

MINUTES OF REGULAR MEETING – AUGUST 25, 2008

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 6:00 p.m. by President Miller on August 25, 2008 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering Heiertz, Secretary Bonkowski, Legal Counsel Arneson, Ms. Debby Cherney, Mr. Jim Reed, Mr. Bruce Newell, Mr. Jim Carter, Ms. Shannon Reed, Mr. Paul Weghorst, Mr. Wayne Posey, Mr. Kevin Burton, Ms. Beth Beeman, Ms. Kirsten McLaughlin, 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 it was her understanding that currently wells 4, C-8, C-9, 10, 12, 13, 14, 15, 16, and 17 are in operation in accordance with the District's annual pumping plan. Wells 1 and 18 will operate part of the week, and wells 2, 3, 5, 6, 7, and 11 will be placed in operation as required. The District's planned pumping for August is 4,900 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), 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. 22,000 acre feet) of its 48,500 acre feet in storage beginning in fiscal year 2008-09. It is expected that an additional 22,000 acre feet will be extracted in FY 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. Jones.

With respect 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. OCWD has taken no further actions with respect to the annexation. At OCWD's request, IRWD staff has provided additional future groundwater production scenarios with annexation. This was confirmed by Mr. Jones.

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 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 TOO LATE TO BE AGENDIZED – None.

PRESENTATION

RESOLUTION COMMENDING JOHN WITHERS FOR HIS SERVICE ON THE SANTA ANA REGIONAL WATER QUALITY CONTROL BOARD

President Miller presented a resolution to Director Withers for his 16 years of service as a Board of Director of the Santa Ana Regional Water Quality Control Board. On MOTION by Swan, seconded and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2008-47

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT RECOGNIZING
JOHN WITHERS FOR HIS SERVICE ON THE SANTA
ANA REGIONAL WATER QUALITY CONTROL BOARD

CONSENT CALENDAR

On MOTION by Swan, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 14 WERE APPROVED AS FOLLOWS:

4. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the August 4, 2008 Regular Board Meeting, the August 8, 2008 Adjourned Regular Board Meeting and the August 11, 2008 Regular Board Meeting be approved as presented.

5. RATIFY/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. STRATEGIC MEASURES' DASHBOARD

Recommendation: Receive and file.

7. UPCOMING PROJECTS STATUS REPORT

Recommendation: Receive and file.

CONSENT CALENDAR (Continued)

8. JULY 2008 FINANCIAL STATEMENTS REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for July 2008; approve the July 2008 Summary of Wire Transfers and ACH payments in the total amount of \$7,988,831.68; and approve the July 2008 Warrants Nos. 292520 through 293374, Workers' Compensation distributions and voided checks in the total amount of \$11,851,946.06.

9. REIMBURSEMENT TO BOARD MEMBER FOR BUSINESS EXPENSES

Recommendation: That the Board approve the March to May 2008 expense reports submitted for reimbursement of Board of Director conference, travel and business expenses incurred by Director Mary Aileen Matheis.

10. RESOLUTION OF INTENT TO ANNEX AREAS TO PROVIDE FOR THE CONSOLIDATION OF IMPROVEMENT DISTRICTS 130/190 AND 230/290

Recommendation: That the Board adopt the following resolution by title declaring its intention to annex specified territories to Improvement District Nos. 103, 109, 3(203) and 290.

RESOLUTION NO. 2008-48

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT DECLARING ITS
INTENTION TO ANNEX SPECIFIED TERRITORIES TO
IMPROVEMENT DISTRICT NOS. 103, 109, 3(203) AND 290

11. IRVINE DESALTER PROJECT – DESIGN VARIANCE

Recommendation: That the Board authorize a budget reduction to the Fiscal Year 2008/09 Capital Budget for project 30376 by \$182,000, from \$10,281,000 to \$10,099,000; approve an Expenditure Authorization for project 30376 in the amount of \$520,000; and authorize the General Manager to execute Variance No. 1 in the amount of \$115,410 to Tetra Tech, Inc. for engineering services for the Irvine Desalter Project, projects 10376 and 30376.

12. 2008 STATE LEGISLATIVE UPDATE

Recommendation: That the Board take a SUPPORT position on AB 2175 (Laird/Feuer).

CONSENT CALENDAR (Continued)

13. PORTOLA HILLS ZONE 9 BOOSTER PUMP STATION RECONSTRUCTION
FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Portola Hills Zone 9 Booster Pump Station, project 11350; 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.

14. CULVER DRIVE AND HARVARD AVENUE SEWER MAINTENANCE AND
REHABILITATION CONSTRUCTION SERVICES

Recommendation: That the Board authorize the General Manager to execute a construction engineering services contract with Tetra Tech for \$77,000 for the Culver Drive and Harvard Avenue Sewer Maintenance and Rehabilitation project.

ACTION CALENDAR

STATEWIDE WATER RESOURCES BOND AND APPROPRIATION LEGISLATION

Using a PowerPoint presentation, Ms. Kirsten McLaughlin provided an overview and comparison of the \$9.285 billion bond proposal (by Feinstein/Schwarzenegger), known as the Safe, Clean, Reliable Drinking Water Supply Act of 2008 with AB 8xx (Huffman, Caballero, Wolk), a \$9.8 billion bill (Water Quality, Flood Control, Water Storage, and Wildlife Presentation).

Director Swan said that he felt it was premature to support these efforts at this time. Following discussion, on MOTION by Matheis, seconded and carried, (4-1) Matheis, Withers, Reinhart, Miller voting aye, and Swan voting no, **THE BOARD SUPPORTED EFFORTS TO DEVELOP A LEGISLATIVE STATEWIDE WATER RESOURCES BOND PROPOSAL TO BE PLACED ON THE BALLOT FOR A VOTE OF THE PEOPLE; DIRECTED STAFF TO ADVOCATE FOR: 1) \$750 MILLION FOR WATER RECYCLING; 2) \$750 MILLION FOR OCEAN/BRACKISH WATER DESALINATION AND SALT/BRINE MANAGEMENT; 3) CONTINUOUS APPROPRIATION OF STORAGE FUNDING; AND 4) IMPLEMENTATION OF A DELTA SUSTAINABILITY PACKAGE THAT INCLUDED ECOSYSTEM RESTORATION AND CONVEYANCE.**

LOS ALISOS WATER RECLAMATION PLANT UPGRADES – BUDGET,
EXPENDITURE AUTHORIZATION, AND CONSTRUCTION SUPPORT SERVICES

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. Director of Engineering Heiertz reported that the project was designed by HDR Engineering, Inc. (HDR) and they are currently performing engineering services during construction. Mr. Heiertz said that since the start of construction, there has been a significant redesign effort to resolve several major changes due to unforeseen conflicts

with existing plant utilities and coordination with existing plant equipment. As such, HDR is requesting a variance to reflect the required effort for an additional four months of construction and additional services not anticipated in the original and subsequently revised budgets. He said that Variance No. 3 consists of the following tasks: 1) additional project management and attendance at 16 additional meetings, review of an additional 16 submittals and 5 resubmittals, and additional operation and maintenance manual review and development; 2) additional efforts to prepare the record drawings due to the significant number of changes that occurred during construction, and the addition of extensive equipment tagging to the drawings; and 3) special electrical/instrumentation services including plant-wide electrical system coordination, arc flash protection, and energy control procedures; 4) additional effort to complete the chlorine contact basin tracer testing as required by the Department of Public Health; and 5) new tasks and numerous design analyses and plan revisions.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on August 19, 2008. Following discussion, staff will agendaize an item for the October Engineering and Operations Committee to discuss the master plan for the Los Alisos Water Reclamation Plant. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED AN INCREASE TO THE FY 2008-09 CAPITAL BUDGET FOR PROJECT 20243 IN THE AMOUNT OF \$252,000, FROM \$13,644,800 TO \$13,896,800, AND FOR PROJECT 30134 IN THE AMOUNT OF \$145,900, FROM \$7,365,900 TO \$7,511,800; APPROVED EXPENDITURE AUTHORIZATIONS FOR PROJECT 20243 IN THE AMOUNT OF \$252,000 AND PROJECT 30134 IN THE AMOUNT OF \$145,900; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 3 WITH HDR ENGINEERING, INC. FOR ENGINEERING SUPPORT SERVICES DURING CONSTRUCTION IN THE AMOUNT OF \$199,700 FOR THE LOS ALISOS WATER RECLAMATION PLANT UPGRADES, PROJECTS 20243 AND 30134.

