plan: Policy has been revised to specify compensation that may be included for employee deferral and to designate the timing of deferral elections and/or changes based on the District’s move to a bi-weekly pay system. Although additional compensation such as overtime has been included as eligible for deferral, the District will continue to only match up to 3% of the employee’s base salary.

FISCAL IMPACTS:

The FY 2011-12 Operating Budget already includes funding for the policy changes contemplated herein.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on September 7, 2011.

RECOMMENDATION:

THAT THE BOARD ADOPT THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2011-

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH
WATER DISTRICT, RESCINDING RESOLUTION NO. 2011-28
AND ESTABLISHING REVISED PERSONNEL POLICIES
(FOR POLICY NOS. 38 AND 39)

LIST OF EXHIBITS:

Exhibit "A" – Proposed Policy No. 38

Exhibit "B" – Proposed Policy No. 39

Exhibit "C" – Resolution Establishing Revised Personnel Policies for Policy Nos. 38 and 39

Exhibit "A"

IRVINE RANCH WATER DISTRICT

PERSONNEL POLICIES AND PROCEDURES MANUAL

**POLICY NO. 38 - SAFETY SHOE AND PRESCRIPTION SAFETY
EYEWEAR POLICY**

1. Purpose of Policy

The purpose of the Safety Shoe and Prescription Safety Eyewear policy is to ensure that District employees are equipped with proper foot and eye protection for personal safety while performing their assigned job duties.

2. Safety Shoe Specifics

A. Eligible Employees

The following employee classifications are required to wear approved foot protection:

- 1) Department 20 employees in the following positions: Customer Service Field Technicians, Material Control Clerks, Mail Clerks, and all Purchasing Department employees when working in the warehouse and when conducting job walks.
- 2) Department 30 employees in the following sections: Construction/Inspection and Engineering personnel assigned to the field.
- 3) Department 40 employees in the following sections: Fleet Services, Preventive Maintenance, Construction and Repair, Systems Operations, and Facilities Services.
- 4) Department 50 employees in the following sections: Mechanical Services, Electrical Services, Collections, Plant Operations, and Los Alisos Water Reclamation Plant (LAWRP).
- 5) Department 60 employees in the following sections: Environmental Compliance and Laboratory Services.

B. Special Circumstances

Other employee groups may be required to wear foot protection in some instances. This requirement and any ensuing reimbursement will be made at the discretion of the District's Safety Office.

3. Supervisor's Responsibility

POLICY NO. 38 - SAFETY SHOE/EYEWEAR

Supervisors and managers are responsible for ensuring that employees in their departments wear appropriate safety footwear and eyewear. Supervisors will not allow an employee to work if he/she is not wearing the appropriate safety footwear and/or eyewear. Laboratory personnel will wear shoes with non-slip soles. Shoes for this area will be evaluated for this purpose.

The laboratory environment is more at risk for spills and slipping hazards. All others shall have a safety toe as required by the American Society for Testing and Materials (ASTM) F2412-05, and F2413-05. ~~ANSI Z41 standard.~~ Supervisors should encourage employees to use rubber boots when working in extremely wet situations to lengthen the useful life of safety shoes and boots.

4. Employee's Responsibility

Employees are responsible for purchasing safety shoes that meet the ~~ANSI Z41~~ ASTM F2412-05 and F2413-05 standard. Periodically, a mobile safety shoe unit will be at the District to sell safety shoes for the employees' convenience. Only shoes meeting the ~~ANSI Z41~~ ASTM F2412-05 and F2413-05 standards will be sold on the mobile safety shoe units that come to the District for the sale of safety shoes. Shoes purchased from retail stores must meet the same requirements. Employees are responsible for wearing safety shoes on the job when required, and will not be allowed to work without the appropriate footwear.

5. Safety Shoe Reimbursement

A. Reimbursement Amount

Employees are divided into ~~three~~ four categories in terms of determining their eligibility for safety shoe reimbursement. The categories are as follows:

Category 1 – Employees with the majority of the workday spent in the field performing construction, maintenance, or operations functions including mechanical work, shop work, and other functions which are predominantly performed outdoors.

Category 2 – Laboratory and some purchasing functions.

Category 3 – Employees who spend 50% of the workday indoors, such as support personnel or other administrative personnel.

Category 4 – Employees responsible for leak detection services.

Employees classified as Category 1 will be reimbursed up to one hundred, fifty dollars (\$150.00) per calendar year for safety footwear. Employees classified as Category 2 will be reimbursed up to one hundred dollars (\$100.00) per calendar year. Employees classified as Category 3 will receive one hundred dollars (\$100.00) every third calendar year or as required when a need is demonstrated. Employees classified as Category 4 will receive up to one hundred dollars (\$100.00) annually for the purchase of up to one pair of walking shoes per year in

POLICY NO. 38 - SAFETY SHOE/EYEWEAR

addition to any eligibility for Category 1 reimbursements. Any amounts not utilized may not be carried forward or accumulated.

B. Reimbursement Procedure

Employees must submit safety shoe purchase receipts to the District Safety & Security Office for reimbursement. A petty cash reimbursement form will be completed and approved by the Safety Office and returned to the employee for processing by the Purchasing department. Petty cash reimbursements are limited to \$99.00. Shoe receipts exceeding this amount will be processed on a District Expense Report and submitted to Finance by the Safety & Security Office.

C. Other Considerations

Special shoes, such as orthopedic safety shoes, will be reimbursed. The annual allowance for these physician prescribed shoes will be one hundred fifty dollars (\$150.00) per year. ~~Repair to safety shoes will also be considered and may enable the employee to maintain more than one pair of shoes. Cost for repair will be applied toward the annual allowance for each job classification.~~ Safety shoes that are worn out or unserviceable due to working conditions before the employee's next annual shoe allowance may be replaced on an exception basis. In such cases, the employee shall provide the worn shoes to the District Safety & Security Office for inspection. If the shoes are determined to be unserviceable, the employee will be authorized to replace the shoes with one additional pair of shoes up to the allowance described in section 5 A.

~~Leak Detection employees are entitled to one pair of walking shoes per year, not to exceed \$100.00 annually.~~

The cost of shoe sprays for waterproofing and the cost of insoles, when requested, will be reimbursed at the discretion of the Safety Office and will not be deducted from an employee's shoe allowance.

6. Prescription Safety Eyewear Reimbursement

The Prescription Safety Eyewear Reimbursement Policy applies to District employees who need prescription glasses and who are required to wear safety glasses as part of their normal job duties. Non-prescription safety glasses are provided by the District for all job tasks that require safety glasses. To be eligible for District-provided prescription safety glasses, an employee must have a current prescription, obtained within the last 12 months. All safety eyewear must meet ANSI Z87 standards. The eligible classes of employees are detailed in Paragraph 2.A. of this policy.

A. Reimbursement Amount

The maximum allowance for prescription safety eyewear shall be ninety-five dollars (\$95.00) for single vision glasses, one hundred fifteen dollars (\$115.00) for bifocals and one-hundred twenty-five dollars (\$125.00) for trifocals. Employees may elect to pay for options in excess of the approved allowance.

POLICY NO. 38 - SAFETY SHOE/EYEWEAR

B. Reimbursement Procedure

To be eligible for reimbursement under this policy, employees are required to follow this procedure:

- 1) Complete a Prescription Safety Eyewear Application Form (available from the Safety & Security Office). The Safety & Security Office will approve the application and supply the employee with a referral form with the name and address of the approved optometrist.
- 2) The employee may use a current prescription (obtained within the last 12 months), or may obtain a new prescription by having his/her eyes checked and covered under the District's group vision coverage.
- 3) The Application Form and prescription are then taken to the District's designated optometrist for the employee to select his/her eyewear and for initial measurement.
- 4) After receipt of the safety eyewear from the optometrist, the eyewear is fitted and adjusted to the employee's satisfaction.
- 5) Any amount exceeding the allowance stated in Paragraph 6.A. above is the responsibility of the employee.

C. Special Restrictions and Clarifications

The prescription safety glass allowance is available to eligible employees once in a calendar year. Any money not utilized may not be carried forward or accumulated.

7. Administrative Responsibility

The District Safety & Security Office is responsible for the administration of this policy.

APPROVED:

2011
Director of Human Resources

December 15, 2003September 12,

Date

2011
General Manager

December 15, 2003September 12,

Date

POLICY NO. 38 - SAFETY SHOE/EYEWEAR

Exhibit "B"

IRVINE RANCH WATER DISTRICT

PERSONNEL POLICIES AND PROCEDURES MANUAL

POLICY NO. 39 - DEFERRED COMPENSATION PLAN POLICY

1. Purpose of Policy

The primary purpose of the District's deferred compensation program is to enable employees to defer portions of their compensation as a supplement to the PERS retirement plan. The District has established a deferred compensation program available through two plans:

- IRS Section 457 Deferred Compensation Plan ("457 Plan")
- IRS Section 401(a) Money Purchase Pension Plan ("401(a) Plan")

2. Eligibility and Enrollment

Upon employment with the District, all regular, full-time employees of the District are eligible to defer compensation to the 457 Plan. Employees are responsible for initiating the dollar amount or percentage to be deferred, selecting investment allocation of amounts deferred, and designating primary and contingent beneficiaries. If an employee fails to allocate deferrals, the funds will be automatically deposited into the Conservative Profile fund.

Additionally, in accordance with Personnel Policy No. 7, pertaining to the OBRA Act of 1986, some temporary employees are required to contribute to the 457 Plan. Temporary employees are limited to the Conservative Profile fund or stable value investment option. (See "Policy No. 7 - Temporary Employees").

Employees may defer compensation for any calendar month, providing the deferral election is made no later than the last business day of the month prior to the desired pay period in which the deferral election is to begin ~~by the 23rd day of the month before the compensation is paid or made available.~~

3. Available Plans and Deferral Limitations

A. The 457 Deferred Compensation Plan – Employee Contributions

The 457 plan is available for employee contributions only.

The minimum amount of contributions is ten dollars (\$10.00) per pay period.

The maximum amount employees may contribute to the 457 Plan is the lesser of 100% of Includible Compensation or the maximum allowed by law. Includible Compensation is generally defined as base compensation, but may ~~include~~

POLICY NO. 39 - DEFERRED COMPENSATION PROGRAM POLICY

~~Compensation does not~~ include overtime, stand-by, and paid vacation and/or sick hours during ~~unpaid~~ absences such as medical leave.

Once a year, the District will provide employees the option to transfer a specified amount of accrued vacation time into the 457 Plan (See “Policy No. 18 – Vacation”).

Once a year, the District will provide employees the option to transfer a specified amount of accrued sick time into the 457 Plan (See “Policy No. 16 – Sick Leave”).

B. The 401 (a) Money Purchase Pension Plan – District Contributions

The 401 (a) Plan is for District contributions only.

Matching Contributions

An employee who has completed one year of regular full-time service with the District is eligible for a District matching contribution. Beginning with the first month following an employee’s one year anniversary date, the District will deposit to the employee’s 401(a) Plan account an amount equal to 100% of the amount deferred by the employee during each pay period up to a maximum of 3% of the employee’s base salary for each pay period. Once an employee has deferred an amount equal to 3% of his/her annual salary during the calendar year, the matching deposits to the employee’s Deferred Comp Plan account will continue each pay period in an amount equal to 3% of the employee’s base salary even if the employee is no longer making contributions. The District does not match deferrals in excess of 3% of the employee’s base salary.

4. Participant Options

A. Changes to Deferral Amount

Employees may change the amount of compensation to be deferred in future pay periods, including the option to change the deferral amount to zero (\$0). Deferral changes must be made no later than the ~~23rd day of the month prior to the effective date of the change~~ last business day of the month prior to the desired pay period in which the deferral election change is to begin.

B. Catch-Up Contributions

“Age 50 Catch-up” Contributions: At any time during the year in which an employee will attain age 50, they are eligible to make additional elective deferrals, up to the maximum amount set by law for that year. Employees may not participant in the “Age 50 Catch-up” during the same time they are making additional contributions under the “Last-three-years” provision below.

POLICY NO. 39 - DEFERRED COMPENSATION PROGRAM POLICY

“Last-Three-Years” Catch-up Contributions: Under this provision, an employee who underutilized the applicable deferral limitations after December 31, 1978, may make additional deferrals in an amount not to exceed the lesser of—

- (i) Twice the otherwise regular dollar limit. For example, if the regular annual deferred contribution limit is \$16,500, an eligible employee may be able to defer up to an additional \$16,500.
- (ii) The amount that was underutilized in previous years after December 31, 1978.

The catch-up provision applies to any one or more of an employee’s last three (3) calendar years ending before such employee attains normal retirement age. Normal retirement age shall be considered the range of ages beginning no earlier than age 50 and ending no later than age 70-1/2. The normal retirement age chosen upon election of this catch-up provision is irrevocable for determining the three year period.

5. Administration of the Program

The District may contract with one or more investment providers to provide investments, education, and record-keeping services for the Plans. The District's Plan Administrator shall administer the Deferred Compensation Program and shall submit action or informational items to the District’s Finance and Personnel Committee and/or Board of Directors as necessary.

A. Ownership of Funds

All amounts deferred under the Plans are held in trust for the exclusive benefit of the participants and their beneficiaries.

B. Claims or Liens Against Assets

Neither the existence of the deferred compensation Program nor the individual deferred compensation accounts shall entitle any participant, beneficiary of any participant, or a creditor of any participant to a claim or lien against the assets of the individual deferred compensation accounts. The participants and their beneficiaries shall only have the right to receive benefits pursuant to the Plans.

C. Statement of Accounts

The deferred compensation investment provider will be responsible for providing account statements no less frequently than quarterly.

7. Distributions

A. Termination of Employment

POLICY NO. 39 - DEFERRED COMPENSATION PROGRAM POLICY

Employees are eligible to take distributions from the Plans upon separation of service from the District. The individual plan documents will provide the specific plan requirements and modes of distribution.

B. Emergency Distributions

An employee may request an emergency distribution from his/her 457 Plan account due to extraordinary and unforeseeable circumstances arising as a result of events beyond his/her control. Emergency distributions are not available under the 401 (a) Plan. Circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case, but distributions will only be made in accordance with IRS regulations and the 457 Plan document.

The District may use an investment provider or other third party to make a determination for an emergency distribution request.

8. Plan to Plan Transfers, Purchase of Service Credits and Rollovers

The District's deferred compensation program allows plan to plan transfers, purchase of service credits, and rollovers in and out of the Plans. The individual plan documents will provide the specific plan requirements related to transfers of assets in or out of the Plans.

9. Amendment or Termination of Plan

The District, at its sole discretion, may terminate one or both of the Plans at any time. Upon such termination, each participant in the affected plan will be deemed to have revoked his/her participation as of the date of such termination.

The District may also amend the provisions of its Plans at any time, provided that no amendment or termination shall affect the rights of the participants or their beneficiaries to payment of benefits.

APPROVED:

Director of Human Resources

July 11, 2011 September 12, 2011
Date

General Manager

July 11, 2011 September 12, 2011
Date

EXHIBIT "C"

RESOLUTION NO. 2011-

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, RESCINDING RESOLUTION NO. 2011-28 AND ESTABLISHING REVISED PERSONNEL POLICIES (FOR POLICY NOS. 38 AND 39)

WHEREAS, the Irvine Ranch Water District (IRWD) is a California Water District formed pursuant to Division 13 of the Water Code of the State of California; and

WHEREAS, Section 34900 of said Code provides that the Board of Directors shall employ and appoint such agents, officers and employees as may be required and prescribe their duties and fix their salaries; and

WHEREAS, by adoption of Resolution No. 2011-__ dated September 12, 2011, the Board established revised Personnel Policies; and

WHEREAS, the Board of Directors of Irvine Ranch Water District deem it advisable and in the best interest of said District to revise Personnel Policies as follows:

Policy No. 38 – Safety Shoe and Prescription Safety Eyewear Policy: Policy has been revised to reflect that specific standards for safety shoes are set by the American Society for Testing and Materials (ASTM) F2412-05, and F2413-05. Revisions also include walking shoes for Leak Detection employees.

Policy No. 39 – Deferred Compensation Plan: Policy has been revised to reflect current District practices. Policy has been revised to specify compensation that may be included for deferral and to designate the timing of deferral elections and/or changes based on the District's move to a bi-monthly pay system.

NOW, THEREFORE, the Board of Directors of Irvine Ranch Water District hereby resolve, determine and order as follows:

Section 1. That Resolution No. 2011-28 be and hereby is rescinded in its entirety.

Section 2. That the Finance and Personnel Committee be authorized to approve exceptions to the District's Personnel Policies and procedures as long as those exceptions do not violate the general intent of the policy and/or procedure and are made in the best interest of the overall operations of the District. Any changes made by Committee are to be reported to the Board of Directors.

Section 3. That the Personnel Policies for Irvine Ranch Water District be, and hereby are, approved and adopted as more specifically set forth in Exhibit "A" of this Resolution, attached hereto and by this reference made a part hereof.

ADOPTED, SIGNED AND APPROVED this 12th day of September, 2011.

President, IRVINE RANCH WATER DISTRICT
and of the Board of Directors thereof

Secretary, IRVINE RANCH WATER DISTRICT
and of the Board of Directors thereof

APPROVED AS TO FORM;
Bowie, Arneson, Wiles & Giannone
Legal Counsel - IRWD

By _____

September 12, 2011 ^{ps} HC
Prepared by: H. Cho/M. Cortez
Submitted by: K. Burton ^{K.B.}
Approved by: Paul Cook ^{Paul Cook}

CONSENT CALENDAR

RECYCLED WATER DECHLORINATION STATIONS
FINAL ACCEPTANCE

SUMMARY:

The Recycled Water Dechlorination Stations Project constructed dechlorination stations at the Rattlesnake Reservoir and Sand Canyon Reservoir to dechlorinate water discharged into each reservoir to meet the requirements of IRWD's National Pollution Discharge Elimination System (NPDES) permit for the Michelson Water Recycling Plant (MWRP). The dechlorination stations use sodium bisulfite to dechlorinate the water. The contractor completed construction of the facilities, and both sites are operational. The project received a final inspection by staff and acceptance is recommended.

BACKGROUND:

Project Title:	Recycled Water Dechlorination Stations
Project No.:	30206
Design Engineer:	Psomas
Construction Management by:	IRWD Staff
Contractor:	F.T. Ziebarth
Original Contract Cost:	\$627,700.00
Final Contract Cost:	\$715,041.99
Original Contract Days:	150
Substantial Completion Days:	270
Final Contract Days:	603
Total Budget:	\$1,265,500
Total Project Cost (Est.):	\$1,265,500
Final Change Order Approved On:	September 6, 2011

FISCAL IMPACTS:

Project 30206 (1701) is included in the FY 2011-12 Capital Budget. The existing budget and Expenditure Authorization were sufficient to complete the project.

ENVIRONMENTAL COMPLIANCE:

This project is exempt from the California Environmental Quality Act (CEQA) as authorized under the California Code of Regulations, Title 14, Chapter 3, Section 15301 and 15302. A Notice of Exemption was filed with the County of Orange on April 14, 2009.

COMMITTEE STATUS:

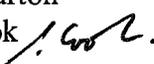
This item was not reviewed by a Committee.

RECOMMENDATION:

THAT THE BOARD ACCEPT CONSTRUCTION OF THE RECYCLED WATER DECHLORINATION STATIONS, PROJECT 30206 (1701); 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.

LIST OF EXHIBITS:

None.

September 12, 2011
Prepared by: J. Moeder/C. Spangenberg
Submitted by: Kevin Burton
Approved by: Paul Cook 

CONSENT CALENDAR

LAKE FOREST WELL NO. 2 DESTRUCTION AND DRILLING
CONTRACT CHANGE ORDER AND FINAL ACCEPTANCE

SUMMARY:

Layne Christensen Company has completed construction of the Lake Forest Well No. 2. A final Contract Change Order in the credit amount of <\$89,343.75> is required to adjust for final project quantities. Staff recommends that the Board:

- Approve Contract Change Order No. 3 with Layne Christensen Company in the credit amount of <\$89,343.75>;
- Accept construction of the Lake Forest Well No. 2 Project;
- Authorize the General Manager to file a Notice of Completion; and
- Authorize the release of retention to Layne Christensen Company 35 days after the filing of the Notice of Completion.

BACKGROUND:

Layne Christensen Company demolished the former Los Alisos Water District Well No. 2 and constructed Lake Forest Well No. 2 (LF-2) at the same site located adjacent to Regency Park as shown in Exhibit "A". The new stainless steel well is estimated to produce 300 gallons per minute at a 90% utilization rate. Contract Change Order No. 3 is the final accounting for the project that shows the increase and decrease in quantities listed on the bid form. Contract Change Order No. 3 is shown in Exhibit "B" and reflects a credit in the amount of <\$89,343.75>. A contract summary is included as Exhibit "C". Construction is complete and the project is ready for final acceptance by the Board.

Project Title:	Lake Forest Well No. 2 Destruction and Drilling
Project No.:	11461 (1498)
Design Engineer:	RBF and Geoscience
Construction Management by:	Geoscience and IRWD Staff
Contractor:	Layne Christensen Company
Original Contract Cost:	\$912,000.00
Final Contract Cost:	\$822,656.25
Original Contract Days:	120

Final Contract Days:	309
Total Budget:	\$1,396,700
Total Project Cost (Est.):	\$1,007,792

FISCAL IMPACTS:

Project 11461 (1498) is included in the FY 2011-12 Capital Budget. The existing budget and Expenditure Authorization were sufficient to complete the project.

COMMITTEE STATUS:

This item was not reviewed by a Committee.

ENVIRONMENTAL COMPLIANCE:

This project is subject to the California Environmental Quality Act (CEQA). In conformance with the California Code of Regulations Title 14, Chapter 3, Section 15004, a Notice of Exemption was filed at the County Recorder's Office on March 4, 2010.

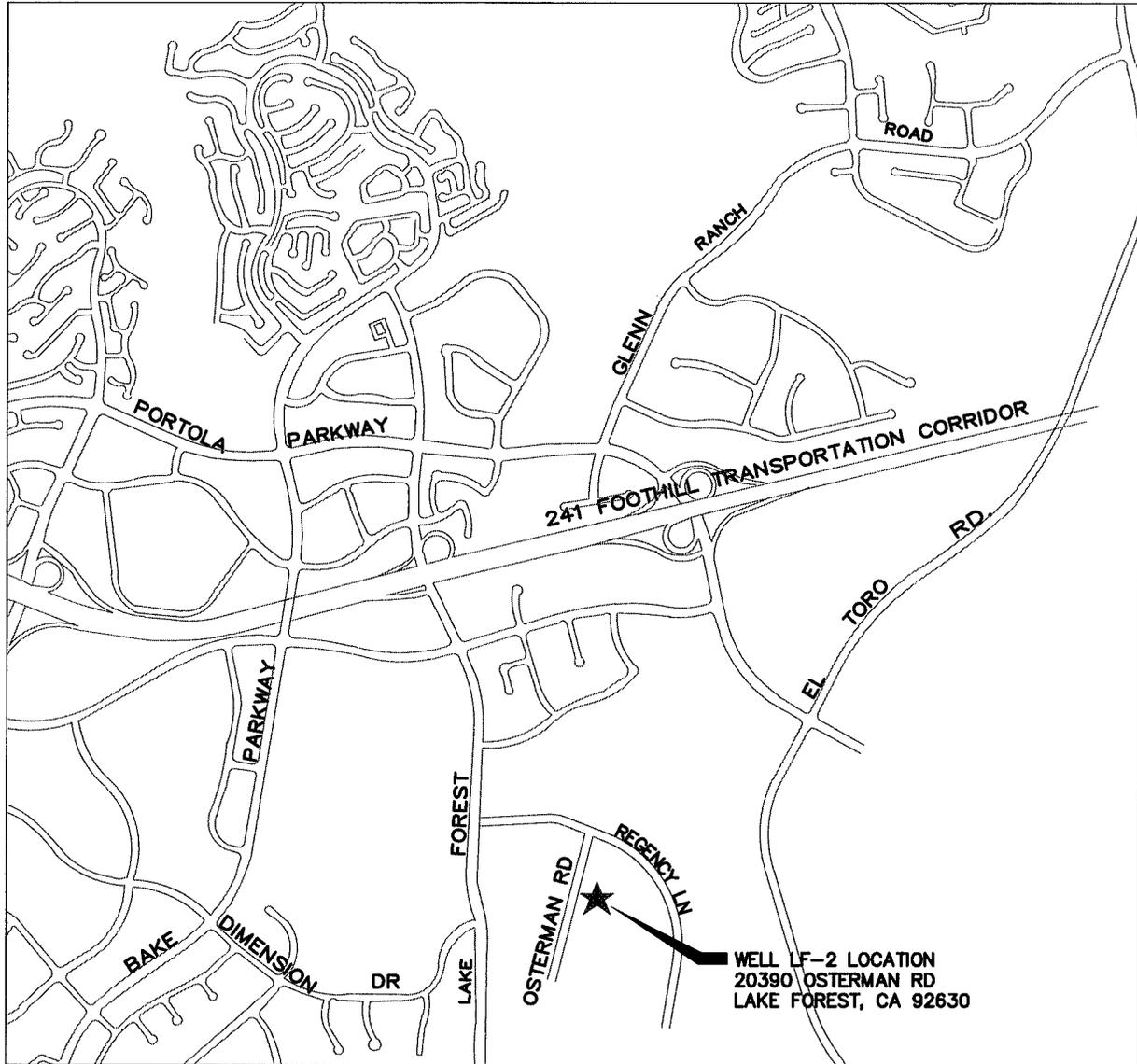
RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE CONTRACT CHANGE ORDER NO. 3 WITH LAYNE CHRISTENSEN COMPANY IN THE CREDIT AMOUNT OF <\$89,343.75>; ACCEPT CONSTRUCTION OF LAKE FOREST WELL NO. 2, PROJECT 11461 (1498); AUTHORIZE THE GENERAL MANAGER TO FILE A NOTICE OF COMPLETION; AND AUTHORIZE THE RELEASE OF RETENTION 35 DAYS AFTER FILING OF THE NOTICE OF COMPLETION.

LIST OF EXHIBITS:

- Exhibit "A" – Location Map
- Exhibit "B" – Contract Change Order No. 3
- Exhibit "C" – Contract Summary

Exhibit "A"



IRVINE RANCH WATER DISTRICT
 15600 Sand Canyon Avenue
 Irvine, California 92619
 (949) 453-5300



C.O. No. 003
 Final
 Project No. 11461

Destruction and Replacement of LF-2

Project Title

Date: 8/8/11

THE FOLLOWING CHANGE TO CONTRACT, DRAWINGS AND SPECIFICATIONS IS PROPOSED.	\$ ADDITIONS	\$ DELETIONS	DAYS ±
1. DELETE 1.75 from Bid Item 104.	0	(\$393.75)	0
2. DELETE 3 hours from Bid Item 105.	0	(\$675.00)	0
3. DELETE Bid Item 107 entirely.	0	(\$2,500.00)	0
4. DELETE Bid Item 115 entirely.	0	(\$3,500.00)	0
5. ADD 8 feet to Bid Item 118.	\$520.00	0	0
6. DELETE Bid Item 123 entirely.	0	(\$3,500.00)	0
7. ADD 80 feet to Bid Item 124.	\$6,000.00	0	0
8. DELETE 130 feet from Bid Item 125.	0	(\$9,100.00)	0
9. ADD 105 feet to Bid Item 127.	\$49,875.00	0	0
10. DELETE 142 feet from Bid Item 129.	0	(\$78,100.00)	0
11. DELETE 279 feet from Bid Item 131.	0	(\$18,798.00)	0
12. DELETE 150 feet from Bid Item 132.	0	(\$10,950.00)	0
13. ADD 100 feet to Bid Item 133.	\$7,300.00	0	0
14. DELETE 5 hours from Bid Item 138.	0	(\$1,210.00)	0
15. DELETE 4 hours from Bid Item 139.	0	(\$968.00)	0
16. DELETE 24 hours from Bid Item 144.	0	(\$5,808.00)	0
17. DELETE 8 feet from Bid Item 147.	0	(\$616.00)	0
18. DELETE 55 feet from Bid Item 148.	0	(\$3,080.00)	0
19. DELETE Bid Item 149 entirely.	0	(\$10,440.00)	0
20. DELETE Bid Item 150 entirely.	0	(\$3,400.00)	0
21. Extension of Substantial Completion date from February 11, 2011 in CCO #1 to July 26, 2011.			+165
TOTAL	\$63,695.00	(\$153,038.75)	+165

DAYS ±

1. NET AMOUNT THIS CHANGE ORDER	=	(\$89,343.75)	+165
2. ORIGINAL CONTRACT AMOUNT	=	\$912,000.00	120
3. TOTAL PREVIOUS CHANGE ORDER(S)	=	\$0.00	24
4. TOTAL BEFORE THIS CHANGE ORDER (2+3)	=	\$912,000.00	144
5. PROPOSED REVISED CONTRACT AMOUNT TO DATE (1+4)	=	\$822,656.25	309

NOTE: The documents supporting this Change Order, including any drawings and estimates of cost, if required are attached hereto and made a part hereof. This Change Order shall not be considered as such until it has been signed by the Owner and the Contractor. Upon final approval, distribution of copies will be made as required. The parties mutually agree the pricing set forth in this Change Order are complete and fair compensation for the entirety of the work authorized under this Change Order and that no additional compensation is warranted nor shall it be allowed.

CHANGES: All workmanship and materials called for by this Order shall be fully in accord with the original Contract Documents insofar as the same may be applied without conflict to the conditions set forth by this Order. The time for completing the contract will not be extended unless expressly provided for in this Change Order.

We hereby agree to make the above change subject to the terms of this change order for the sum of: (89,343.75)

----- Dollars

9/6/11

Layne Christensen Company

[Signature]
By

Date

Contractor

SIGNATURE	DATE	APPROVAL LEVEL REQUIRED
<i>[Signature]</i>	<u>9/6/11</u>	Department Director Approval Required <input type="checkbox"/>
IRWD/Engineer or Consulting Engineer <i>[Signature]</i>	Date <u>9/7/11</u>	General Manager Approval Required <input type="checkbox"/>
Principal Engineer <i>[Signature]</i>	Date <u>9/7/11</u>	Committee Approval Required <input type="checkbox"/>
Director of Engineering and Construction	Date	Board Approval Required <input checked="" type="checkbox"/>
General Manager	Date	By _____ Date _____
		Purchase Order No. _____

NOTE: The documents supporting this Change Order, including any drawings and estimates of cost, if required are attached hereto and made a part hereof. This Change Order shall not be considered as such until it has been signed by the Owner and the Contractor. Upon final approval, distribution of copies will be made as required. The parties mutually agree the pricing set forth in this Change Order are complete and fair compensation for the entirety of the work authorized under this Change Order and that no additional compensation is warranted nor shall it be allowed.

CHANGES: All workmanship and materials called for by this Order shall be fully in accord with the original Contract Documents insofar as the same may be applied without conflict to the conditions set forth by this Order. The time for completing the contract will not be extended unless expressly provided for in this Change Order.

EXHIBIT "C"

LAKE FOREST WELL NO. 2 WELL DESTRUCTION & DRILLING
Project 11461 (1498)

CONTRACT SUMMARY:

Original Contract Amount \$912,000.00

Contract Change Order No. 1 \$0
Time extension in the amount of 24 calendar days due to delays caused by Holidays, Weather, Public Safety and Borehole Stability.

Contract Change Order No. 2 \$0
Layne Christensen Company's time extension request in the amount of 33 calendar days due to rain events was rejected.

Contract Change Order No. 3 (\$89,343.75)
Final project accounting for various additions and deletions and a time extension in the amount of 165 calendar days.

Total Revised Contract \$822,656.25

September 12, 2011
Prepared by: T. Bonkowski/M. Cortez
Submitted by: K. Burton
Approved by: Paul Cook 

CONSENT CALENDAR

LOS ALISOS WATER RECYCLING PLANT LANDSCAPE
AND IRRIGATION PROJECT – FINAL ACCEPTANCE

SUMMARY:

The Los Alisos Water Recycling Plant Landscape and Irrigation Project was completed by Tropical Plaza Nursery. This project has received final inspection and acceptance of this project by the Board is recommended.

BACKGROUND:

Tropical Plaza Nursery was awarded this project’s construction contract in May 2011. Under this project, a complete landscape and irrigation system was installed at the Los Alisos Water Recycling Plant. The work included the installation of irrigation valves, piping, rotors, spray heads, controller and enclosure, wiring and all other appurtenant work to insure efficient and uniform irrigation distribution, as well as complete landscape planting and hardscape work including fine grading, concrete access ways with handrails, soil preparation, staking, weed abatement and the planting of trees, shrubs and flowers. In addition, Shadetree Partnership provided 71 trees (24-inch box and 15-gallon varieties), 1,090 myoporum (1-gallon variety), and 20 xylosma (1-gallon variety). The remaining landscape material of shrubs and flowers included rosemary, raphiolepis, lantana and daylily.

Project Title:	Los Alisos Water Reclamation Plant Landscape and Irrigation Project
Project Nos.:	20243 and 30134
Design Engineer:	Ridge Landscape Architects
Contractor:	Tropical Plaza Nursery, Inc.
Original Contract Cost:	\$138,271.00
Final Contract Cost:	\$150,391.97
Original Contract Days:	90
Final Contract Days:	97

Total Budget: \$24,254,300
Total Project Cost (Est.): \$ 197,000
Final Change Order Approved On: August 1, 2011

FISCAL IMPACTS:

Projects 20243 (2940) and 30134 (2915) are included in the FY 2011-12 Capital Budget. The existing budgets and Expenditure Authorizations were sufficient to complete this project.

ENVIRONMENTAL COMPLIANCE:

This project is exempt from the California Environmental Quality Act (CEQA) as authorized under the California Code of Regulations, Title 14, Chapter 3, Sections 15301(b) and 15302 (c). A Notice of Exemption was filed with the County of Orange on May 25, 2005.

COMMITTEE STATUS:

This item was not reviewed by a Committee.

RECOMMENDATION:

THAT THE BOARD ACCEPT CONSTRUCTION OF THE LOS ALISOS WATER RECYCLING PLANT LANDSCAPE AND IRRIGATION PROJECT, PROJECTS 20243 (2940) AND 30134 (2915); AUTHORIZE FILING OF A NOTICE OF COMPLETION; AND AUTHORIZE THE PAYMENT OF THE RETENTION 35 DAYS AFTER THE DATE OF RECORDING THE NOTICE OF COMPLETION.

LIST OF EXHIBITS:

None.

September 12, 2011
Prepared by: K. Welch/P. Weghorst
Submitted by: G. Heiertz
Approved by: Paul Cook 

CONSENT CALENDAR

STRAND RANCH WELL DRILLING AND
CONSTRUCTION PROJECT – FINAL ACCEPTANCE

SUMMARY:

Bakersfield Well & Pump Company (BW&P) has completed the Strand Ranch Recovery Facilities Project - Drilling and Construction of Extraction Wells (Project). Staff recommends that the Board:

- Approve Final Change Order No. 4 to reduce the BW&P contract amount by \$768,440.80 to remove the drilling and construction of two wells;
- Accept the Strand Ranch Recovery Facilities Project;
- Authorize the General Manager to file a Notice of Completion for the work; and
- Authorize the payment of the retention to BW&P 35 days after the date of recording the Notice of Completion.

BACKGROUND:

On August 23, 2010, the Board authorized the award of a construction contract to BW&P to drill and construct seven new extraction wells for the Strand Ranch Recovery Facilities Project. One well was previously constructed during the design of the Strand Ranch wells. Five additional Project wells have been drilled and constructed by BW&P. In addition, BW&P has rehabilitated a well that existed at the time of the District's purchase of Strand Ranch, and it is expected to perform well when incorporated into the Project. No further wells are required to meet IRWD's production and water quality objectives and it is therefore not necessary to drill the last two wells as specified in BW&P's contract. Change Order No. 4 has been prepared that removes the need for two wells and reduces the BW&P contract by the amount of \$768,440.80. This change order is attached as Exhibit "A".

The following construction project has received a final inspection by the IRWD Planning and Water Resources Department and is recommended for acceptance:

Project Title:	Strand Ranch Recovery Facilities Project - Drilling and Construction of Extraction Wells
Project No.:	Project 11289 (2812)
Design Engineer:	Wildermuth Environmental
Construction Management by:	Dee Jaspar & Associates, Inc.
Contractor:	Bakersfield Well and Pump Company

Original Contract Cost:	\$2,797,673.80
Change Orders:	(\$ 706,435.80)
Final Contract Cost:	\$2,091,238.00
Original Contract Days:	160
Substantial Completion Days:	310
Final Contract Days:	310
Final Change Order Approved On:	September 12, 2011

FISCAL IMPACTS:

Project 11289 (2812) is included in the FY 2011-12 Capital Budget and the existing budget and Expenditure Authorizations are sufficient.

ENVIRONMENTAL COMPLIANCE:

A Final Environmental Impact Report has been prepared, certified and the project approved in compliance with the California Environmental Quality Act (CEQA) of 1970 (as amended), codified at California Public Resources Code Sections 21000 et. seq., and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3.

COMMITTEE STATUS:

This item was not reviewed by a Committee.

RECOMMENDATION:

THAT THE BOARD APPROVE FINAL CHANGE ORDER NO. 4 IN THE AMOUNT OF (\$768,440.80) FOR PROJECT 11289 (2812); ACCEPT THE STRAND RANCH RECOVERY FACILITIES PROJECT - DRILLING AND CONSTRUCTION OF EXTRACTION WELLS; AUTHORIZE THE GENERAL MANAGER TO FILE A NOTICE OF COMPLETION FOR THE WORK; AND AUTHORIZE THE PAYMENT OF THE RETENTION 35 DAYS AFTER THE DATE OF RECORDING THE NOTICE OF COMPLETION.

LIST OF EXHIBITS:

Exhibit "A" – Final Change Order No. 4

IRVINE RANCH WATER DISTRICT
 15600 Sand Canyon Avenue
 P. O. Box 57000
 Irvine, California 92619-7000
 (949) 453-5300



C.O. No. 4
 Final
 Project No. 11289 (2812)

Strand Ranch Recovery Facilities Project

Project Title

Date: August 12, 2011

THE FOLLOWING CHANGE TO CONTRACT, DRAWINGS AND SPECIFICATIONS IS PROPOSED.	\$ ADDITIONS	\$ DELETIONS	DAYS ±
1. Quantity reconciliation for mobilization to area as a result of not drilling SREX-8 and SREX-9.		\$70,000.00	
2. Quantity reconciliation for demobilization from the site area as a result of not drilling SREX-8 and SREX-9.		\$30,000.00	
3. Quantity reconciliation for testing and disposal of drill cuttings as a result of not drilling SREX-8 and SREX-9.		\$15,000.00	
4. Quantity reconciliation for onsite disposal of water as a result of not drilling SREX-8 and SREX-9.		\$15,000.00	
5. Quantity reconciliation for installing the conductor casing as a result of not drilling SREX-9.		\$11,750.00	
6. Quantity reconciliation for drilling pilot borehole as a result of various design changes and not drilling SREX-8 and SREX-9.		\$82,680.00	
7. Quantity reconciliation for conducting geophysical logs as a result of not drilling SREX-8 and SREX-9.		\$9,000.00	
8. Quantity reconciliation for conducting zone tests as a result of various design changes and not drilling SREX-8 and SREX-9.		\$70,000.00	
9. Quantity reconciliation for abandonment of pilot hole as this was not required under the contract.		\$800.00	
10. Quantity reconciliation for reaming the borehole as a result of various design changes and not drilling SREX-8 and SREX-9.		\$50,280.00	
11. Quantity reconciliation for conducting caliper and alignment surveys as a result of not drilling SREX-8 and SREX-9.		\$5,000.00	
12. Quantity reconciliation for HSLA blank steel casing as a result of various design changes and not drilling SREX-8 and SREX-9.		\$78,120.00	
13. Quantity reconciliation for HSLA louvered screen as a result of various design changes and not drilling SREX-8 and SREX-9.		\$206,800.00	
14. Quantity reconciliation for 4" camera port as a result of various design changes and not drilling SREX-8 and SREX-9.		\$5,786.80	
15. Quantity reconciliation for 3" gravel feed tube as a result of various design changes and not drilling SREX-8 and SREX-9.		\$3,864.00	
16. Quantity reconciliation for artificial grave pack as a result of various		\$29,050.00	

Appendix

Revised 8/10

S:\Irvine Ranch Water District\Recovery Faci
 Correspondence\Change Order NO 4 (8-

September 12, 2011
Prepared and
Submitted by: Janet Wells
Approved by: Paul Cook 

ACTION CALENDAR

2012 MEDICAL INSURANCE COVERAGE RENEWAL

SUMMARY:

The District currently utilizes the CalPERS medical insurance program and receives premium rates each year in advance of open enrollment in October. For the 2012 calendar year, CalPERS notified the District of premium increases for each of the specific plans from which IRWD employees can choose, with an overall annual premium increase of 4.1 percent.

IRWD will be retaining a consultant team to review the District's overall retirement and health benefits package to maximize value to the employees and develop an equitable cost sharing method to minimize increasing exposure to rising costs. The results of that study will not be developed in time to make adjustments to the 2012 medical insurance benefits. As a result, staff recommends that the District make adjustments to the employee contribution rates for the CalPERS medical plans in line with the increases announced for each individual plan. With the recommended adjustments to employee contributions and assuming similar plan enrollments as for 2011, the District's overall medical insurance costs will increase by 3.6% over FY 2010-11.

BACKGROUND:

Medical Insurance Premiums:

The District has been notified that for the 2012 contract year, premiums for the District's plans will change as follows:

	<u>2012 Premiums</u>	<u>2011 Premiums</u>
Kaiser Permanente	7.28% increase	5.05% increase
Blue Shield Access+ HMO	2.77% increase	17.02% increase
Blue Shield Net Value HMO	2.72% increase	16.17% increase
PERS Care	15.15% increase	1.52% increase
PERS Choice	1.92% increase	9.19% increase
PERS Select	-1.06% decrease	2.28% increase

Plan Design Changes:

There are a few notable plan design changes which have been made by CalPERS effective January 1, 2012.

PERS Care, PERS Choice and PERS Select Basic plans

- A new value-based program is being introduced for three frequently used outpatient hospital procedures, and maximum thresholds have been set for each whether the procedure is conducted at the site of care or at an ambulatory surgical center. These thresholds and areas of concern are: colonoscopy - \$1,500, cataract surgery - \$2,000 and arthroscopy - \$6,000.

- An increase of \$5 in the prescription drug co-pay at retail stores for brand medications and 90-day mail order prescriptions will be double the co-pay of 30-day retail prescriptions. There will be no change to the generic co-pay at retail stores or for mail orders.
- The member will pay the difference between the cost of a brand medication and a generic equivalent, plus the generic co-pay when an FDA-approved generic is available.

Kaiser Permanente Basic and Medicare plans

- An increase of \$5 in the prescription drug co-pay at retail for brand medications, and 31-100 day supply mail order prescriptions will be double the co-pay of a 30-day retail prescription. There will be no change to the generic co-pay at retail stores or for mail orders.

Blue Shield Basic and Medicare plans

- An increase of \$5 in the prescription drug co-pay at retail for brand medications, and 90-day mail order prescriptions will be double the co-pay of a 30-day retail prescription. There will be no change to the generic co-pay at retail stores or for mail orders.
- The member will pay the difference between the cost of a brand medication and a generic equivalent, plus the generic co-pay when an FDA-approved generic is available.

CalPERS Administrative Fees and Reserves:

As of July 2011, the CalPERS administrative fee is 0.36%, which has decreased by a few basis points over the last four years. CalPERS can also charge up to 4% for a contingency reserve fund but has not charged IRWD since 1985. There was no contingency reserve fee charged for the 2011 calendar year, and to date we have not been notified of any contingency reserve fees for 2012.

Proposed Changes to Employee and Employer Contributions:

Given the scope and timing of the benefits study which is expected to get underway as open enrollment is beginning for the 2012 calendar year health benefits, staff recommends that only minor modifications be made to employee contributions at this time in percentages consistent with the increases announced for each plan. Attached is Exhibit “A” which outlines the proposed employee and employer costs for this recommendation by plan and in the aggregate.

Employee and employer contributions for 2011 and proposed contributions as shown in Exhibit “A” for 2012 are summarized in Table A below.

Table A

Plan Providers	2012 Premium Change	2011 Employee Contribution (Emp/Emp+1/Fam)	2011 District Contribution (Emp/Emp+1/Fam)	Proposed 2012 Employee Contribution (Emp/Emp+1/Fam)	Proposed 2012 District Contribution (Emp/Emp+1/Fam)	Total 2012 Premium (Emp/Emp+1/Fam)
PERS Care PPO	15.15%	\$366 / \$732 / \$964	\$453 / \$906 / \$1165	\$453 / \$906 / \$1191	\$490 / \$981 / \$1261	\$943 / \$1887 / \$2452
PERS Choice PPO	1.92%	\$35 / \$70 / \$105	\$481 / \$962 / \$1237	\$36 / \$71 / \$107	\$490 / \$981 / \$1261	\$526 / \$1052 / \$1368
PERS Select PPO	-1.06%	\$20 / \$40 / \$60	\$431 / \$863 / \$1114	\$20 / \$40 / \$60	\$427 / \$853 / \$1101	\$447 / \$893 / \$1161
Blue Shield Access+	2.77%	\$86 / \$173 / \$239	\$481 / \$962 / \$1237	\$88 / \$178 / \$246	\$496 / \$989 / \$1271	\$584 / \$1167 / \$1517
Blue Shield NetValue	2.72%	\$7 / \$15 / \$33	\$481 / \$962 / \$1237	\$7 / \$15 / \$33	\$495 / \$987 / \$1272	\$502 / \$1004 / \$1305
Kaiser Permanente	7.28%	\$15 / \$28 / \$50	\$463 / \$928 / \$1193	\$15 / \$30 / \$54	\$498 / \$996 / \$1279	\$513 / \$1026 / \$1333

FISCAL IMPACTS:

Renewal of the District's current health insurance coverage with CalPERS, as represented in Table A, will result in total projected expenses for FY 2011-12 of \$3,524,280. The District's budget for this coverage for FY 2011-12 is \$3,601,900. Projected annual medical insurance premiums for FY 2011-12 will be approximately \$77,000 (2.1%) under budget.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on September 7, 2011.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE CONTINUANCE OF THE DISTRICT'S HEALTH CARE COVERAGE WITH CALPERS FOR THE CALENDAR YEAR 2012 AND APPROVE CHANGES IN EMPLOYEE CONTRIBUTION LEVELS AS RECOMMENDED.

LIST OF EXHIBITS:

Exhibit "A" – Medical Premium Comparison with Increased Employee Contributions

Exhibit "A"

Irvine Ranch Water District
 CalPERS Monthly Medical Insurance Premiums Comparison
 and IRWD Payroll Deductions
 Increase Employee Payroll Deductions Consistent with Carrier Percentage Increases

	2011 Enrollment	2011 Medical Premiums	2012 Medical Premiums	2012 Premium Increases		2011 P/R Deductions	Proposed 2012 P/R Deductions
				\$	%		
PERS Care PPO							
Single	0	\$819.18	\$943.26	\$124.08	15.15%	\$366.00	\$421.00
Two Party	0	\$1,638.36	\$1,886.52	\$248.16	15.15%	\$732.00	\$843.00
Family	0	\$2,129.87	\$2,452.48	\$322.61	15.15%	\$964.00	\$1,110.00
	0	\$0.00	\$0.00			\$0.00	\$0.00
PERS Choice PPO							
Single	33	\$516.28	\$526.19	\$9.91	1.92%	\$35.00	\$36.00
Two Party	38	\$1,032.56	\$1,052.38	\$19.82	1.92%	\$70.00	\$71.00
Family	49	\$1,342.33	\$1,368.09	\$25.76	1.92%	\$105.00	\$107.00
	120	\$122,048.69	\$124,391.12			\$8,960.00	\$9,129.00
PERS Select PPO							
Single	1	\$451.48	\$446.68	(\$4.80)	-1.06%	\$20.00	\$20.00
Two Party	0	\$902.96	\$893.36	(\$9.60)	-1.06%	\$40.00	\$40.00
Family	3	\$1,173.85	\$1,161.37	(\$12.48)	-1.06%	\$60.00	\$60.00
	4	\$3,973.03	\$3,930.79			\$200.00	\$200.00
Blue Shield Access+							
Single	10	\$567.87	\$583.60	\$15.73	2.77%	\$86.00	\$88.00
Two Party	7	\$1,135.74	\$1,167.20	\$31.46	2.77%	\$173.00	\$178.00
Family	31	\$1,476.46	\$1,517.36	\$40.90	2.77%	\$239.00	\$246.00
	48	\$59,399.14	\$61,044.56			\$9,480.00	\$9,752.00
Blue Shield NetValue							
Single	6	\$488.62	\$501.93	\$13.31	2.72%	\$7.00	\$7.00
Two Party	4	\$977.24	\$1,003.86	\$26.62	2.72%	\$15.00	\$15.00
Family	19	\$1,270.41	\$1,305.02	\$34.61	2.72%	\$33.00	\$33.00
	29	\$30,978.47	\$31,822.40			\$729.00	\$729.00
Kaiser HMO							
Single	16	\$477.95	\$512.76	\$34.81	7.28%	\$14.00	\$15.00
Two Party	15	\$955.90	\$1,025.52	\$69.62	7.28%	\$28.00	\$30.00
Family	46	\$1,242.67	\$1,333.18	\$90.51	7.28%	\$50.00	\$54.00
	77	\$79,148.52	\$84,913.24			\$2,944.00	\$3,174.00
PERS Choice LA							
Single	0	\$496.15	\$505.63	\$9.48	1.91%	\$35.00	\$36.00
Two Party	4	\$992.30	\$1,011.26	\$18.96	1.91%	\$70.00	\$71.00
Family	3	\$1,289.99	\$1,314.64	\$24.65	1.91%	\$105.00	\$107.00
	7	\$7,839.17	\$7,988.96			\$595.00	\$605.00
PERS Select LA							
Single	0	\$433.87	\$429.22	(\$4.65)	-1.07%	\$20.00	\$20.00
Two Party	0	\$867.74	\$858.44	(\$9.30)	-1.07%	\$40.00	\$40.00
Family	0	\$1,128.06	\$1,115.97	(\$12.09)	-1.07%	\$60.00	\$60.00
	0	\$0.00	\$0.00			\$0.00	\$0.00
Blue Shield Access + LA							
Single	2	\$496.93	\$510.72	\$13.79	2.78%	\$86.00	\$88.00
Two Party	2	\$993.86	\$1,021.44	\$27.58	2.78%	\$173.00	\$178.00
Family	1	\$1,292.02	\$1,327.87	\$35.85	2.77%	\$239.00	\$246.00
	5	\$4,273.60	\$4,392.19			\$757.00	\$778.00
Blue Shield Net Value LA							
Single	0	\$427.58	\$439.25	\$11.67	2.73%	\$7.00	\$7.00
Two Party	0	\$855.16	\$878.50	\$23.34	2.73%	\$15.00	\$15.00
Family	1	\$1,111.71	\$1,142.05	\$30.34	2.73%	\$33.00	\$34.00
	1	\$1,111.71	\$1,142.05			\$33.00	\$34.00
Kaiser LA							
Single	1	\$434.00	\$465.63	\$31.63	7.29%	\$14.00	\$15.00
Two Party	1	\$868.00	\$931.26	\$63.26	7.29%	\$28.00	\$30.00
Family	2	\$1,128.40	\$1,210.64	\$82.24	7.29%	\$50.00	\$54.00
	4	\$3,558.80	\$3,818.17			\$142.00	\$153.00
No coverage							
Single	1						
Two Party	7						
Family	5	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00
	13						
Monthly Premium		\$312,331.13	\$323,443.48				
Less: Employee Contributions		23,840.00	24,554.00				
Net Monthly Premium		288,491.13	298,889.48				
Net Annual Premium		3,461,893.56	3,586,673.76	124,780.20	3.60%		

Note: Costs for FY2011-12 will consist of 6 months at current premiums (\$288,491/month) and 6 months at new FY2011-12 premium levels (\$298,889/month) for a total annual projected expense of \$3,524,280.

Estimated premiums of \$3,524,184 are \$77,620 (2.15%) under the budgeted amount of \$3,601,900.

Irvine Ranch Water District													
CalPERS Monthly Medical Insurance Premiums Comparison													
and IRWD Payroll Deductions													
Employee Payroll Deductions Increased Consistent with Percentage Increase for Each Carrier													
Plan Providers	2012 Premium Change	Employee Contribution			Employer Contribution			Total Premium			Employee Contribution as % of Total Premium		
		Single	Two Party	Family	Single	Two Party	Family	Single	Two Party	Family	Single	Two Party	Family
PERS Care PPO	15.15%	\$453.00	\$906.00	\$1,191.00	\$490.26	\$980.52	\$1,261.48	\$943.26	\$1,886.52	\$2,452.48	48.02%	48.02%	48.56%
PERS Choice PPO	1.92%	\$36.00	\$71.00	\$107.00	\$490.19	\$981.38	\$1,261.09	\$526.19	\$1,052.38	\$1,368.09	6.84%	6.84%	7.82%
PERS Select PPO	-1.06%	\$20.00	\$40.00	\$60.00	\$426.68	\$853.36	\$1,101.37	\$446.68	\$893.36	\$1,161.37	4.48%	4.48%	5.17%
Blue Shield Access+	2.77%	\$88.00	\$178.00	\$246.00	\$495.60	\$989.20	\$1,271.36	\$583.60	\$1,167.20	\$1,517.36	15.08%	15.08%	16.21%
Blue Shield NetValue	2.72%	\$7.00	\$15.00	\$33.00	\$494.93	\$988.86	\$1,272.02	\$501.93	\$1,003.86	\$1,305.02	1.39%	1.39%	2.53%
Kaiser HMO	7.28%	\$15.00	\$30.00	\$54.00	\$497.76	\$995.52	\$1,279.18	\$512.76	\$1,025.52	\$1,333.18	2.93%	2.93%	4.05%
PERS Choice LA	1.91%	\$36.00	\$71.00	\$107.00	\$469.63	\$940.26	\$1,207.64	\$505.63	\$1,011.26	\$1,314.64	7.12%	7.02%	8.14%
PERS Select LA	-1.07%	\$20.00	\$40.00	\$60.00	\$409.22	\$818.44	\$1,055.97	\$429.22	\$858.44	\$1,115.97	4.66%	4.66%	5.38%
Blue Shield Access + L	2.77%	\$88.00	\$178.00	\$246.00	\$422.72	\$843.44	\$1,081.87	\$510.72	\$1,021.44	\$1,327.87	17.23%	17.23%	18.53%
Blue Shield Net Value I	2.73%	\$7.00	\$15.00	\$33.00	\$432.25	\$863.50	\$1,109.05	\$439.25	\$878.50	\$1,142.05	1.59%	1.59%	2.89%
Kaiser LA	7.29%	\$15.00	\$30.00	\$54.00	\$450.63	\$901.26	\$1,156.64	\$465.63	\$931.26	\$1,210.64	3.22%	3.22%	4.46%
PersCARE LA	15.15%	\$453.00	\$906.00	\$1,191.00	\$490.00	\$980.00	\$1,261.00	\$906.39	\$1,812.78	\$2,356.61	49.98%	49.98%	50.54%

September 12, 2011

Prepared and

Submitted by: Debby Cherney 

Approved by: Paul Cook 

ACTION CALENDAR

CONSULTANT SELECTION FOR EVALUATING POTENTIAL CHANGES TO RETIREMENT AND HEALTH BENEFITS

SUMMARY:

On June 17, 2011, the Board approved a process for selecting consultants to develop and evaluate potential changes to IRWD's retirement and health benefits. As part of that process, the proposals from consultants interested in providing the requested services were evaluated; multiple rounds of interviews were conducted by both staff and the Finance and Personnel Committee. The Committee and staff recommend that the Board approve the retention of Aon Hewitt for a contract amount not-to-exceed \$150,000 and Hanson Bridgett LLP for a contract amount not-to-exceed \$50,000.

BACKGROUND:

On June 1, 2011, the District received seven proposals in response to its Request for Proposal (RFP) for Evaluating Changes to IRWD's Retirement and Health Benefits Package. A Working Group was established to review the proposals and make recommendations for consultant selection to the Finance and Personnel Committee and to the Board. The Working Group consisted of the Interim General Manager, the Senior Director of Finance and Administrative Services, and the Director of Human Resources as well as two outside resources: the District's outside labor counsel from Payne & Fears and the Assistant City Manager from the City of Newport Beach.

Below is a table listing the consultants that submitted a proposal and summarizing the scope of work included in each proposal:

Consultant	Scope of Services
Buck Consultants	Comprehensive Services including Financial, Legal and Actuarial
Aon Hewitt	Comprehensive Services excluding Legal
PFM	Financial Analysis and Project Management
Bartel & Associates	Actuarial Services
Chang, Ruthenberg	Legal Services
Hanson Bridgett	Legal Services
Liebert Cassidy	Legal Services

Consultant Interview and Evaluation Process:

At the August 9, 2011 Finance and Personnel Committee meeting, staff reviewed the list of consultants and the interview schedule. Staff also reviewed a preliminary list of interview questions with the Committee members, and the Committee provided input regarding additional questions to be asked during the interview.

On August 10 and August 12, 2011 the Working Group interviewed the teams from Buck, Aon Hewitt, PFM, Chang Ruthenberg, and Hanson Bridgett. Based on the Working Group's evaluation of the proposals and the information obtained during the interviews, recommendations were presented to the Finance and Personnel Committee at its meeting on August 19, 2011. At that time, the Committee directed staff to set up interviews with the recommended team of Aon Hewitt and Hanson Bridgett.

On August 31, 2011, the Finance and Personnel Committee and staff met with representatives of Aon Hewitt and Hanson Bridgett. Both teams provided an overview of their respective proposed scopes of work and approaches, and how the teams would work together to provide the comprehensive study services that the District requires. The Aon Hewitt team also demonstrated some of its modeling tools that will be used for the actuarial analysis, financial impact modeling, and tools for identifying where changes would most impact the District's employees. Copies of Aon Hewitt's and Hanson Bridgett's presentation materials from the August 31, 2011 Finance and Personnel Committee meeting are attached as Exhibits "A" and "B".

An overall schedule for the development of the Benefits Study is attached as Exhibit "C".

FISCAL IMPACTS:

A summary of the work phases outlined in the RFP and the estimated fees associated with each phase of work is attached as Exhibit "D". Because the later phases of the study are dependent upon the findings of the initial phases, the final scope of services is expected to change. Therefore, staff is recommending that the combined contract amounts authorized by the Board for Aon Hewitt and Hanson Bridgett be limited to \$200,000 at this time. Staff will track the costs for each consultant and report the rate of expenditures back to the Finance and Personnel Committee throughout the process.

The fiscal impacts of potential changes to the District's retirement and/or health benefits will be identified through the study.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This consultant selection process was reviewed by the Board on June 17, 2011, and this item was reviewed by the Finance and Personnel Committee on August 9, August 19, and August 31, 2011.

RECOMMENDATION:

THAT THE BOARD APPROVE THE RETENTION OF AON HEWITT AND HANSON BRIDGETT TO EVALUATE POTENTIAL CHANGES TO THE DISTRICT'S RETIREMENT AND HEALTH PROGRAMS; APPROVE AN ADDITION OF \$200,000 TO THE DISTRICT'S FY 2011-12 OPERATING BUDGET; AUTHORIZE THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH AON HEWITT FOR AN AMOUNT NOT-TO-EXCEED \$150,000; AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH HANSON BRIDGETT FOR AN AMOUNT NOT-TO-EXCEED \$50,000.

LIST OF EXHIBITS:

- Exhibit "A" – Aon Hewitt presentation of August 31, 2011
- Exhibit "B" – Hanson Bridgett presentation of August 31, 2011
- Exhibit "C" – Proposed Schedule
- Exhibit "D" – Scope and Fee Summary

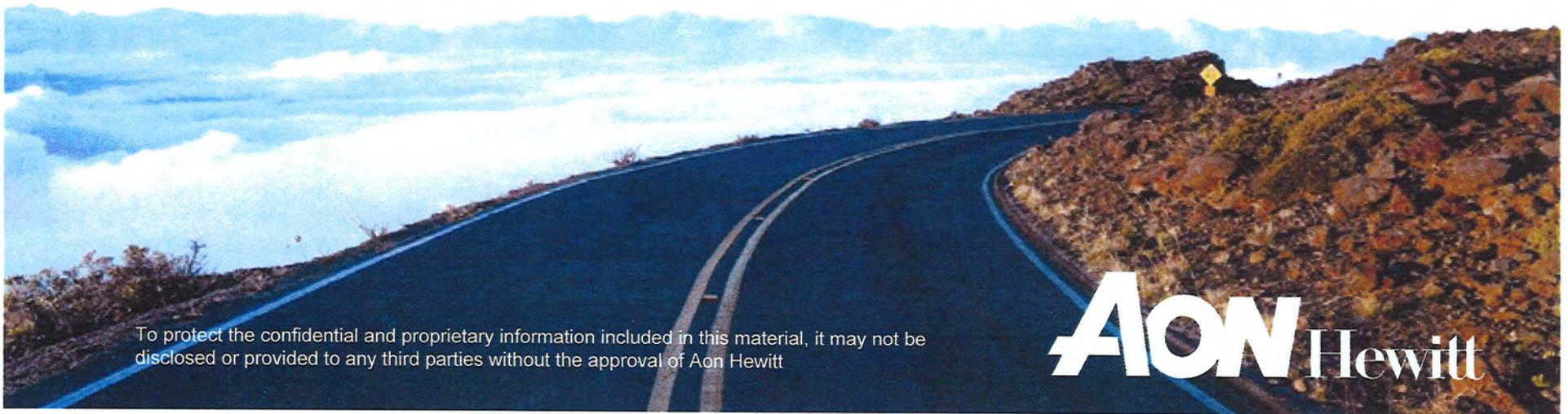
Evaluation of Retirement and Health Benefits Package

Irvine Ranch Water District

August 31, 2011

A-1

Exhibit "A"



To protect the confidential and proprietary information included in this material, it may not be disclosed or provided to any third parties without the approval of Aon Hewitt

AON Hewitt

Today's Agenda

- Project Team
- Process and Tools
- Knowledge
 - PERS
 - Legal Framework
 - General Marketplace



A-3

Project Team

Project Team



Yves McGale, FSA, EA
Engagement Manager



Jill Assad
Survey Consultant



Yannick Gagne, FSA, EA
Strategic Advisor and Peer Reviewer
• Plan design and utility industry expert



Paul Bray, ASA, EA
Retirement Consultant



Brad Au, FSA, EA
Lead Retirement Consultant and Delivery Coordinator
• Plan design and public sector expert

**In collaboration with
Hanson Bridgett**



Brent Crane
Lead Health & Benefits Consultant
• Health plan management and public sector expert

A-4

Why This Team

	<ul style="list-style-type: none"> ▪ Significant increase in required contributions ▪ Modified existing programs to reallocate cost sharing with employees ▪ Use combination of defined benefit and defined contribution plans for future employees to manage on-going financial risk to the organization while providing adequate retirement income
	<ul style="list-style-type: none"> ▪ Multiple projects resulting in more efficient benefit programs ▪ Transition health plans out of CalPERS ▪ Multi-million dollar savings on active and OPEB health plan costs
	<ul style="list-style-type: none"> ▪ Multi-layered benefit cost containment plan ▪ Implemented DC retiree health benefit through two-tier program ▪ Voluntary cash-out of retiree health benefits ▪ Considerable reduction in healthcare inflation risk ▪ Worked with City, legal counsel, and bankers to implement program

