

MINUTES OF REGULAR MEETING – NOVEMBER 13, 2006

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by President Swan at 6:00 p.m., November 13, 2006 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering Heiertz, Treasurer Loomis, Assistant Secretary Savedra, Legal Counsel Arneson, Mr. Norris Brandt, Mr. Dick Diamond, Ms. Beth Beeman, Mr. Jeff Smyth, Jim Reed, Mr. Bruce Newell, Mr. Jim Carter, and other members of the public and staff.

COMMUNICATIONS TO THE BOARD

WRITTEN COMMUNICATIONS: None

ORAL COMMUNICATIONS:

1) Mrs. Joan Irvine Smith addressed the Board of Directors with respect to the Dyer Road Wellfield. Mrs. Smith said that it was her understanding that currently wells C-8, C-9, 5, 10, and 17 are in operation in accordance with the District's annual pumping plan. This week, Wells 2, 12, 15, 16 and 18 will be turned on, operated during the week and subsequently shut down. In the following weeks, other wells will be rotationally brought into service in this manner to maintain active operation status and to meet the District's 8,000 acre feet clear water pumping goal for October through April. To date, MWDOC and OCWD have determined they will not take in-lieu recharge deliveries from MWD in November as the groundwater levels are very high. 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 Layne Christensen Company and Bakersfield Well & Pump, Inc. to construct a total of eight wells. Well drilling activities are complete and it will take an additional 18 months to complete the well head facilities. OCWD is required to have the wells operational by March 2008. Following well construction, each well will be owned by the individual participating agencies. This was confirmed by Mr. Jones.

With respect to the OCWD annexation of certain IRWD lands, OCWD released the Environmental Impact Report (EIR) in early January 2006. The extended comment period for the EIR closed March 17. Staff has been working with OCWD to review comments on the EIR, and anticipates

responses to be prepared and an OCWD Board action on the EIR and annexation in the fall of 2006. This was confirmed by Mr. Jones.

ITEMS TOO LATE TO BE AGENDIZED - None

CONSENT CALENDAR

On MOTION by Matheis, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 7 WERE APPROVED AS FOLLOWS:

3. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes from the October 23, and October 24, 2006 Board of Directors' meeting be approved as presented.

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

Recommendation: Ratify/approve the meetings and events for Mary Aileen Matheis, Darryl Miller, Doug Reinhart, Peer Swan and John Withers.

5. PROPOSED CONSUMER PRICE INDEX CHANGES TO SALARY GRADE SCHEDULE AND EMPLOYEE COST OF LIVING ADJUSTMENTS

Recommendation: That the Board authorize a 3.45% increase to the Salary Grade Ranges and a 3.45% Cost of Living Adjustment (COLA) for each eligible employee, both effective December 1, 2006; and adopt the following resolution by title rescinding Resolution No. 2006-18 and establishing a revised Schedule of Positions and Salary Rate Ranges.

RESOLUTION NO. 2006 - 39

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT, RESCINDING
RESOLUTION NO. 2006-18 AND ESTABLISHING
A REVISED SCHEDULE OF POSITIONS AND SALARY
RATE RANGES

6. REVISED PERSONNEL POLICIES AND PROCEDURES

Recommendation: That the Board approve the addition of a Sick Leave Donation Program to the District's sick leave policy and adopt the following resolution by title rescinding Resolution No. 2006-32 and establishing revised personnel policies.

RESOLUTION NO. 2006 - 40

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT, RESCINDING
RESOLUTION NO. 2006-32 AND ESTABLISHING
REVISED PERSONNEL POLICIES
(FOR POLICY NO. 16)

7. FINAL RESOLUTION TO AMEND CALIFORNIA PUBLIC EMPLOYEES'
RETIREMENT SYSTEM (CALPERS)

Recommendation: That the Board adopt the following Resolution by title authorizing an amendment to contract between the Board of Administration California Public Employees' Retirement System (CalPERS).

RESOLUTION NO. 2006 - 41

RESOLUTION AUTHORIZING AN AMENDMENT
TO THE CONTRACT BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES'
RETIREMENT SYSTEM AND THE BOARD
OF DIRECTORS OF IRVINE RANCH WATER DISTRICT

ACTION CALENDAR

SANTIAGO CANYON FIRE RESPONSE PLANNING UPDATE

General Manager Jones reported that IRWD has been working with entities in the former Santiago Canyon Water District to prepare a fire response plan.

Mr. Jeff Smyth reported that to maximize emergency response capabilities in the canyon communities, a three-tier response plan was developed and is now being implemented. Mr. Smyth said that staff determined while developing the response plan, that a number of pump stations in the Santiago area are not able to receive generator-supplied, emergency power. He said staff began evaluating the emergency water supply and worked with the Orange County Fire Authority, the Fire Safe Council and volunteer firefighters to develop an Emergency Operations Plan.

Director Withers left the Board room.

Mr. Smyth said that staff also evaluated the ability of five pump stations to operate using emergency power. Since none of these facilities have permanent on-site backup generators,

and only two have manual transfer switches to facilitate the use of emergency portable generators, he said that a cost estimate of \$354,900 was developed for the installation of permanent on-site backup generators with automatic transfer switches at the five canyon pump stations.

Mr. Smyth said that staff recommends that the Board approve the manual transfer switches and portable generator connections be installed at the Shaw, Read and Williams pump stations at a cost of approximately \$27,600.

Mr. Bruce Newell of the Santiago Management Advisory Committee reported that this item was reviewed and approved by the Santiago Management Advisory Committee on November 2, 2006. Following discussion, on MOTION by Miller, seconded and carried (4 – 0) (Withers absent) **THE BOARD AUTHORIZED THE ADDITION OF PROJECT 11160 TO THE FISCAL YEAR 2006/2007 CAPITAL BUDGET FOR \$27,600 FOR THE PUMP STATION EMERGENCY GENERATOR CONNECTIONS AND APPROVED AN EXPENDITURE AUTHORIZATION FOR THE SAME AMOUNT.**

DECLARATION OF INTENT TO ANNEX THE LAMBERT RANCH PARCELS INTO IMPROVEMENT DISTRICTS NOS. 105 AND 250

Director Withers returned to the Board room.

General Manager Jones reported on staff's recommendation that the Board declare its intention to annex the Lambert Ranch area into Improvement District 105 and 250. Mr. Jones said that a public hearing will be held on November 27, 2006, so the Board can consider any matters concerning the annexation that are presented by the public. He said the Lambert Ranch consists of nine parcels totaling approximately 47 acres which, when developed is expected to include 168 units.

Mr. Jones said on February 13, 2006, the Board approved the establishment of a planning area over the Lambert Ranch; the annexation of the Lambert Ranch into Improvement Districts 150/250; and the proposed buy-in method for establishing connection fees in the planning area. He said the connection fee would include a component to capture the cost to buy-in to existing facilities and the current connection fees for Improvement Districts 150/250. The Board previously adopted a method incorporating the avoided cost of general obligation tax revenues from these parcels calculated back to 1978 and brought forward in today's dollars.

Mr. Jones said that staff is recommending that the Board declare its intention to order the annexation which includes calling for a public hearing to be held on November 27, 2006.

On MOTION by Miller, seconded and unanimously carried, **THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE:**

RESOLUTION NO. 2006 - 42

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT DECLARING ITS
INTENTION TO ANNEX TERRITORY TO
IMPROVEMENT DISTRICT NOS. 105 AND 250
(LAMBERT RANCH)

IRVINE RANCH WATER DISTRICT PURCHASE OF CAPACITY IN CROSS
VALLEY CANAL EXPANSION PROJECT (KERN COUNTY)

General Manager Jones reported on the proposed purchase of capacity in the Cross Valley Canal (CVC) expansion project in the Kern County. Mr. Jones said the purpose of this item is to seek the Boards concurrence to pursue obtaining up to 30 cfs of capacity in the Cross Valley Canal which bisects the property owned by the District known as the Strand Ranch.

Director Dick Diamond reported that this purchase capacity in the CVC will complement IRWD's water banking property in Kern County by providing IRWD with firm conveyance rights to ensure water can be conveyed to and from IRWD's water banking programs; provide incremental conveyance capacity that will benefit IRWD's Kern County water banking partners and support final negotiations of water banking agreements; and complement CVC capacity to be acquired by MWD and support discussions regarding the coordinated use of MWD and IRWD capacity. Mr. Diamond said the CVC provides for the conveyance of water between the west (California Aqueduct) and east (Kern River; Friant-Kern Canal) sides of the southern San Joaquin Valley in Kern County.

Mr. Diamond said in 2002, Kern County Water Agency (KCWA) was awarded \$22 million in Proposition 13 funds for a project to expand the CVC by 500 cfs. These funds were expected to provide 50% of the then estimated total project costs of \$44 million, however, the costs of expansion have escalated considerably to a projected cost of \$81 million. KCWA is anticipating total bid prices of between \$70 and \$75 million. He said Rosedale's share is based on their proportion of SWP entitlement held by KCWA, which is approximately 2.5% or 5 cfs. This capacity is expected to cost approximately \$480,000 (\$96,000 per cfs); these costs reflect the allocation of Prop 13 funds to local agencies participating in the CVC. He said because Rosedale has substantial capacity in the existing CVC they are not interested in purchasing additional CVC capacity at these costs, and have offered the 5 cfs capacity in the expansion project to IRWD.

Mr. Diamond said based on the portions of the expansion project required by Kern Delta, their share is expected to be about \$25 million, or \$126,500 per cfs. MWD has been allocated 100 cfs of Kern Delta's 200 cfs capacity and Kern Delta is talking to several agencies, including IRWD, about funding the additional 100 cfs. He said staff had indicated an interest in 25 cfs of the additional capacity, at an estimated cost of approximately \$3,125,000. CVC capacity acquired by IRWD will complement capacity to be acquired by MWD.

Mr. Diamond said IRWD has proposed the use of up to 460 acres of the 611 acre Strand Ranch for recharge, and is close to completing a purchase and sale agreement for approximately 200 acres within the Kern Delta service area. He said 150 cfs are likely for approximately 650 acres of recharge land. Conveyance needs would be expected to drop to 90 cfs to 110 cfs over the longer term assuming infiltration rates of 0.30 to 0.35 feet per day.

Mr. Diamond said Rosedale has existing capacity of 120 cfs in Reach 1 of the CVC which terminates at Pumping Plant No. 1 located at the west end of the Strand Ranch, and 79 cfs in Reach 2 which traverses the Strand Ranch. He said that Rosedale expect CVC capacity would also normally be available to support recharge on the Strand Ranch. IRWD's potential CVC participation can be less than the total conveyance necessary for the Strand Ranch and future property in Kern Delta.

Mr. Diamond said based on current costs estimates, IRWD expects to pay \$480,000 for 5 cfs of CVC capacity from Rosedale and \$3,125,000 for 25 cfs of capacity from Kern Delta, for a total of \$3,605,000 for 30 cfs. He said discussions to date with Rosedale and Kern Delta regarding IRWD's purchase of capacity in the CVC expansion have been primarily conceptual in nature. With Board approval, staff anticipates developing letter agreements with these agencies describing the terms and conditions for IRWD's purchase of capacity, including a final agreement on price based on the final bids. The letter agreements will be brought to the Board for approval upon their completion.

Director Withers reported that this item was review and approved by the Water Banking Ad Hoc Committee on September 20, 2006. On MOTION by Withers, seconded and unanimously carried, STAFF WAS AUTHORIZED TO NEGOTIATE AGREEMENTS WITH ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT AND KERN DELTA WATER DISTRICT FOR THE ACQUISITION OF CAPACITY IN THE CROSS VALLEY CANAL EXPANSION PROJECT IN KERN COUNTY BASED ON THE PRINCIPLES INCLUDED HEREIN, AND THE ADDITION OF PROJECT 11163 (CROSS VALLEY CANAL CAPACITY ACQUISITION) TO THE FISCAL YEAR 2006/2007 CAPITAL BUDGET IN THE AMOUNT OF \$3,993,000 WAS APPROVED; AND AN EXPENDITURE AUTHORIZATION AGAINST PROJECT 11163 IN THE AMOUNT OF \$27,500 WAS APPROVED.

GENERAL MANAGER'S REPORT

General Manager Jones reported that staff received notification from ACWA that for Region 10, IRWD is receiving an award for their Outreach Program based on the letters, contacts and meetings with legislators over the last year over various key issues. The award is to be presented at ACWA's general luncheon on Thursday, December 7th. He passed on his congratulations to Ms. Beth Beeman for her hard work on this matter. He also reported that he and President Swan were invited to meet with Supervisor Campbell and the City of Orange this Wednesday to discuss water and sewer issues in Orange Park Acres, and in particular what the City of Orange's plans are for Orange Park Acres. He also said IRWD has been invited to give a presentation with the Orange Park Acres Mutual Water Company Board representatives and General Manager on November 27th. He further reported that IRWD is in the process of

preparing and sending congratulatory letters to all elected officials in and around IRWD's service area to show our support. He also reported on a visit last week from the State Water Resources Control Board Chair Ms. Tam Dudoc.

DIRECTOR'S COMMENTS

Director Miller commented on receiving a Proposition 84 email note from ACWA and he said it listed how their ten regions voted.

Director Withers stated there is a Regional Water Quality Control Board Meeting scheduled December 1st at IRWD and he thanked staff for scheduling the meeting room. He also said the appointment process is ongoing for all the regional boards statewide, and will conclude in the next couple of weeks. He reported that Ms. Kim Koeppen has resigned her position at LAFCO. On a personal note, he said he was guest speaker at Chapman Law School and spoke on Water Law.

Director Matheis reported on her attendance at the Water Institute Lifetime Achievement Award dinner on November 4 held at Cal-State University San Bernardino, where Congressman Jerry Lewis was honored.

President Swan reported on his attendance at the dinner meeting with the State Water Resources Control Board Chair Ms. Dudoc on November 7th. A second meeting was held the following day at the Duck Club with a briefing by OCWD, County of Orange and IRWD on a number of its projects. He also said Ms. Dudoc appreciated the tour of the facility and that it was a successful meeting. He also reported on his attendance to the Delta Vision workshop at MWD sponsored by Water Education Foundation. He said he will attend the swearing in ceremony of Mr. Tim Brick, the new chairman of MWD. He also reported on his attendance at a conference in Boston on Oil and Gas.

CLOSED SESSION

President Swan said that the two Closed session items will be held:

- 1) with real property negotiator (Government Code Section 54956.8); and
- 2) with legal counsel relative to anticipated litigation (Government Code Section 54956.9(c)) involving one potential case.

OPEN SESSION

The meeting was reconvened with Matheis, Miller, Reinhart, Swan and Withers present. No action was reported.

ADJOURNMENT

President Swan adjourned the Board meeting.

APPROVED and SIGNED this 27th day of November, 2006.

President, IRVINE RANCH WATER DISTRICT

Assistant Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone