

MINUTES OF REGULAR MEETING – OCTOBER 27, 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 October 27, 2008 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Miller, Matheis, Reinhart, Withers (arrived at 6:11 p.m.), and Swan

Directors Absent: None.

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering Heiertz, Ms. Debby Cherney, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Mr. Jim Carter, Mr. Paul Weghorst, Mr. Mike Hoolihan, Ms. Shannon Reed, Mr. Wayne Posey, 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 1, 2, 4, 5, C-8, C-9, 10, 12, 14, 15, 16, 17 and 18 are in operation in accordance with the District's annual pumping plan. Wells 3, 7 and 11 will operate a portion of the week. Wells 3, 7 and 11 are inactive. The District's planned pumping for October is 3,600 acre-feet. 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. MWDOC has approved the operating agreement subject to the concurrence of the OCWD Board. This was confirmed by Mr. Jones.

ITEMS TOO LATE TO BE AGENDIZED: None

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 – 14 WERE APPROVED AS FOLLOWS:

3. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the October 6, 2008 Regular Board Meeting, the October 10, 2008 Adjourned Regular Board Meeting, and the October 13, 2008 Regular Board Meeting be approved.

4. 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.

5. STRATEGIC MEASURES DASHBOARD

Recommendation: Receive and file.

6. 2008 STATE LEGISLATIVE UPDATE

Recommendation: Receive and file.

7. SEPTEMBER 2008 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for September 2008; approve the September 2008 Summary of Wire Transfers and ACH payments in the total amount of \$5,011,429.69; and approve the September 2008 Warrants Nos. 294153 through 294950, Workers' Compensation distributions and voided checks in the total amount of \$13,196,612.73.

CONSENT CALENDAR (CONTINUED)

8. PLANNING AREA 9B JEFFREY ROAD PIPELINES (IRVINE BOULEVARD TO PORTOLA PARKWAY) EXPENDITURE AUTHORIZATION APPROVAL

Recommendation: That the Board approve Expenditure Authorizations for funding additional design of Planning Area 9B 12-inch Zone 3 Pipeline in Jeffrey Road (Irvine Boulevard to Portola Parkway) in the amount of \$105,000 for project 10423, and for Planning Area 9B 30-inch Zone A, 16-inch Zone B, and 6-inch Zone C Pipelines in Jeffrey Road in the amount of \$105,000 for project 30422.

9. PLANNING AREA 30 AND 51 SUB AREA MASTER PLAN VARIANCE NO. 4 AND EXPENDITURE AUTHORIZATION

Recommendation: That the Board approve an Expenditure Authorization for project 10787 for \$33,000 and authorize the General Manager to execute Variance No. 4 to Tetra Tech, Inc. in the amount of \$27,588 for the Planning Areas 30 and 51 Sub-Area Master Plan.

10. ZONE 3 SAND CANYON AVENUE PIPE REPLACEMENT CONSTRUCTION PHASE CONSULTANT SERVICES

Recommendation: That the Board authorize the General Manager to execute agreements with Guida Surveying for surveying services in the amount of \$35,200 and MBF Consulting, Inc. in the amount of \$51,892 for the Zone 3 Sand Canyon Avenue Pipe Replacement, project 11158.

11. CONSTRUCTION MANAGEMENT SERVICES FOR THE STRAND RANCH RECHARGE FACILITIES

Recommendation: That the Board approve a Professional Services Agreement with Dee Jaspar & Associates for construction management services for the construction of recharge facilities as part of the Strand Ranch Integrated Banking Project in the amount of \$214,300 for project 11289.

12. TACTICAL INCENTIVES UPDATE

Recommendation: That the Board authorize additional funding in the amount of \$350,000 for cost-effective tactical incentive conservation measures for Fiscal Year 2008-09 using available penalty revenue funds.

CONSENT CALENDAR (CONTINUED)

13. LAKE FOREST WOODS SEWER REHABILITATION PROJECT
EXPENDITURE AUTHORIZATION AND CONSULTANT SELECTION

Recommendation: That the Board approve an Expenditure Authorization in the amount of \$173,200, and authorize the General Manager to execute an Engineering Services Agreement with Earth Tech in the amount of \$137,526 for project 20747.

14. ADDENDUM TO THE MITIGATED NEGATIVE DECLARATION FOR
THE UNIVERSITY DRIVE AND CAMPUS DRIVE SEWER
REHABILITATION PROJECT MARCH 2004

Recommendation: That the Board approve the proposed Addendum to the Mitigated Negative Declaration for the University and Campus Drive Sewer Rehabilitation project including the determinations in the addendum.

ACTION CALENDAR

FLOOD PROTECTION IMPROVEMENT PROJECT VALUE ENGINEERING

Director of Engineering Heiertz reported that inadequate flood protection capacity of the San Diego Creek prompted staff to recommend installing permanent flood protection improvements at critical IRWD assets such as the Michelson Water Reclamation Plant (MWRP) and the University Lift Station. Mr. Heiertz said that staff retained VA Consulting to develop a design for the flood protection improvements that provided 200-year flood protection with four feet of freeboard adjacent to the creek and one foot of freeboard along the remainder of the wall. Removable flood gates would be installed at key locations to allow normal traffic access to all of the facilities. The preliminary construction cost estimate is approximately \$3 million.

Mr. Heiertz said that staff identified two firms that had expertise with port design and work and flood/wave protection projects: 1) Moffatt & Nichol; and 2) Halcrow. He said that proposals were received from both firms and that staff ranked the Moffatt & Nichol team higher based on the strength and experience of its project team, its ability to complete the work in nine weeks, its project approach, and its comprehensive understanding of the scope of work.

Director Reinhart said that this item was reviewed by the Engineering and Operations Committee on October 21, 2008. In response to Director Swan's comments, staff was asked to have the consultant look at all alternatives for the flood wall, including moving it to the creek side of Riparian Way.

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL

SERVICES AGREEMENT WITH MOFFATT & NICHOL FOR \$65,000 FOR THE FLOOD PROTECTION IMPROVEMENTS VALUE ENGINEERING, PROJECTS 20542 AND 30542.

BAKER REGIONAL WATER TREATMENT INTERAGENCY AGREEMENT

Director of Engineering Heiertz reported that the Baker Water Treatment Plant (WTP) Project, located at the Los Alisos Operations Center, involves construction of a facility that will treat raw water from the Baker Pipeline to drinking water standards. Mr. Heiertz said that under a 2006 Memorandum of Understanding (MOU), the El Toro Water District (ETWD), Moulton Niguel Water District (MNWD), Santa Margarita Water District (SMWD), Trabuco Canyon Water District (TCWD), Municipal Water District of Orange County (MWDOC), and the Irvine Ranch Water District (IRWD) agreed to finance and direct planning for the project. All work completed to date has been performed under the MOU with each district paying a share of the costs. The remainder of the project's design, construction, future operation and maintenance, and administration will be governed under a joint agreement among the five water districts and MWDOC.

Mr. Heiertz said that the key terms of the project agreement are: 1) IRWD will manage the design and construction of the Baker Plant, and will own and operate the facility. Through this agreement, the other participating retail water districts will own capacity rights in the plant's product water; 2) plant production capacity will be held by ETWD (14.5%), IRWD (21.7%), MNWD (29%), SMWD (29%) and TCWD (5.8%); 3) each water district will finance capital project costs proportionate to their capacity rights' shares; 4) a contract general and administrative rate has been developed to appropriately allocate these costs pertinent to the services provided by IRWD in cooperation with the other participating agencies; 5) it is estimated that the cost to produce water from the Baker Plant will be in the range of \$630 to \$660 per acre foot; 6) a project committee, composed of the five water districts and MWDOC, will oversee capital improvements, and operation and maintenance of the plant after it is constructed; 7) IRWD will operate and maintain the plant; and 8) the agreement term is for 50 years, with options for renewal. General Manager Jones requested an amendment to the motion to reflect that approval is subject to non-substantive changes by legal counsel and the General Manager.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on October 21, 2008. In response to Vice President Matheis' inquiry, Mr. Heiertz described MWDOC's role as a signatory as limited to assisting the parties and MWD in the water billing function. He also said that MWDOC has no voting rights as they will not own any capacity in the Baker Plant. In response to Director Swan's inquiry, Mr. Heiertz said that the plant would be designed to the subscribed capacity and there will be an allowance to expand. On MOTION by Reinhart, seconded and unanimously carried, **SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY LEGAL COUNSEL AND THE GENERAL MANAGER, THE BOARD APPROVED THE AGREEMENT FOR CONSTRUCTION, OPERATION AND MAINTENANCE OF BAKER WATER TREATMENT PLANT BETWEEN EL TORO WATER DISTRICT, IRVINE RANCH WATER DISTRICT, MOULTON NIGUEL WATER DISTRICT,**

SANTA MARGARITA WATER DISTRICT, TRABUCO CANYON WATER DISTRICT, AND MUNICIPAL WATER DISTRICT OF ORANGE COUNTY FOR DESIGN, CONSTRUCTION, AND OPERATION OF THE PROPOSED BAKER REGIONAL WATER TREATMENT PLANT, PROJECT 11218.

ORANGE PARK ACRES SUBAREA MASTER PLAN AND WATER TRANSMISSION PRELIMINARY DESIGN REPORT – CONSULTANT SELECTION

Staff recommends preparation of a Sub Area Master Plan (SAMP) for Orange Park Acres (OPA) and preparation of a Preliminary Design Report (PDR) for a water transmission main to serve OPA. The work will include preparation of water and sewer system master plans and preliminary design of a 16-inch water transmission main that will connect the OPA well to the Santiago Hills Zone 5 Reservoir.

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE ADDITION OF PROJECT 11421 IN THE AMOUNT OF \$88,000, THE ADDITION OF PROJECT 21421 IN THE AMOUNT OF \$71,500 TO THE FY 2008-09 CAPITAL BUDGET; APPROVED EXPENDITURE AUTHORIZATIONS FOR PROJECT 11421 IN THE AMOUNT OF \$88,000, AND FOR PROJECT 21421 IN THE AMOUNT OF \$71,500; APPROVED EXPENDITURE AUTHORIZATIONS FOR PROJECTS 11407, 11408, 11409 AND 11410 IN THE AMOUNT OF \$44,000 EACH; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE AN ENGINEERING SERVICES AGREEMENT WITH STANTEC CONSULTING INC. IN THE AMOUNT OF \$167,930 FOR PREPARATION OF THE OPA SAMP, PROJECTS 11421 AND 21421; AND PREPARATION OF THE OPA WATER TRANSMISSION PDR, PROJECTS 11407, 11408, 11409 AND 11410.

STRAND RANCH GROUNDWATER RECOVERY FACILITY DESIGN - CONSULTANT SELECTION AND EXPENDITURE AUTHORIZATION

Principal Water Resources Manager Weghorst reported that the Irvine Ranch Water District (IRWD) and Rosedale-Rio Bravo Water Storage District (Rosedale) are partners in the Strand Ranch Integrated Banking Project (Project) which is to provide water supply reliability to IRWD and its customers as well as to augment the recharge and recovery capacity of Rosedale's Conjunctive Use Program. Project facilities will consist of up to 20 recharge basins and up to eight groundwater recovery wells on IRWD's Strand Ranch in Kern County. Up to three additional wells may be constructed in the Rosedale service area. The project will also include recovery pipelines and canal turn-ins to deliver recovered water to the Cross Valley Canal that bisects the Strand Ranch.

Mr. Weghorst said that on August 25, 2008, Rosedale and IRWD distributed a Request for Proposal (RFP) for the design of groundwater recovery wells, pipelines, and canal turn-ins on the Strand Ranch. The RFP was issued to seven design firms: Boyle Engineering, Carollo Engineers, CDM, GEI (Bookman Edmonston), Dee Jaspar, Kennedy Jenks Consultants, and Wildermuth Environmental. The RFP scope of work included tasks for pilot hole drilling, testing and sampling, completion of three triple zone monitoring wells,

well and wellhead design, pipeline design, permitting, bidding phase support, and construction phase support. On September 22, 2008, proposals were submitted by Boyle Engineering and Wildermuth Environmental, CDM, GEI (Bookman Edmonston), and Kennedy Jenks. The proposals were evaluated by staff from IRWD and Rosedale, and staff recommends, with the concurrence of Rosedale, that the Boyle-Wildermuth team be awarded the contract. Their approach and scope of work are most consistent with the project goals. The recommendation is also based on its knowledge and understanding of key issues related to determining how many wells need to be developed and where the wells should be located such that water quality objectives for the Project can be met.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on October 21, 2008. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$3,145,500 FOR PROJECT 11289, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH BOYLE ENGINEERING AND WILDERMUTH ENVIRONMENTAL IN THE AMOUNT OF \$2,615,200 FOR THE FINAL STRAND RANCH GROUNDWATER RECOVERY FACILITY DESIGN, PROJECT 11289.

PLANNING AREA 40 TRABUCO ROAD CAPITAL WATER LINE – EXPENDITURE AUTHORIZATION

General Manager Jones reported staff recommends that the Board approve Expenditure Authorizations to fund construction and additional design for Project 10419, a permanent waterline in Trabuco Road through the bridge at the SR 133 to provide a potable water service to Fire Station No. 20 at a cost of \$1,419,000.

Director Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on October 21, 2008. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION FOR PROJECT 10419 IN THE AMOUNT OF \$1,419,900 FOR ADDITIONAL DESIGN, AND CONSTRUCTION AND INSPECTION SERVICES FOR PLANNING AREA 40 WATERLINES IN TRABUCO ROAD THROUGH THE BRIDGE AT SR 133 TO SUPPLY POTABLE WATER SERVICE TO THE TEMPORARY FIRE STATION NO. 20.

ENERGY EFFICIENCY MASTER PLAN AND BIOSOLIDS HANDLING – PRELIMINARY DESIGN REPORT, BUDGET ADDITION, EXPENDITURE AUTHORIZATION, AND CONSULTANT SELECTION

General Manager Jones reported that at the March 10, 2008 Board meeting, staff presented several options for handling biosolids generated at Michelson Water Reclamation Plant (MWRP). They ranged from continuing with the current practice of pumping all biosolids to the Orange County Sanitation District (OCSD) for treatment and disposal to being completely independent of OCSD by constructing digesters and a dryer at MWRP to produce fertilizer pellets. Mr. Jones said that the Board's direction to staff was twofold: to further investigate the cost of diverting solids to OCSD and to prepare a preliminary design

of the MWRP digesters/dryer option. A study to investigate the cost of diverting solids to OCS&D was awarded to Carollo Engineers in September 2008 and is currently underway with completion scheduled for January 2009.

Director of Engineering Heiertz reported that in order to accomplish the second Board directive, a Request for Proposal to prepare a preliminary design of the MWRP digesters/dryer option was completed. Mr. Heiertz said that staff developed a scope of work for the consultant services needed to prepare a preliminary design report for sludge digesters and dryers at the MWRP and an energy efficiency master plan for MWRP and the Los Alisos Water Reclamation Plant. He said that staff sent out a Request for Proposal to nine consultants on September 4, 2008. Brown and Caldwell, Malcolm Pirnie, CDM, Kennedy Jenks, R.W. Beck, and Tetra Tech declined to submit proposals due to commitments of key personnel on other projects. Proposals were received on October 10 from Earth Tech/AECOM and a team led by HDR Engineering. He said that after completing a thorough evaluation of the two proposals, staff is recommending award of the consultant contract for these services to HDR Engineering. HDR demonstrated excellent knowledge and understanding of the project requirements and has committed Bruce Willey and Jeff Berk, its top national wastewater treatment and biosolids/renewable resource experts, to work on the project.

Director Reinhart reported that this item was reviewed at the Engineering and Operations Committee on October 21, 2008. The Committee suggested that HDR and staff investigate public agency partnership opportunities for biosolids processing. In response to Director Swan's comment that he would like to have the Board receive a status report on the findings, Mr. Jones said that this item will be agendaized for discussion at a future workshop. On MOTION by Reinhart, seconded and unanimously carried, **THE BOARD AUTHORIZED THE ADDITION OF PROJECT 20759, ENERGY EFFICIENCY MASTER PLAN AND BIOSOLIDS HANDLING PRELIMINARY DESIGN, TO THE FY 2008-09 CAPITAL BUDGET IN THE AMOUNT OF \$2,556,800; APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$2,441,300; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH HDR ENGINEERING IN THE AMOUNT OF \$2,134,348 TO PERFORM ENGINEERING SERVICES FOR ENERGY EFFICIENCY MASTER PLAN AND BIOSOLIDS HANDLING PRELIMINARY DESIGN REPORT, PROJECT 20759.**

PLANNING AREA 6 PORTOLA SPRINGS – TOMATO SPRINGS DOMESTIC AND RECLAIMED WATER IMPROVEMENTS AND ZONE 4 AND C RESERVOIRS ACCESS ROAD BUDGET AND EXPENDITURE AUTHORIZATIONS

The Irvine Community Development Company (ICDC) is following through with a previous commitment to complete essential backbone utility infrastructure in PA 6 along Portola Springs and Tomato Springs in Neighborhood 4A. In April, 2004 IRWD entered into a Supplemental Reimbursement Agreement with ICDC for all IRWD Capital pipelines within PA 6. On May 22, 2006, an Expenditure Authorization was approved authorizing expenses relating to the design phase for Projects 10798 and 30798. Design was completed

after several modifications and project phasing changes dictated by market conditions. On October 3, 2008, IRWD approved a Letter of Concurrence for costs related to capital construction.

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD REINSTATED THE PREVIOUSLY APPROVED BUDGET AMOUNTS OF \$728,200 FOR PROJECT 10798 AND \$513,700 FOR PROJECT 30798 FROM THE FY 2006-07 CAPITAL BUDGET TO THE FY 2008-09 CAPITAL BUDGET; APPROVED A BUDGET INCREASE TO THE FY 2008-09 CAPITAL BUDGET FOR PROJECT 10798 BY \$550,000, FROM \$728,200 TO \$1,278,200, AND PROJECT 30798 BY \$330,000, FROM \$513,700 TO \$843,700; AND APPROVED EXPENDITURE AUTHORIZATIONS FOR PROJECT 10798 IN THE AMOUNT OF \$1,193,500, AND PROJECT 30798 IN THE AMOUNT OF \$764,500, TO FUND CONSTRUCTION AND CONSTRUCTION INSPECTION SERVICES FOR PA 6 PORTOLA SPRINGS – TOMATO SPRINGS DOMESTIC AND RECLAIMED WATER FACILITIES AND THE ZONE 4 AND C RESERVOIRS ACCESS ROAD, PROJECTS 10798 AND 30798.

GENERAL MANAGER’S REPORT

General Manager Jones reported: 1) that a state-wide emergency training session is scheduled for November 13 and that staff will be participating in this training; 2) LAFCO recently conducted a meeting regarding the MWDOC Governance Study where LAFCO provided a governance options memorandum where both the consolidation of OCWD and MWDOC and the EOCWD and MWDOC consolidation were eliminated; 3) that a second meeting was held with the OPAMWC Advisory Committee meeting to discuss the acquisition balance, initial Capital Improvement Plan, Well Improvement Plan, and the Subarea Master Plan; and 4) on the South Orange County Intertie Agreement which will provide emergency services to South County. Mr. Jones said that MWDOC will be taking it to its Board meeting on November 22 with approval conditional upon OCWD’s concurrence. He further said he has a meeting with OCWD’s General Manager Markus tomorrow to discuss the agreement, and that he would provide a summary of this meeting in the weekly report.

DIRECTORS’ COMMENTS

Vice President Matheis reported that she and Mike Hoolihan had a successful community tour on October 18. She complimented Mr. Hoolihan and Mr. Jason La on their efforts during the tour.

Director Swan inquired if the campaign signs surrounding our building are on IRWD’s property.

President Miller said that that a stimulus package was being considered relative to the New Water Supply Coalition.

CLOSED SESSION

President Miller said that a Closed Session would be held this evening as follows: conference with legal counsel relative to Public Employee Discipline/Dismissal/Release (Government Code Section 54957).

OPEN SESSION

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

ADJOURNMENT

There being no further business, President Miller adjourned the meeting at 7:40 p.m.

APPROVED and SIGNED this 10th day of November, 2008.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone