

## MINUTES OF REGULAR MEETING – JANUARY 22, 2007

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by President Reinhart at 6:00 p.m., January 22, 2007 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None

Also Present: General Manager Jones, Assistant General Manager Cook, Acting Director of Engineering Hoolihan, Treasurer Loomis, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Mr. Jim Carter, Ms. Mary Ann Brown, Mr. Chuck Borkman, Ms. Debby Cherney, Ms. Beth Beeman, Mr. Norris Brandt, Mr. Carl Ballard and other members of the public and staff.

### COMMUNICATIONS TO THE BOARD

Written Communications: None

Oral Communications: 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 the DATS wells C-8 and C-9, and well 2, 5, 10, 12, 15, 16 and 18 are in operation in accordance with the District's annual pumping plan. In succeeding weeks during this month, different wells will be operated to maintain active operation status and to meet the District's 8,000 AF 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 January 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 and OCWD is now completing the response to comments. On January 17, 2007, the OCWD Board approved proposed terms and conditions for annexation and directed staff to prepare an annexation agreement for OCWD and IRWD approval. Staff anticipates an OCWD Board action on the EIR and annexation agreement in the winter of 2007. This was confirmed by Mr. Jones.

ITEMS TOO LATE TO BE AGENDIZED - None

## PRESENTATION

### STATE AND FEDERAL LEGISLATIVE LOBBYISTS

The District's consultant, Mr. Phil Isenberg of Isenberg/O'Haren, presented an update on State issues. He placed before each director material on the Governor's budget and the 2006 bond package. He urged the District to investigate housing bonds where there may be funding for upgrading pipelines. Mr. Hal Furman reported on various federal issues, including tax credit bonds. Following his presentation, Mr. Furman thanked staff for all of their efforts in 2006.

## CONSENT CALENDAR

Director Swan asked that Consent Calendar items No. 6, OFFICERS OF THE BOARD, COMMITTEE AND OTHER ASSIGNMENTS, APPROVAL/RATIFICATION OF BOARD OF DIRECTOR ATTENDANCE AT MEETINGS/EVENTS, AND ADOPTION OF REVISED COMMITTEE ASSIGNMENTS and No. 7, RATIFY/APPROVE BOARD OF DIRECTOR'S ATTENDANCE AT MEETINGS AND EVENTS, be moved to the Action Calendar for discussion. On MOTION by SWAN, seconded and unanimously carried, CONSENT CALENDAR ITEM NOS. 4 AND 5 AND 8 THROUGH 12 BE APPROVED AS FOLLOWS:

4. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the December 18, 2006 Board of Directors' meetings be approved as presented.

5. STRATEGIC MEASURES DASHBOARDS

Recommendation: Receive and file the Strategic Measure Dashboard and information items.

8. RATIFY/APPROVE SANTIAGO MANAGEMENT ADVISORY COMMITTEE ATTENDANCE AT MEETINGS AND EVENTS

Recommendation: That the Board ratify/approve the meeting for James Carter.

9. DECEMBER 2006 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for December 2006; and approve the December 2006 Summary of Wire Transfers and ACH payments in the total amount of \$8, 467,321.63 and the December 2006 Warrants Nos. 276038 through 276690, Worker's Compensation distributions and voided checks in the total amount of \$10,540,258.39.

10. RENEWAL AGREEMENTS FOR OPERATION AND MAINTENANCE OF BAKER PIPELINE

Recommendation: That the Board approve the amended and restated agreement for maintenance and operation of the Baker Pipeline.

11. ENHANCED CONSERVATION PROGRAM AGREEMENT WITH THE METROPOLITAN WATER DISTRICT

Recommendation: That the Board authorize the General Manager to execute an agreement with the Metropolitan Water District of Southern California and with the Municipal Water District of Orange County to receive \$39,250 in Enhanced Conservation Program grant funding from Metropolitan for the restaurant retrofit.

12. MICHELSON WATER RECLAMATION PLANT (MWRP) TEMPORARY FLOOD RISK MITIGATION PROJECT REHABILITATION – FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Michelson Water Reclamation Plant (MWRP) Temporary Flood Risk Mitigation project, project 79125; 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.

ACTION CALENDAR

OFFICERS OF THE BOARD, COMMITTEE AND OTHER ASSIGNMENTS, APPROVAL/RATIFICATION OF BOARD OF DIRECTOR ATTENDANCE AT MEETINGS/EVENTS, AND ADOPTION OF REVISED COMMITTEE ASSIGNMENTS

Director Swan noted that there was an oversight on the document whereby the District's Board representatives for the California Association of Sanitation Agencies was omitted from President Reinhart's memorandum dated January 1, 2007. On MOTION by Swan, seconded and unanimously carried, THE BOARD RATIFIED THE CORRECTED MEMORANDUM DATED JANUARY 1, 2007 ENTITLED OFFICERS OF THE BOARD, COMMITTEE AND OTHER ASSIGNMENTS, APPROVED ATTENDANCE FOR THE MEETINGS AND EVENTS FOR THE BOARD'S REPRESENTATION FOR CALENDAR YEAR 2007; AND ADOPTED THE FOLLOWING RESOLUTION RESCINDING RESOLUTION NO. 2006-1 AND REVISING THE ASSIGNMENT OF DIRECTORS TO COMMITTEES OF THE BOARD.

RESOLUTION NO. 2007 - 1

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, RESCINDING RESOLUTION NO. 2006-1 AND REVISING THE ASSIGNMENT OF DIRECTORS TO COMMITTEES OF THE BOARD

## RATIFY/APPROVE BOARD OF DIRECTOR'S ATTENDANCE AT MEETINGS AND EVENTS

President Swan asked that a meeting be added to his schedule of meetings for January 24, 2007 for a briefing and tour with State Water Resources Control Board representatives. On MOTION by Swan, seconded and unanimously carried, **THE BOARD RATIFIED AND APPROVED MEETINGS AND EVENTS FOR MARY AILEEN MATHEIS, DARRYL MILLER, DOUG REINHART, PEER SWAN AND JOHN WITHERS AS AMENDED.**

## APPROVAL OF TERMS FOR PROPOSED LONG-TERM WATER BANKING PROGRAM WITH ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT

Water Resources Director Diamond reported that staff has been working with Rosedale-Rio Bravo Water Storage District (Rosedale) to develop final terms for a long-term water banking program. Using a power point presentation, Mr. Diamond reviewed the terms with Rosedale-Rio Bravo Water Storage District (the "Operator") which provide for IRWD to construct facilities primarily on the Strand Ranch and acquire 17,500 af/year of recharge and recovery capacity and 50,000 af of storage capacity. Rosedale will have the flexibility to meet IRWD's capacity rights using facilities constructed on the Strand Ranch, or through their other existing or future water banking facilities. The terms also address the impact of groundwater mounding under the Strand Ranch on recharge rates. If recharge rates on the Strand Ranch are reduced from mounding resulting from recharge activities by IRWD or third parties (Kern Water Bank), IRWD's recharge rights will be based on the actual recharge capability of the Strand Ranch. If recharge rates are reduced due to recharge previously conducted by Rosedale for their benefit or the benefit of one of their banking partners other than IRWD, Rosedale will meet IRWD's recharge rights through a combination of the Strand Ranch and their other recharge facilities as necessary. Upon full development the Strand Ranch would likely be capable of meeting IRWD's annual recharge needs over a seven month recharge period. IRWD will also have the right to recharge higher annual volumes when groundwater levels under the Strand Ranch are low. Following discussion, on MOTION by Swan, seconded and unanimously carried, **THE "SUMMARY OF PROPOSED BANKING PROJECT TERMS BETWEEN IRWD AND THE ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT" WERE APPROVED SUBJECT TO NON-SUBSTANTIVE CHANGES, AND STAFF WAS DIRECTED TO WORK WITH LEGAL COUNSEL TO DEVELOP A PROJECT AGREEMENT FOR THE WATER BANKING PROGRAM FOR SUBSEQUENT BOARD APPROVAL.**

## DAM MONITORING CONSULTANT SELECTION

General Manager Jones reported that the District maintains a Dam Monitoring and Surveillance program where operational data and performance reports are submitted annually to the California Division of Safety of Dams (DSOD) for each District owned/operated dam, and that geotechnical engineering firms are used to prepare these reports.

Mr. Jones said that the District requested proposals from geotechnical firms to provide monitoring services and surveillance reporting for all four District owned dams for a period of three years. He said that proposals were solicited from seven firms, and both Genterra and

URS Corporation submitted proposals. These firms are currently providing dam surveillance and reporting for IRWD with URS Corporation currently providing these services at the San Joaquin Reservoir. Since both firms are qualified to perform the services requested, staff is recommending that a contract for the surveillance and reporting services for all four dams be awarded to URS Corporation. Their proposed cost for providing the requested services over a three-year period for \$118,102 was substantially lower than the cost proposed by Genterra.

Director Withers reported that this item was reviewed by the Engineering and Operations Committee on January 10, 2007. Director Miller said that he was abstaining from participation due to his remote interest in the proposed decision. On MOTION by Withers, seconded and carried (4-1) (Matheis, Reinhart, Miller and Withers voting aye, and Miller abstaining), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES CONTRACT WITH URS CORPORATION FOR \$118,102 FOR DAM MONITORING AND SURVEILLANCE ON ALL FOUR OF THE DISTRICT'S DAMS.

#### RESERVOIR MANAGEMENT SYSTEM AT FIVE DOMESTIC WATER RESERVOIRS – VARIANCE APPROVAL

Since Metropolitan Water District of Southern California and IRWD changed to chloramines as the primary disinfectant for potable water, a number of IRWD potable water reservoirs have experienced nitrification. Acting Director of Engineering Hoolihan reported that the Reservoir Management System RMS is an in-tank disinfection system that prevents nitrification in reservoirs. It is proposed that RMS facilities for three other high ranking reservoirs be added to the current project. The three reservoirs are the Los Alisos Zone 2 West, the 16 MG Los Alisos Emergency Storage Reservoir, and the Williams Reservoir. In addition, it is proposed that a RMS mixer be installed in the East Irvine Zone 3 Reservoir No. 1 and connected to the existing RMS facility that is operating at Reservoir No. 2.

Mr. Hoolihan said that on December 21, 2006, DBE Psomas submitted Variance No. 1 for \$110,304 for the additional design work. Staff has reviewed the variance and has determined that the estimated hours and pricing are appropriate for the level of effort required.

Director Withers reported that this item was reviewed and approved by the Engineering and Operations Committee on January 10, 2007. On MOTION by Withers, seconded and unanimously carried, THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE VARIANCE NO. 1 WITH DBE PSOMAS FOR \$110,304 FOR PROJECTS 10991 AND 11165, AND AN EXPENDITURE AUTHORIZATION WAS APPROVED FOR \$84,000 FOR THE RMS AT FIVE DOMESTIC WATER RESERVOIRS, PROJECT 10991.

#### LAWRP 2005 UPGRADES – EXPENDITURE AUTHORIZATION AND CONSTRUCTION AWARD

General Manager Jones reported that this project will upgrade the Los Alisos Water Reclamation Plant headworks, disinfection chemical feed facilities, chlorine contact tank, SCADA, and recycled water pumping facilities. Mr. Jones said that on November 13, 2006, staff provided the plans and specifications to contractors from a select bidders list. He said

that bids were received on January 9, 2006 from C.W. Roen Construction, Gateway Pacific Contractors, W.M. Lyles Co. and Norman A. Olson Construction, Inc. He said that the bids were close with W. M. Lyles Co. being the apparent low bidder at \$11,820,034. The engineer's estimate was \$11,914,000. The W. M. Lyles Co. has not performed construction work for the District; however, staff contacted several utilities that have worked with W.M. Lyles Co. and the references have been very satisfactory with their performance both from a constructability and cost basis.

Mr. Jones said that staff was currently reviewing proposals for engineering support, including the system integrator/programming, surveying, soils, and construction management services and staff and will bring recommendations for award of these contracts to the Board in February. He said that additional funds are being requested from the Board at this time to support these activities during construction using budget level estimates and are included in the expenditure authorization.

On MOTION by Miller, seconded and unanimously THE BUDGET WAS INCREASED IN THE AMOUNT OF \$6,451,700, FROM \$5,960,400 TO \$12,412,100 FOR PROJECT 20243 AND THE BUDGET WAS DECREASED BY \$180,600, FROM \$7,315,500 TO \$7,134,900 FOR PROJECT 30134; EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR \$8,387,900 FOR PROJECT 20243 AND \$5,677,300 FOR PROJECT 30134; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONTRACT WITH W. M. LYLES CO. FOR \$11,820,034.00 FOR THE CONSTRUCTION OF THE LAWRP 2005 UPGRADES.

#### LAWRP BIOSOLIDS REMOVAL AND DISPOSAL – EXPENDITURE AUTHORIZATION AND CONTRACT AWARD

Acting Director of Engineering Hoolihan reported that the Los Alisos Water Reclamation Plant (LAWRP) Biosolids Removal and Disposal project includes removal, dewatering, hauling and disposal of biosolids that have accumulated over the years in Pond 3. Mr. Hoolihan said that staff provided the plans and specifications to contractors from a select bidders list and that bids were received from Synagro WWT, Inc., American Process Group Inc., National Plant Services, Inc., and Solids Solutions, LLC. Contractors had the option of bidding on one or both of the removal/dewatering and hauling/disposal work tasks. He said that American Process Group Inc. was the apparent low bidder for the removal and dewatering portion of the work at \$529,618.32. Bids ranged from \$529,618.32 to \$1,225,600 for this part of the work. The engineer's estimate was \$1,000,000. He said that the apparent low bidder for the hauling and disposal of the biosolids was Solid Solutions, LLC at \$460,000 and that bids ranged from \$460,000 to \$587,420. The engineer's estimate was \$595,000.

On MOTION by Miller, seconded and unanimously carried, THE BUDGET WAS DECREASED FOR PROJECT 20482, LAWRP BIOSOLIDS REMOVAL AND DISPOSAL, FROM \$1,837,700 TO \$1,472,300; AN EXPENDITURE AUTHORIZATION FOR \$1,472,300 FOR PROJECT 20482 WAS APPROVED; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONTRACT WITH AMERICAN PROCESS GROUP, INC., FOR \$529,618.32 FOR THE REMOVAL AND DEWATERING PORTION OF THE LAWRP BIOSOLIDS REMOVAL AND DISPOSAL PROJECT 20482, AND A CONTRACT WITH SOLID SOLUTIONS, LLC, FOR \$460,000 FOR THE HAULING AND

DISPOSAL PORTION OF THE LAWRP BIOSOLIDS REMOVAL AND DISPOSAL PROJECT 20482.

IRVINE BUSINESS REDEVELOPMENT SUBAREA MASTER PLAN – CONSULTANT SELECTION

Acting Director of Engineering Hoolihan reported that staff recommended initiating a Sub Area Master Plan for the redevelopment and residential intensification occurring in the Irvine Business Complex (IBC) area. Mr. Hoolihan said that the area was being redeveloped as a mixed-use residential, commercial, and industrial development. The Cities of Irvine and Newport each have areas planned for redevelopment as does the University of California at Irvine (UCI). The three areas are estimated at: 1) City of Irvine - 15,000 residential dwelling units with the possibility of growing to approximately 20,000 dwelling units; 2) City of Newport Beach - 1,500 to 3,000 dwelling units; and UCI - 475,000 square feet of commercial/industrial and 450 dwelling units. This SAMP will utilize the most updated information and investigate the required domestic water, sanitary sewer, and reclaimed water. Additionally, this SAMP will develop a method for allocating existing OCS D sewer capacity and develop financing alternatives for the anticipated capital improvements, additional CORF requirements, buy-in cost for existing IRWD water and sewer facilities and purchase of new water supply capacity as necessary.

Mr. Hoolihan said that Requests for Proposals (RFP) and a subsequent addendum for consulting engineering services were sent to Dudek, EarthTech, Stantec, TetraTech, Inc., and Daniel Boyle Engineering. He said that on November 13, 2006, all consultants were responsive and submitted proposals; however Daniel Boyle Engineering's proposal did not include the addendum and staff felt their proposal was lacking some key scope elements. Additionally, during the review period, TetraTech requested they be eliminated from consideration due to work load consideration. Based on a review of the proposals, the detailed approach presented by EarthTech and the subsequent meeting with them, staff recommended Earth Tech, Inc. to perform this work.

Director Withers reported that this item was reviewed and approved by the Engineering and Operations Committee on January 10, 2007. On MOTION by Withers, seconded and unanimously carried, THE ADDITION OF PROJECT 20549 TO THE FY 2006/07 CAPITAL BUDGET FOR \$137,500 WAS APPROVED; AN EXPENDITURE AUTHORIZATIONS FOR PROJECTS 10549 AND 20549 FOR \$137,500 EACH WAS APPROVED; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE AN ENGINEERING SERVICES CONTRACT WITH EARTH TECH, INC. FOR \$116,543 FOR THE IBC REDEVELOPMENT SUB AREA MASTER PLAN.

PLANNING AREA 18 DOMESTIC WATER, SEWER, AND RECLAIMED WATER PIPELINES – SUPPLEMENTAL REIMBURSEMENT AGREEMENT AND EXPENDITURE AUTHORIZATION APPROVAL

General Manager Jones reported that Planning Area 18 (PA 18) is located in the City of Irvine and is generally bound by State Route 133 to the west, Interstate 405 to the north, and PA 39 and San Diego Creek to the east. The Irvine Community Development Company (ICDC) is currently proceeding with the development of this area. The capital pipeline facilities are to

be incorporated with the development plans and designed and constructed by ICDC contractors under a Supplemental Reimbursement Agreement (SRA) between IRWD and ICDC.

Mr. Jones said that ICDC sent requests for proposals for the design of Assessment District and IRWD Capital work to Hunsaker & Associates, PBS&J, Stantec, and TRC Solutions. The IRWD improvements include domestic water, sewer, and reclaimed water pipelines as well as domestic and reclaimed water booster pump stations (of which the booster pump stations will be designed by IRWD's consultant TRC Solutions as a separate project and are not a part of the SRA.) He said that ICDC received proposals from each of the four consulting engineers. Hunsaker & Associates was the low bidder for the Assessment District improvements, and PBS&J was the low bidder for the IRWD capital pipelines. The proposed contract amount is \$253,681. PBS&J has provided engineering design services for capital facilities to other agencies, and staff is confident that they are capable of properly designing the IRWD capital pipelines associated with PA 18.

Director Withers reported that this item was reviewed and approved by the Engineering and Operations Committee on January 10, 2007. On MOTION by Miller, seconded and unanimously carried, THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE THE SUPPLEMENTAL REIMBURSEMENT AGREEMENT WITH ICDC FOR THE DESIGN AND CONSTRUCTION OF THE IRWD CAPITAL PIPELINE FACILITIES, AND EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR \$126,100 FOR PROJECT 10444, \$77,000 FOR PROJECT 20431, AND \$165,000 FOR PROJECT 30444, FOR PLANNING AREA 18 DOMESTIC WATER, SEWER, AND RECLAIMED WATER PIPELINES.

#### GENERAL MANAGER'S REPORT

General Manager Jones reported on a successful meeting held today with Orange Park Acres Mutual Water Company, and that the potential consolidation for the water service was moving forward well. He said that the District was asked to move up the time tables, and also asked to submit a proposal for contract administration services. He said that an internal Ad Hoc Committee was scheduled for January 31, 2007 and he anticipated a joint meeting soon thereafter. He said that Congressman Campbell would be in attendance for the upcoming Irvine Desalter ribbon cutting event scheduled for February 20, 2007. He reported on his attendance at the ACWA Region X meeting today where they discussed SB 59 relative to storage reservoirs.

#### DIRECTORS' COMMENTS

Director Swan reported on his attendance at the CASA conference and noted Lake Tahoe Sanitary District's approach for installing vault structures in small areas. He suggested that staff look into this concept. He noted the appointment of Mr. Steve Anderson to the MWDOC MWD position. He said that he attended the funeral of Mr. Jim Turner, a former employee of the San Diego County Water Authority, and that he was the only Orange County representative. He said that he would be attending the Southern California Dialog this Wednesday. He said that he would also be attending the Lincoln Club event this Saturday, and if any Board members are interested to confirm their attendance.

Vice President Miller reported on his attendance at the CASA conference and noted discussion on AB 32 relative to global warming. He suggested that staff review this bill.

President Reinhart reported that he and the Board attended WACO last Friday. He said that he attended various OCWD meetings and that effort was very positive in regards to the annexation. He welcomed Ms. Michelle Tuchman of MWDOC, Director of Public Affairs, who was in the audience.

CLOSED SESSION

President Reinhart said that the Closed session item listed on the agenda, conference with legal counsel relative to anticipated litigation; Government Code Section 54956.9(b); significant exposure to litigation (one potential case) would now be held this evening.

OPEN SESSION

Following the Closed Session the meeting was reconvened with Reinhart, Miller, Swan, and Withers present. No action was reported.

ADJOURNMENT

APPROVED and SIGNED this 12th day of February, 2007.

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President, IRVINE RANCH WATER DISTRICT

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Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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Legal Counsel - Bowie, Arneson, Wiles & Giannone