A-5



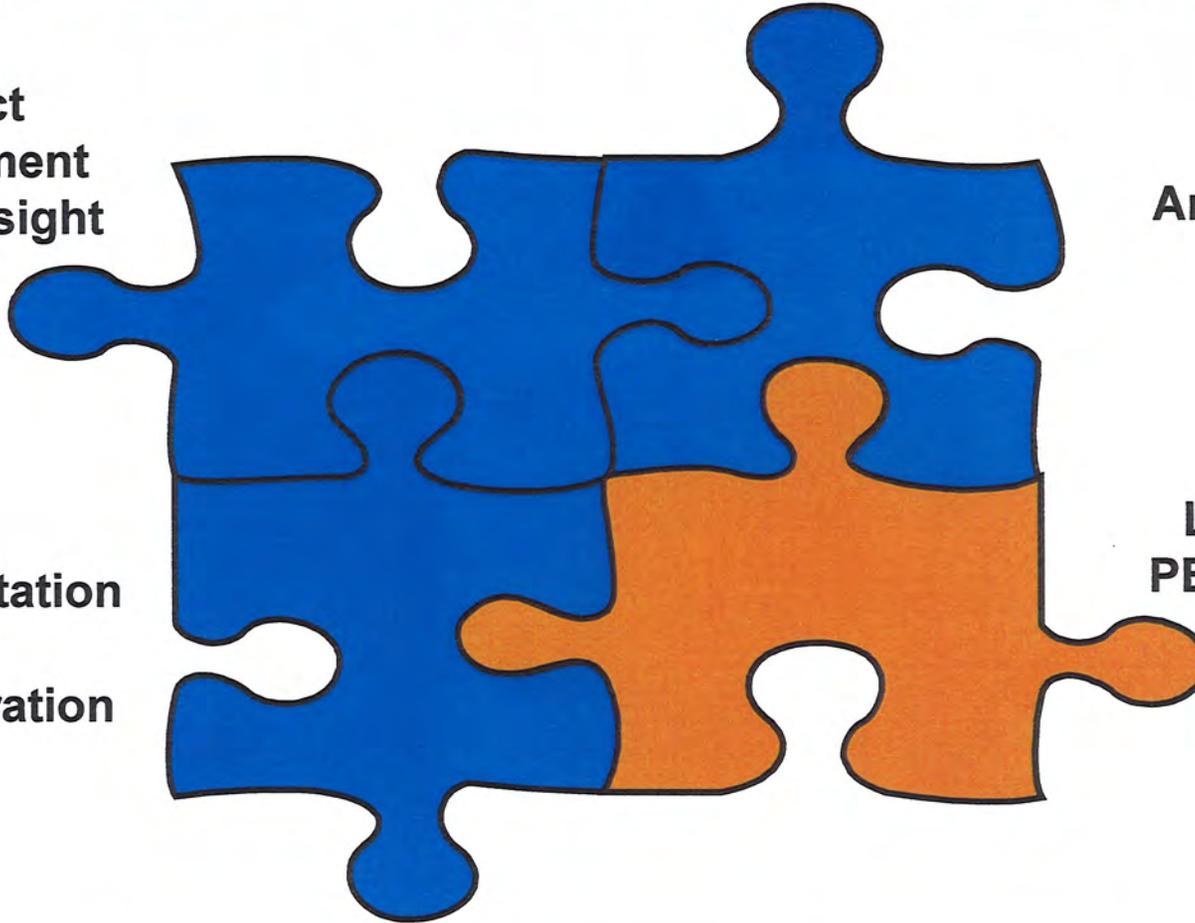
A-6

Process and Tools

Working Together – Aon Hewitt and Hanson Bridgett

**Project
Management
and Oversight**

Analytics



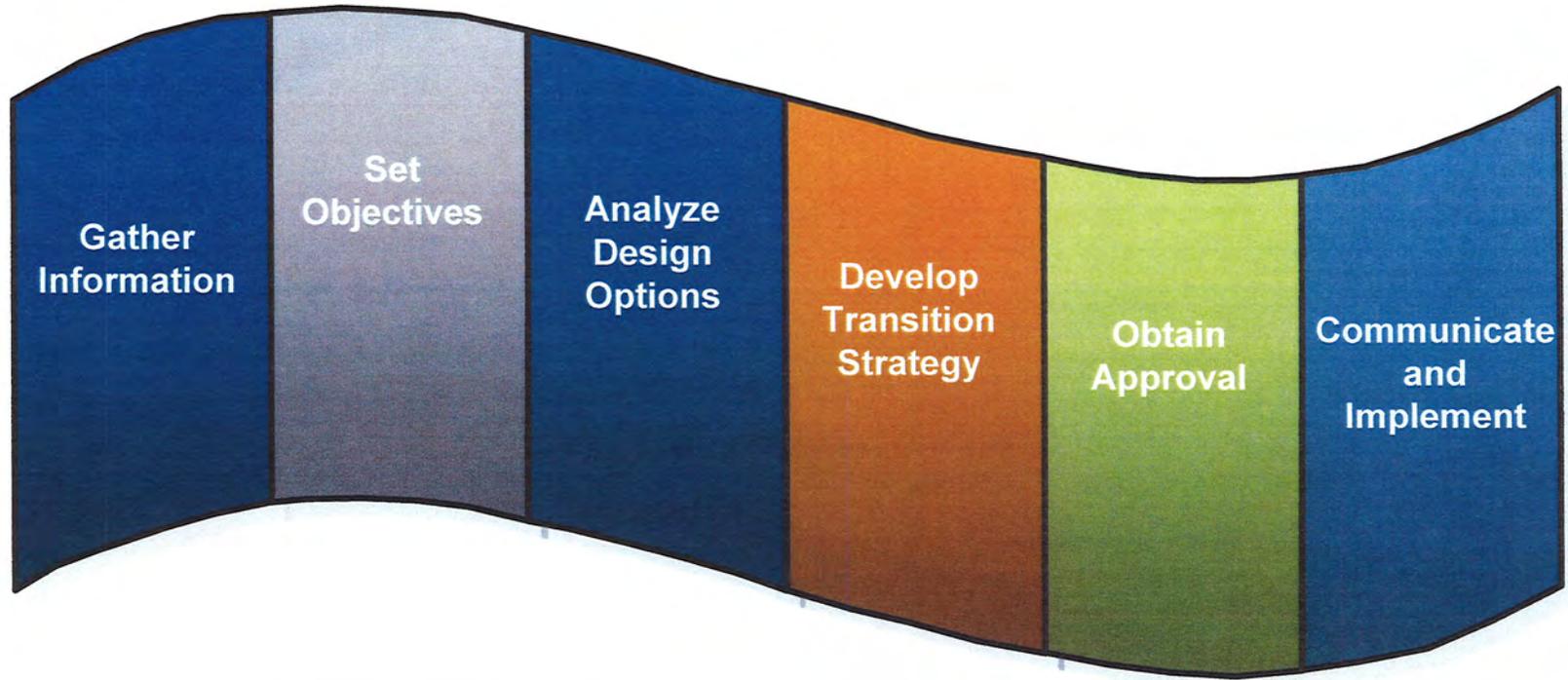
**Implementation
and
Administration**

**Legal and
PERS Issues**

A-7

*Interactive Relationship
Pre Kick-off Meeting
Personal Relationships
Separate Deliverables*

Roadmap to Benefit Program Design



A-8

Documented and proven process to achieve desired results

Retirement and Health Benefits Review

Phase 1 – Project Initiation

A-9

Key Activities

- Summarize information and data
- Review current situation
- Define key objectives
- Identify internal and external constraints
- Identify evaluation criteria
- Assess willingness to change

Timeline and Meetings

- 1 meeting
- Week 1

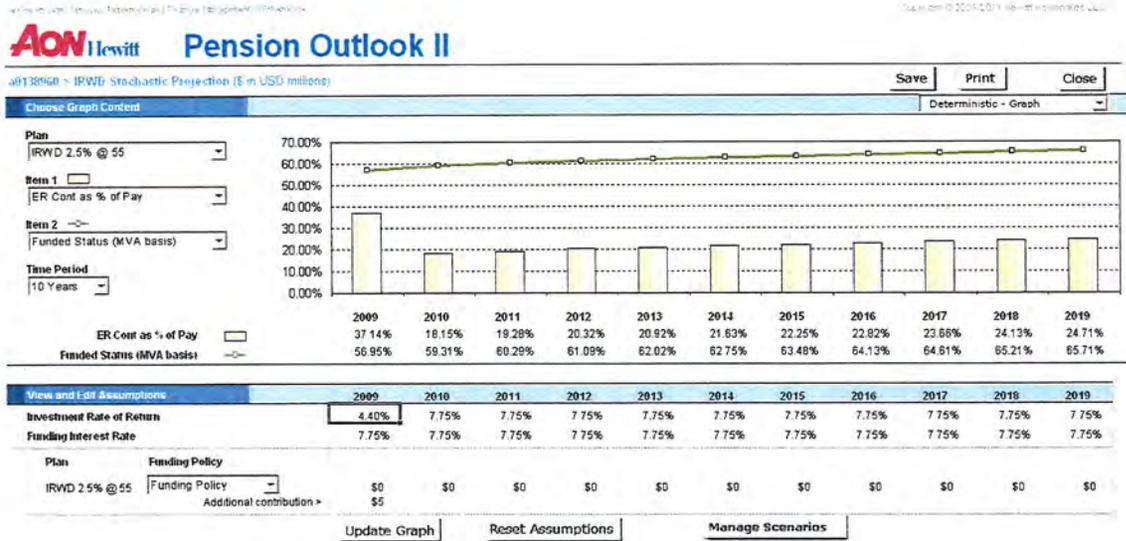
Parties Involved

- IRWD Workgroup
- Aon Hewitt
- Hanson Bridgett

Outcome

- Understanding of current situation
- Understanding of basic framework for the review

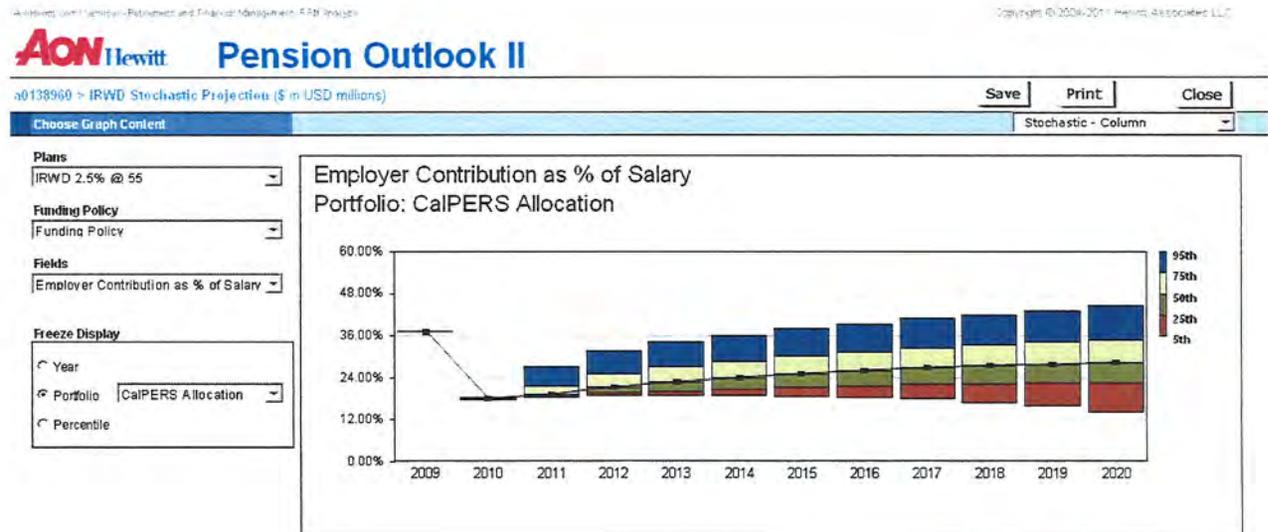
Pension Outlook II



Projection capabilities, driven by our ProVal valuation system, used to model financials of current and potential alternative designs

A-10

Stochastic functionality enables us to model and understand the risks inherent under the current and potential designs.



Retirement Review

Phase 2 – Identification of Alternatives

A-11

Key Activities

- Identify alternatives
- Mapping of alternatives within legal framework
- High level comparison of alternatives vs. evaluation criteria
- Identify 2 or 3 alternatives for analysis

Timeline and Meetings

- 2 meetings
- Weeks 2 – 6

Parties Involved

- IRWD Workgroup
- Aon Hewitt
- Hanson Bridgett

Outcome

- Prepared for first session with Board leading to validation of
 - Key objectives
 - Evaluation criteria
 - Alternatives to review

Retirement Review

Phase 3 – Analysis of Alternatives

A-12

Key Activities

- Short-term and long-term cost projections
- Benchmarking
- Income replacement analysis
- Administration considerations
- Identification of preferred alternative for future hires
- Discussion of transition strategy for existing employees

Timeline and Meetings

- 2 – 3 meetings
- Weeks 7 – 15

Parties Involved

- IRWD Workgroup
- Aon Hewitt
- Hanson Bridgett

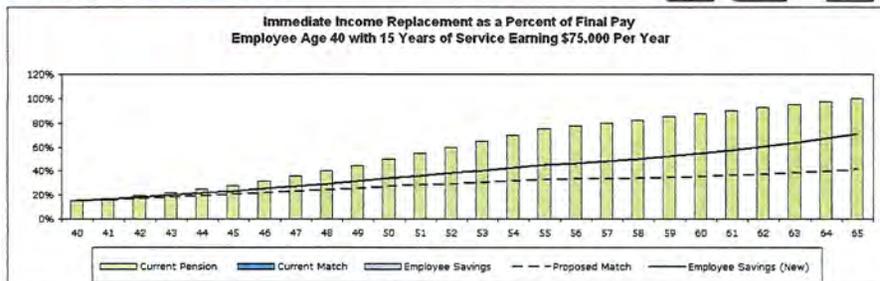
Outcome

- Prepared for session with Board leading to
 - Selection of preferred alternative for future hires
 - Guidance on transition approach

Retirement Income Modeler (RIM)

Desktop>CalPERS Retirement Income Model IRWD

Save | Print | Close



Employee Description Age: 40 Service: 15 Annual Pay: \$75,000 Savings Rate: 0% Savings Rate New Program: 8%	Graph Parameters Graph Shows: Pav Replaced on Termination Show Values: From: Current Age, Until Age: 65 <input checked="" type="checkbox"/> Show Current Plans <input checked="" type="checkbox"/> Show Proposed Plans <input checked="" type="checkbox"/> Include Core Plans <input checked="" type="checkbox"/> Include Profit Sharing <input checked="" type="checkbox"/> Include 401(k) Match <input checked="" type="checkbox"/> Include Employee Savings <input type="checkbox"/> Adjust for Inflation	Pension Replacement Type of Plan: None Transition Approach: Freeze Current Pension	Proposed Match 100% of the first 5% deferred, plus 50% of the next 4% deferred Proposed Profit Sharing % of pay below Wage Base % of pay above Wage Base % of pay after 35 years of service % of Final Pay Replaced <table border="1"> <tr><th>Age</th><th>Current</th><th>Proposed</th></tr> <tr><td>55</td><td>75%</td><td>45%</td></tr> <tr><td>62</td><td>92%</td><td>60%</td></tr> <tr><td>65</td><td>100%</td><td>70%</td></tr> </table> <input type="checkbox"/> Include Social Security	Age	Current	Proposed	55	75%	45%	62	92%	60%	65	100%	70%
Age	Current	Proposed													
55	75%	45%													
62	92%	60%													
65	100%	70%													

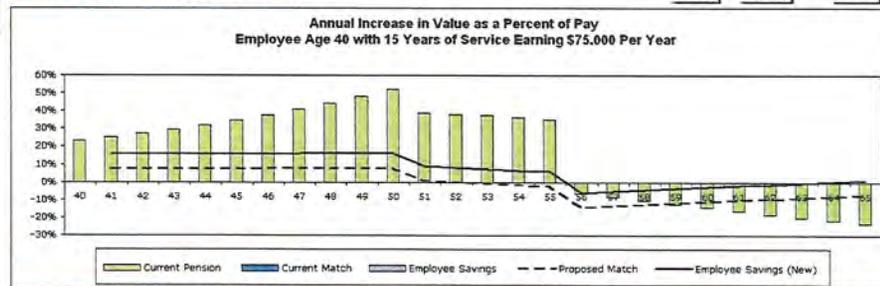
RIM allows us to illustrate the impact on sample participants of a wide array of plan design options

A-13

Interactive tool that allows on the spot modeling of multiple design variables, facilitating discussions

Desktop>CalPERS Retirement Income Model IRWD

Save | Print | Close



Employee Description Age: 40 Service: 15 Annual Pay: \$75,000 Savings Rate: 0% Savings Rate New Program: 8%	Graph Parameters Graph Shows: Annual Increase in Lump Sum Value (as % of pay at each age) Show Values: From: Current Age, Until Age: 65 <input checked="" type="checkbox"/> Show Current Plans <input checked="" type="checkbox"/> Show Proposed Plans <input checked="" type="checkbox"/> Include Core Plans <input checked="" type="checkbox"/> Include Profit Sharing <input checked="" type="checkbox"/> Include 401(k) Match <input checked="" type="checkbox"/> Include Employee Savings <input type="checkbox"/> Adjust for Inflation	Pension Replacement Type of Plan: None Transition Approach: Freeze Current Pension	Proposed Match 100% of the first 6% deferred, plus 50% of the next 4% deferred Proposed Profit Sharing % of pay below Wage Base % of pay above Wage Base % of pay after 35 years of service % of Final Pay Replaced <table border="1"> <tr><th>Age</th><th>Current</th><th>Proposed</th></tr> <tr><td>55</td><td>75%</td><td>45%</td></tr> <tr><td>62</td><td>92%</td><td>60%</td></tr> <tr><td>65</td><td>100%</td><td>70%</td></tr> </table> <input type="checkbox"/> Include Social Security	Age	Current	Proposed	55	75%	45%	62	92%	60%	65	100%	70%
Age	Current	Proposed													
55	75%	45%													
62	92%	60%													
65	100%	70%													

Retirement Review

Phase 4 – Finalize Design and Implementation Approach

Key Activities

- Finalize design parameters
- Finalize transition approach
- Define implementation plan

Timeline and Meetings

- 1 – 2 meetings
- Weeks 16 – 20

Parties Involved

- IRWD Workgroup
- Aon Hewitt
- Hanson Bridgett

Outcome

- Prepared for session with Board leading to final review and approval

A-14

Hot Zone Analyzer

AON Hewitt Hot Zone Analyzer

Samples > Hotzone Example

Save Print Close

Choose Options

Grid Options

Graph Axes: -

Row 2: -

Row 3: -

Cell Legend

Number
Average Pay
Ratio of New vs Old

Ratio of New vs Old

0% - 69%	
70% - 79%	
80% - 89%	
90% - 94%	
95% - 99%	
100% +	

Replacement DC Plan

ER Match	50%
Contribution Rate	6%
Plus fixed ER contribution	0%
Apply DC Limit	0
Contribution for full ER match	1

Plans to Include

Employee Group: -

DC participation: -

401(k): -

Assumptions

Project Years/Age:

Pay Increases:

Pay Limit Increases:

Investment Return:

Annuity Rates:

Min EE Deferral %:

Transition Assumptions

Design Transition Assumptions

Grandfather Group: -

		Avg Svc								
Avg Age	0 - 1	2 - 3	4 - 5	6 - 7	8 - 9	10 - 11	12 - 13	14+	Total	
Under 25	12 \$ 32,800 152%								12 \$ 32,800 152%	
25 - 29	30 \$ 41,300 117%	9 \$ 56,400 104%	7 \$ 53,800 101%	3 \$ 60,900 92%	1 \$ 109,900 97%				50 \$ 48,300 111%	
30 - 34	40 \$ 45,000 105%	14 \$ 58,700 90%	20 \$ 54,200 89%	16 \$ 59,600 91%	8 \$ 64,700 99%	2 \$ 49,600 88%	4 \$ 68,100 87%	2 \$ 67,400 89%	106 \$ 53,600 96%	
35 - 39	28 \$ 52,200 86%	8 \$ 78,400 76%	15 \$ 57,700 86%	20 \$ 68,700 85%	16 \$ 60,900 93%	16 \$ 61,600 88%	9 \$ 69,500 93%	14 \$ 74,800 88%	127 \$ 63,300 87%	
40 - 44	21 \$ 44,000 76%	9 \$ 70,400 70%	20 \$ 58,600 83%	18 \$ 61,500 88%	14 \$ 64,200 86%	17 \$ 64,200 92%	15 \$ 72,800 95%	31 \$ 83,000 93%	146 \$ 65,500 87%	
45 - 49	16 \$ 55,200 73%	2 \$ 77,600 70%	15 \$ 72,900 84%	20 \$ 69,400 85%	11 \$ 66,400 86%	8 \$ 55,200 93%	15 \$ 68,200 90%	27 \$ 91,100 93%	112 \$ 72,000 86%	
50 - 54	16 \$ 44,800 72%	6 \$ 79,000 71%	6 \$ 68,800 91%	18 \$ 61,700 95%	10 \$ 51,800 91%	11 \$ 78,400 89%	10 \$ 65,600 89%	32 \$ 95,000 92%	109 \$ 71,500 88%	
55 - 59	12 \$ 44,900 69%		8 \$ 81,600 97%	11 \$ 53,400 93%		4 \$ 64,200 91%	5 \$ 66,300 88%	12 \$ 107,800 87%	52 \$ 70,400 86%	
60 - 64	6 \$ 51,600 79%	2 \$ 54,100 71%	6 \$ 85,600 94%	5 \$ 61,900 95%	2 \$ 89,500 91%	4 \$ 104,000 93%		8 \$ 97,700 93%	33 \$ 79,300 89%	
65+	1 \$ 77,800 95%			1 \$ 63,400 96%	1 \$ 68,400 96%			4 \$ 146,700 96%	7 \$ 116,600 96%	
Total	182 \$ 45,800 95%	51 \$ 66,800 83%	97 \$ 63,600 88%	112 \$ 63,400 90%	63 \$ 63,400 91%	60 \$ 67,400 90%	58 \$ 68,900 91%	130 \$ 91,700 92%	753 \$ 65,000 91%	

A-15

Health Benefits Review

Analysis of Options

A-16

Key Activities

- Compare IRWD vs. CalPERS demographics
- Estimate cost impact of exiting CalPERS
- Evaluate in-house benefit administration capabilities

Timeline and Meetings

- 1 meeting
- Weeks 2 – 6

Parties Involved

- IRWD Workgroup
- Aon Hewitt
- Hanson Bridgett

Outcome

- Prepared for session with Board leading to identification of alternatives

Salary and Benefit Survey Evaluation of Methodology

A-17

Key Activities

- Understand how the information is used
- Review current questionnaire and process
- Identify specific areas of improvement

Timeline and Meetings

- 1 meeting
- Week 1+

Parties Involved

- IRWD Workgroup
- Aon Hewitt

Outcome

- Confirmation of current approach or recommendation of improvements

Keys to Success

- Clear articulation of business case
- Engagement of key stakeholders throughout all phases
- Careful consideration of governance and administrative implications
- Importance of communication for successful implementation



A-19

Knowledge

- PERS
- Legal Framework
- General Marketplace

Dealing with PERS

- While Aon Hewitt will focus on general trends and market practices, Hanson Bridgett brings specific legal and PERS expertise

Trends

- Move towards shared cost, risk and accountability
- Recent private sector changes
 - Reduction in value of retirement program by 50%
 - Shift from defined benefit to defined contribution structure
 - Introduction of cost sharing arrangement
 - Building pressure on public sector to follow suit
- Accounting guidance driving benefit design changes
- Number of states and other public sector entities reassessing the defined benefit structure; some already committed to move to defined contribution arrangements
- Organizations with healthier populations considering exiting CalPERS (medical)

What Aon Hewitt Brings to the Table

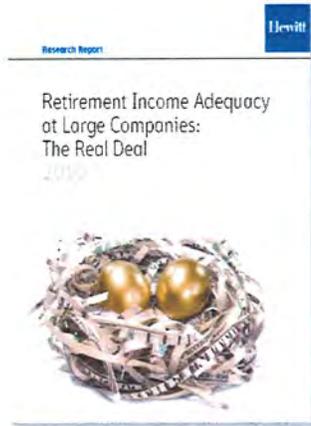
- Public and private sector experience providing holistic view of retirement and health benefit trends and landscape
- Deepest resources in industry supporting plan design
 - Benchmarking databases
 - Interactive modeling tools
- Access to largest pool of consultants for broad spectrum of innovative ideas and validation
- Documented and proven end-to-end process



