

MINUTES OF REGULAR MEETING – OCTOBER 10, 2011

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 President LaMar on October 10, 2011 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: Interim General Manager Cook, Senior Director of Finance Cherney, Senior Director of Operations Pedersen, Director of Engineering Burton, Treasurer Jacobson, Secretary Bonkowski, Legal Counsel Arneson, Director of Water Resources Heiertz, Director of Public Affairs Beeman, Director of Human Resources Wells, Mr. Steve Malloy, Ms. Mary Kay Hassett, Ms. Jenny Pan, Mr. Jim Reed, Mr. Bruce Newell, Mr. Brian Probolsky, Mr. Norm Roberts of Roberts Consulting and other members of the public and staff.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION:

Mrs. Joan Irvine Smith's assistant addressed the Board of Directors with respect to the Dyer Road Wellfield. She said it was her understanding that currently wells C-8 and C-9 will operate in accordance with the District's annual pumping plan. Wells, 1, 2, 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 15, 16, 17 and 18 will be off. This was confirmed by Mr. Cook, Interim 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 to extract 22,000 acre feet in fiscal year 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. Cook.

With respect to the OCWD annexation of certain IRWD lands, on June 5, 2009, IRWD received a letter from OCWD noting that 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 (MOU) 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 was received and filed by the OCWD Board in July 2009. Staff has been coordinating with the City of Anaheim (Anaheim) and Yorba Linda Water District (YLWD) on their most recent annexation requests and has reinitiated the annexation process with OCWD. IRWD, YLWD and Anaheim have negotiated a joint MOU with OCWD to process and conduct environmental analysis of the annexation requests. The MOU was approved by the OCWD Board on July 21, 2010. This was confirmed by Mr. Cook.

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 Orange 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. Cook.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED None.

PRESENTATION

RESOLUTION OF COMMENDATION FOR MARY KAY HASSETT

Interim General Manager Cook presented a resolution to Ms. Hassett commending her for 30 years of service to the District. On MOTION by Swan, seconded and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2011- 42

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT COMMENDING
MARY KAY HASSETT FOR HER DEDICATED AND
LOYAL SERVICE TO THE DISTRICT.

CONSENT CALENDAR

On MOTION by Matheis, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 6 WERE APPROVED AS FOLLOWS:

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the September 26, 2011 Regular Board Meeting, the September 27, 2011 Adjourned Regular Board Meeting, and the October 3, 2011 Regular Board Meeting be approved as presented.

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

Director Reinhart noted a correction on one of his meetings where he was at the meeting in person, not via conference call.

Recommendation: That the Board ratify/approve the meetings and events for Steven LaMar, Mary Aileen Matheis, Douglas Reinhart, John Withers and Peer Swan.

6. RESOLUTION RECOGNIZING THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY ON ITS 60TH ANNIVERSARY

Recommendation: That the Board adopt the following resolution by title recognizing the Municipal Water District of Orange County on its 60th anniversary.

RESOLUTION NO. 2011-43

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT RECOGNIZING
THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
ON ITS 60TH ANNIVERSARY

ACTION CALENDAR

DENTAL AND VISION INSURANCE COVERAGE FOR CALENDAR YEAR 2012

Interim General Manager Cook reported that ACWA Services Corporation has negotiated rates with Delta Dental for the plan year beginning January 1, 2012 which include a 4.23% increase in the premiums for IRWD's current dental plan, Plan A. Mr. Cook said that IRWD has a four-year rate guarantee from EyeMed Vision Care for the District's vision coverage through December 31, 2011. EyeMed has again agreed to renew IRWD's coverage at the current rates with a two-year rate guarantee.

Mr. Cook said that IRWD has retained a consultant team to review the District's overall retirement and health benefits package to maximize value to the employees and develop an equitable cost-sharing method to minimize increasing exposure to rising costs in the future. The results of that study will not be developed in time to make adjustments to the 2012 dental and vision insurance benefits.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on October 4, 2011. On MOTION by Swan, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXTEND THE DISTRICT'S CONTRACT WITH ACWA SERVICES CORP. FOR DELTA DPO PLAN A WITH CHILD AND ADULT ORTHODONTIC COVERAGE AND WITH EYEMED VISION CARE FOR THE 2012 CALENDAR YEAR.**

UNIVERSITY DRIVE PIPELINES CATHODIC PROTECTION CONSTRUCTION AWARD

Interim General Manager Cook reported that seven cathodic protection rectifiers, four insulating flanges, and nine test stations will be installed as part of the University Drive Pipelines Cathodic Protection project to protect domestic and recycled water metallic pipelines from corrosion.

Mr. Burton said that the project was advertised on August 31, 2011 to a select bid list of seven pipeline contractors; specialty cathodic protection work will be installed by a cathodic protection subcontractor. He said that Paulus Engineering, Leatherwood Construction, W.A. Rasic Construction, CCL Contracting, and Kennedy Pipeline attended the mandatory pre-bid meeting

on September 13, 2011. He said that the bid opening was held on September 27, 2011 with bids received from Paulus Engineering, Leatherwood Construction, W.A. Rasic Construction, and CCL Contracting. Paulus Engineering was the apparent low bidder with a bid amount of \$1,218,954. The engineer's estimate was \$1,047,000.

On MOTION by Matheis, seconded and unanimously carried, THE BOARD AUTHORIZED AN INCREASE TO THE FY 2011-12 CAPITAL BUDGET FOR PROJECT 10740 (1833) IN THE AMOUNT OF \$137,500, FROM \$765,600 TO \$903,100, AND FOR PROJECT 30740 (1262) IN THE AMOUNT OF \$147,400, FROM \$765,600 TO \$913,000; APPROVED EXPENDITURE AUTHORIZATIONS FOR PROJECT 10740 (1833) IN THE AMOUNT OF \$814,800 AND PROJECT 30740 (1262) IN THE AMOUNT OF \$814,000; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH PAULUS ENGINEERING, INC. IN THE AMOUNT OF \$1,218,954 FOR THE UNIVERSITY DRIVE PIPELINES CATHODIC PROTECTION PROJECT.

LAKE FOREST WELL NO. 2 WELLHEAD AND DISINFECTION FACILITIES –
CONSTRUCTION AWARD

Interim General Manager Cook reported that the Los Alisos Water District drilled Well No. 2 in 1957, and in 2010, the well was destructed because it had reached the end of its useful life. Mr. Cook said that in the spring of 2011, Lake Forest Well No. 2 (LF-2) was drilled at the same site. On September 12, 2011 the Notice of Acceptance was approved by the Board for the well destruction and re-drilling of LF-2. He said that MLF-2 is expected to produce approximately 300 gallons per minute which will be pumped to the Lake Forest Zone 2 East Reservoir. The project improvements include installing a vertical turbine pump and electric motor, discharge piping and valves, surge tank, sodium hypochlorite storage tank and chemical feed pumps, metal enclosure to house the chemical feed system, motor control center, and programmable logic controller.

Mr. Burton reported that the project was advertised to 10 select general contractors including Caliagua, F.T. Ziebarth, Gateway Pacific, Pacific Hydrotech, Pascal & Ludwig, Paulus Engineering, Schuler Engineering, SS Mechanical, R.C. Foster, and Doty Bros of which the latter two were new contractors to the District. He said that the bid opening was held on September 27 and eight bids were received and found to be acceptable. He also said that Gateway Pacific was the lowest responsive bidder with a bid amount of \$582,686. The engineer's estimate was \$766,000. In response to Director Swan's comments, Mr. Burton said he would provide an updated payback analysis for the project that includes the construction bid costs.

On MOTION by Matheis, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$608,800 FOR THE LAKE FOREST WELL NO. 2 WELLHEAD AND DISINFECTION FACILITIES, PROJECT 11461 (1498); AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH GATEWAY PACIFIC IN THE AMOUNT OF \$582,686 FOR THE CONSTRUCTION OF THE LAKE FOREST WELL NO. 2 WELLHEAD AND DISINFECTION FACILITIES, PROJECT 11461 (1498).

PILOT EXCHANGE PROGRAM AGREEMENT WITH CARPINTERIA VALLEY WATER DISTRICT

Interim General Manager Cook reported that staff has prepared terms for a Pilot Exchange Program with the Carpinteria Valley Water District (CVWD) and legal counsel has prepared the necessary letter agreement. The proposed Pilot Program is consistent with the terms of the Pilot Exchange Program with Antelope Valley-East Kern Water Agency (AVEK) and would allow Irvine Ranch Water District (IRWD) to store a portion of CVWD's unused State Water Project (SWP) Table A water in IRWD's Strand Ranch Integrated Banking Project in Kern County on an unbalanced exchange basis.

Using a PowerPoint presentation, Water Resources Manager Weghorst provided an overview of the Pilot Exchange Program. Mr. Weghorst said that: 1) the term length of the Pilot Program agreement is six years; 2) CVWD is allowed to deliver up to 1,500 AF of Table A water (Exchange Water) into storage at the Water Bank within the first year of the Pilot Program; 3) half of the Exchange Water would be deemed transferred to IRWD. The other half of the water, after a reduction due to pro-rated losses, would be returned by IRWD to CVWD (Return Water) by the end of the fifth full calendar year after the recharge event; 4) water bank losses are shared equally between IRWD and CVWD; 5) the Return Water would be provided by IRWD either by an exchange of banked water for water already in the California Aqueduct or through the recovery of water using Water Bank wells with subsequent delivery through the Cross Valley Canal to the California Aqueduct; 6) IRWD would provide Return Water at a time when requested by CVWD at an annual rate of no more than one-third of the portion of the water accrued to CVWD, after taking into consideration losses; 7) IRWD pays the variable costs incurred in delivering and recharging water at the Water Bank with CVWD reimbursing IRWD for half of these costs upon the delivery of the Return Water to CVWD. These costs include Cross Valley Canal pumping charges and Rosedale-Rio Bravo Water Storage administrative charges. The total variable costs are currently estimated at \$37 per AF; 8) CVWD is responsible for all fixed SWP costs; and 9) IRWD and CVWD would each pay the costs of recovery of water for the benefit of its respective agency. Recovery would occur either by exchange or by the pumping of wells. The cost of recovery from wells is currently estimated at \$65 per AF. The cost of recovery by exchange is estimated at \$10 per AF. Each agency would be responsible for the costs of conveyance to its own service areas.

Mr. Weghorst said that the net costs to IRWD if MWD stores water in the Strand Ranch Integrated banking project will be \$816 per acre-feet. If MWD stores water in Southern California, the cost will be \$744 per acre-feet for the full Tier 1 service.

Director Swan said that the terms for the proposed Pilot Program were reviewed and approved by the Water Banking Ad Hoc Committee on October 4, 2011. On MOTION by Swan, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE LETTER AGREEMENT FOR A PILOT EXCHANGE PROGRAM WITH CARPINTERIA VALLEY WATER DISTRICT SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY THE GENERAL MANAGER AND LEGAL COUNSEL.**

GENERAL MANAGER'S REPORT

Interim General Manager Cook said that the IRWD Goals and Priorities, which was on the agenda for the October 7, 2011 Strategic Planning Workshop, has been agendized for the October 24, 2011 Board meeting. Also, he said staff will be scheduling the next Strategic Planning Workshop in December or January.

Mr. Cook said that Mr. Joaquin Beltran, a CORO fellow from Cal State University Los Angeles, will be joining the District for a three to four week internship. He also reminded the Board of the CORO lunch scheduled for October 18, 2011.

DIRECTORS' COMMENTS

Director Reinhart reported on his attendance at a WACO meeting and a MWDOC workshop.

Director Withers reported on the meetings he will be attending this week including an OCBC Infrastructure Committee, a LAFCO meeting, an OCSA Committee meeting, and an Upper Chiquita Reservoir dedication ceremony.

Director Swan reported that he attended a Southern California Dialogue meeting, a WACO meeting, an ACWA Board of Directors' meeting, a Delta Finance Committee meeting, a meeting at Starr Ranch, a 4,000-acre Audubon sanctuary in southeast Orange County, and a Newport Chambers Government Relations meeting. He said he recently made a presentation to the Irvine Exchange Club, and that tomorrow he will be attending a tour in Northern California with the Water Education Foundation.

Director Matheis reported on her attendance at a Water Education Foundation retreat to review its goals and mission statement. She said that next Wednesday she will be attending a Sacramento-San Joaquin Delta Conversancy meeting in Sacramento.

Director LaMar said that last night was the end of the legislation session and noted Governor Jerry Brown's signings and vetoes of bills the Legislature had sent him in these final weeks. He also said that he recently attended a South Orange County Watershed Management Executive Committee meeting.

CLOSED SESSION

Director LaMar said that a Closed Session would be held relative to PUBLIC EMPLOYEE APPOINTMENT/EMPLOYMENT - GOVERNMENT CODE SECTION 54957. TITLE: GENERAL MANAGER.

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors Swan, LaMar, Reinhart, Withers, and Matheis present. President LaMar said that there was no action to report.

ADJOURNMENT

There being no further discussion, President LaMar adjourned the meeting at 7:10 p.m.

APPROVED and SIGNED this 24th day of October, 2011.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone