

## MINUTES OF ADJOURNED REGULAR MEETING – DECEMBER 15, 2008

The adjourned regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 8:00 a.m. by President Miller on December 15, 2008 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering Heiertz, Director of Finance Cherney, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Mr. Dean Kirk, Ms. Beth Beeman, Ms. Kirsten McLaughlin, Mr. Wayne Posey, Mr. Paul Weghorst, Ms. Janet Wells, Ms. Gretchen Maswadeh, Ms. Shannon Reed, Mr. Mark Tetterer, Mr. Terry Loomis, 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 C-8, C-9, 10, 15, and 17 are in operation in accordance with the District's annual pumping plan. Wells 1, 4, 6, 13, 14 and 18 will operate a portion of the week. Well 2, 3, 7, 11, 12 and 16 are inactive. The District's planned pumping for December is 3,245 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 and OCWD have both approved the operating agreement. This was confirmed by Mr. Jones.

## PRESENTATION

### RESOLUTION COMMENDING TERRY LOOMIS FOR SERVICE TO THE DISTRICT

General Manager Jones presented a resolution to Mr. Terry Loomis for his dedicated and loyal service to the District for the past 22 years. Mr. Loomis ended his career as Treasurer of the District. On MOTION by Swan, seconded and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

#### RESOLUTION NO. 2008-67

#### RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT COMMENDING TERRY LOOMIS FOR HIS DEDICATED AND LOYAL SERVICE TO THE DISTRICT

## RECESS AND RECONVENE

President Miller declared a recess at 8:22 a.m. The meeting was reconvened at 8:33 a.m. with all Directors present.

## WORKSHOP

### RETIREE LIFE INSURANCE PROGRAM

General Manager Jones reported that the District's Retiree Life Insurance program premiums increased substantially in the last few years and costs accounted for approximately 60% of the District's Other Post-Employment Benefits (OPEB) liability for Fiscal Year 2007-08. On August 11, 2008, the Board approved staff's recommendation to terminate the current retiree life insurance policies with Pacific Life and transfer coverage for all current retirees to Principal Financial Group. Mr. Jones said that as a follow-up item, the Board of Directors requested that staff further explore the costs of the Retiree Life program on a go-forward basis and report findings to the Finance and Personnel Committee. He said that at the October 2008 Strategic Planning Workshop, staff was directed to return with additional information about the impact on the quoted rates if the District were to add age reductions or benefit terminations to the group term life plan.

Mr. Jones said that using a series of assumptions, staff has created a model which will allow the Board to review various options for continuing the retiree benefit for current employees, allowing no new entrants into the program, terminating the benefit at a specific age, and self-funding a death benefit for existing retirees. The model indicates what the impact to the fund balance would be over time if the \$1.2 million cash value of the terminated Pacific Life policies were set aside to pay future premiums for this benefit.

## WORKSHOP (continued)

Using a PowerPoint presentation, Ms. Gretchen Maswadeh reviewed the objectives including: 1) terminating coverage for all participants at age 70; reducing Other Post-Employment Benefits liability exposure; and 3) continuing to provide benefits for retirees. She reviewed the current situation as follows: 1) Pacific Life retirees policies surrendered; 2) the District received cash value of policies of \$1.2M; 3) current retirees moved to Principal Life – covered for 1 times their annual salaries; 4) Future retirees will be added to the retiree class; and 5) current retiree benefit is a lifetime benefit. She then reviewed the proposals from Principal Life, assumptions used in the model, recommendations, and considerations.

Following comments by Director Swan, staff was asked to submit an item to the Finance and Personnel Committee relative to standard life insurance for current employees and method of funding. On MOTION by Withers, seconded and unanimously carried, THE BOARD DIRECTED STAFF TO CONTRACT WITH PRINCIPAL FINANCIAL GROUP FOR RETIREE LIFE COVERAGE FOR ALL EMPLOYEES HIRED ON OR BEFORE DECEMBER 31, 2008 AT A BENEFIT LEVEL EQUAL TO 100% OF THE FINAL ANNUAL SALARY AT RETIREMENT WITH TERMINATION OF GROUP TERM LIFE BENEFITS FOR ALL PARTICIPANTS AT AGE 70; SELF-FUND FOR A \$10,000 DEATH BENEFIT AFTER AGE 70 FOR ALL EXISTING RETIREES; SELF-FUND FOR A \$10,000 DEATH BENEFIT AFTER AGE 70 FOR ACTIVE BOARD MEMBERS; AND CHANGE THE ELIGIBILITY FOR THE RETIREE LIFE BENEFIT TO MATCH THE ELIGIBILITY FOR THE RETIREE HEALTH COSTS ASSISTANCE PROGRAM WHICH REQUIRES THAT AN EMPLOYEE BE AT LEAST AGE 55 AT RETIREMENT, HAVE AT LEAST 10 YEARS OF SERVICE TO IRWD, AND BE DRAWING RETIREMENT BENEFITS FROM PUBLIC EMPLOYEES RETIREMENT SYSTEM TO QUALIFY FOR THE BENEFIT.

## CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 29 WERE APPROVED AS FOLLOWS:

### 5. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the November 24, 2008 and December 8, 2008 Regular Board Meetings be approved.

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

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

CONSENT CALENDAR (CONTINUED)

7. 2008 GENERAL DISTRICT ELECTION RESULTS

Recommendation: That the Board adopt the following resolution by title declaring results of the November 4, 2008 General District Election.

RESOLUTION NO. 2008-68

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE  
RANCH WATER DISTRICT DECLARING RESULTS OF  
NOVEMBER 4, 2008 GENERAL DISTRICT ELECTION

8. RESOLUTION ADOPTING NEW TIME FOR BOARD OF DIRECTORS'  
MEETINGS

Recommendation: That the Board adopt the following resolution by title setting a time for holding regular meetings of said Board of Directors.

RESOLUTION NO. 2008-69

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE  
RANCH WATER DISTRICT, RESCINDING  
RESOLUTION NO. 2004-61 AND SETTING A TIME  
FOR HOLDING REGULAR MEETINGS OF SAID  
BOARD OF DIRECTORS

9. STRATEGIC MEASURES DASHBOARD

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

10. NOVEMBER 2008 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for November 2008; approve the November 2008 Summary of Wire Transfers and ACH payments in the total amount of \$5,140,063.53; and approve the November 2008 Warrants Nos. 295907 through 296712, Workers' Compensation distributions and voided checks in the total amount of \$5,700,196.65.

CONSENT CALENDAR (CONTINUED)

11. PROPOSED 2009 INVESTMENT POLICY

Recommendation: That the Board adopt the following resolution by title approving the Investment Policy and authorizing the Treasurer and Assistant Treasurers to invest and reinvest funds:

RESOLUTION NO. 2008-70

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
IRVINE RANCH WATER DISTRICT APPROVING INVESTMENT  
POLICY AND AUTHORIZING THE TREASURER AND ASSISTANT  
TREASURERS TO INVEST AND REINVEST FUNDS OF THE  
DISTRICT AND OF EACH OF ITS IMPROVEMENT DISTRICTS  
AND TO SELL AND EXCHANGE SECURITIES

12. REMARKETING AGENT CHANGE FROM DEPFA FIRST ALBANY  
SECURITIES TO BANC OF AMERICA SECURITIES

Recommendation: That the Board adopt the following resolution by title authorizing replacement of remarketing agent and related actions.

RESOLUTION NO. 2008-71

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE IRVINE RANCH WATER DISTRICT  
AUTHORIZING REPLACEMENT OF REMARKETING  
AGENT AND RELATED ACTIONS

13. 2009 SELECTION OF STATE LOBBYIST AND LOCAL GOVERNMENT  
CONSULTANT

Recommendation: That the Board approve a Professional Services Agreement for a term of six months with Isenberg/O'Haren in the amount of \$6,500 per month retainer plus reimbursable direct expenses for a total not to exceed \$42,900, and a Professional Services Agreement for a term of six months with Curt Pringle and Associates in the amount of \$7,500 per month retainer plus reimbursable direct expenses for a total not to exceed \$49,500.

14. FLOW EQUALIZATION BASIN REHABILITATION BUDGET INCREASE AND  
EXPENDITURE AUTHORIZATION

Recommendation: That the Board authorize an increase to the FY 2008-09 Capital Budget for project 20758 for \$80,300, from \$205,700 to \$286,000; and approve an Expenditure Authorization in the amount of \$80,300 for project 20758, Flow Equalization Basin Rehabilitation.

CONSENT CALENDAR (CONTINUED)

15. LOS ALISOS WATER RECLAMATION PLANT 2005 UPGRADES – BUDGET, EXPENDITURE AUTHORIZATION, CONSTRUCTION CHANGE ORDER, AND FINAL ACCEPTANCE

Recommendation: That the Board authorize an increase to the FY 2008-09 Capital Budget for project 20243 in the amount of \$766,500, from \$13,896,800 to \$14,663,300, and for project 30134 in the amount of \$588,000, from \$7,511,800 to \$8,099,800; approve Expenditure Authorizations for project 20243 in the amount of \$766,500 and project 30134 in the amount of \$588,000; authorize the General Manager to execute contract Change Order No. 31 with W.M. Lyles in the amount of \$256,088; accept construction of the Los Alisos Water Reclamation Plant 2005 upgrades, projects 20243 and 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.

16. SOUTH ORANGE COUNTY BOOSTER PUMP STATION BUDGET ADDITION, EXPENDITURE AUTHORIZATION AND ENGINEERING SERVICES DURING CONSTRUCTION

Recommendation: That the Board approve a budget increase to the FY 2008-09 Capital Budget for project 11370 by \$421,200, from \$4,226,300 to \$4,647,500; approve an Expenditure Authorization for project 11370 in the amount of \$421,200; and authorize the General Manager to execute a Professional Services Agreement with Tetra Tech, Inc. for engineering services during construction in the amount of \$200,000 for the South County Zone 1-3 Booster Pump Station, project 11370.

17. PHASE I – MICHELSON WATER RECLAMATION PLANT 2005 UPGRADES – CONSTRUCTION SUPPORT SERVICES VARIANCE AND FINAL ACCEPTANCE

Recommendation: That the Board authorize the General Manager to execute Variance No. 3 with Malcolm Pirnie, Inc. for construction management and inspection services in the amount of \$25,000; accept construction of the Phase 1 – Michelson Water Reclamation Plant 2005 upgrades, project 20276; 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.

18. MICHELSON WATER RECLAMATION PLANT WASTE ACTIVATED SLUDGE AND SKIMMING PUMPS REPLACEMENT BUDGET ADDITION AND EXPENDITURE AUTHORIZATION

Recommendation: That the Board authorize the addition of project 20779 to the FY 2008-09 Capital Budget for \$292,100 and authorize the General Manager to approve an Expenditure Authorization in the amount of \$126,500 for project 20779.

CONSENT CALENDAR (CONTINUED)

19. MICHELSON WATER RECLAMATION PLANT PRIMARY CLARIFIERS COATING REPLACEMENT – FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Michelson Water Reclamation Plant Primary Clarifiers Coating Replacement Project 20433; 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.

20. HARVARD AVENUE TRUNK SEWER DIVERSION TO MICHELSON WATER RECLAMATION PLANT – FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Harvard Avenue Trunk Sewer Diversion to Michelson Water Reclamation Plant, project 20400; authorize the General Manager to file a Notice of Completion; and authorize the release of retention 35 days after the filing of the Notice of Completion.

21. EAST IRVINE ZONE 3 RESERVOIRS PHOTOVOLTAIC SYSTEM BUDGET ADDITION AND EXPENDITURE AUTHORIZATION

Recommendation: That the Board authorize the addition of project 11367 to the FY 2008-09 Capital Budget for \$3,160,300 and approve an Expenditure Authorization in the amount of \$100,100 for project 11367, East Irvine Zone 3 Reservoirs Photovoltaic System.

22. TURTLE ROCK ZONE B+ IMPROVEMENT PROJECT - FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Turtle Rock Zone B+ Improvement Project 30103; authorize the General Manager to file a Notice of Completion; and authorize the release of retention 35 days after filing of the Notice of Completion.

23. NATURAL TREATMENT SYSTEM URBAN WETLAND RETROFIT PROJECT - EL MODENA – FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Cienega Field Demonstration project; 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 for the Urban Wetland Retrofit Project 10836.

CONSENT CALENDAR (CONTINUED)

24. NATURAL TREATMENT SYSTEM AND SAN JOAQUIN MARSH MISCELLANEOUS IMPROVEMENT PROJECTS BUDGET ADDITION AND EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board authorize the addition of project 11429, Natural Treatment System Miscellaneous Improvements to the FY 2008-09 Capital Budget in the amount of \$282,700 and approve Expenditure Authorizations in the amounts of \$231,500 for project 10942 and \$282,700 for project 11429.

25. IRVINE DESALTER PROJECT WELL NO. 107 REHABILITATION

Recommendation: That the Board authorize the addition of project 11432 to the FY 2008-09 Capital Budget for \$173,400; approve an Expenditure Authorization in the amount of \$173,400 for project 11432; and authorize the General Manager to execute a contract to Layne Christensen in the amount of \$152,525.66 for the Irvine Desalter Project Well 107 Rehabilitation.

26. SAN JOAQUIN MARSH CAMPUS LANDSCAPING FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the San Joaquin Marsh Campus Landscaping project 11173; 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.

27. REQUEST FOR ADDITIONAL GENERAL PLANT FUNDS FOR CNG ENGINES FOR CREW TRUCK AND SEWER RODDER TRUCK

Recommendation: That the Board authorize the addition of \$150,000 to the FY 2008-09 General Plant Operating Budget for Department 48, Account 860, for purchasing the replacement crew truck and sewer rodder truck.

28. EXPENDITURE AUTHORIZATION AND VARIANCE REQUEST FOR DUE DILIGENCE WORK ON POSSIBLE LANDS FOR WATER BANKING EXPANSION

Recommendation: That the Board approve a variance to the Professional Services Agreement with Boyle Engineering Corporation to complete a baseline property assessment of potential lands for water bank expansion for \$66,000, and approve an Expenditure Authorization in the amount of \$105,600 for project 11368, Water Banking Expansion.

29. ORCHARD HILLS ZONE 5 RESERVOIR EXPENDITURE AUTHORIZATION

Recommendation: That the Board approve an Expenditure Authorization in the amount of \$394,800 for the Orchard Hills Zone 5 Reservoir, project 13162.



## ACTION CALENDAR

### EXTERNAL FINANCIAL REPORTING FOR FISCAL YEAR 2007-08

Director of Finance Cherney reported that the Comprehensive Annual Financial Report (CAFR) is intended to provide a more comprehensive description of the District's scope and fiscal position than is provided in standard audited financial statements. Ms. Cherney said that the standard requirements of the CAFR are set forth by Government Accounting, Auditing and Financial Reporting (GAAFR). The FY 2007-08 CAFR is the fifth one prepared by the District and all of the District's CAFRs have won awards from the Government Finance Officers Association (GFOA), which encourages state and local governments to prepare and publish expanded financial reports in conformity with generally accepted accounting principles (GAAP), and provides awards to recognize contributions to the practice of government finance that exemplifies outstanding financial management. The awards stress practical, documented work that offers leadership to the profession and promotes improved public finance. The CAFR has been provided to the District's auditors, Mayer Hoffman McCann (MHM), in order to obtain their formal opinion letter. MHM has provided an unqualified opinion on the District's financial statements for the year ending June 30, 2008.

Following discussion, staff was asked to create an Executive Summary page(s) if there are any key changes in the financials and/or narrative from the previous year. On MOTION by Swan, seconded and unanimously carried, THE IRVINE RANCH WATER DISTRICT'S COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2007-08 WAS RECEIVED AND FILED.

### APPROVAL OF UNDERWRITERS AND CO-BOND COUNSEL FOR THE PROPOSED 2009 BOND ISSUANCE

Director of Finance Cherney reported that the District issues bonds to finance new capital facilities and that staff is proposing to proceed with a bond issuance for a maximum of \$150 million to reimburse \$80 million in advances from the Capital Fund, fund \$69.5 million for expenditures expected over the next 18 months to two years, and provide for approximately \$500,000 in cost of issuance. Staff expects the bond issuance to close in early March 2009.

Ms. Cherney said that in connection with the bond issuance, staff received proposals from six firms to act as underwriter for the bond issuance. Staff has interviewed the underwriters and contacted other well respected water agencies to get feedback on the underwriters who submitted proposals. Based on the underwriters' competitive bids, interviews with the bankers and feedback from other agencies, staff recommends retaining JP Morgan to underwrite a \$75 million bond issuance and Goldman Sachs to underwrite a \$75 million bond issuance. Both underwriters have agreed to charge a takedown of \$1.25 per bond for a total takedown of \$187,500 (assuming \$150 million issued in a daily or weekly variable rate mode). The bonds will be issued in two series of equal par amount and marketing and disclosure will be done using one official statement and indenture. She said that over the next couple of months, staff will work with the underwriters to research various structures and interest rate modes to issue the bonds, and

will provide information and a recommendation to the Finance and Personnel Committee. She further said that staff is recommending that Orrick, Herrington & Sutcliffe, and Bowie, Arneson, Wiles & Giannone be retained as co-bond counsel.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on December 1, 2008. On MOTION by Swan, seconded and unanimously carried, THE BOARD DIRECTED STAFF TO CONTINUE WITH THE STEPS NECESSARY TO ISSUE BONDS FOR A MAXIMUM OF \$150 MILLION, APPROVED THE RETENTION OF JP MORGAN AS UNDERWRITER FOR \$75 MILLION OF THE BONDS AND GOLDMAN SACHS AS UNDERWRITER FOR \$75 MILLION OF THE BONDS, AND RETAINED ORRICK, HERRINGTON & SUTCLIFFE AND BOWIE, ARNESON, WILES & GIANNONE AS CO-BOND COUNSEL.

#### WELLS 21, 22, AND 51R REHABILITATION VARIANCE NO. 4

General Manager Jones reported that modifications to the RBF consulting agreement are necessary to complete the rehabilitation of Wells 21, 22, and 51R and the design documents for the demolition of wells 14, 68 and 74. Variance No. 4 reflects the following changes to RBF's Professional Services Agreement:

1. Diesel fuel costs for Wells 21 and 22 for engine-driven pumps in lieu of electric driven pumps to meet varying hydraulic conditions in the amount of \$24,000;
2. Preparation of Domestic Water Source Water Assessment Plans for Wells 21 and 22 as requested by the State Department of Public Health in the amount of \$16,748;
3. Well 51R traffic control plans and budget for traffic control and restriping of Daimler Street in the amount of \$51,210;
4. Additional air lifting and swabbing of Well 22 to remove sediment/drilling fluid in well louvers near the 620 to 780 feet interval in the amount of \$15,105;
5. Additional brushing and flushing of the upper well casing and louvers in Well 22 in the amount of \$10,320;
6. Development of comprehensive plans, specifications, permits, video surveys, and field inspections for the destruction of Wells 14, 68 and 74 in the amount of \$39,114.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on December 9, 2008. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED AN INCREASE TO THE FY 2008-09 CAPITAL BUDGET FOR PROJECT 11418 FOR WELL 51R REHABILITATION FOR \$71,500, FROM \$291,500 TO \$363,000; APPROVED EXPENDITURE AUTHORIZATIONS FOR PROJECT 10285 IN THE AMOUNT OF \$266,700 AND PROJECT 11418 IN THE AMOUNT OF \$71,500; AND APPROVED VARIANCE NO. 4 WITH RBF CONSULTING FOR PROJECT 10285 FOR WELLS 21 AND 22 REHABILITATION IN THE AMOUNT OF \$156,497.

CEQA DOCUMENTATION CONSULTANT SELECTION FOR THE BAKER  
WATER TREATMENT PLANT PROJECT

Staff solicited proposals from environmental consultants to provide California Environmental Quality Act (CEQA) documentation for the Baker Regional Water Treatment Plant (Baker WTP) project and recommends awarding a contract to prepare the CEQA documentation for the Baker WTP to Environmental Science Associates (ESA) in the amount of \$167,147.

On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH ENVIRONMENTAL SCIENCE ASSOCIATES FOR \$167,147 TO PROVIDE CEQA DOCUMENTATION FOR THE BAKER REGIONAL WATER TREATMENT FACILITY PROJECT 11218.

WOODBIDGE RECYCLED WATER MAIN REPLACEMENT PROJECT –  
BUDGET ADDITION, EXPENDITURE AUTHORIZATION AND CONSTRUCTION  
AWARD

Director of Engineering Heiertz reported over the past 18 months there have been 15 leaks on recycled water pipes in the vicinity of Blue Lake South and West Yale Loop in the Woodbridge area of Irvine. He said that an analysis determined the pipe failures were due to the aggressive nature of the recycled water which caused the pipe wall to deteriorate and fail. The damaged pipe appeared to be limited to the smaller diameter AC pipe in the area of West Yale Loop.

Mr. Heiertz said that the recent recycled water pipe failures in the Woodbridge area occurred only in the four-inch and six-inch diameter pipes, which typically have thinner walls than the larger diameter pipes. In order to minimize the chance for future failures of the recycled water piping in Woodbridge, staff has developed a project to replace 6,630 feet of four-inch and six-inch mains in seven locations within Woodbridge where the pipe is most severely deteriorated.

Mr. Heiertz said that to minimize the number of pipe failures in the future, staff is working to fast-track the replacement of AC pipe in other areas. Staff negotiated a sole source scope of work with MBF Consulting for engineering services to develop plans for replacement of the remaining AC pipe as shown in the project location map. Staff determined that by expediting the repair work on Blue Lake South so that it is performed while Meadow Park Elementary School is on winter break, community impacts would be minimized. The City of Irvine, which normally prohibits non-emergency work in city streets during the holiday season, has agreed to allow this work to take place over the holidays, from December 22 through January 5, 2009. The remaining pipe replacement work in other areas of Woodbridge will start in mid-January 2009.

Mr. Heiertz said that plans and specifications for replacement of the pipe along Blue Lake South were made available to three pre-selected contractors and expedited bids were requested. Bids were received from Paulus Engineering, Inc., L&S Construction, Inc. and GCI Construction, Inc. The apparent low bidder was GCI Construction, Inc.

with a bid amount of \$215,414.80. He said that GCI Construction's bid is approximately \$60 per foot for the pipe replacement which is substantially lower than expected. Staff met with GCI Construction after the bid opening and discussed the low unit bid, and GCI expressed a high level of comfort with its bid because its staff is currently short on work, especially for the upcoming holiday season.

Following discussion, staff was asked to: 1) prepare a document for Director Swan relative to the total miles of AC pipe in IRWD's system; 2) write a thank you letter to Mr. Sean Joyce at the City of Irvine for allowing IRWD to work over the holidays on this project; and 3) add a bid spreadsheet to write-ups for all projects. On MOTION by Withers, seconded and unanimously carried, THE BOARD AUTHORIZED THE ADDITION OF PROJECT 30329 TO THE FY 2008-09 CAPITAL BUDGET IN THE AMOUNT OF \$792,600; APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$792,600 FOR PROJECT 30329; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONTRACT WITH GCI CONSTRUCTION, INC. IN THE AMOUNT OF \$215,414.80 FOR THE WOODBRIDGE RECYCLED WATER MAIN REPLACEMENT, PROJECT 30329.

#### STATE WATER RESOURCES CONTROL BOARD RECYCLED WATER POLICY

Using a PowerPoint presentation, General Manager Jones provided an overview of the draft Recycled Water Policy. Mr. Jones reviewed the timeline noting that the State Water Resources Control Board (SWRCB) initiated policy development in 2006 and that the draft policy met with substantial criticism. He said the SWRCB turned it over to water and environmental community stakeholder groups; the draft policy was completed absent a section on incidental runoff; and the SWRCB redrafted the policy in substantial conformance and included the incidental runoff.

Mr. Jones then highlighted the sections of the policy including the preamble, purpose, benefits, and increase in use mandates, agency roles, salt and nutrient management plant, irrigation projects, groundwater recharge, anti-degradation, constituents of emerging concern, ACWA, WateReuse, CASA comments, and incidental runoff section comments.

Following discussion, Director Swan said he would like to see language to define: 1) the projects and 2) incremental runoff. He said he would also like to have the document define multiple types of treatment methods. On MOTION by Reinhart, seconded and unanimously carried, THE DRAFT RECYCLED WATER POLICY WAS RECEIVED AND FILED, AND STAFF WAS ASKED TO HAVE LANGUAGE ADDED TO THE POLICY TO DEFINE 1) THE PROJECTS; 2) INCREMENTAL RUNOFF; AND 3) MULTIPLE TYPES OF TREATMENT METHODS.

#### ELECTION OF OFFICERS FOR 2009

The Bylaws of the District provide that the President and Vice President shall be elected by the Board from among its members. The term of office of the President and Vice President is one year, or until the election and qualification of their successors. On December 17, 2007, Director Miller was elected to the office of President and Director Matheis was elected to the office of Vice President.

On MOTION by Swan, seconded by Matheis, to continue this item to the first Board meeting in January, was not passed (2-3). On MOTION by Withers, seconded by Matheis, DOUG REINHART WAS NOMINATED TO THE OFFICE OF PRESIDENT. On MOTION by Withers, seconded by Matheis, PEER SWAN WAS NOMINATED TO THE OFFICE OF VICE PRESIDENT. THE NOMINATION FOR PRESIDENT AND VICE PRESIDENT WAS CLOSED AND DOUG REINHART WAS ELECTED PRESIDENT AND PEER SWAN WAS ELECTED VICE PRESIDENT FOR 2009.

#### GENERAL MANAGER'S REPORT

General Manager Jones provided an update on the bidding for the Rosedale project and acknowledged Mr. Paul Weghorst for his technical analysis. He said it is anticipated that this item will be submitted to the Board on January 12, 2009 for approval.

#### DIRECTORS' COMMENTS

Director Withers said that he will be attending a LAFCO meeting on Wednesday where the Commissioners will be receiving an update on the South County timeline. He said that he was sworn in this morning by Secretary Bonkowski along with Directors Matheis and Miller.

Vice President Swan said that he and Director Matheis will be attending the Colorado River Water Users Association meeting December 15 through 17 in Las Vegas and that he attended IRWD's annual holiday breakfast last week. Mr. Swan suggested inviting the incoming Costa Mesa Board members for a tour of IRWD's facilities. He said that he attended the ACWA conference last week in Long Beach. In response to his inquiry on a MWDOC agenda item on melded rates, General Manager Jones said that he would verify the date.

Director Matheis reported on her attendance at the ACWA conference last week. She also complimented Vice President Swan on his presentation at WACO last Friday.

President Reinhart thanked past President Miller and past Vice President Matheis on their efforts in 2008. He also said that he attended the ACWA conference last week and would be attending the SCAP lunch meeting tomorrow.

#### ADJOURNMENT

There being no further business, President Reinhart adjourned the Board meeting at 10:05 a.m.

APPROVED and SIGNED this 12<sup>th</sup> day of January, 2009.

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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