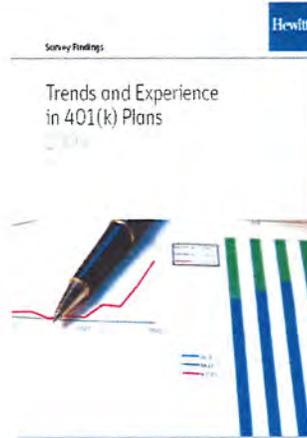
A-23

Appendix

Current Research



Retirement Income Adequacy



Trends & Experience in 401(k) Plans



Dynamic Investment Policy



The Road Ahead: Healthcare Productivity Research



Pension Risk Tracker

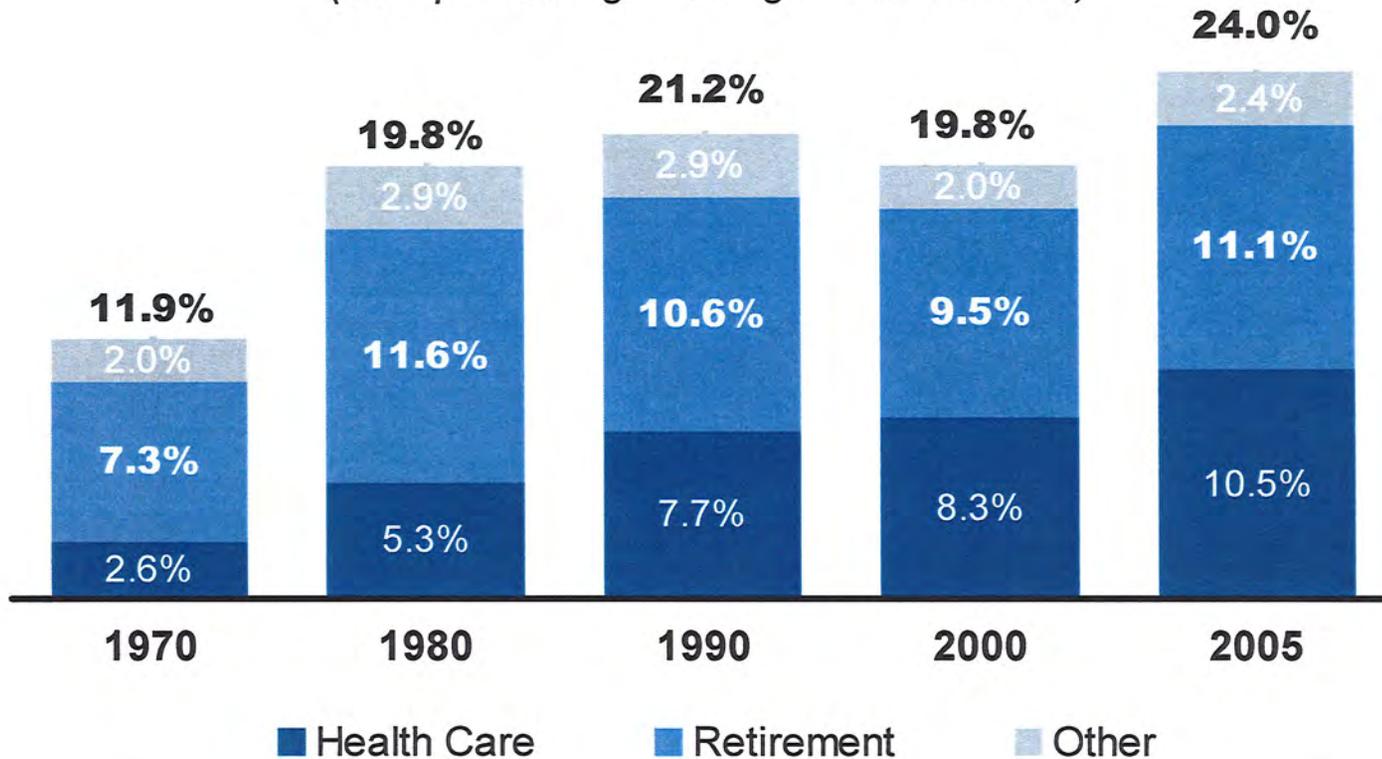


Phased Retirement

A-24

Overall Benefit Cost Trends

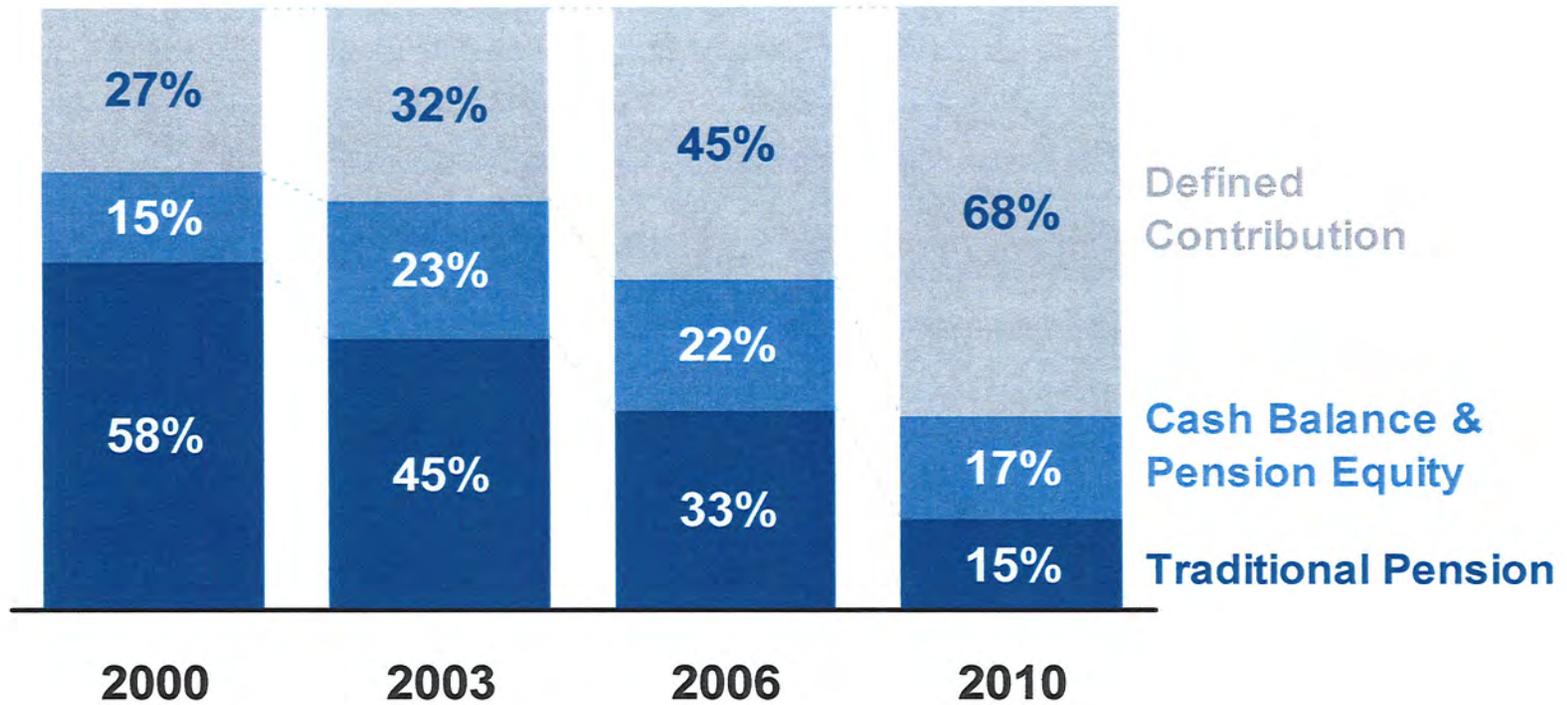
Benefit Spending
(as a percentage of wages and salaries)



A-25

Source: *Employee Benefits Research Institute Tabulations of Data from the Bureau of Economic Analysis*, published in December 2006.

Primary Retirement Plan Prevalence—Salaried Employees



A-26

Source: Hewitt SpecSelect® data base of large salaried employers' benefits (approximately 1,000 employers included each year)

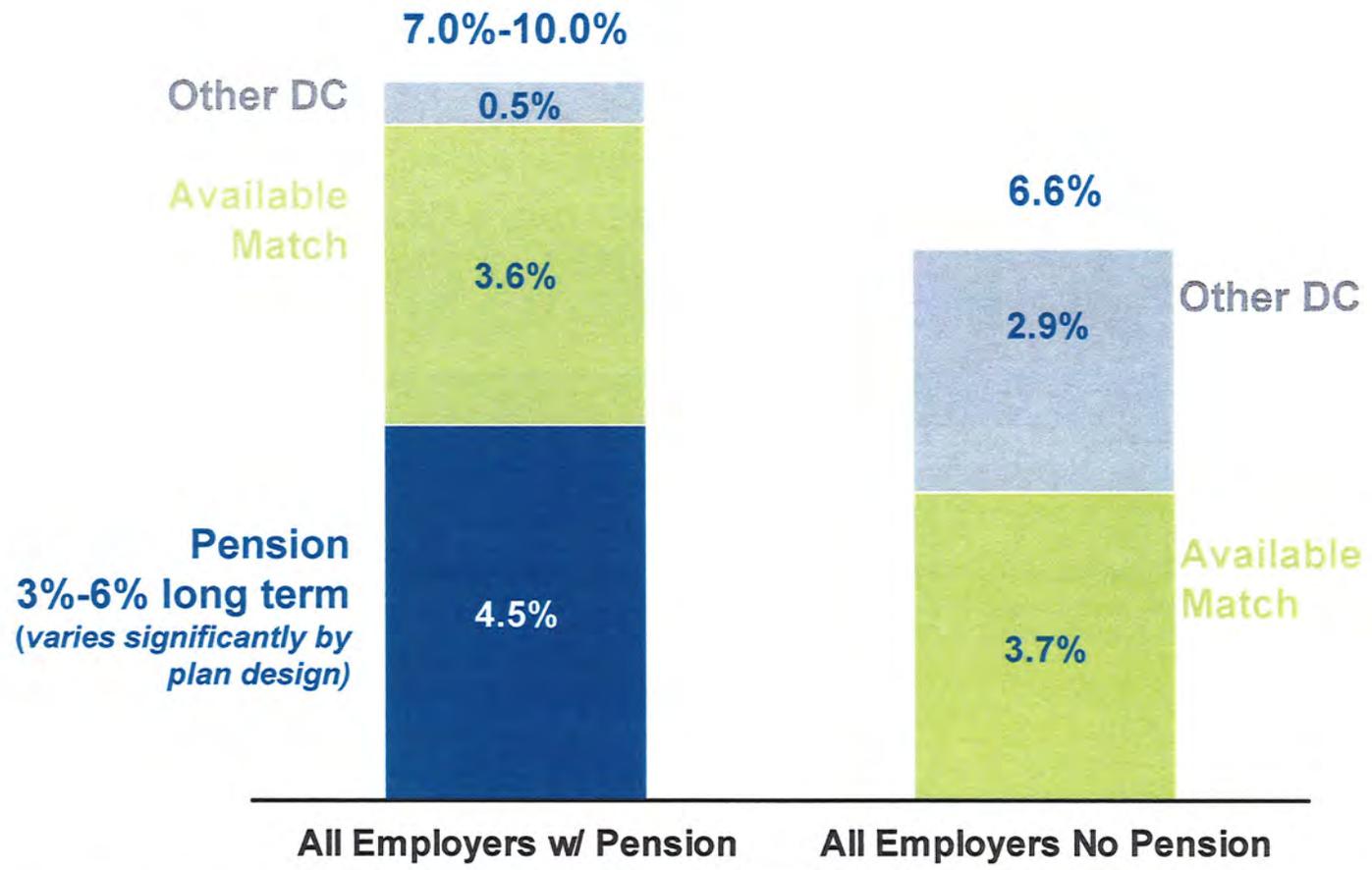
Defined Benefit Plan Activity Among Fortune 500 Organizations

Action	1996– 2003	2004	2005	2006	2007	2008	2009	2010 ¹
Close	7	5	9	12	7	7	7	0
Freeze	29	6	6	17	12	6	21	3
Terminate	0	1	2	0	2	0	0	0
No Publicly Reported Change ²	<u>295</u>	<u>319</u>	<u>313</u>	<u>299</u>	<u>307</u>	<u>313</u>	<u>298</u>	<u>323</u>
Total Organizations With Defined Benefit Plans	331	331	330	328	328	326	326	326
Total Organizations With Ongoing Defined Benefit Plans	295	283	266	237	216	203	175	172

¹ Through September 9, 2010. Based on publicly available information.

² Companies are counted in the year of their most recent change. For example, a company that closed in 2004 and froze in 2009 would be counted under 2009 only.

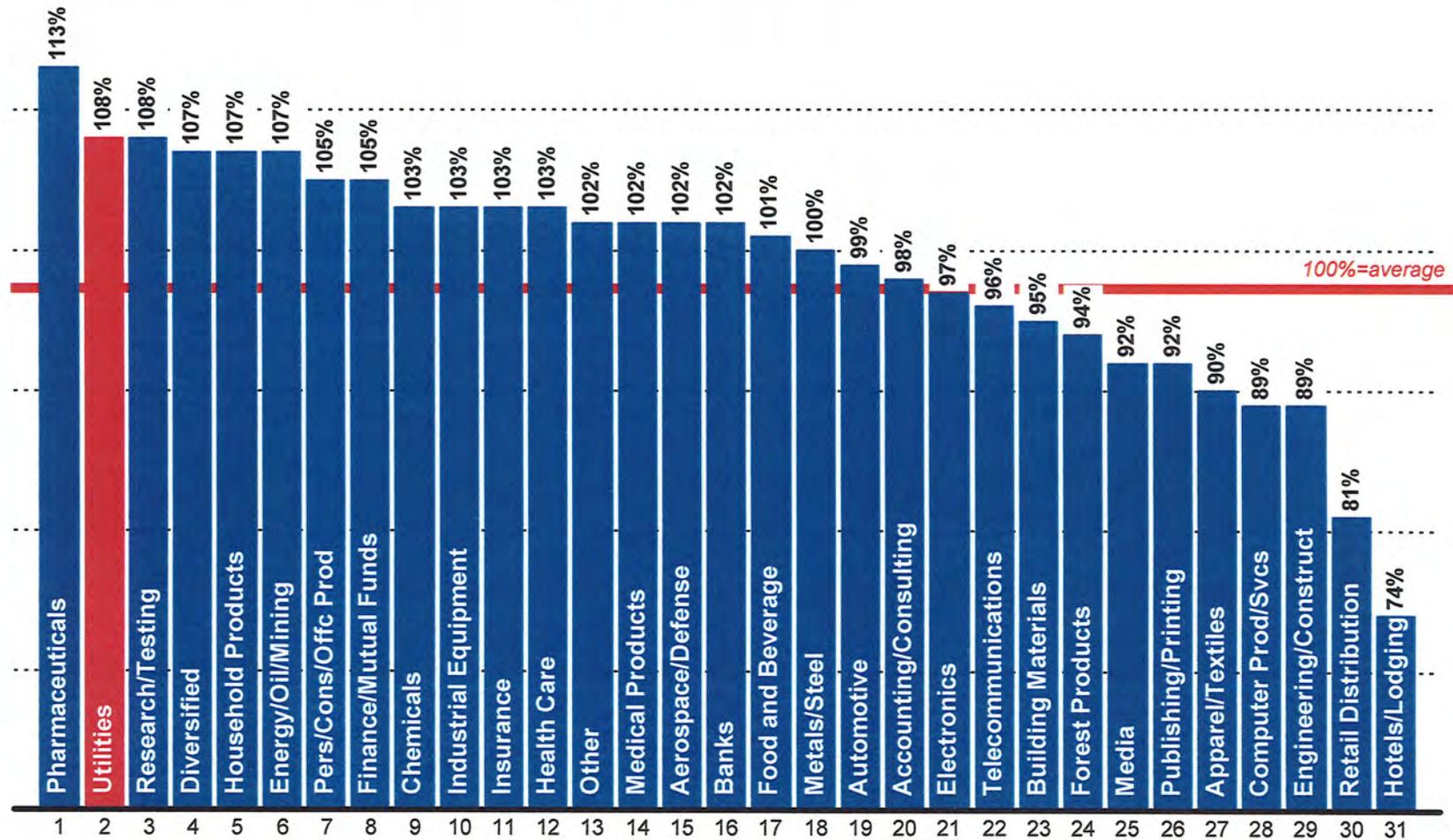
Employer "Contribution" to Retirement Benefits (% of Pay)



A-28

Source: Hewitt's 2010 SpecSelect™ of large employers' benefits for new salaried hires. Available match is maximum available. Five-year average contributions were used when level is variable. Estimated current costs for all employers' pension plans range from 3.0% to 6.0% (4.5% midpoint used).

Total Benefit Comparison by Industry

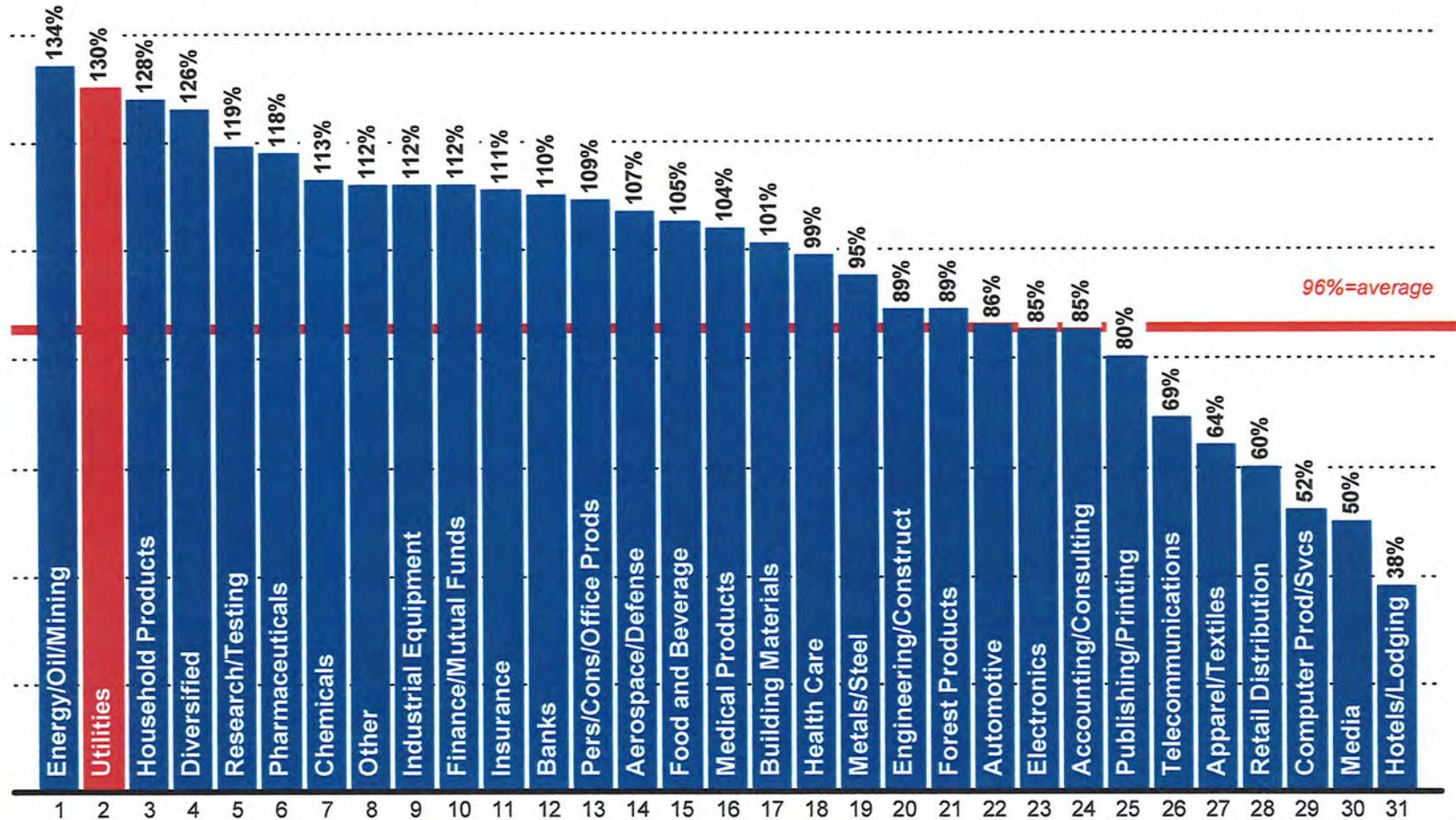


A-29

Comparison of by industry averages of the Benefit Index scores for all employer-paid benefits vs. average for 525 companies in Hewitt's data base. An index value of 100% represents the average for all 525 companies. A value of 105% is 5% above average. Based on 2009 benefit designs.

Retirement Income Benefit Comparison by Industry

A-30



Comparison of by industry averages of the Benefit Index scores for all employer-paid benefits vs. average for 525 companies in Hewitt's data base. An index value of 100% represents the average for all 525 companies. A value of 105% is 5% above average. Based on 2009 benefit designs.

Benefit Value Comparisons for Each Benefit Area

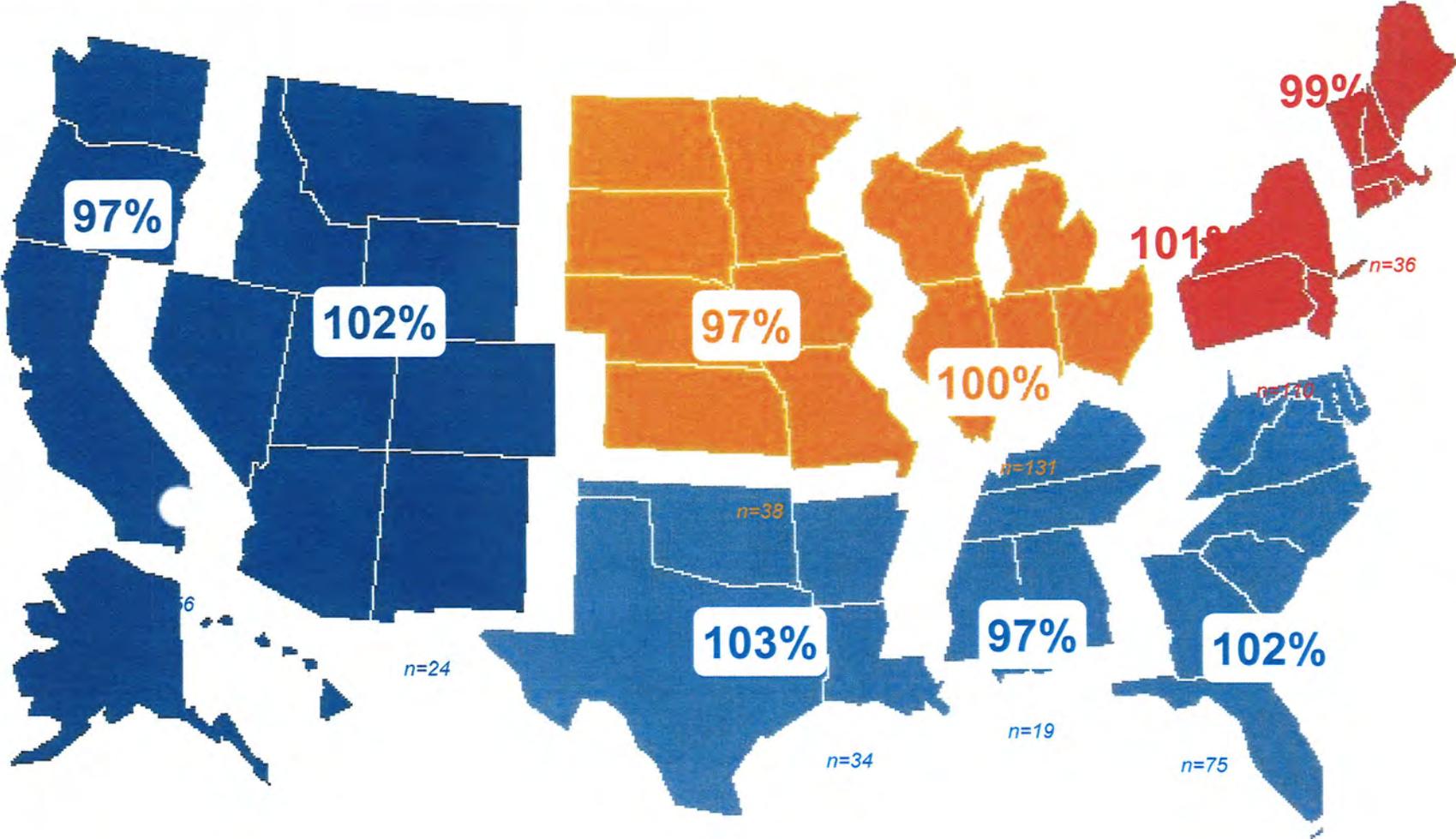
Industries ranked by All Benefit values

Rank in All Benefits	Industry	Retirement Income	Retiree Health Care	Active Health Care	Death and Disability	Time Off With Pay	All Benefits
1	Pharmaceuticals	118%	222%	111%	109%	112%	113%
2	Utilities	130%	215%	102%	104%	99%	108%
3	Research/Testing	119%	225%	104%	98%	104%	108%
4	Diversified	126%	67%	101%	108%	104%	107%
5	Household Products	128%	201%	101%	96%	101%	107%
6	Energy/Oil/Mining	134%	141%	100%	103%	97%	107%
7	Personal/Consumer/Office Produc	109%	96%	100%	107%	108%	105%
8	Finance/Mutual Funds	112%	45%	100%	107%	106%	105%
9	Chemicals	113%	70%	101%	109%	100%	103%
10	Industrial Equipment	112%	74%	102%	104%	100%	103%
11	Insurance	111%	125%	100%	103%	102%	103%
12	Health Care	99%	197%	112%	97%	94%	103%
13	Other	112%	139%	101%	95%	100%	102%
14	Medical Products	104%	83%	103%	100%	100%	102%
15	Aerospace/Defense	107%	108%	104%	98%	97%	102%
16	Banks	110%	72%	93%	104%	106%	102%

A-31

An index of 100% represents the average employer provided benefit value of all 525 companies valued using Hewitt's Benefit Index methodology. A value of 105% is 5% above average. Based on 2009 benefit designs.

All Benefits By Census Region

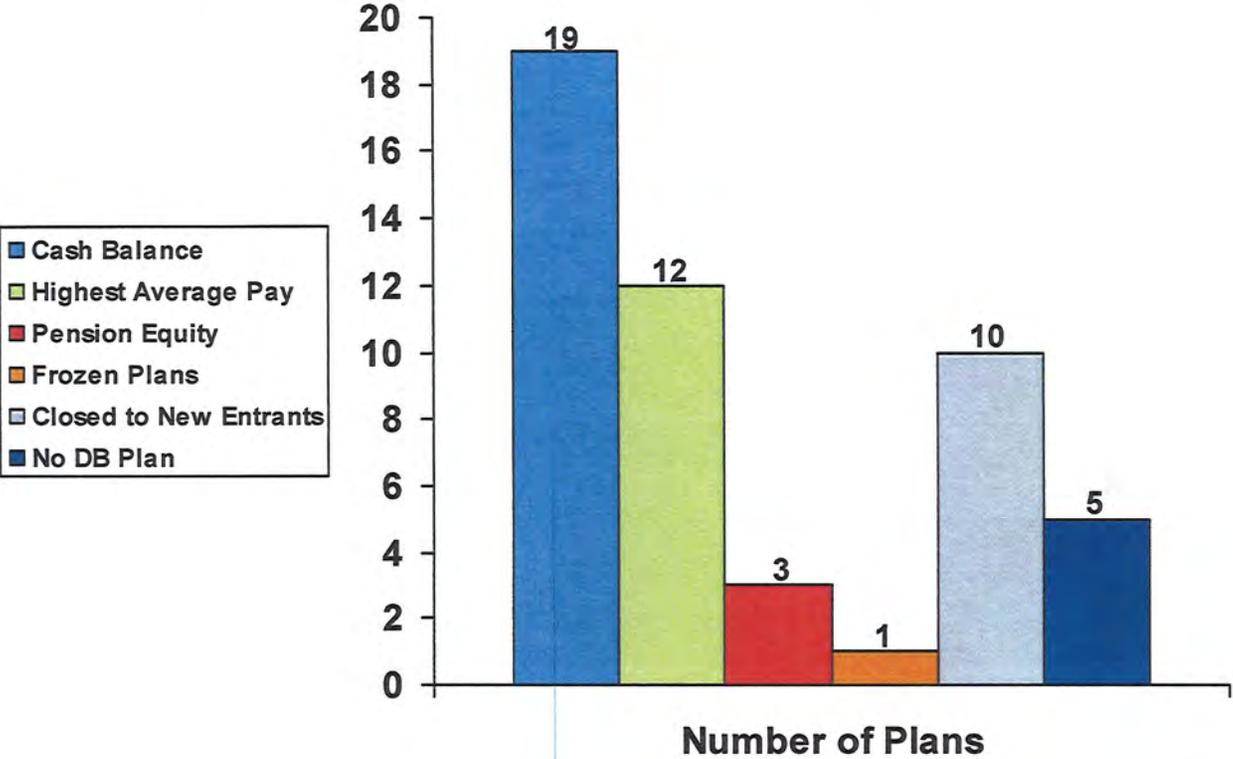


A-32

An index of 100% represents the average employer provided benefit value of all 525 companies valued using Hewitt's Benefit Index methodology. A value of 105% is 5% above average. Based on 2009 benefit designs.

Retirement Plan Benchmarking—Utility Industry

Defined Benefit Plans Offered to New Hires



Source: Aon Hewitt Benefit Index plan specifications.

A-33

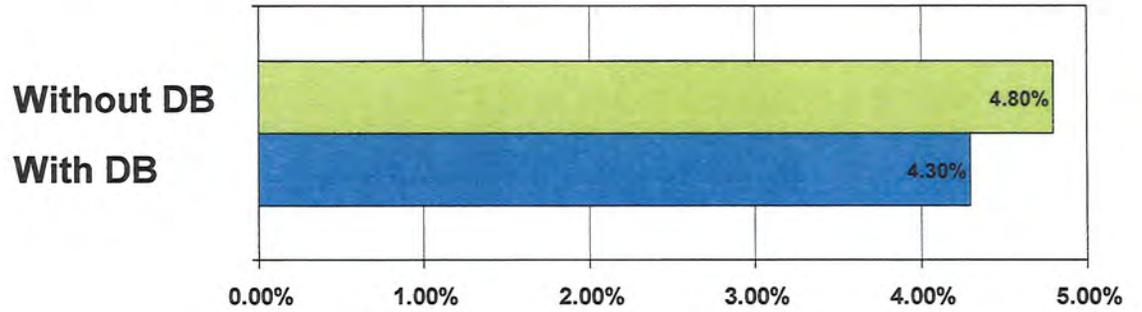
Benefit Index—Utility Industry

- **Cash Balance (19 companies)**
 - Ameren
 - American Electric Power
 - Atmos Energy
 - CenterPoint Energy
 - Consolidated Edison
 - Dominion Resources
 - DTE
 - Duke Energy
 - Edison International
 - Exelon
 - FPL Group
 - NV Energy
 - Progress Energy
 - Public Service Enterprise
 - San Jose Water
 - Tennessee Valley Authority
 - San Diego Gas and Electric
 - SCANA
 - Southern California Gas
- **Final Average Pay (12 companies)**
 - Allegheny Energy
 - Dayton Power & Light Energy
 - Entergy
 - FirstEnergy
 - Georgia Power
 - Gulf Power
 - Hawaiian Electric
 - NY Power
 - Pacific Gas & Electric
 - Salt River Project
 - Southern Company
 - Southwest Gas
- **Pension Equity (3 companies)**
 - Constellation Energy
 - NSTAR
 - Tampa Electric
- **Closed DB Plan (10 companies)**
 - American Water (01/01/2006)
 - Cleco (08/01/2007)
 - CMS Energy (09/01/2005)
 - Duquesne Light (06/01/2007)
 - Mirant (04/01/2001)
 - NiSource (01/01/2010)
 - Northeast Utilities (01/01/2006)
 - NW Natural (01/01/2007)
 - ONEOK (01/01/2005)
 - Pacificorp (01/01/2008)
- **Frozen (1 company)**
 - Energy Future Holdings (10/01/2007)
- **No DB Plans (5 companies)**
 - Georgia Systems Operations
 - Guadalupe Valley Electric
 - Integrys Energy Group
 - Municipal Gas Authority of GA
 - RRI Energy

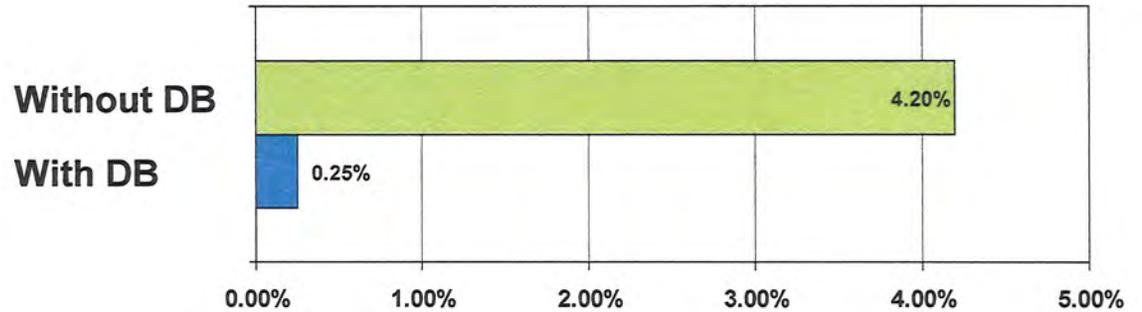
Source: Aon Hewitt Benefit Index plan specifications.

Retirement Plan Benchmarking—Utility Industry

Matching Contributions



Nonmatching Contributions



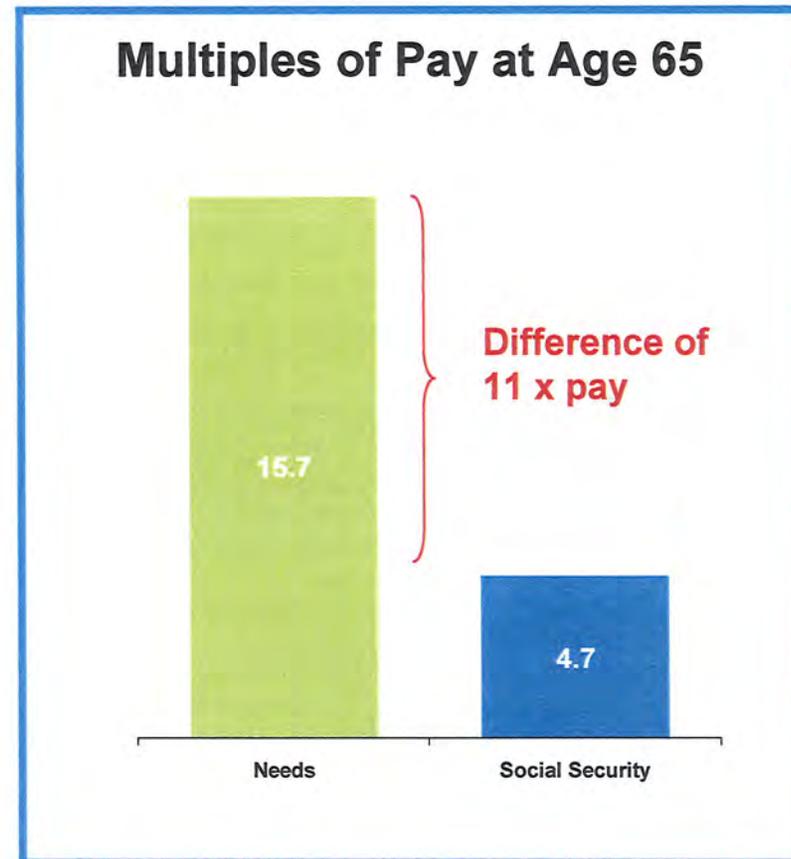
A-35

Source: Aon Hewitt Benefit Index plan specifications.

What's Expected of Employees?

11.0

- That's how much an employee needs to fund through work and personal savings after you factor out Social Security



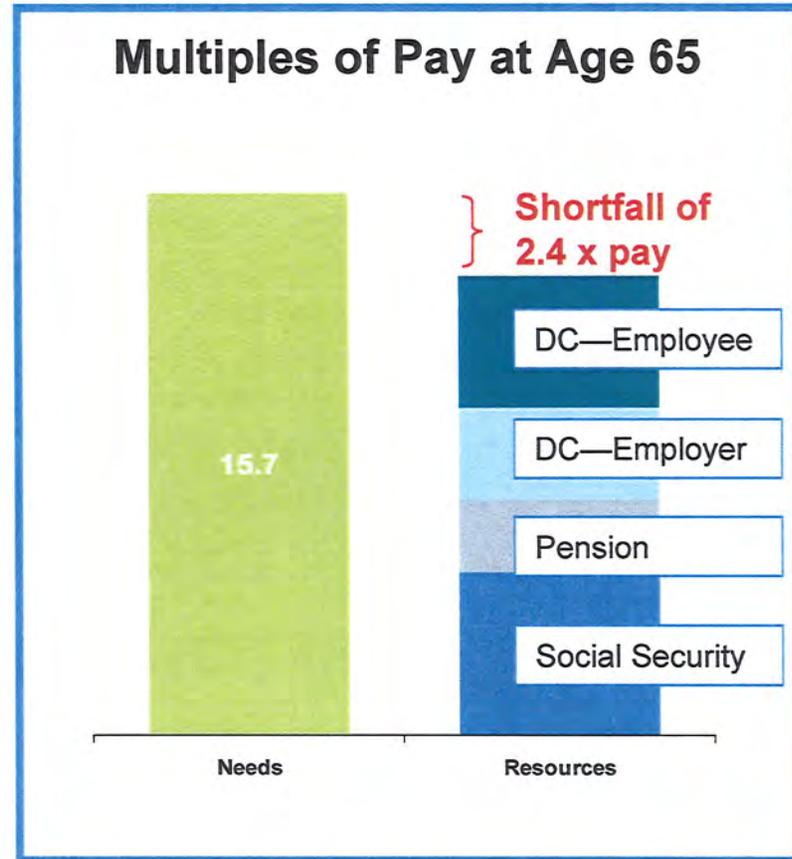
Source: Hewitt Retirement Income Adequacy at Large Companies: The Real Deal 2010. Average needs and Social Security value based on population of full-career employees (hired by age 35).

How Are We Doing?

2.4

- That's how much the average full-career participant **who is contributing to the plan** is behind when retirement income is projected to age 65

If you consider all employees, the gap rises to 5.1 times pay.



Source: Hewitt Retirement Income Adequacy at Large Companies: The Real Deal 2010. Analysis based on population of full-career employees (hired by age 35) who are contributing to their savings.

What's That Mean?



18% on track

Assumes:

- Keep saving*
- Retire at 65
- Maintain living standard
- Median life expectancy

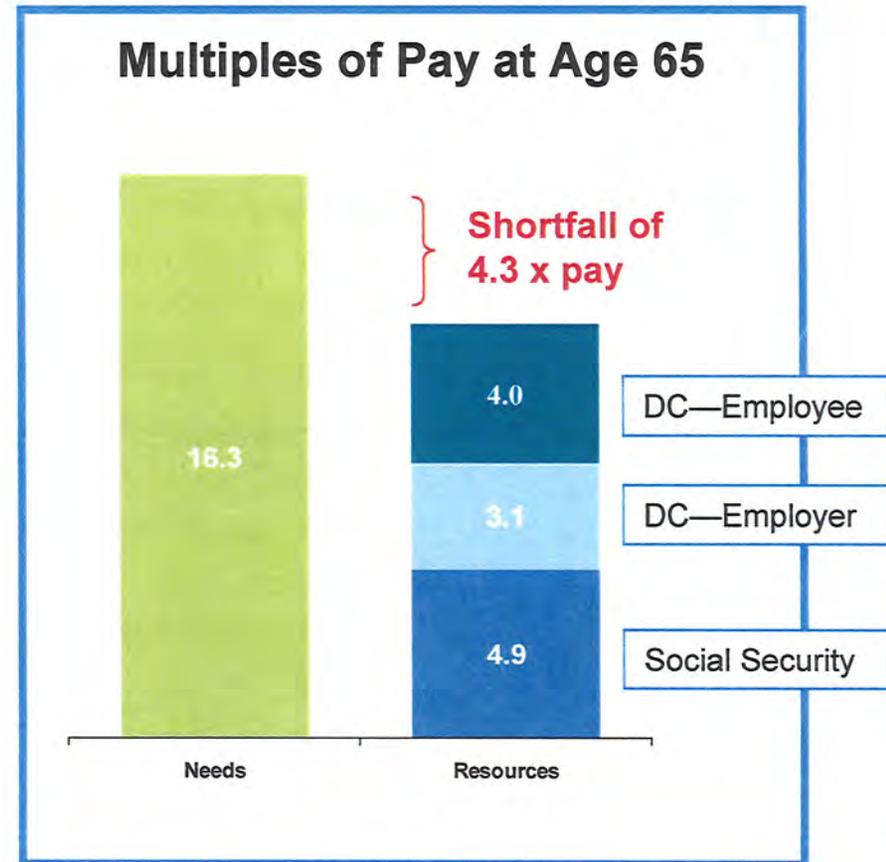
A-38

*This analysis is for contributing full-career employees.

Employees With Only Defined Contribution are Further Behind

4.3

- That's the gap for a full-career contributing employee who only has a DC benefit. It's the result of:
 - **Higher needs** because typically younger, lower paid; and
 - **Lower resources** since less overall savings.



Source: Hewitt Retirement Income Adequacy at Large Companies: The Real Deal 2010. Analysis based on population of full-career employees (hired by age 35) who are not eligible for a defined benefit plan and are contributing to their savings.

Irvine Ranch Water District

**Marcus Wu
Bob Blum
Hanson Bridgett LLP**

August 31, 2011



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Our Team



Marcus Wu, Partner
mwu@hansonbridgett.com

- More than 15 years experience representing public and private employers on retirement and healthcare matters
- Extensive experience in advising clients on CALPERS, PEMHCA, and plans and other types of retirement and deferred-compensation plans

Recent presentations:

- *"Pensions: 2011 and Beyond,"* MMASC Annual Conference (May 5, 2011)
- *"Pension Reform: What's on the Horizon,"* Investment and Financial Management Forum (March 2011)
- *"Employee Benefits Cost Containment Strategies,"* CSMFO Conference (February 2011)
- *"Pension Reform: What's on the Horizon,"* MMANC Winter Forum (February 2011)
- *"Using Early Retirement/Separation Incentives to Save Dollars,"* CALPELRA (November 2010)
- *"Employee/Independent Contractor Classification—Getting it Right and Avoiding Liability,"* CALPELRA (November 2010)
- *"Controlling Public Employment Costs in Challenging Times,"* (Co-Presenter) Hanson Bridgett Employee Benefits Seminar (May 2010)



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Our Team



Bob Blum, Partner
rblum@hansonbridgett.com

- More than 25 years experience working with private and public sector employers and public sector retirement systems on tax and benefits planning and strategy.
- Special experience with public sector issues, and has advised public retirement systems that, together, have more than 1 million members and retirees and more than \$200 billion in assets.
- One of the key Congressional staff who wrote ERISA (Legislation Counsel to the Joint Committee on Taxation, U.S. Congress); registered lobbyist with the Congress, and has also worked with the IRS, Labor Department and PBGC on numerous issues
- Recognized author and speaker through the country on tax and employee benefits issues for the American Law Institute—American Bar Association, CALAPRS, SACRS, CSAC, and the League of California Cities.



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About Hanson Bridgett

- Established in 1958
- A multi-practice firm of more than 150 attorneys
- Have advised public entities in California for more than 40 years
- Substantial private sector practice
 - Large California employers
 - Largest private sector retirement plan in U.S.



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Key Hanson Practice Areas

- Employee Benefits/Tax
- Public Agency
- Litigation
- Business/Investments



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Representative Public Benefits Clients

- **Southern California**
 - County of Riverside
 - County of San Bernardino
 - County of Kern
 - County of Ventura
 - City of Beverly Hills
 - City of Glendale
 - City of Pomona
 - City of Monrovia
 - City of West Hollywood
 - Ventura County Transportation Commission
 - Imperial County Employees' Retirement System
 - Kern County Employees' Retirement Association
 - Orange County Employees' Retirement System
 - San Bernardino County Employees' Retirement Association
 - San Diego Employees' Retirement System
 - Ventura County Employees' Retirement Association
- **Pension reform**
 - County of Riverside
 - County of San Bernardino
 - City of Fremont
 - City of Glendale
 - City of Monrovia
 - City of Santa Rosa
 - League of California Cities
- **Healthcare reform**
 - County of Contra Costa
 - County of Sonoma
 - San Bernardino County Employees' Retirement Association
 - Golden Gate Bridge, Highway and Transportation District
 - San Mateo County Transit District
 - Ventura County Transportation Commission



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7

Hanson Pension Reform Experience

Everything is on the table

- PERS agencies; 37 Act counties
- Different strategies = different risk
- Goals drive decisions
 - o HR
 - o Economics
 - o Stakeholders
 - o Risk tolerance



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Key to Project - IRWD Goals

- IRWD Board should set goals at the outset of this project
- In setting goals, keep in mind
 - Multiple options exist with different risk levels
 - PERS may be a barrier or a facilitator
- Develop sound long-term program that is stable for IRWD and employees?



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Hanson and PERS

- Relationships *with* PERS
- *Adversarial* to PERS
- PERS has had limited interest in change
 - It could be time for PERS to open up
 - Potential levers exist
 - There may be strong resistance



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Changing Pensions - Legal Boundaries

- Vested Rights
 - What is it and how does it work
 - How change can be made within “vested rights”
- PERS law
 - Common views
 - Pushing the boundaries
- Tax law



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Changing Pensions – New Hires

- Technically, easy to do
- Issues
 - o Stable program?
 - o HR effects?
 - o Economics – any real savings?
 - o Stakeholders - reactions?



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Changing Pensions – Current Employees

- Vested rights and PERS hurdles
 - Not like private sector
 - Not insurmountable; involves risk
- E.g.
 - Individual choice of benefit formula
 - Leave only current employees in PERS
 - Take current employees out of PERS



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Work Process – Coordination with AON/Hewitt

- AON/Hewitt is project manager
- Agreement on responsibilities
- Interactive relationship
- Pre Kick-off meeting
- Personal relationships
- Separate deliverables



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Exhibit "C"



PROPOSED SCHEDULE

Consulting Services to Evaluate Changes to Irvine Ranch Water District's Retirement and Health Benefits Package

Updated September 7, 2011

Request for Proposal Issued	April 20, 2011
Deadline for RSVP to Pre-Proposal Meeting	May 3, 2011 at 4:00 p.m.
Pre-Proposal Meeting	May 5, 2011 at 9:00 a.m.
Questions and Additional Documents Provided	May 12, 2011
Proposal Deadline	June 1, 2011 at 2:00 p.m.
Interviews of Selected Finalists	August 10 and 12, 2011
Finance & Personnel Committee Discussion	August 19, 2011
Finance & Personnel Committee Interviews	August 31, 2011
<hr/>	
Board Approval	September 12, 2011
Notice of Award	September 13, 2011
CalPERS census data to be received	September 17, 2011
Finance & Personnel Committee Meeting (Basic information and assumptions, objectives framework)	October 4, 2011
Board Objective Setting – Strategic Planning Workshop (High level objectives, education on current retirement programs)	October 7, 2011
Finance & Personnel Committee Meeting (Review financial and actuarial models – retirement benefits)	TBD Mid-October, 2011
Finance & Personnel Committee Meeting (Evaluate alternatives)	November 1, 2011
Board Workshop (Set detailed objectives with quantifiable targets, discuss alternatives)	November 14, 2011
Board Workshop - Health Benefits	November 28, 2011
Finance & Personnel Committee Meeting (Review alternatives)	December 6, 2011
Finance & Personnel Committee Meeting (Recommend preferred alternatives)	TBD January, 2012
Board Workshop – Review preliminary recommendations Refine alternatives as needed through Finance & Personnel Meetings and additional Board workshops	TBD January, 2012
Salary and Benefit Survey Methodology and Final Report	February/March 2012
	March 2012

*Additional Special Finance & Personnel Committee meeting or Board Workshops may be scheduled as project progresses.

Exhibit "D"



PROPOSED BUDGET

Consulting Services to Evaluate Changes to Irvine Ranch Water District's Retirement and Health Benefits Package

Estimated Fees

Task/Phase	AON Hewitt	Hanson Bridgett
Project Management	\$17,900	--
Analyze base case on retirement benefits, develop range of feasible alternatives and evaluation criteria (including impact of excess ARC payments, multi-year cost projections, simulations for changes)	\$65,800 (162 hours)	\$22,000 - \$30,000 (55 - 75 hours)
Review health benefits programs, develop feasible alternatives and evaluation criteria	\$26,200 (55 hours)	\$17,000 - \$26,000 (56 - 65 hours)
Comparative analysis of feasible alternative options	\$42,600 (109 hours)	\$17,000 - \$27,500 (45 - 65 hours)
Salary & Benefit Survey Methodology	\$10,700 (30 hours)	\$0
Selection of preferred alternatives, final report and implementation plan	\$54,500 (133 hours)	\$26,000 - \$35,000 (70 - 90 hours)
Total	\$217,700	\$82,000 - \$118,500

HOURLY RATES

AON Hewitt
Comprehensive Services excluding Legal

Senior team: \$624
Consultants/Analysts: \$300 - 404

Hanson Bridgett
Legal Services

Partners: Blended \$490
Others: \$260 - 510

September 12, 2011
Prepared by: Tanja Fournier/Rob Jacobson
Submitted by: Debby Cherney
Approved by: Paul Cook 

ACTION CALENDAR

INTEREST RATE SWAP NOVATION FROM CITIBANK TO WELLS FARGO

SUMMARY:

During the recent letter of credit substitution process, Citibank, N.A. (Citi) requested the District consider novating (substituting) the three interest rate swaps with Citi as counterparty, and replace them with Wells Fargo Bank, N.A. as counterparty. This novation would result in a higher rated counterparty, an increase in the collateral threshold from \$15 million to \$50 million (at the District's current ratings), with no legal or administrative cost to the District. Staff recommends that the Board approve the novation of counterparties.

BACKGROUND:

The District currently has three interest rate swaps with Citi as counterparty. During the recent letter of credit substitution, Citi requested that the District consider novating Citi with Wells Fargo on the three swap transactions. Citi is interested in novating its swap positions as part of a corporate initiative to strategically sell assets that reside in the Citi Holdings unit of Citibank. This novation would result in the District entering into a new International Swaps and Derivatives Association (ISDA) agreement with Wells Fargo with terms that are consistent with the existing Citi ISDA agreement. Wells Fargo is a higher rated counterparty than Citibank (Aa2/AA/AA- vs. A1/A+/A+), and Wells Fargo has agreed to increase the current collateral threshold requirement from \$15 million to \$50 million. The District will not be responsible for any legal expense or Financial Advisor expense (should one be required by Citi or Wells Fargo), as Citi and/or Wells Fargo will pay and expenses. Staff has attached an overview of the proposed swap transaction as Exhibit "A".

FISCAL IMPACTS:

Citibank is currently holding District collateral in the amount of \$8,416,629, which will be returned to the District when the agreement with Wells Fargo is executed.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on September 7, 2011.

Action Calendar: Interest Rate Swap Novation from Citibank to Wells Fargo

September 12, 2011

Page 2

RECOMMENDATION:

THAT THE BOARD APPROVE NOVATING THE CURRENT CITIBANK, N.A.
INTEREST RATE SWAPS TO WELLS FARGO BANK, N.A.

LIST OF EXHIBITS:

Exhibit "A" – Swap Novation Opportunity Proposal

Exhibit "A"



Swap Novation Opportunity

August 31, 2011

Overview of Swap Program

- IRWD has \$80 million of floating-to-fixed swaps outstanding with Citi with an average fixed payer rate of 5.917% and remaining average life of 11.4 years
- Mark-to-market of the fixed payer swap program is currently against IRWD by approximately \$23.4 million

OUTSTANDING SWAPS WITH CITI

Transaction	Trade Date	Effective Date	Termination Date	Remaining Term (yrs)	Outstanding Notional (\$Mil)	Full MTM (\$Mil) ¹	Receive	Pay	Counterparty
1. Fixed Payer Swap	03/08/04	03/10/07	03/10/29	17.6	30.0	-9.5	1M LIBOR	5.687%	Citibank
2. Fixed Payer Swap	06/04/04	06/04/06	06/04/19	7.8	20.0	-5.7	1M LIBOR	6.200%	Citibank
3. Fixed Payer Swap	06/17/04	06/17/06	06/17/19	7.9	30.0	-8.3	1M LIBOR	6.140%	Citibank
Total				11.5	80.0	-23.4		5.917%	

¹ As of COB 07/29/2011. Please refer to the Valuation Disclaimer at the end of the book for full mark-to-market disclosure. Mark-to-Market is in USD and given from the client's perspective, (i.e. positive value = asset / negative value = liability). For illustration purposes only. Actual results will depend on future market conditions and may differ. Please refer to executed documentation for further details.

Swap Novation Mechanics (Illustrative Example)

The proposed terms below are preliminary based on discussions with potential new counterparties and are subject to market conditions, final credit approval and documentation.

- IRWD may be able to novate the swaps to another counterparty who will assume Citibank’s role
 - IRWD will enter into standard ISDA documents with New Counterparty (terms to be negotiated)
 - New Counterparty assumes Citi’s role and makes floating payments to IRWD in exchange for fixed payments
- A payment is exchanged between New Counterparty and Citi in order to compensate New Counterparty for assuming the trade
- Mark-to-market of existing swap remains the same



Subject to market conditions, final credit approval and documentation of New Counterparty
For illustration purposes only. Actual results will depend on future market conditions and may differ

Overview of Swap Novation Discussion

The proposed terms below are preliminary based on discussions with potential new counterparties and are subject to market conditions, final credit approval and documentation.

EXISTING COUNTERPARTY	
Citibank, N.A.	
Ratings (M/S/F):	A1 / A+ / A+
Notional Amount:	80,000,000
Current MTM Value ¹ :	(23,416,629)
Current Collateral Threshold:	15,000,000
Additional Termination Event:	Below A3 or A- or A-

CURRENT COLLATERAL THRESHOLDS	
Rating	Collateral Threshold
AAA	15,000,000
AA+	15,000,000
AA	15,000,000
AA-	15,000,000
A+	10,000,000
A	5,000,000
A-	0

NEW COUNTERPARTY ²	
Well Fargo Bank, N.A.	
Ratings (M/S/F):	Aa2 / AA / AA-
Notional Amount:	80,000,000
Pro Forma MTM Value ¹ :	(23,416,629)
New Collateral Threshold:	50,000,000
Additional Termination Event:	Below A3 or A- or A-

PROPOSED COLLATERAL THRESHOLDS	
Rating	Collateral Threshold
AAA	50,000,000
AA+	50,000,000
AA	30,000,000
AA-	30,000,000
A+	10,000,000
A	5,000,000
A-	0

¹ Mark-to-market values are estimates as of 07/29/11. Please refer to valuation disclaimer for further information.

² Subject to market conditions, final credit approval and documentation.

For illustration purposes only. Actual results will depend on future market conditions and may differ.

Potential Required Documentation

The proposed swap novation may potentially entail the following documentation.

- Novation Confirmation (between IRWD, Citibank, and New Counterparty)
- New ISDA/Schedule/Credit Support Annex/Confirmations (between IRWD and New Counterparty)
- “Know Your Customer” new account forms (New Counterparty may require)
- Authorizing Resolution
- Enforceability Opinions
- Other documentation as may be required

Valuation Disclaimer

All valuations are as of the valuation date indicated and represent an estimated mid-market for each transaction listed herein. Mid-market valuations may be derived from broker quotations or from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging transactions. Although the information is derived from sources believed to be reliable, we have not assumed any responsibility to independently verify. Valuations based upon other models or assumptions or calculated as of another date and time may yield significantly different results. Any of the valuations may be affected by our transactions either in similar or the underlying securities or other instrument(s) and/or be based on our own quotations. All valuations are provided for information purposes only as an accommodation without charge and are intended solely for your use.

Unless otherwise agreed in writing, Citigroup is under no obligation to agree with you to the early termination or assignment of any transaction. Any early termination or assignment of any transaction may take into consideration any market inputs Citigroup deems relevant to this transaction. Accordingly, in any such case, it is likely that the actual price, if any, at which Citigroup would be willing agree to the termination or assignment of any transaction will vary substantially from the valuation provided herewith.

We expressly disclaim any responsibility for (i) the accuracy of the models, market data input into such models or estimates used in deriving the valuations, (ii) any errors or omissions in computing or disseminating the valuations and (iii) any uses to which the valuations are put. Due to the varying size of bid-offer spreads, the mid-market valuation may be significantly higher (or lower) than the levels at which new transactions could be effected. These valuations may take into account such factors as the length of time that has elapsed since the transaction was entered into, potential reduction to us of market and other risks that may be realizable through an unwind, and other product pricing considerations relevant to the specific transaction which may lead us to forego the full profit potentially realizable if the transaction ran full term. Accordingly, these transactions may be valued at more attractive levels to you than we would quote to others or than would be available from other dealers. Further, these valuations do not represent (i) the actual prices at which new transactions could be entered into, (ii) the actual prices at which the existing transaction could be liquidated or unwound, or (iii) an estimate of an amount that would be payable following the early termination date of any transaction. These valuations may differ from the prices we use to value our positions on our books and records or for purposes of collateral calls.

Disclaimer

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In connection with this Transaction, CITI will be acting solely as a principal and in its own best interests, and not as your agent, advisor or fiduciary. CITI has not assumed a fiduciary responsibility with respect to this Transaction, and nothing in this Transaction or in any prior relationship between you and CITI will be deemed to create an advisory, fiduciary or agency relationship between us in respect of this Transaction. You should consider carefully whether you would like to engage an independent advisor to represent or otherwise advise you in connection with this Transaction, if you have not already done so.

Prior to entering into any Transaction, you should determine, without reliance upon us or our affiliates, the economic risks and merits (and independently determine that you are able to assume these risks) as well as the legal, tax and accounting characterizations and consequences of any such Transaction. In this regard, by accepting this presentation, you acknowledge that (a) we are not in the business of providing (and you are not relying on us for) legal, tax or accounting advice, (b) there may be legal, tax or accounting risks associated with any Transaction, (c) you should receive (and rely on) separate and qualified legal, tax and accounting advice and (d) you should apprise senior management in your organization as to such legal, tax and accounting advice (and any risks associated with any Transaction) and our disclaimer as to these matters. By acceptance of these materials, you and we hereby agree that from the commencement of discussions with respect to any Transaction, and notwithstanding any other provision in this presentation, we hereby confirm that no participant in any Transaction shall be limited from disclosing the U.S. tax treatment or U.S. tax structure of such Transaction.

We are required to obtain, verify and record certain information that identifies each entity that enters into a formal business relationship with us. We will ask for your complete name, street address, and taxpayer ID number. We may also request corporate formation documents, or other forms of identification, to verify information provided.

Any prices or levels contained herein are preliminary and indicative only and do not represent bids or offers. These indications are provided solely for your information and consideration, are subject to change at any time without notice and are not intended as a solicitation with respect to the purchase or sale of any instrument. The information contained in this presentation may include results of analyses from a quantitative model which represent potential future events that may or may not be realized, and is not a complete analysis of every material fact representing any product. Any estimates included herein constitute our judgment as of the date hereof and are subject to change without any notice. We and/or our affiliates may make a market in these instruments for our customers and for our own account. Accordingly, we may have a position in any such instrument at any time.

Although this material may contain publicly available information about Citi corporate bond research, fixed income strategy or economic and market analysis, Citi policy (i) prohibits employees from offering, directly or indirectly, a favorable or negative research opinion or offering to change an opinion as consideration or inducement for the receipt of business or for compensation; and (ii) prohibits analysts from being compensated for specific recommendations or views contained in research reports. So as to reduce the potential for conflicts of interest, as well as to reduce any appearance of conflicts of interest, Citi has enacted policies and procedures designed to limit communications between its investment banking and research personnel to specifically prescribed circumstances.

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In January 2007, Citi released a Climate Change Position Statement, the first US financial institution to do so. As a sustainability leader in the financial sector, Citi has taken concrete steps to address this important issue of climate change by: (a) targeting \$50 billion over 10 years to address global climate change: includes significant increases in investment and financing of alternative energy, clean technology, and other carbon-emissions reduction activities; (b) committing to reduce GHG emissions of all Citi owned leased properties around the world by 10% by 2011; (c) purchasing more than 52,000 MWh of green (carbon neutral) power for our operations in 2006; (d) creating Sustainable Development Investments (SDI) that makes private equity investments in renewable energy and clean technologies; (e) providing lending and investing services to clients for renewable energy development and projects; (f) producing equity research related to climate issues that helps to inform investors on risks and opportunities associated with the issue; and (g) engaging with a broad range of stakeholders on the issue of climate change to help advance understanding and solutions.

Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

September 12, 2011

Prepared by: C. Kessler/P. Weghorst *Paw*

Submitted by: G. Heiertz

Approved by: Paul Cook */ Paul Cook*

ACTION CALENDAR

STRAND RANCH GROUNDWATER RECOVERY PROJECT PIPELINE FACILITIES AND WELL EQUIPPING CONSTRUCTION AWARD

SUMMARY:

Irvine Ranch Water District (IRWD) is nearing completion of facilities at the Strand Ranch Integrated Banking Project in Kern County. Seven wells remain to be equipped and pipeline and Cross Valley Canal (CVC) turn-in facilities need to be constructed in order to extract and convey banked water. Staff has received and reviewed bids from six contractors to construct these recovery facilities. Staff recommends that the Board:

- Approve an Expenditure Authorization in the amount of \$3,681,700 for Project 11289, and
- Authorize the General Manager to execute a construction contract with W. M. Lyles Co. in the amount of \$3,281,860 for the equipping of seven wells and the construction of pipeline facilities and CVC Turn-ins.

BACKGROUND:

IRWD and Rosedale-Rio Bravo Water Storage District (Rosedale) are partners in the Strand Ranch Integrated Banking Project (Project) with Rosedale operating the Project on behalf of IRWD. The purpose of the Project is to provide water supply reliability to IRWD, as well as to augment the recharge and recovery capacity of Rosedale's Conjunctive Use Program. Project facilities that have been constructed to date include 502 acres of recharge basins, two CVC turn-outs, two water supply channels, a siphon under the Pioneer Canal and six new groundwater recovery wells. One well that existed at the time the District purchased the Strand Ranch has been rehabilitated and will also be incorporated into the Project. A total of seven wells need to be equipped. In addition, conveyance pipelines and three turn-ins to deliver recovered water to the CVC are required to be constructed. In July 2010, the Board approved a Professional Services Agreement with Kennedy/Jenks Consultants (KJC) to design these facilities. A site plan for the facilities is provided as Exhibit "A".

Construction Bid Process:

On July 13, 2011, IRWD invited contractors to submit bids for equipping the seven wells and for the construction of conveyance pipelines and CVC turn-ins. The invited bidders were Pascal & Ludwig Constructors, SS Mechanical Corp., Gateway Pacific Contractors Inc., W.M. Lyles Co., Bakersfield Well & Pump Co., Wood Brothers Inc., Nicholas Construction, HPS Mechanical Inc., Specialty Construction, Inc. and Schuler Engineering Corp.

On August 25, 2011 bids were received from Pascal & Ludwig Constructors, W.M. Lyles Co., Wood Brothers Inc., Nicholas Construction, HPS Mechanical Inc., and Specialty Construction, Inc. A bid summary is attached as Exhibit "B". Staff has reviewed the bids and recommends that the low bidder, W.M. Lyles Co., be awarded a contract to construct the facilities for the

amount of \$3,281,860. The engineers estimate for the project was provided by KJC at \$4,700,000. W.M. Lyles Co. recently worked as a subcontractor to Wood Brothers on IRWD's Stockdale West Recharge Facilities Project and staff has been satisfied with W. M. Lyles Co.'s past performance on this and other IRWD projects.

Project Schedule:

The construction work will be completed within 325 days of the notice of award. Construction of the CVC turn-ins will not begin until February 2012. Early occupancy of the facilities on the north side of the CVC will occur in late April 2012. The entire project is expected to be completed in December 2012.

Operating Agreement:

Staff is coordinating with Rosedale and the Kern County Water Agency (KCWA) in developing an agreement to construct the CVC turn-ins in the CVC right of way and to discharge water from the Project into the CVC. This agreement is being developed consistent with the other Kern County projects that discharge water into the CVC. Rosedale has informed staff that they do not expect any difficulties in finalizing the agreement prior to the construction of the CVC turn-ins which is not scheduled to begin for five months. IRWD will not be signatory to the agreement.

The terms of the agreement call for the turn-in facilities within the CVC right of way to become CVC facilities. IRWD's ownership of facilities will occur immediately beyond the CVC right of way on the Strand Ranch. The agreement also requires KCWA's review and approval of the designs for the CVC turn-ins. The design of the turn-ins has been closely coordinated with the KCWA and they have provided comments in several reviews. All comments and requirements provided by the KCWA have been incorporated into the designs for the Project.

The agreement will require that the quality of water from the Project to be discharged into the CVC must not alter the CVC's ability to meet the Department of Water Resources' (DWR) water quality criteria for acceptance of non-State Water Project water into the State Water Project. The Project wells have been designed and constructed taking these criteria into consideration and adequate blending capabilities have been incorporated into the designs for the pipelines and CVC turn-ins to ensure that water from the Project will not result in CVC violations to the DWR criteria.

FISCAL IMPACTS:

The Strand Ranch Groundwater Recovery Facilities, Project 11289, is included in the FY 2011-12 Capital Budget. The total cost of the proposed contract with W.M. Lyles Co. for equipping of the Project wells and the construction of pipeline and CVC turn-in facilities is \$3,281,860. An Expenditure Authorization is requested for completing this work and for staff time in the amount of \$3,681,700 as shown in Exhibit "C".

Project No.	Current Budget	Addition <Reduction>	Total Budget	Existing EA	This EA Request	Total EA Request
11289 (2812)	\$17,717,700	\$0	\$17,717,700	\$11,401,300	\$3,681,700	\$15,083,000

ENVIRONMENTAL COMPLIANCE:

A Final Environmental Impact Report has been prepared and certified, and the project has been approved in compliance with the California Environmental Quality Act (CEQA) of 1970 (as amended), codified at California Public Resources Code Sections 21000 et seq., and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 2.

COMMITTEE STATUS:

Construction awards are not typically taken to Committee prior to submittal for Board approval.

RECOMMENDATION:

THAT THE BOARD APPROVE AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$3,681,700 FOR PROJECT 11289 (2812); AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH W.M. LYLES CO. IN THE AMOUNT OF \$3,281,860 FOR WELL EQUIPPING AND CONSTRUCTION OF PIPELINE FACILITIES AND CVC TURN-INS.

LIST OF EXHIBITS:

- Exhibit "A" – Strand Ranch Recovery Facilities Site Plan
- Exhibit "B" – Bid Summary
- Exhibit "C" – Expenditure Authorization

Exhibit "B"

Bid Opening: August 25, 2011 @ 2:00 p.m.
Project I1289

Irvine Ranch Water District Bid Summary Strand Ranch Recovery Project

Entered By: R. Shum

Item No.	Description	Qty	Unit	Engineer's Estimate		1		2		3	
				Unit Price	Total Amount	W.M. Lyles Co.		Specialty Construction Inc.		Nicholas Construction Inc.	
						Fresno, CA		San Luis Obispo, CA		Shafter, CA	
				Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount
1	Mobilization, demobilization and cleanup. Not to exceed 10% of Bid	1	LS	\$420,399.06	\$420,399.06	\$27,500.00	\$27,500.00	\$242,000.00	\$242,000.00	\$36,000.00	\$36,000.00
2	Furnish and install Vertical Turbine Pump, motor, well pump base, above grade mechanical piping, valves, appurtenances, well pump enclosure, site work, electrical and instrumentation equipment and facilities for Well Site SREX-1	1	LS	\$425,200.96	\$425,200.96	\$283,200.00	\$283,200.00	\$304,000.00	\$304,000.00	\$299,000.00	\$299,000.00
3	Furnish and install Vertical Turbine Pump, motor, well pump base, above grade mechanical piping, valves, appurtenances, well pump enclosure, site work, electrical and instrumentation equipment and facilities for Well Site SREX-2	1	LS	\$425,200.96	\$425,200.96	\$283,300.00	\$283,300.00	\$304,000.00	\$304,000.00	\$299,000.00	\$299,000.00
4	Furnish and install Vertical Turbine Pump, motor, well pump base, above grade mechanical piping, valves, appurtenances, well pump enclosure, site work, electrical and instrumentation equipment and facilities for Well Site SREX-3	1	LS	\$425,200.96	\$425,200.96	\$276,000.00	\$276,000.00	\$298,000.00	\$298,000.00	\$299,000.00	\$299,000.00
5	Furnish and install Vertical Turbine Pump, motor, well pump base, above grade mechanical piping, valves, appurtenances, well pump enclosure, site work, electrical and instrumentation equipment and facilities for Well Site SREX-4	1	LS	\$400,400.96	\$400,400.96	\$281,000.00	\$281,000.00	\$301,000.00	\$301,000.00	\$299,000.00	\$299,000.00
6	Furnish and install Vertical Turbine Pump, motor, well pump base, above grade mechanical piping, valves, appurtenances, well pump enclosure, site work, electrical and instrumentation equipment and facilities for Well Site SREX-5	1	LS	\$425,200.96	\$425,200.96	\$281,800.00	\$281,800.00	\$301,000.00	\$301,000.00	\$299,000.00	\$299,000.00
7	Furnish and install Vertical Turbine Pump, motor, well pump base, above grade mechanical piping, valves, appurtenances, well pump enclosure, site work, electrical and instrumentation equipment and facilities for Well Site SREX-6	1	LS	\$400,400.96	\$400,400.96	\$287,600.00	\$287,600.00	\$316,000.00	\$316,000.00	\$299,000.00	\$299,000.00
8	Furnish and install Vertical Turbine Pump, motor, well pump base, above grade mechanical piping, valves, appurtenances, well pump enclosure, site work, electrical and instrumentation equipment and facilities for Well Site SREX-7	1	LS	\$400,400.96	\$400,400.96	\$277,800.00	\$277,800.00	\$294,000.00	\$294,000.00	\$290,000.00	\$290,000.00
9	Furnish and install 16-inch diameter PVC piping and appurtenances, and associated earth work	5,700	LF	\$68.60	\$391,001.76	\$66.00	\$376,200.00	\$56.00	\$319,200.00	\$63.00	\$359,100.00
10	Furnish and install 20-inch diameter PVC piping and appurtenances, and associated earth work	3,500	LF	\$92.29	\$323,026.20	\$92.00	\$322,000.00	\$104.00	\$364,000.00	\$90.00	\$315,000.00
11	Furnish and install 24-inch diameter PVC piping and appurtenances, and associated earth work	630	LF	\$116.41	\$73,339.06	\$132.00	\$83,160.00	\$105.00	\$66,150.00	\$131.00	\$82,530.00
12	Furnish and install 20-inch diameter CML&C Steel well discharge piping connection to Cross Valley Canal including appurtenances	4	EA	\$45,629.14	\$182,516.54	\$36,600.00	\$146,400.00	\$53,200.00	\$212,800.00	\$49,000.00	\$196,000.00
13	Furnish and Install 2-inch combination air and vacuum valves including all appurtenances and rip rap pad to protect slope	3	EA	\$5,340.00	\$16,020.00	\$7,500.00	\$22,500.00	\$6,200.00	\$18,600.00	\$7,500.00	\$22,500.00
14	Construct Berm Crossing Including cutoff walls, special bedding for pipe crossings, and associated earth work per drawings	10	EA	\$13,228.03	\$132,280.30	\$24,100.00	\$241,000.00	\$8,000.00	\$80,000.00	\$32,000.00	\$320,000.00
15	Protection and Restoration of Existing Facilities	1	LS	\$6,200.00	\$6,200.00	\$23,100.00	\$23,100.00	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00
16	Trench Safety Measures	1	LS	\$12,400.00	\$12,400.00	\$7,300.00	\$7,300.00	\$3,700.00	\$3,700.00	\$46,000.00	\$46,000.00
17	Factory Test of Pumps	7	EA	\$18,600.00	\$130,200.00	\$2,100.00	\$14,700.00	\$2,500.00	\$17,500.00	\$500.00	\$3,500.00
18	Startup Testing and Training	1	LS	\$20,000.00	\$20,000.00	\$23,200.00	\$23,200.00	\$8,500.00	\$8,500.00	\$4,000.00	\$4,000.00
19	Operation and Maintenance Manuals	1	LS	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
20	Final Record Drawings	1	LS	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
	Subtotal				\$4,624,389.63		\$3,272,760.00		\$3,472,450.00		\$3,490,630.00
	Adjustment (+ or -)				\$0.00		\$0.00		\$0.00		\$0.00
	TOTAL AMOUNT OF BID				\$4,624,389.63		\$3,272,760.00		\$3,472,450.00		\$3,490,630.00
A-1	Alternative Item: Builder's "All-Risk"				\$46,243.90		\$9,100.00		\$13,816.00		\$8,500.00
	Sub-Total, Bid Items 1 thru 19 + A1				\$4,670,633.53		\$3,281,860.00		\$3,486,266.00		\$3,499,130.00
	Adjustment (+ or -)				\$0.00		\$0.00		\$0.00		\$0.00
	Total Amount of Bid				\$4,670,633.53		\$3,281,860.00		\$3,486,266.00		\$3,499,130.00
							Item Delivery Dates:		Item Delivery Dates:		Item Delivery Dates:
							Vert. Turbine Pump: 98 days		Vert. Turbine Pump: 140 days		Vert. Turbine Pump: 20 weeks
							Silent Check Valve: 49 days		Silent Check Valve: 98 days		Silent Check Valve: 3-5 weeks
							Propeller Meter: 28 days		Propeller Meter: 77 days		Propeller Meter: 4-6 weeks
							Butterfly Valve: 28 days		Butterfly Valve: 126 days		Butterfly Valve: 13-14 weeks
							Stl. Pipe & Fittings: 42 days		Stl. Pipe & Fittings: 98 days		Stl. Pipe & Fittings: 12 weeks
							Sold State Motor Ctrl: 140 days		Sold State Motor Ctrl: 203 days		Sold State Motor Ctrl: 20 weeks
							Switchboard: 140 days		Switchboard: 203 days		Switchboard: 20 weeks
							Manufacturers:		Manufacturers:		Manufacturers:
							Vert. Turbine Pump: Flowserve & USE		Vert. Turbine Pump: Flowserve & US M		Vert. Turbine Pump: Flow Serve
							Silent Check Valve: Valmatic		Silent Check Valve: Val-matic		Silent Check Valve: Titan
							Propeller Meter: McCrometer		Propeller Meter: McCrometer		Propeller Meter: McCrometer
							Butterfly Valve: Dezurk		Butterfly Valve: Pratt		Butterfly Valve: Pratt
							Stl. Pipe & Fittings: Fast Fabric.		Stl. Pipe & Fittings: Ferguson		Stl. Pipe & Fittings: Jifco
							Solid State Motor Ctrl: Allen-Bradley		Solid State Motor Ctrl: Allan Bradley		Solid State Motor Ctrl: Rockwell
							Switchboard: Allen-Bradley		Switchboard: Allan Bradley		Switchboard: Rockwell
							Subcontractors:		Subcontractors:		Subcontractors:
							S.A. Camp: Well & Pump		S.A. Camp: Well Pump & Motor		S.A. Camp: Pumps & Motors
							A.C. Electric: Electrical		TriSteel Corp: Rebar		A.C. Electric: Electrical
							W.M.B. Saleh Co.: Painting		Rudnick Fence Co.: Fencing		W.M. Selah: Painting
							Harris Rebar: Rebar		A.C. Electric Co: Electrical		Rudnick Fence Co.: Fencing
							Yukon Fence: Fencing				TriSteel: Rebar

Irvine Ranch Water District Bid Summary
Strand Ranch Recovery Project

Item No.	Description	Qty	Unit	Engineer's Estimate		4 Wood Bros., Inc. Lemoore, CA		5 Pascal & Ludwig Const. Ontario, CA		6 HPS Mechanical, Inc. Bakersfield, CA	
				Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount
1	Mobilization, demobilization and cleanup. Not to exceed 10% of Bid	1	LS	\$420,399.06	\$420,399.06	\$298,800.00	\$298,800.00	\$187,500.00	\$187,500.00	\$162,930.00	\$162,930.00
2	Furnish and install Vertical Turbine Pump, motor, well pump base, above grade mechanical piping, valves, appurtenances, well pump enclosure, site work, electrical and instrumentation equipment and facilities for Well Site SREX-1	1	LS	\$425,200.96	\$425,200.96	\$309,300.00	\$309,300.00	\$319,500.00	\$319,500.00	\$325,000.00	\$325,000.00
3	Furnish and install Vertical Turbine Pump, motor, well pump base, above grade mechanical piping, valves, appurtenances, well pump enclosure, site work, electrical and instrumentation equipment and facilities for Well Site SREX-2	1	LS	\$425,200.96	\$425,200.96	\$315,700.00	\$315,700.00	\$327,500.00	\$327,500.00	\$332,000.00	\$332,000.00
4	Furnish and install Vertical Turbine Pump, motor, well pump base, above grade mechanical piping, valves, appurtenances, well pump enclosure, site work, electrical and instrumentation equipment and facilities for Well Site SREX-3	1	LS	\$425,200.96	\$425,200.96	\$308,775.00	\$308,775.00	\$317,500.00	\$317,500.00	\$324,000.00	\$324,000.00
5	Furnish and install Vertical Turbine Pump, motor, well pump base, above grade mechanical piping, valves, appurtenances, well pump enclosure, site work, electrical and instrumentation equipment and facilities for Well Site SREX-4	1	LS	\$400,400.96	\$400,400.96	\$310,830.00	\$310,830.00	\$317,500.00	\$317,500.00	\$326,000.00	\$326,000.00
6	Furnish and install Vertical Turbine Pump, motor, well pump base, above grade mechanical piping, valves, appurtenances, well pump enclosure, site work, electrical and instrumentation equipment and facilities for Well Site SREX-5	1	LS	\$425,200.96	\$425,200.96	\$315,605.00	\$315,605.00	\$322,500.00	\$322,500.00	\$333,000.00	\$333,000.00
7	Furnish and install Vertical Turbine Pump, motor, well pump base, above grade mechanical piping, valves, appurtenances, well pump enclosure, site work, electrical and instrumentation equipment and facilities for Well Site SREX-6	1	LS	\$400,400.96	\$400,400.96	\$294,370.00	\$294,370.00	\$328,500.00	\$328,500.00	\$324,000.00	\$324,000.00
8	Furnish and install Vertical Turbine Pump, motor, well pump base, above grade mechanical piping, valves, appurtenances, well pump enclosure, site work, electrical and instrumentation equipment and facilities for Well Site SREX-7	1	LS	\$400,400.96	\$400,400.96	\$312,660.00	\$312,660.00	\$316,500.00	\$316,500.00	\$327,000.00	\$327,000.00
9	Furnish and install 16-inch diameter PVC piping and appurtenances, and associated earth work	5,700	LF	\$68.60	\$391,001.76	\$69.00	\$393,300.00	\$89.00	\$507,300.00	\$71.00	\$404,700.00
10	Furnish and install 20-inch diameter PVC piping and appurtenances, and associated earth work	3,500	LF	\$92.29	\$323,026.20	\$83.90	\$293,650.00	\$108.00	\$378,000.00	\$112.00	\$392,000.00
11	Furnish and install 24-inch diameter PVC piping and appurtenances, and associated earth work	630	LF	\$116.41	\$73,339.06	\$133.50	\$84,105.00	\$158.00	\$99,540.00	\$149.00	\$93,870.00
12	Furnish and Install 20-inch diameter CML&C Steel well discharge piping connection to Cross Valley Canal including appurtenances	4	EA	\$45,629.14	\$182,516.54	\$48,000.00	\$192,000.00	\$68,500.00	\$274,000.00	\$51,000.00	\$204,000.00
13	Furnish and Install 2-inch combination air and vacuum valves including all appurtenances and rip rap pad to protect slope	3	EA	\$5,340.00	\$16,020.00	\$4,100.00	\$12,300.00	\$8,950.00	\$26,850.00	\$6,700.00	\$20,100.00
14	Construct Berm Crossing Including cutoff walls, special bedding for pipe crossings, and associated earth work per drawings	10	EA	\$13,228.03	\$132,280.30	\$18,105.00	\$181,050.00	\$9,800.00	\$98,000.00	\$19,300.00	\$193,000.00
15	Protection and Restoration of Existing Facilities	1	EA	\$6,200.00	\$6,200.00	\$37,600.00	\$37,600.00	\$29,000.00	\$29,000.00	\$170,000.00	\$170,000.00
16	Trench Safety Measures	1	LS	\$12,400.00	\$12,400.00	\$5,000.00	\$5,000.00	\$1,000.00	\$1,000.00	\$23,000.00	\$23,000.00
17	Factory Test of Pumps	7	EA	\$18,600.00	\$130,200.00	\$2,750.00	\$19,250.00	\$3,400.00	\$23,800.00	\$2,800.00	\$19,600.00
18	Startup Testing and Training	1	LS	\$20,000.00	\$20,000.00	\$10,450.00	\$10,450.00	\$5,000.00	\$5,000.00	\$12,000.00	\$12,000.00
19	Operation and Maintenance Manuals	1	LS	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
20	Final Record Drawings	1	LS	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
	Subtotal				\$4,624,389.63		\$3,709,745.00		\$3,894,490.00		\$4,001,200.00
	Adjustment (+ or -)				\$0.00		\$0.00		\$0.00		\$0.00
	TOTAL AMOUNT OF BID				\$4,624,389.63		\$3,709,745.00		\$3,894,490.00		\$4,001,200.00
A-1	Alternative Item: Builder's "All-Risk"				\$46,243.90		\$10,000.00		\$11,300.00		\$20,000.00
	Sub-Total, Bid Items 1 thru 19 + A1				\$4,670,633.53		\$3,719,745.00		\$3,905,790.00		\$4,021,200.00
	Adjustment (+ or -)				\$0.00		\$0.00		-\$32,000.00		\$0.00
	Total Amount of Bid				\$4,670,633.53		\$3,719,745.00		\$3,873,790.00		\$4,021,200.00
							Item Delivery Dates:		Item Delivery Dates:		Item Delivery Dates:
							Vert. Turbine Pump: 14 weeks		Vert. Turbine Pump: 132 days		Vert. Turbine Pump: 98 days
							Silent Check Valve: 3-5 weeks		Silent Check Valve: 50 days		Silent Check Valve: 35 days
							Propeller Meter: 4-6 weeks		Propeller Meter: 60 days		Propeller Meter: 42 days
							Butterfly Valve: 11-13 weeks		Butterfly Valve: 120 days		Butterfly Valve: 90 days
							Stl. Pipe & Fittings: none		Stl. Pipe & Fittings: 120 days		Stl. Pipe & Fittings: 30-40 days
							Sold State Motor Ctrl: none		Sold State Motor Ctrl: 240 days		Sold State Motor Ctrl: 140 days
							Switchboard: 20 weeks		Switchboard: 240 days		Switchboard: 140 days
							Manufacturers:		Manufacturers:		Manufacturers:
							Vert. Turbine Pump: Flow Sense&USE		Vert. Turbine Pump: Flow Serve, Fleet		Vert. Turbine Pump: FloServe
							Silent Check Valve: Titan		Silent Check Valve: Titan		Silent Check Valve: Titan
							Propeller Meter: McCrometer		Propeller Meter: McCrometer		Propeller Meter: McCrometer
							Butterfly Valve: Pratt 150B		Butterfly Valve: Pratt		Butterfly Valve: Henry Pratt
							Stl. Pipe & Fittings: none		Stl. Pipe & Fittings: Levo Fab.		Stl. Pipe & Fittings: Southland Pipe
							Solid State Motor Ctrl: Alan Bradley		Solid State Motor Ctrl: Allen Bradley		Solid State Motor Ctrl: Allen-Bradley
							Switchboard: Alan Bradley		Switchboard: RCC Serria		Switchboard: Allen Bradley
							Subcontractors:		Subcontractors:		Subcontractors:
							Bakersfield Well & Pump: Pumps		AC Electric: Electrical		San Joaquin Fence & Supply: Fencing
							Rudnick Fence: Fence				Pacon Const.: Concrete & Rebar
							AC Electric: Electrical				Turnupseed Electric: Electrical
											Bakersfield Well & Pump: Pump

IRVINE RANCH WATER DISTRICT Exhibit "C"

Expenditure Authorization

Project Name: STRAND RANCH FACILITIES AND MONITORING PROGRAM

Project No: 11289 EA No: 8

ID Split: Regional Potable Water Splits (11/08)

Improvement District (ID) Allocations

Project Manager: WEGHORST, PAUL

Project Engineer: WELCH, KELLY

Request Date: September 7, 2011

ID No. Allocation % Source of Funds

ID No.	Allocation %	Source of Funds
112	4.3	BONDS YET TO BE SOLD**
113	5.2	BONDS YET TO BE SOLD**
115	7.3	CAPITAL FUND
121	15.3	BONDS YET TO BE SOLD**
130	11.8	BONDS YET TO BE SOLD**
140	4.2	BONDS YET TO BE SOLD**
150	31.2	BONDS YET TO BE SOLD**
153	3.4	BONDS YET TO BE SOLD**
154	1.5	BONDS YET TO BE SOLD**
161	8.0	BONDS YET TO BE SOLD**
182	3.0	BONDS YET TO BE SOLD**
184	2.8	BONDS YET TO BE SOLD**
186	1.0	BONDS YET TO BE SOLD**
188	1.0	BONDS YET TO BE SOLD**
Total	100.0%	

Summary of Direct Cost Authorizations

Previously Approved EA Requests:	\$11,401,300
This Request:	\$3,681,700
Total EA Requests:	\$15,083,000
Previously Approved Budget:	\$17,717,700
Budget Adjustment Requested this EA:	\$0
Updated Budget:	\$17,717,700
Budget Remaining After This EA	\$2,634,700

Comments:

Phase	This EA Request	Previous EA Requests	EA Requests to Date	This Budget Request	Previous Budget	Updated Budget	Start	Finish
ENGINEERING - PLANNING IRWD	0	50,000	50,000	0	50,000	50,000	4/07	6/12
ENGINEERING - PLANNING OUTSIDE	0	80,000	80,000	0	80,000	80,000	4/07	6/12
ENGINEERING DESIGN - IRWD	15,000	25,000	40,000	0	40,000	40,000	7/08	6/12
ENGINEERING DESIGN - OUTSIDE	0	1,437,000	1,437,000	0	1,437,000	1,437,000	9/07	6/12
ENGINEERING - CA&I IRWD	50,000	200,000	250,000	0	250,000	250,000	9/07	6/12
ENGINEERING - CA&I OUTSIDE	0	887,000	887,000	0	995,000	995,000	9/07	6/12
CONSTRUCTION	3,282,000	7,680,800	10,962,800	0	13,250,000	13,250,000	9/07	6/12
LEGAL	0	5,000	5,000	0	5,000	5,000	9/07	6/12
ENGINEERING ENVIRONMENTAL-OUTS	0	0	0	0	0	0	3/11	6/12
Contingency - 10.00% Subtotal	\$334,700	\$1,036,500	\$1,371,200	\$0	\$1,610,700	\$1,610,700		
Subtotal (Direct Costs)	\$3,681,700	\$11,401,300	\$15,083,000	\$0	\$17,717,700	\$17,717,700		
Estimated G/A - 180.00% of direct labor*	\$75,700	\$536,300	\$612,000	\$0	\$612,000	\$612,000		
Total	\$3,757,400	\$11,937,600	\$15,695,000	\$0	\$18,329,700	\$18,329,700		
Direct Labor	\$65,000	\$275,000	\$340,000	\$0	\$340,000	\$340,000		

*EA includes estimated G&A. Actual G&A will be applied based on the current ratio of direct labor to general and administrative costs.

EA Originator: Christina Kusch 9/7/11

Department Director: [Signature]

Finance: _____

Board/General Manager: _____

** IRWD hereby declares that it reasonably expects those expenditures marked with two asterisks to be reimbursed with proceeds of future debt to be incurred by IRWD in a maximum principal amount of \$18,697,000. The above-captioned project is further described in the attached staff report and additional documents, if any, which are hereby incorporated by reference. This declaration of official intent to reimburse costs of the above-captioned project is made under Treasury Regulation Section 1.150-2.