

## MINUTES OF REGULAR MEETING – APRIL 28, 2008

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 6:12 p.m. by President Miller on April 28, 2008 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering Heiertz, Assistant Board Secretary Savedra, Legal Counsel Arneson, Ms. Debby Cherney, Mr. Christopher Smithson, Mr. Rob Jacobson, Mr. Jim Reed, Mr. Dave Lockridge, Mr. Paul Weghorst, Mr. Steve Malloy, Mr. Mike Hoolihan, Mr. Jim Carter, Mr. Bruce Newell, Ms. Jennifer Bohlen (of Lennar), 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 currently, Wells C-8, C-9, and 10 are in operation in accordance with the District's annual pumping plan. The District's planned pumping for April is 1,800 AF per month. 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 Golden State Water Company. Contracts were awarded by OCWD to Layne Christensen Company and Bakersfield Well & Pump, Inc. to construct a total of eight wells. OCWD has reported that the project has been finalized, and that issuance of a Notice of Completion was approved by the OCWD Board of Directors on March 19, 2008. Metropolitan Water District has given notice to OCWD that it will begin extracting a portion (i.e. 20,000 acre feet) of its 50,000 acre-feet in storage beginning in fiscal year 2008-09. This was confirmed by Mr. Jones.

Relative to the OCWD annexation of certain IRWD lands, OCWD staff is evaluating IRWD's most current projections of the amount and general location of its future groundwater production for inclusion in OCWD's proposed update of the Long Term Facilities Plan and Annexation Environmental Impact Report. On Friday, March 14, 2008, Paul Jones met with Orange County Water District General Manager Mike Markus to further discuss the annexation process and the status of the EIR. At OCWD's request, IRWD staff has provided additional future groundwater production scenarios with annexation. This was confirmed by Mr. Jones.

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 the south county in case of emergencies. IRWD is finalizing negotiations of an agreement with certain south Orange County water agencies to fund the interconnection facilities needed to affect the emergency transfer of water. This was confirmed by Mr. Jones.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None

WORKSHOP

PROPOSED FISCAL YEAR 2008/09 OPERATING BUDGET PROPOSED CHANGES TO THE SCHEDULED OF RATE AND CHARGES, AND THE PROPOSITION 218 NOTICING

General Manager Jones said the proposed Fiscal Year (FY) 2008/09 Operating Budget has been reviewed by the Finance and Personnel Committee on three occasions and by this Board at the public workshop held on April 14, 2008. The proposed budget is now being presented to the Board with the proposed rates and charges.

Using a PowerPoint presentation, Mr. Christopher Smithson reported the District's proposed FY 2008/09 Consolidated Operating Budget totals \$101.4 million, representing a \$6.6 million or 6.97%, increase over the FY 2007/08 Operating Budget. One of the major areas affected by this increase corresponds directly to cost increases imposed by external entities over which the District has little or no control. These uncontrollable cost increases comprise \$3.4 million, or 51%, of the total budget increase, leaving the remaining \$3.2 million or 49% increase attributable to controllable costs.

Mr. Smithson reported at the public workshop on April 14, a Board member expressed concern about the funding of election expense for FY 2008-09. The funding source for this expense is identified separately in the Sources and Uses as coming from the replacement fund which is in contrast to the normal process of funding it through user rates. This is a result of the following:

- \$95,000 was budgeted in FY 2006-07 for election expense
- Rates were adjusted but an election was not required in that fiscal year
- FY 2006-07 unbudgeted transfers to the replacement fund included \$249,900 and \$155,300 for the treated and sewer systems respectively
- The County estimated a substantial increase in its recommended allocation for election expense for FY 2008-09

Mr. Smithson said that staff proposes establishing an election fund as a component within the replacement fund that is seeded with the unbudgeted transfer from FY 2006-07 of \$405,200. This fund exceeds the \$230,000 of current election expense budgeted for FY 2008-09, that is funded from the replacement fund in the Sources and Uses. In moving forward, this will provide the Board with the ability to spread future election expense over multiple years and avoid a potential rate spike driven by the cost of an election allocated to one fiscal year.

On further discussion, Director Swan suggested, and it was the consensus that an additional \$20,000 be added to the Operating budget to be added to the amount staff is recommending be earmarked within the Replacement Fund for election expenses.

Mr. Smithson said that staff has reviewed costs and revenues for the treated water system, the untreated water system and the sewer system (which includes reclaimed water irrigation). As a result of this review, changes to the water and wastewater rates for the Irvine Ranch rate area, Santiago rate area, and the Los Alisos rate area recommended for FY 2008-09 include:

### *Irvine Ranch Rate Area*

#### Treated Water System:

- An increase to the base commodity rate of \$0.09/ccf, from \$.98 to \$1.07/ccf.
- No change to the current monthly service charge of \$7.50, which includes a \$0.15/month enhancement component.

#### Untreated Water System:

- An increase to the current non-potable and reclaimed agriculture irrigation rate of \$69.00/acre-foot, from \$372.00 to \$441.00/acre-foot.

#### Sewer System:

- An increase to the current monthly service charge of \$0.15, from \$13.65 to \$13.80, which includes a \$0.40/month user/replacement component and a \$0.15/month enhancement component.
- An increase to the current reclaimed landscape irrigation rate of \$35.25/acre-foot, from \$384.25 to \$419.50/acre-foot. This adopted increase is consistent with the District's practice of setting reclaimed landscape irrigation rates at 90% of the District's base treated water commodity rate.

### *Santiago Rate Area (ID 153/155)*

#### Treated Water System:

- An increase to the base commodity rate of \$0.09/ccf, from \$2.07 to \$2.16/ccf.
- No change to the current monthly service charge of \$15.95.

### *Los Alisos Rate Area (ID 135/235)*

#### Treated Water System:

- An increase to the base commodity rate of \$0.09/ccf, from \$1.46 to \$1.55/ccf.
- An increase of \$.95 to the current monthly service charge, from \$8.65 to \$9.60, which includes a \$0.15/month enhancement component.

#### Sewer System:

- An increase to the current monthly service charge of \$0.15, from \$13.65 to \$13.80, which includes a \$0.40/month user/replacement component and a \$0.15/month enhancement component.
- An increase to the current reclaimed landscape irrigation rate of \$35.25/acre-foot, from \$384.25 to \$419.50/acre-foot. This adopted increase is consistent with setting reclaimed landscape irrigation rates at 90% of the District's base treated water commodity rate.

Mr. Smithson said the increase in the fixed sewer service charge for FY 2006-07 included a component to fund the existing users' portion of replacement projects. This component was expected to grow each year at a rate established by the Board to minimize potential "rate shock" for future capital replacement needs. In addition, a component has been added to provide a portion of the funding for enhancement capital costs.

Mr. Smithson said the user/replacement rate component added to the sewer service charge for a typical residential customer is proposed to increase from \$3.05 to \$3.45 for FY 2008-09. The

reason the increase is limited to the sewer system rate component is due to the disparity in fund balances between the water and sewer systems, and the projected magnitude of sewer replacement costs in the future. The proposed increase will generate an additional \$700,000 and increase the annual replacement fund contribution from \$6.2 million to \$6.9 million for FY 2008-09.

Mr. Smithson said that staff has added an enhancement component to both the water and sewer fixed service charge in FY 2008-09 based on Board direction from the July 16, 2007 Board Workshop. The added component is \$0.15 on the fixed service charge of both systems and it will generate \$373,000 and \$346,000 for the treated water and sewer systems, respectively.

Mr. Smithson said mail notification to residents meeting Proposition 218 requirements would be mailed May 1, 2008. The Public Hearing to review Proposition 218 responses and adoption of rates and charges for FY 2008-09 would be held on June 26, 2008.

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

RESOLUTION NO. 2008-18

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE  
RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA  
APPROVING DISTRICT'S OPERATING BUDGET FOR FISCAL  
YEAR 2008/09 AND DETERMINING COMPLIANCE WITH  
ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

CONSENT CALENDAR

On MOTION by Miller, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 16 WERE APPROVED AS FOLLOWS:

4. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the April 14, 2008 and April 21, 2008 Regular Board Meeting be approved as presented.

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

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

6. DISTRICT STRATEGIC MEASURES DASHBOARD

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

7. MARCH 2008 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for March 2008; approve the March 2008 Summary of Wire Transfers and Ach Payments in the total amount of \$5,582,101.03; and approve the March 2008 Warrants Nos. 288708 through 289489, Workers' Compensation distributions and voided checks in the total amount of \$12,164,354.66.

8. 2008 STATE LEGISLATIVE UPDATE

Recommendation: That the Board take a support position on AB 2270 (Feuer/Laird), AB 2219 (Parra), AB 2501 (Wolk), AB 2938 (Deleon), AB 2484 (Caballero), and AB 2537 (Furutani), AB 2364 (Walters), SB 1345 (Ashburn); a watch position on SB 1391 (Padilla), and AB 2175 (Laird/Feuer); and an oppose position on AB 2046 (Jones).

9. SUPPORT OF LAFCO SPECIAL DISTRICT COMMISSIONER ARLENE SCHAFFER

Recommendation: That the Board support the nomination of Arlene Schaffer as the special district commissioner of the Orange County Local Agency Formation Commission and direct staff to prepare a letter of support for President Miller's signature.

10. PLANNING AREA 6 ZONE 6 AND ZONE D RESERVOIR CONSTRUCTION CHANGE ORDER

Recommendation: That the Board authorize the General Manager to execute Contract Change Order No. 4 in the amount of \$113,290.18 for Planning Area 6 Zone 6 and Zone D Reservoirs, projects 10426 and 30180.

11. BAKE PARKWAY RECYCLED WATER PIPELINE, LOS ALISOS WATER RECLAMATION PLANT INFLUENT SEWER IMPROVEMENTS, DESALTER SOUTH IRVINE BRINE LINE, AND ZONE A PIPELINE CONNECTION CONTRACT CHANGE ORDERS AND FINAL ACCEPTANCE

Recommendation: That the Board authorize the General Manager to execute Change Order No. 24 in the amount of \$127,633.36 and Change Order No. 25 in the amount of \$166,489.44 with Vido Artukovich and Son, Inc./Vidmar, Inc.; accept construction of Bake Parkway Recycled Water Pipeline, project 30177, Los Alisos Water Reclamation Plant Influent Sewer Improvements, project 20200, Irvine Desalter South Irvine Brine Line from Bake Parkway to Los Alisos Water Reclamation Plant, project 10376, and Zone A Pipeline Connection, project 30134; authorize the General Manager to file a Notice of Completion; and authorize release of retention 35 days after the filing of the Notice of Completion.

12. SAN JOAQUIN MARSH CAMPUS CONSTRUCTION CHANGE ORDER NO. 2

Recommendation: That the Board authorize the General Manager to execute Construction Change Order No. 2 in the amount of \$15,246.20 for the San Joaquin Marsh Campus Improvements (Phase III), project 10957.

13. ORCHARD HILLS ZONE 3-5 BOOSTER PUMP STATION AND PORTOLA SPRINGS ZONE A-C BOOSTER PUMP STATION BUDGET, EXPENDITURE AUTHORIZATION, AND CONTRACT CHANGE ORDER

Recommendation: That the Board authorize an increase to the FY 2007-08 Capital Budget for project 13511 in the amount of \$143,900, from \$3,014,600 to \$3,158,500 and for project 30237 in the amount of \$117,600, from \$3,014,600 to \$3,132,200; approve Expenditure Authorizations for project 13511 in the amount of \$143,900 and for project 30237 in the amount of \$117,600; and authorize the General Manager to execute Contract Change Order No. 8 in the amount of \$70,067.16 with Schuler Engineering, Inc. for the Orchard Hills Zone 3-5, project 13511, and Portola Springs Zone A-C Booster Pump Station, project 30237.

14. LANDSCAPE IRRIGATION CONTROLLER REPLACEMENT EXPENDITURE AUTHORIZATION AND MATERIAL PURCHASE

Recommendation: That the Board approve an Expenditure Authorization for project 30292 for \$300,400 for the Calsense controllers replacement, and authorize the General Manager to execute a purchase agreement with John Deere Landscape in the amount of \$192,221.91 for the new irrigation controllers.

15. BAKER REGIONAL WATER TREATMENT FACILITY – AMENDMENT AUTHORIZATION, BUDGET INCREASE AND EXPENDITURE AUTHORIZATION

Recommendation: That the Board authorize the General Manager to execute Amendment No. 3 to the Memorandum of Understanding with the participating agencies, subject to non-substantive changes and approval by participating agencies, and approve a budget increase of \$49,500, from \$203,500 to \$253,000 and an Expenditure Authorization in the amount of \$49,500 for the Phases I and II work for the Baker Regional Water Treatment Facility, project 11122.

16. ASSESSMENT OF WATER SUPPLY FOR IRVINE BUSINESS COMPLEX VISION PLAN AND RESIDENTIAL MIXED USED OVERLAY ZONING CODE

Recommendation: That the Board approve the assessment of water supply for Irvine Business Complex Vision Plan and Residential Mixed Use Overlay Zone Code.

ACTION CALENDAR

LOS ALISOS WATER RECLAMATION PLANT UPGRADES CONTRACT CHANGE ORDER NO. 16

General Manager Jones reported that in January 2007, the Board awarded the construction of the Los Alisos Water Reclamation Plant (LAWRP) Upgrades to W.M. Lyles Co. in the amount of \$11,820,034. The project is under construction with an estimated completion date of November 2008.

Director of Engineering Heiertz reported that staff is requesting approval of Contract Change Order No. 16, which consists of three items as follows:

Replace tertiary filter control panels	\$140,547
Replace electrical equipment in the Chemical Building to comply with code requirements	\$ 38,207
Delete AC paving and add concrete curbs, gutters, and slab adjacent to the chlorine contact basin	<u>\$ 47,379</u>
Total	\$226,133

Director Withers said this item was reviewed and approved by the Engineering and Operations Committee on April 15, 2008. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE CONTRACT CHANGE ORDER NO. 16 IN THE AMOUNT OF \$226,133 WITH W. M. LYLES CO. FOR THE LOS ALISOS WATER RECLAMATION PLANT UPGRADES, PROJECTS 20243 AND 30134.

MICHELSON WATER RECLAMATION PLANT PHASE I UPGRADES BUDGET, EXPENDITURE AUTHORIZATION, AND CONTRACT CHANGE ORDER NO. 14

Director of Engineering Heiertz reported that in June 2006, the Board awarded the construction of the Michelson Water Reclamation Plant (MWRP) Phase 1 Upgrades to Gateway Pacific Contractors in the amount of \$8,828,497. The project consists of construction of a new secondary clarifier with ancillary equipment. In November 2007, the Board approved a Contract Change Order for \$169,394.00 to add the MWRP Filter Concrete Crack Repair, Project 20470, to the existing contract with Gateway. This Change Order includes the first phase of repairs addressing interior cracking and spalling that is accessible without removing the filter media. The completion of this first phase of filter repairs was accelerated in order for MWRP to be at full reclaimed water production by July 1, 2008 to minimize IRWD's CORF payments to the Orange County Sanitation District.

Mr. Heiertz said that in late 2008 or 2009, the second phase of filter crack repair will be performed under a separate contract. It will include inspection of each filter cell when the filter media replacement contractor comes on site to replace the media. Cracks and spalling concrete below the filter media level will then be identified and repaired. In addition, to prevent any hairline cracks from expanding, the interior walls of the filter cells will be coated to extend the life of the structure. Afterwards, the new media will be placed into the filter cells.

Mr. Heiertz said that during the preparation of the bid documents for the Phase 1 crack repairs, the filter cells could only be inspected from the filter deck. Bid quantities were estimated from this inspection. In March 2007, Gateway began work within the first of seven filter cells and discovered that cracks and spalls were far more extensive than originally estimated and bid. The amount of

cracks in this first filter cell nearly accounted for the total amount of cracks budgeted for the entire project. Additionally, the repair procedures needed to be streamlined to require epoxy injection for only major cracks. Minor hairline cracks will be addressed in the next phase of filter repairs with coating.

Mr. Heiertz said that since the extent of the repairs has increased substantially, staff renegotiated the estimated amount of repair work needed in the remaining six filter cells. Contract Change Order No. 14 includes the estimated cost for the remaining filter cells at a total cost of \$206,340. Actual quantities of crack and spall repairs will be closely monitored and final adjustments will be made after the work is completed. It is anticipated that it will take two weeks to repair each filter cell. To meet the July 1, 2008 goal of having MWRP at full recycled water production, staff authorized the work to proceed through the Change Request process.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on April 15, 2008. Discussion followed as to the cause of the cracking and whether further testing should be done. Mr. Jones said the proposed repairs are necessary in any event, but further core sampling can be done to see if other actions are required, and staff will follow-up on this. Following discussion, on MOTION by Miller, seconded and unanimously carried **THE BOARD AUTHORIZED AN INCREASE TO THE FY 2007-08 CAPITAL BUDGET FOR PROJECT 20470 IN THE AMOUNT OF \$352,000, FROM \$244,200 TO \$596,200; APPROVE D AN EXPENDITURE AUTHORIZATION FOR PROJECT 20470 IN THE AMOUNT OF \$352,000; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE CONTRACT CHANGE ORDER NO. 14 IN THE AMOUNT OF \$206,340 WITH GATEWAY PACIFIC CONTRACTORS FOR THE MICHELSON WATER RECLAMATION PLANT PHASE I UPGRADES, PROJECT 20276 AND MICHELSON WATER RECLAMATION PLANT FILTER CONCRETE CRACK REPAIR, PROJECT 20470.**

INTERNAL CATHODIC PROTECTION OF 11 STEEL RESERVOIRS EXPENDITURE AUTHORIZATION AND CONSTRUCTION AWARD

General Manager Jones reported that the sacrificial anodes cathodically protecting the interior of nine steel reservoirs and the rectifiers protecting two steel reservoirs have reached the end of their usable life and need to be replaced.

Mr. Jones said that an engineering study was completed to evaluate the condition of the impressed current cathodic protection systems installed in the District's steel reservoirs. The study showed the anodes for nine of the systems were depleted and required replacement; otherwise, the reservoirs will be at risk for corrosion. All of the new equipment installed in the reservoirs will be ANSE/NSF 61 approved for use in domestic water reservoirs. This will insure that water quality will not be adversely impacted by the cathodic protection materials inside the reservoir.

Mr. Jones said that in addition, the 20-year old rectifier for the Zone 1 reservoir impressed current cathodic protection system recently failed. Replacement parts for the rectifier are no longer available and it needs to be replaced. The Zone 8 reservoir has the same obsolete rectifier and staff recommends the replacement of this rectifier as well.

Mr. Jones said that staff solicited bids for the replacement of the cathodic protection equipment from four contractors: Corrpro Company, American Construction and Supply, Farwest Corrosion Control and GMC Electrical. Two contractors, Farwest Corrosion Control and GMC Electrical, declined to submit bids. Corrpro Company is the apparent low bidder with a bid amount of \$242,117.77.

On MOTION by seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION FOR PROJECT 10820 FOR \$192,100 AND PROJECT 30251 FOR \$102,400; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH CORRPRO CO. IN THE AMOUNT OF \$242,117.77 FOR THE PURCHASE AND INSTALLATION OF THE ANODES AND RECTIFIERS.

EXTENSION OF THE INTERIM RECHARGE PROJECT WITH ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT

The Board approved IRWD entering into an interim water storage/banking agreement with Rosedale in Kern County utilizing a portion of IRWD's Strand Ranch property. In January 2008, the Board authorized the General Manager to execute a Letter Agreement with Carpinteria Valley Water District (CVWD) for a short-term water storage partnership that would allow IRWD to store a portion of CVWD's unused State Water Project entitlement (through the Central Coast Water Authority) under IRWD's Interim Banking Program. On March 20, 2008, the CVWD short-term water storage partnership received approval from the State Water Contractors, and the California Department of Water Resources (DWR) has agreed to draft the point of delivery agreements. IRWD's Interim Banking Program initial terms expire on May 1, 2008. The program requires that the CVWD water be delivered to Kern County by May 1, 2008. The Central Coast Water Authority has expressed uncertainty that all the water can be delivered to Kern County prior to May 1, 2008. As a result, IRWD and Rosedale have concurred with the need to exercise the one-year extension to the Interim Recharge Program agreement.

On MOTION by Swan, seconded and unanimously carried, THE BOARD APPROVED EXTENSION OF THE INTERIM RECHARGE PROJECT WITH ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT FOR ONE ADDITIONAL YEAR, TERMINATING ON MAY 1, 2009.

REQUEST FOR APPROVAL OF EXPENDITURE AUTHORIZATION AND VARIANCES TO AGREEMENTS WITH SIERRA SCIENTIFIC SERVICES AND ESA WATER

General Manager Jones reported that Irvine Ranch Water District contracted with ESA Water as the environmental consultant for the Strand Ranch Integrated Banking Project and with Sierra Scientific Services for well monitoring, and groundwater modeling studies for the water banking project in support of the Draft Environmental Impact Report (DEIR). The DEIR was circulated for review and public comments were received on March 10, 2008. The preparation of the DEIR and the ongoing preparation of response to comments will exceed the budget and agreements with both Sierra Scientific Services and ESA.

Mr. Jones said that in November 2006, staff executed a contract with Dr. Robert Crewdson's company, Sierra Scientific Services, in the amount of \$30,000. Early tasks in the Sierra Scientific scope included designing a well monitoring program to develop baseline groundwater information on water quality, groundwater flow, and possible impacts of or on existing water banking programs. As previously reported to the Committee in December 2007, Dr. Crewdson's assistance was further requested to perform more extensive technical work on groundwater modeling and well placement analyses, as well as water quality analyses necessary to support the impacts section of the DEIR. Dr. Crewdson's work related to the groundwater modeling and water quality analyses totaled \$59,524 for a revised total contract of \$89,524.

Mr. Jones said that staff has contracted with Wildermuth Environmental Inc. to perform a peer review of the modeling studies and supporting DEIR reports completed by Sierra Scientific, as well as to prepare extensive modeling related response to comments; Wildermuth's contract for this work was for \$18,400. Dr. Crewdson's time is now required to coordinate with Wildermuth and to assist with the preparation of the modeling-related responses to comments. To assist Wildermuth, Dr. Crewdson has requested for a variance to the agreement in the amount of \$10,640. This request will provide sufficient budget for Dr. Crewdson to participate in the preparation of response to comments to the DEIR.

Mr. Jones said that the original contract with ESA for completion of the Strand Ranch EIR was for \$138,534. At the time the original contract was executed, ESA was directed to begin work on the project description, Notice of Preparation, and impact analysis for a project with the Semitropic Water Storage District. In 2006, it was determined that issues existed regarding IRWD's potential partnership with Semitropic which led IRWD to consider other potential water banking partnerships. At that time, IRWD initiated discussions with Rosedale-Rio Bravo Water Storage District (RRB) on partnering opportunities which included discussions involving integrating Strand Ranch into the RRB storage program. Since January 2008, ESA has been working to complete a Final Environmental Impact Report (FEIR) for the Strand Ranch Integrated Banking Project with RRB as the lead agency and IRWD as a responsible agency.

