

MINUTES OF REGULAR MEETING – APRIL 11, 2005

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by President Miller at 6:00 p.m., April 11, 2005 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None

Also Present: General Manager Jones, Director of Engineering Heiertz, Treasurer Loomis, Assistant General Manager Cook, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Mr. Tom Bishop, and other members of the public and staff.

WRITTEN COMMUNICATIONS: None

ORAL COMMUNICATIONS:

Mrs. Joan Irvine Smith addressed the Board of Directors with respect to the Dyer Road Wellfield. She said that she understood the summer production season ended and that currently Dyer Road Wells 1, 2, 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 15, 16, 17, and 18 are currently not being operated. Wells C-8 and C-9 are operational. This was confirmed by Mr. Jones, 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), the agencies participating are the cities of Anaheim, Westminster, Santa Ana, Buena Park, and Garden Grove, Yorba Linda Water District and Southern California Water Company. Contracts have been awarded by OCWD to Beylik Engineering and Bakersfield Well & Pump, Inc. to construct a total of eight wells. It is anticipated that well drilling will be completed by June of 2005 and it will take an additional 12 to 18 months to complete the wellhead facilities. OCWD is required to have the wells operational by December 2008.

ITEMS TOO LATE TO BE AGENDIZED: None

WORKSHOP

ORANGE COUNTY WATER DISTRICT BUDGET, REPLENISHMENT ASSESSMENT AND BASIN PRODUCTION PERCENTAGE UPDATE

General Manger Jones reported that on April 20, 2005, the Orange County Water District (OCWD) will be setting their basin production percentage (BPP) and replenishment Assessment (RA). He said that meetings have been held with the Groundwater Producers and the Orange County Water District regarding this topic. He said that the presentation tonight would provide the Board an insight in how the RA and BPP will impact the IRWD.

Using a power point presentation, Director of Engineering Heiertz reported on the Basin Production Percentage (BPP) historic groundwater overdraft; background, the Groundwater Management Plan, available supply, sustainable production, calculation equaling 62%, the wet winter supported a higher BPP, impact on IRWD, and IRWD production percentage. Mr. Heiertz reported on the Replenishment Assessment (RA) and discussed background, the projected increases, and impacts on IRWD. He reported on the OCWD budget proposal, summary, and comparison. He noted the Groundwater Producers' alternative proposal relative for RA and BPP. He further discussed the IRWD staff recommendation. Following discussion, General Manager Jones will encourage Producers to send letters to OCWD officials recommending support of their proposal for the RA.

CONSENT CALENDAR

On MOTION by Matheis, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 8 WERE APPROVED AS FOLLOWS:

4. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the March 28, 2005 Board of Directors' meeting be approved as presented.

5. OFFICERS OF THE BOARD, COMMITTEE AND OTHER ASSIGNMENTS

Recommendation: 1) Ratify the memorandum dated March 28, 2005 entitled Officers of the Board, Committee and other Assignments; and 2) Adopt the following resolutions by title designating representatives on the Board of Directors of the Orange County Sanitation District as well as and revising the assignment of Directors to Committees of the Board.

RESOLUTION NO. 2005-7

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, RESCINDING
RESOLUTION NO. 2004-37 AND DESIGNATING
REPRESENTATIVE AND ALTERNATE REPRESENTATIVE
ON THE BOARD OF DIRECTORS
OF THE ORANGE COUNTY SANITATION
DISTRICT (SUCCESSOR TO COUNTY SANITATION
DISTRICT NO. 14 OF ORANGE COUNTY)

RESOLUTION NO. 2005-8

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, RESCINDING
RESOLUTION NO. 2004-38 AND REVISING THE
ASSIGNMENT OF DIRECTORS TO COMMITTEES
OF THE BOARD

6. APPOINTMENT OF ASSISTANT TREASURER

Recommendation: Appoint Robert Jacobson as Assistant Treasurer and terminate the appointment of Mike Bray as Acting Assistant Treasurer.

7. APPOINTMENT OF ASSISTANT SECRETARY

Recommendation: Appoint Nancy Savedra as Assistant Secretary to the District and terminate the appointments of Margaret Pulles and Victoria Cupo.

8. REVISED PERSONNEL POLICIES AND PROCEDURES

Recommendation: Adopt the following resolution revising Personnel Policies:

RESOLUTION NO. 2005-9

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH
WATER DISTRICT, RESCINDING RESOLUTION NO. 2004-43 AND
ESTABLISHING REVISED PERSONNEL POLICIES
(FOR POLICY NO. 49 – SECURITY PROGRAM)

ACTION CALENDAR

PLANNING AREA 6 ZONE 4 FLOW CONTROL FACILITY AT OC-72 –CONSTRUCTION
AWARD AND LOMAS VALLEY ZONE 3 RESERVOIR CHANGE ORDER

Director of Engineering Heiertz reported that the Allen-McCulloch Pipeline (AMP) OC-72 Turnout currently supplies Zone 3 water to the District. The Irvine Community Development Company (ICDC) is building residential homes in Planning Area (PA) 6 near the OC-72 Turnout that will need Zone 4 water. Mr. Heiertz said that to provide water to the new development, several capital domestic water facilities are required, including the PA 6 Zone 4 Flow Control Facility at OC-72. This facility will allow the OC-72 Turnout to supply both Zone 4 and Zone 3 water.

Mr. Heiertz said that project plans and specifications were made available to three select bidders and that all three contractors submitted bids. He said that Schuler Engineering Corporation (Schuler) was the apparent low bidder with a bid amount of \$478,482. He said that the engineer's estimate was \$397,700. He further said that Schuler's bid is approximately 20% higher than the engineer's estimate due to recent increases in materials costs, including steel and other construction materials. Schuler has constructed several District projects, including the Quail Hill Zone 3 and Zone 4 Reservoirs and is currently constructing the Lomas Valley Zone 3 Reservoir adjacent to the PA 6 Zone 4 Flow Control Facility site. Staff recommends awarding the PA 6 Zone 4 Flow Control Facility project to Schuler as a change order to the Lomas Valley Zone 3 Reservoir project. This will allow Schuler to begin the Zone 4 Flow Control Facility project immediately by eliminating the time to process a new contract and insurance documents.

Mr. Heiertz reported that during construction, staff identified the Lomas Valley Zone 3 Reservoir for installation of the ClorTec Reservoir Management System (RMS). The RMS maintains water quality in a reservoir by monitoring the chloramine concentration in the reservoir and injecting hypochlorite and ammonia as needed. The District has the opportunity to install the RMS at the Lomas Valley Zone 3 Reservoir while the reservoir is under construction rather than retrofitting the reservoir after construction completion. He said that staff is requesting \$262,500 to fund a future change order for Schuler to install the RMS during construction of the reservoir.

On MOTION by Reinhart, seconded and unanimously carried, THE FY 2004/05 CAPITAL BUDGET WAS INCREASED FOR PROJECT 10458 FOR \$262,500, FROM \$8,167,000 TO \$8,429,500; EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR PROJECTS 10458 AND 10593 FOR \$262,500 AND FOR \$609,100; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CHANGE ORDER WITH SCHULER ENGINEERING CORPORATION FOR: 1) \$478,482 TO THE LOMAS VALLEY ZONE 3 RESERVOIR PROJECT, PROJECT 10458, FOR THE PLANNING AREA 6 ZONE 4 FLOW CONTROL FACILITY PROJECT, PROJECT 10593; AND 2) A NOT TO EXCEED \$262,500 FOR PROJECT NO. 10458 TO INSTALL THE RESERVOIR MANAGEMENT SYSTEM DURING CONSTRUCTION OF THE RESERVOIR.

ALTERNATIVE PET CONTROL PROGRAM FOR DEVELOPMENT ADJACENT TO THE SAN JOAQUIN MARSH

The Watermarke condominium project is located adjacent to the San Joaquin Marsh and is bounded by Carlson Avenue, Jamboree Road, Campus Drive and Michelson Drive. General Manager Jones reported that the Watermarke project is a for-sale condominium product which is adjacent to several existing apartment projects. Mr. Jones said that the General Plan and zoning entitlement for Watermarke and the adjacent projects was initially completed in 1989, and the originally entitled land use was apartment homes.

Mr. Jones said that during the initial entitlement and through subsequent city actions, IRWD requested that pets be banned from the projects because of concerns that stray animals could enter the marsh and negatively impact wildlife. Several conditions of approval were imposed to implement this request. Mr. Jones said that the Sapetto Group, Inc (SGI), representing the property owner developing the Watermarke condominium project, have been working with IRWD to develop a pet control program in-lieu of the pet prohibition conditions previously imposed by the City of Irvine. The City has agreed to waive the conditions banning pets only if a pet control program acceptable to IRWD can be developed. SGI has proposed that in-lieu of the current ban on pets, IRWD accept various restrictions on pets owned by future condominium dwellers and be compensated to implement a pet trapping program in the marsh, specifically, the SGI letter proposes actions in three areas: language in the apartment/condominium covenants, codes and restrictions (CC&R's), modified Disclosure Statements regarding pets, and a feral animal trapping program funded by a lump sum payment (\$50,000) by the property owners. It is estimated that the proposed funding would provide sufficient resources to continue with the capture program for a minimum of 20 years.

Mr. Jones said that as a contingency measure, staff requested that SGI work with the City's Department of Animal Services to determine if they could be used to capture loose pets which may find their way into the marsh. Animal Services has indicated that if contacted by IRWD staff, they would be able to capture and remove stray pets in the marsh in the same manner that they do in other areas. Further, the City would be able to issue citations to owners of pets if they could be identified, providing an enforcement mechanism. This assistance by the City would augment the feral cat capture program and relieve IRWD staff of having to remove pets.

Staff has also reviewed the CC&R's and disclosure language provided by SGI and finds it generally acceptable with some additional clarifications, i.e. the Disclosure Statement should be revised to expressly state that: Pets are specifically not allowed in the marsh area, with or without an attendant, and that they are subject to capture and removal when found; Owners of lost pets may be subject to fine by the City of Irvine Department of Animal Services for pets that are found in the marsh; and IRWD is not responsible for pets lost or escaping into the marsh. The current CC&R language should be clarified to include any animal escaping into the marsh as a defined "nuisance," which thereby allows the Association to prohibit a resident from keeping a pet defined as such.

In response to Director Reinhart's concerns about treating land owners differently from other areas outside the WaterMarke condominium complex, legal counsel provided an opinion as to civil code limitations as well as others adhering to individual condominium CC&Rs. Both Vice President Matheis and Director Swan had concerns relative to the \$50,000 payment for animal trapping with Mr. Swan saying he would be satisfied with \$100,000. Director Withers said that he felt that staff should periodically review the funding issue. Following discussion, on MOTION BY Matheis, seconded by Withers, and carried (4-1, Swan voting no), SUBJECT TO STAFF'S RECOMMENDED REVISIONS, THE CC&R'S AND THE DISCLOSURE STATEMENT ON PET RESTRICTION LANGUAGE WAS APPROVED, THE FUNDING OF \$50,000 FOR A SAN JOAQUIN MARSH FERAL ANIMAL TRAPPING PROGRAM FOR THE WATERMARKE PROJECT WAS APPROVED, AND THE CURRENT CONDITIONAL BAN ON PETS IMPOSED ON THE PROJECT BY THE CITY OF IRVINE WAS WAIVED.

GENERAL MANAGER'S REPORT

General Manager Jones reported on an upcoming LAFCO meeting and noted that an item was agendaized for the East Orange Municipal Service review. He said that he and President Miller briefed Supervisor Campbell on the status of SCWD. He reported that he and Mr. Miller would be making a presentation at the City of Irvine's study session tomorrow at 4:00 p.m. Mr. Jones reported on AB 1259 relative to the reallocation of property taxes which he said was discussed by CSDA and ACWA. He said that the District would be sending an "oppose" letter relative to the bill. He reported on the receipt of the California Society of Municipal Finance Officers award for outstanding financial reporting in 2003-04. Director Reinhart asked for a formal presentation by staff at a future Board meeting.

DIRECTORS' COMMENTS

Vice President Matheis reported on her attendance at an Urban Water Institute conference. She noted an upcoming Irvine Valley College dinner event being held on April 28 and said if possible, would like to have a Board member attend.

Director Withers reported on his attendance at the South County Chambers event held last Friday.

President Miller reported on the recent Board opening on the OCWD Board due to the resignation of Paul Cook. Following discussion, staff was asked to agendize a resolution of support for a candidate at the next Board meeting.

CLOSED SESSION

President Miller reported that a closed session would be held with legal counsel relative to anticipated litigation; Government Code Section 54956.9(b); significant exposure to litigation (one potential case).

OPEN SESSION

President Miller reconvened the meeting with Swan, Reinhart, Withers, Matheis and himself present. President Miller reported that there was no action to report.

ADJOURNMENT

There being no further business, President Miller adjourned the meeting.

APPROVED and SIGNED this 25th day of April, 2005.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone