

## MINUTES OF REGULAR MEETING – SEPTEMBER 14, 2009

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:00 p.m. by Vice President Swan on September 14, 2009 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: LaMar, Matheis, Withes, and Swan.

Directors Absent: Reinhart.

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering and Construction Burton, Director of Planning and Water Resources Heiertz, Assistant Controller Smithson, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Mr. Bruce Newell, Ms. Shannon Reed, Mr. Joe Kindberg, Mr. Tony Mossbarger, Mr. Kevin Hunt, Mr. Jeff Thomas and other members of the public and staff.

WRITTEN COMMUNICATION: None.

### ORAL COMMUNICATION:

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 2, 4, C-8, C-9, 10, 12, 13, 14 and 17 are in operation in accordance with the District's annual pumping plan. Wells 5, 6, 11 and 16 will operate a portion of the week. Wells 1, 3, 7, 15 and 18 are inactive. The District's planned pumping for September is 3,390 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, 2009. 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 fiscal years 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, on June 5, 2009, IRWD received a letter from OCWD noting that within the past 30 days, OCWD has completed the formal responses to comments they previously received on the draft program Environmental Impact Report. The letter further noted that with this task completed, OCWD has exercised its right to terminate the 2004 Memorandum of Understanding regarding annexation. OCWD also indicated that due to the lack of progress on the annexation issue, the draft program Environmental Impact Report will not be completed. On June 8, 2009, OCWD completed the Long-Term Facilities Plan which will be recommended to the OCWD Board to be received and filed in July 2009. OCWD will continue to work with IRWD on the annexation issue to determine if a satisfactory arrangement can be developed with both parties. 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 has approved the operating 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 also both approved the operating agreement. This was confirmed by Mr. Jones.

ITEMS TOO LATE TO BE AGENDIZED – None.

PRESENTATION

RESOLUTION COMMENDING JOSEPH F. KINDBERG, SR. FOR HIS SERVICE TO THE DISTRICT

General Manager Jones presented Mr. Joseph Kindberg with a resolution for his 30 years of service to the District. On MOTION by Swan, seconded and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2009 - 26

RESOLUTION OF THE BOARD OF DIRECTORS  
OF IRVINE RANCH WATER DISTRICT COMMENDING  
JOSEPH F. KINDBERG, SR. FOR HIS DEDICATED AND  
LOYAL SERVICE TO THE DISTRICT

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 10 WERE APPROVED AS FOLLOWS:

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the August 24, 2009 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 Steven LaMar, Douglas Reinhart, Peer Swan and John Withers.

CONSENT CALENDAR (CONTINUED)

6. CULVER DRIVE AND HARVARD AVENUE SEWER MAINTENANCE AND REHABILITATION - FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Culver Drive and Harvard Avenue Sewer Maintenance and Rehabilitation, project 20278; authorize the General Manager to file a Notice of Completion; and authorize the release of retention 35 days after the date of recording the Notice of Completion.

7. REVIEW OF IRWD RESPONSES TO GRAND JURY REPORTS

Recommendation: That the Board approve the proposed IRWD responses to the Orange County Grand Jury reports titled: "Water Districts: A New Era in Public Involvement" and "Paper Water" – Does Orange County Have a Reliable Future?"

8. ACWA COMMITTEE APPOINTMENT NOMINEES FOR THE 2010/2011 TERM

Recommendation: That the Board directs staff to submit the list of ACWA Committee Appointment Nominees for the 2010/11 term to the Association of California Water Agencies prior to September 30, 2009.

9. ACWA REGION 10 ELECTION FOR THE 2010/2011 TERM

Recommendation: That the Board supports the slate of candidates as selected by the ACWA Region 10 Nominating Committee.

10. REAPPOINTMENT OF COMMISSIONERS OF IRVINE RANCH WATER DISTRICT JOINT POWERS AGENCY

Recommendation: Acting as the governing board of Irvine Ranch Water District and as the governing body of Community Facilities District No. 1 of Irvine Ranch Water District, appoint Steve LaMar, Mary Aileen Matheis, Doug Reinhart, Peer Swan and John Withers as Commissioners of the Irvine Ranch Water District Joint Powers Agency.

ACTION CALENDAR

ALLOCATION OF ONE PERCENT PROPERTY TAX REVENUE FOR FY 2009-10

Assistant Controller Smithson reported that the one percent property tax revenue is allocated annually among the District's Improvement Districts. Mr. Smithson said that shifting the one percent revenue to the various capital "silos" spreads the impact to the various rate components that provide funding for all capital types. He said the action will continue to help establish a fund balance for enhancements and will strengthen the sewer replacement fund balance. He said that at the July 27, 2009 Board meeting, the Board directed staff to allocate one percent revenue to the three capital silos using the following allocation:

<u>Capital Type</u>	<u>Allocation</u>	<u>Water</u>	<u>Sewer</u>
Enhancements	24%	4%	20%
Replacements	32%	5%	27%
New Capital	<u>44%</u>		
Total 1% Tax Revenue	100%		

Mr. Smithson said that California’s budget crisis anticipates borrowing 8% of the recipient agencies’ one percent revenue in FY 2009-10. The District allocates one percent tax revenue to some Improvement Districts based on the revenue generated within those Improvement Districts. He said that Exhibit “B” to the write-up identifies the cost with interest less the contributions from FY 2007-08 and FY 2008-09. The remaining outstanding balance is \$12.6 million prior to the estimated transfer of \$7.7 million in FY 2009-10.

Vice President Swan said that this item was reviewed by the Finance and Personnel Committee on September 1, 2009, and the Committee concurs with the staff recommendation. On MOTION by Swan, seconded and unanimously carried, THE BOARD APPROVED THE ONE PERCENT PROPERTY TAX REVENUE ALLOCATION TOTALING \$24,166,600 FOR FISCAL YEAR 2009-10 AND ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2009 – 27

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE IRVINE RANCH WATER DISTRICT  
AMENDING ALLOCATION OF AD VALOREM  
PROPERTY TAXES, SUBJECT TO PLEDGE

OUTSOURCING THE DISTRICT’S FLEX SPENDING AND COBRA ADMINISTRATION

Director of Human Resources Wells reported that the District first added the Flex Advantage Plan to its benefits program in July 1989 which is a tax-favored cafeteria plan that allows employees to pay for certain expenses with pre-tax rather than after-tax dollars. These expenses include medical premiums, miscellaneous medical expenses, dependent care expenses, and premiums for some allowable voluntary benefit programs. Ms. Wells said that a majority of the employees use the program to pay medical premiums with pre-tax dollars and nearly 135 employees currently participate in one or both of the miscellaneous medical and dependent care flex spending accounts. She said that staff estimates that it currently costs the District at least \$500 per month in labor to administer the flex spending program and that it is estimated that the District will spend \$175 more per month to outsource the Flex Spending administration. She said that another benefit of procuring an outside third-party to administer our flex spending program is that sensitive employee medical information is removed from the Human Resources office, and will be managed by an outside entity not involved in making employment decisions.

Ms. Wells said that the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) imposed health care continuation requirements on certain group health plans. The District’s plans that are subject to COBRA include our group health plans, including medical, dental, and vision coverage and Health Care Flex Spending Accounts, if under-spent. She said that for

COBRA administration, Creative Benefits, Inc. and Employee Benefit Specialists, Inc. provide comparable services including premium billing, collection, and remittance to insurance carriers. Staff estimates that it currently spends \$1,100 per month in staff time administering the District's COBRA obligations, and that while there is still a nominal amount of staff time involved in the interface with Employee Benefit Specialists, the costs savings will likely exceed \$800 per month.

Vice President Swan reported that this item was reviewed by the Finance and Personnel Committee on September 1, 2009 and that the Committee concurs with the staff recommendation. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED OUTSOURCING FLEX SPENDING AND COBRA ADMINISTRATION TO EMPLOYEE BENEFIT SPECIALISTS, INC. EFFECTIVE JANUARY 1, 2010, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE AGREEMENTS WITH EMPLOYEE BENEFIT SPECIALISTS, INC. FOR ADMINISTERING THE PROGRAM ON BEHALF OF THE DISTRICT.

#### SCADA BACKBONE NETWORK UPGRADE PROJECT CONSTRUCTION AWARD

General Manager Jones reported that the SCADA Backbone Network was initially developed to support the increasing amounts of data from the field radio telemetry system as the District expanded into the coastal and foothill regions. Mr. Jones said that the existing network is experiencing communication issues, including the quantity of data that needs to be transmitted, transmission speed, signal strength, and data quality. He said that the SCADA System Master Plan completed in April 2003 recommended development of a detailed SCADA communications plan. This project will entail constructing and installing the infrastructure, radios, antenna systems and network equipment upgrades to support the high speed communications network.

Director of Engineering Burton reported that on July 22, 2009, staff distributed plans and specifications to nine pre-selected contractors. Mr. Burton said that the bid opening was held on August 20, 2009 with Morrow-Meadows Corporation (Morrow-Meadows) as the apparent low bidder at \$1,102,300. Staff has reviewed Morrow-Meadows' bid and determined that the bid is responsive. The engineer's estimate for the project is \$1,085,419.

On MOTION by Withers, seconded and unanimously carried, THE BOARD AUTHORIZED AN INCREASE TO THE FY 2009-10 CAPITAL BUDGET FOR PROJECT 10925 BY \$242,100, FROM \$440,000 TO \$682,100, FOR PROJECT 20925 BY \$188,100, FROM \$275,000 TO \$463,100, AND FOR PROJECT 30925 BY \$242,000, FROM \$440,000 TO \$682,000; APPROVED EXPENDITURE AUTHORIZATIONS IN THE AMOUNTS OF \$533,600 FOR PROJECT 10925, \$331,100 FOR PROJECT 20925, AND \$550,000 FOR PROJECT 30925; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH MORROW-MEADOWS CORPORATION IN THE AMOUNT OF \$1,102,300 FOR CONSTRUCTION OF THE SCADA BACKBONE NETWORK UPGRADE, PROJECTS 10925, 20925, AND 30925.

## GENERAL MANAGER'S REPORT

General Manager Jones reported that he will be attending the MWD Manager's meeting this Friday where the storage agreement with MWD will be discussed. He said that he has been in meetings with MWD senior management and they are in concurrence with the agreement.

Mr. Jones reported that he placed before each Director Bay-Delta legislation articles and news releases from ACWA's Outreach Advisory, the Fresno Bee Capital Bureau, the Los Angeles Times, and the San Francisco Chronicle. He reported on the five policy bills which were converted into one bill, SB 68, which has made substantial progress. He said that there are concerns by ACWA of a loss of agriculture interest regarding the process on water rights. He said that it was his understanding that there will be a call for a Special session to discuss this matter further.

Mr. Jones reminded the Board of two workshops, one on Monday, September 21 at 7:00 a.m. to discuss biosolids, and one on Monday, September 28 at 5:00 p.m. on groundwater projects, i.e. Title 16 funding on wells 21 and 22.

He reported that both SB 283, relative to plumbing codes for reclaimed water, and AB 1366, relative to self-regenerating water softeners, are being sent to the Governor for his signature.

Mr. Jones reported on the recent LAFCO hearing where the MWDOC Governance report was received and filed. He said a meeting among the south county agencies and MWDOC is scheduled for October 6 to address some of the outstanding issues of MWDOC's governance.

## DIRECTORS' COMMENTS

Director LaMar reported on his attendance at MWDOC meetings, the first Bay-Delta Ad Hoc Committee meeting where they refined some of the policies, and a briefing at MWD relative to the Bay-Delta. He said that last Wednesday he received copies of the five new Bay-Delta bills which had a number of problems. He reported on SB 722 where on Friday noon they were making progress on stewardship. He further commented on SB 68.

Director Withers reported on LAFCO's hearing which he said was productive, and that the Governance report was received and filed. He said that he attended a resident tour on Saturday that he and Mr. Greg Heiertz hosted. He further said that it was a good group who were very impressed with the Irvine Desalter project and the District's new Education Center.

Director Matheis reported on her recent vacation in Lake Tahoe.

Director Swan reported on his attendance at WACO, the ACWA's Nomination Committee meeting where Mr. Randy Record was nominated, and ACWA's Lake Tahoe tour. He then recognized Mr. Jeff Thomas from the audience, who was recently appointed as MWDOC's new Director. Mr. Thomas thanked Director LaMar for all of his work on the Bay-Delta issues. He further said that he would be representing IRWD from his service area. Mr. Kevin Hunt, General Manager of MWDOC, was also in this audience and thanked Mr. Paul Jones for his

assistance on legislation. Mr. Hunt said that MWD's labor contract has been deferred for one month.

Director Withers asked staff to contact Mr. Peter Herzog (of NAIOP) relative to his concerns with the Santa Ana Regional Water Quality Control Board's SA MS4 permit.

CLOSED SESSION

Vice President Swan said that the following Closed Session would be held this evening:

Conference with Real Property Negotiator (Government Code Section 54956.8).  
Property: Various parcels - Portions of Sections 25, 26, 34, and 35 of T23S R19E MDB&M.  
Negotiating Parties: Ernest Conant, Legal Counsel Representing Parties  
Agency Negotiator: Paul Jones, General Manager  
Purpose of Negotiations: Price and Term of Payment

OPEN SESSION

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

ADJOURNMENT

There being no further business, Vice President Swan adjourned the meeting to Monday, September 21, 2009 at 7:00 a.m. in the Multi-Purpose room to hold a workshop on biosolids handling alternatives.

ADJOURNMENT

APPROVED and SIGNED this 28th day of September, 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