Mr. Jones said that ESA's original budget of \$138,534 was increased to \$191,034 due to the shift in project partner, ESA's extensive work with Dr. Crewdson on the more extensive approach to groundwater recharge and recovery modeling, well placement analyses, and water quality analyses, additional meetings and coordination to incorporate the appropriate findings and analyses into the DEIR. Additional work has been identified that is required to prepare the FEIR. This includes the preparation of a second Screencheck Draft and additional need for ESA to work with the unanticipated efforts of Wildermuth in preparation of response to comments

Mr. Jones said that funds for environmental and legal work associated with the DEIR and FEIR have been available under previous Expenditure Authorizations for Project 10765. These authorizations were originally for work on the direct recharge program with Semitropic. A summary of the \$249,581 of the total budget of \$819,500 for Project 10765, which was previously expended on work associated with the Semitropic direct recharge program and due diligence for a potential partnership with Kern Delta Water District, is presented as follows:

Western Development & Storage (Poso Creek work):	\$184,086.90
Stoel Rives (legal counsel and water rights counsel):	\$ 40,294.55
Black & Veatch (assistance with Kern Delta):	\$ 5,200.00
Western Development & Storage (baseline screening Kern Delta properties)	\$ 20,000.00

Mr. Jones said that this work was no longer necessary with expiration of the Memorandum of Understanding with Semitropic. Therefore, the Committee authorized staff to utilize remaining project funds for the DEIR and groundwater modeling work. The prior Expenditure Authorization was for \$610,500, of which \$249,581 was expended on work related to Semitropic and Kern Delta, \$191,034 committed for ESA, \$89,524 for Sierra Scientific, \$45,560 for staff time, and \$75,000 to RRB for partial reimbursement of the interim recharge ponds totaling \$651,118.

Mr. Jones said that an Expenditure Authorization in the amount of \$209,000 for Project 10765 is necessary to release funds for these two new variances and to cover the remaining reimbursement of

\$75,000 to RRB for the interim recharge ponds, \$45,000 for staff time, \$45,000 for legal counsel and any additional contingencies with the DEIR.

Director Swan reported that this item was reviewed and approved by the Water Banking Ad Hoc Committee on April 22, 2008. On MOTION Miller by seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 2 TO THE AGREEMENT WITH ESA WATER IN THE AMOUNT OF \$22,722; AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 2 TO THE AGREEMENT WITH SIERRA SCIENTIFIC SERVICES IN THE AMOUNT OF \$10,640; AND APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$209,000 FOR THE WATER RESOURCES AGREEMENTS/IMPLEMENTATION, PROJECT 10765, TO COVER VARIANCES AND COSTS ASSOCIATED WITH THE INTERIM RECHARGE PONDS, STAFF AND LEGAL TIME.

INTENTION TO FORM IMPROVEMENT DISTRICTS 112 AND 212, ADOPT PLANS OF WORKS AND DETACHMENTS FROM IMPROVEMENT DISTRICTS 130 AND 3(230)

General Manager Jones reported that in order to proceed with development of water and sewer facilities in the area formerly known as the Marine Corps Air Station at El Toro, it is necessary to form two Improvement Districts, (ID's) 112 for water facilities, and 212 for sewer facilities, and adopt a Plan of Works for each ID. The Plans of Works and a map showing the exterior boundaries of the proposed ID's are on file with the District Secretary. Legal counsel has prepared resolutions, which declare the Board's intent to form the ID's, adopt their respective Plan of Works, and set May 27, 2008 as the date for the required public hearing on these matters.

Mr. Jones said it is anticipated that general obligation bonds will be issued in amounts necessary to finance the facilities within each ID. The amount of the bond authorization required to fund the acquisition and construction of facilities described in the Plan of Works is estimated at \$28,512,300 for water facilities and \$108,711,800 for sewer facilities. Resolutions relating to bond authorization and the required election will be presented to the Board for consideration on May 27, 2008 subject to the public hearing on improvement district formation and Plans of Works.

Mr. Jones said there are three parcels of land located within the proposed boundaries of ID's 112 and 212 that are also in ID's 103 and 3(203). At the direction of the Finance and Personnel Committee, staff contacted the primary land owner, Lennar to request their input on the detachment of the three parcels from ID's 103 and 3(203), leaving them in ID's 112/212 only. Lennar has requested that only two parcels be detached, leaving the third parcel in ID's 103 and 3(203) until further analysis is complete. After the formation of the proposed ID's 112 and 212, Lennar still has the option to request the remaining parcel to be detached from 103 and 3(203). This can be accomplished, as long as no construction has commenced, by written consent of the land owner(s) and Board action.

Director Swan reported that the Finance and Personnel Committee reviewed the detachment of certain areas of ID's 103 and 3(203) on October 2, 2007, and the Engineering and Operations Committee reviewed the Plans of Works on April 15, 2008. Following discussion, on MOTION by Miller, seconded and unanimously carried, THE BOARD ADOPTED THE FOLLOWING RESOLUTIONS BY TITLE:

RESOLUTION NO. 2008-19

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
IRVINE RANCH WATER DISTRICT DECLARING ITS  
INTENTION TO FORM IMPROVEMENT DISTRICT NO. 112  
AND TO ADOPT A PLAN OF WORKS THEREFOR

RESOLUTION NO. 2008-20

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
IRVINE RANCH WATER DISTRICT DECLARING ITS  
INTENTION TO FORM IMPROVEMENT DISTRICT NO. 212  
AND TO ADOPT A PLAN OF WORKS THEREFOR

RESOLUTION NO. 2008-21

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
IRVINE RANCH WATER DISTRICT DECLARING ITS  
INTENTION TO DETACH TERRITORY FROM  
IMPROVEMENT DISTRICT NOS. 103 AND 3(203)

GENERAL MANAGER'S REPORT

General Manager Jones reported that the Water Conservation Allocation Based Rate Structured Bill AB 2882 has been scheduled for the Senate Natural Resources Committee on one of two days either June 10 or June 24. He said the District has positive support and recommendation for support from the L.A. County Board of Supervisors. The bill will be going to the L.A. County Board of Supervisors this week, and that staff is recommending an affirmative support position on the bill. He said the District is also working with the County of Orange to get it on their legislative calendar for the Board of Supervisors to have them support it as well.

DIRECTOR'S COMMENTS

Director Withers reported that Mary Aileen Matheis has agreed to substitute for John's IRWD resident tour this Sunday, May 3<sup>rd</sup>.

Director Reinhart reported that he and Greg Heiertz were at IRWD's resident tour on Saturday, unfortunately, it was a hot day and there was no air conditioning on the bus, so the tour was cut short.

Director Swan reported he attended the Central Valley Tour, and meetings at OCBC, SAWPA, Southern California Dialogue and CASA Spring Conference in Lake Tahoe.

Director Matheis reported she attended the Irvine Valley College Foundation. She said there is a whole new campus facility over in the district near the performing arts. She attended UCI-Water Research "Women in Water" featured speaker Dorothy Green. She also attended the Coastal

Coalition where a presentation was made on Low Impact Development (LID) to combat urban runoff.

CLOSED SESSION

President Miller said that the following closed session item would be held this evening pursuant to Government Code Section 54957.6. Agency Designated Representative: Darryl Miller; and Unrepresented Employee: Paul D. Jones II.

OPEN SESSION

The meeting was reconvened with Reinhart, Withers, Swan, Miller, and Matheis present. President Miller reported that in Closed Session the Board reviewed the General Manager's compensation and noted that his performance exceeded expectations since March 2007. On MOTION by Miller, seconded and unanimously carried, **THE GENERAL MANAGER WAS GRANTED AN INCREASE EQUIVALENT TO 4.2% OF HIS CURRENT BASE SALARY FOR DIRECT CONTRIBUTION BY THE DISTRICT TO HIS EXECUTIVE DEFERRED COMPENSATION PROGRAM, A \$2,000 PER YEAR INCREASE TO HIS AUTO ALLOWANCE, BOTH EFFECTIVE MARCH 1, 2008; AND THE BOARD ALSO GRANTED HIM A PERFORMANCE AWARD EQUAL TO 11.25% OF HIS CURRENT BASE SALARY.**

ADJOURNMENT

There being no further business, President Miller adjourned the Board Meeting at

APPROVED and SIGNED this 12<sup>th</sup> day of May, 2008.

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President, IRVINE RANCH WATER DISTRICT

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Assistant Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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Legal Counsel – Bowie, Anson, Wiles & Giannone