IRVINE LAKE PIPELINE/ZONE C INTERCONNECTION BUDGET AND EXPENDITURE AUTHORIZATION

Director of Engineering Heiertz reported that with the Metropolitan Water District of Southern California supplying less water for agricultural use in the upcoming year, staff has identified the conversion of the Irvine Lake Pipeline (ILP) south of Rattlesnake Reservoir to provide reclaimed water as a supplemental source for agricultural use.

Mr. Heiertz said that Stantec Consulting, Inc. is currently working on the project design, and they are scheduled to complete the design by September 2008. Construction completion for the interconnection is scheduled for December 31, 2008. He said that in order to meet this accelerated schedule, staff will pre-purchase a 24-inch butterfly valve for the interconnection pipeline due to the long lead time to acquire the butterfly valve. Staff plans to obtain bids from several contractors and issue a purchase order for construction (estimated at \$90,000).

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on August 19, 2008. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED THE ADDITION OF THE IRVINE LAKE PIPELINE/ZONE C PIPELINE INTERCONNECTION, PROJECT 30328, IN THE AMOUNT OF \$204,600 TO THE FY 2008-09 CAPITAL BUDGET, AND APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$204,600 FOR THE IRVINE LAKE PIPELINE/ZONE C INTERCONNECTION, PROJECT 30328.

ORANGE PARK ACRES PROJECTS – BUDGET INCREASE AND EXPENDITURE AUTHORIZATION

Director Ballard placed before each Director a map highlighting the Orange Park Acres existing domestic water system and included proposed improvements. Mr. Ballard said that during the last year while IRWD has been operating and maintaining the Orange Park Acres (OPA) water system under contract with Orange Park Acres Mutual Water Company (OPAMWC), a number of deficiencies were discovered. Using a PowerPoint presentation, he reviewed the list of these projects and future projects to be performed under the District's Engineering Department. He said that it is proposed that the projects be assigned to the Operations department and be completed in-house or through direct contract.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on August 19, 2008. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED AN INCREASE TO THE FY 2008-09 CAPITAL BUDGET FOR PROJECT 11405 FOR \$12,600, FROM \$282,600 TO \$295,200, AND APPROVED EXPENDITURE AUTHORIZATIONS FOR PROJECT 11404 FOR \$114,800 FOR ORANGE PARK ACRES (OPA) – REHABILITATION WELL TO SERVE IRWD Z5 (OPA SHARE), PROJECT 11405 FOR \$295,200 FOR OPA – REHABILITATION WELL TO SERVE IRWD Z5 (IRWD SHARE), PROJECT 11411 FOR \$377,900 FOR OPA – REPLACE REMAINING 1929 MAINS (OPA SHARE), PROJECT 11412 FOR \$67,200 FOR OPA – REPLACE REMAINING 1929 MAINS (IRWD SHARE), AND FOR PROJECT 11415 FOR \$315,200 FOR OPA – GENERAL SYSTEM MODIFICATIONS (OPA ONLY).

GENERAL MANAGER'S REPORT

General Manager Jones reported that IRWD received a USBR grant for the Strand Ranch in the amount of \$300,000 and recognized Paul Weghorst and staff for their efforts. He said that the first set of plans will be arriving soon, and that the next step will be sending out Request for Proposals.

Mr. Jones said that the Mesa Consolidated Water District's (MCWD) Board has directed staff to work with water agencies on cooperative projects and established an East Side Groundwater Producers Group to work on potential inter-connections.

DIRECTORS' COMMENTS

Director Reinhart complimented Director Miller in his capacity as Executive Director of Urban Water Institute on the successful annual conference held in San Diego.

Director Swan reported on his attendance at the ACWA Board meeting and CASA conference.

Director Matheis also reported on her attendance at the Urban Water conference, ACWA's Region X meeting with Peer Swan, and the El Toro Restoration Advisory Board meeting with Ms. Shannon Reed.

President Miller reported on an Orange County Register article regarding a resident residing in the city of Orange who planted his yard with native plants and the neighbors are very much opposed to them.

CLOSED SESSION

President Miller said that a Closed Session would be held this evening with legal counsel relative to existing litigation - Government Code Section 54956.9(a); State ex rel. Armenta v. James Jones Company et al.

OPEN SESSION

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

ADJOURNMENT

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

APPROVED and SIGNED this 8th day of September, 2008.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone