

MINUTES OF REGULAR MEETING – MAY 9, 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 May 9, 2011 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Swan, Reinhart, LaMar, and Withers

Directors Absent: Matheis

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Planning/Water Resources Heiertz, Director of Engineering Burton, Secretary Bonkowski, Legal Counsel Arneson, Director of Operations Pedersen, Director of Public Affairs Beeman, Mr. Tom Bonkowski, Ms. Kirsten McLaughlin, Mr. Ron Crim, Mr. Paul Weghorst, Ms. Fiona Sanchez, Mr. Jim Reed, Mr. Bruce Newell, Mr. James Pasmour 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 5, 7, C-8, C-9, 10, 11, 12, 15, 16 and 18 will operate in accordance with the District's annual pumping plan. Wells 1, 2, 3, 4, 6, 13, 14 and 17 will be off. The District's currently planned pumping for May is 4,645 AF. 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 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. Jones.

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. 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 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. Jones.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED – None.

PRESENTATIONS

CALIFORNIA SOLAR INITIATIVE INFRASTRUCTURE PROGRAM CASH INCENTIVE – EAST IRVINE ZONE 3 PHOTOVOLTAIC SYSTEM INSTALLATION

Using a PowerPoint presentation, Mr. Tom Bonkowski, who was Project Manager for the construction of the Photovoltaic (PV) System project and instrumental in the District receiving cash incentives from Southern California Edison (SCE), provided the Board an overview of the PV project. Mr. James Pasmour from SCE presented the General Manager and Board President with a cash incentive of \$492,583 through the California Solar Initiative Infrastructure program for the construction of this project.

PARTNER COMMENDATION

In celebration of the District's 50th anniversary, General Manager Jones presented Mr. Pasmour with a framed commendation recognizing SCE as a key "Partner in Service". Mr. Jones said that SCE and IRWD have enjoyed a long history of creative collaboration on energy efficiency and financial incentive issues. Mr. Jones said that these issues range from partnerships such as Savings-by-Design programs, Industrial Energy Efficiency Programs, California Solar Initiative Infrastructure projects, Agricultural Energy Efficiency Programs, Standard Performance Programs, Critical Peak Pricing Program, Energy Efficiency Program Contracts, and conservation credit programs. IRWD and SCE have collaborated on more than 25 energy efficiency programs.

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, THE BOARD APPROVED CONSENT CALENDAR ITEMS 5 THROUGH 9 AS FOLLOWS:

5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the April 25, 2011 Regular Board Meeting be approved as presented.

CONSENT CALENDAR (CONTINUED)

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

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

7. IRWD APARTMENT CONSULTANT – CONTRACT RENEWAL

Recommendation: That the Board authorize the General Manager to execute a professional services contract with Market-THINK, LLC for a period of two years at a total fee not to exceed \$93,600 to provide advisory services related to the operation of the Sycamore Canyon and Wood Canyon Villa apartment properties.

8. DESIGNATION OF AUTHORIZED AGENTS FOR WORKING WITH FEDERAL AND CALIFORNIA EMERGENCY MANAGEMENT AGENCIES

Recommendation: That the Board adopt the following resolution by title rescinding Resolution No. 2007-44 and authorizing its agents to provide to the State Office of Emergency Services all matters pertaining to such state disaster assistance the assurances and agreements required.

RESOLUTION NO. 2011 - 18

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT,
RESCINDING RESOLUTION NO. 2007-44
AND AUTHORIZING ITS AGENTS TO PROVIDE TO
THE STATE OFFICE OF EMERGENCY SERVICES ALL
MATTERS PERTAINING TO SUCH STATE DISASTER
ASSISTANCE THE ASSURANCES AND AGREEMENTS REQUIRED

9. EASEMENT FOR REPLACEMENT OF WELL 107 FROM THE CITY OF IRVINE

Recommendation: That the Board authorize the General Manager to execute documents to acquire an easement from the City of Irvine for a total cost of \$36,500 for the replacement of Well 107.

ACTION CALENDAR

PROCUREMENT OF ORACLE CUSTOMER CARE AND BILLING SOFTWARE AND UNLIMITED LICENSE AGREEMENT FOR TECHNOLOGY LICENSES

Director of Finance Cherney reported that the District is currently nearing completion of the first wave of implementation of the Oracle Enterprise Resource Planning (ERP) software, focused on financial management and human resources. At the time the initial licenses were procured, the District also negotiated a number of price-holds with Oracle for replacement of and/or new

systems for Utility Billing, Enterprise Asset Management, Customer Relationship Management and Budgeting and Planning. Ms. Cherney said that in March 2011, the Committee directed staff to move forward with the replacement of the District's utility billing and customer relationship management software, and to bring the other areas back for further review at a later date.

Ms. Cherney said that staff has negotiated additional price discounts with Oracle and recommends that the District enter into an agreement with Oracle to purchase the Customer Care and Billing applications licenses and exercise its rights under the technology license Unlimited License Agreement at a cost of \$1,102,453 for licenses and \$487,352 for first year maintenance and support, for a total of \$1,589,805.

In May 2010, IRWD purchased a base level of Oracle technology licenses and the necessary Oracle application licenses through DLT Solutions. The balance of the technology licenses could not be purchased at that time because the design of the system architecture, which drives the number of licenses required for purchase, had not been developed yet. Staff worked with the Oracle technology team and the District's systems implementation partners from AST Corporation to establish a system architecture that would ensure high availability and performance for these critical applications. Staff negotiated a proposal from Oracle which provided for a two-step license procurement of the necessary technology licenses.

Director Swan said that this item was reviewed by the Finance and Personnel Committee on May 2, 2011 and the Committee asked staff to prepare a 10-year cost summary projection for Oracle's applications and technology which has been provided in the write-up. He also said that the existing system had been modified a few times, and that the District occasionally has to make an expensive change in its systems. In response to Director Reinhart's comment that the system was to have flexibility in order to offer a cost effective program to other agencies, Ms. Cherney said that staff will build a proforma on the program. On MOTION by Swan, seconded and unanimously carried, **THE BOARD APPROVED TWO EXPENDITURE AUTHORIZATIONS IN THE AMOUNT OF \$800,000 EACH, AUTHORIZED A BUDGET OF \$800,000 EACH FOR TWO NEW CAPITAL PROJECTS, AND APPROVED THE PROCUREMENT FROM ORACLE OF THE CUSTOMER CARE AND BILLING APPLICATIONS LICENSES AND THE UNLIMITED LICENSE AGREEMENT FOR TECHNOLOGY LICENSES IN TOTAL NOT TO EXCEED \$1.6 MILLION.**

HANDY CREEK BRIDGE DISTRIBUTION MAIN RELOCATION CONSTRUCTION AWARD

General Manager Jones reported that the Orange County Public Works (County) is moving forward with the removal and replacement of the Handy Creek Bridge in Orange Park Acres. The project is located along Orange Park Boulevard, approximately 1,100 feet south of Santiago Canyon Road. The proposed bridge construction will require the relocation of IRWD's existing domestic water pipeline within Orange Park Boulevard.

Director of Engineering Burton said Stantec, Inc. was retained to prepare the construction documents and that the project was advertised to a select list of four contractors. All four contractors attended a pre-bid meeting with the bid opening held on April 27, 2011 with three contractors submitting responsive bids. The apparent low bidder was GCI Construction, Inc. with a bid of \$198,527. He said that the engineer's estimate was \$144,000. On MOTION by Withers, seconded and unanimously carried, **THE BOARD AUTHORIZED THE ADDITION**

OF PROJECT 11607 TO THE FY 2010-11 CAPITAL BUDGET IN THE AMOUNT OF \$280,500; APPROVED AN EXPENDITURE AUTHORIZATION FOR SAME; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH GCI CONSTRUCTION, INC. IN THE AMOUNT OF \$198,527 FOR THE HANDY CREEK BRIDGE DISTRIBUTION MAIN RELOCATION PROJECT 11607.

CONSTRUCTION OF PILOT PROJECT GROUNDWATER RECHARGE FACILITIES AT THE STOCKDALE WEST RANCH

General Manager Jones reported that on December 22, 2010, the District purchased the Stockdale West Ranch property which is adjacent to the Strand Ranch. Staff is working with Buena Vista Water Storage District (BVWSD) and Rosedale-Rio Bravo Water Storage District (Rosedale) to construct recharge facilities on the Stockdale West Ranch for a one-year pilot project utilizing additional water available for recharge under the BVWSD and IRWD Exchange Program. This project will also provide valuable information which can be used for the design of a long-term water banking program on the property.

Using a PowerPoint presentation, Water Resources Manager Weghorst provided an overview of the pilot recharge project. Mr. Weghorst provided maps noting that the Stockdale West Ranch is located adjacent to the Strand Ranch in Kern County and is comprised of approximately 323 acres. He said that the anticipated future plan for the property is to expand the District's water banking program by constructing recharge basins, conveyance facilities and extraction wells on this property. He described the source of water noting that the BVWSD unbalanced Exchange program includes high flow Kern River water which will be stored on a 2-for-1 basis consistent with this agreement where IRWD received 50% of the water recharged after losses; the water is exportable; and the dry-year value of the water is > \$300 per AF.

Mr. Weghorst provided an overview of the benefits of the pilot project noting that it will take advantage of the Kern River supplies available this summer and fall from BVWSD, and augment the BVWSD program by allowing an additional 10,000 AF of water to be delivered this year.

Mr. Weghorst said the pilot project will be operated by Rosedale-Rio Bravo Water Storage District and augments the 17,500 AF to be recharged at the Strand Ranch Integrated Banking Project. He said that water will be stored in IRWD's 50,000 AF storage account at the Strand Ranch.

Mr. Weghorst reviewed the schedule as well as the expected cost of the project. He said that Dee Jasper & Associates will finalize the design and provide construction management services for the pilot project at an estimated cost of \$217,896. An additional \$20,000 for additional survey, geotechnical and environmental work will likely be required. Wood Brothers will construct the pilot project facilities for a not-to-exceed amount of \$2,500,000. BVWSD will fabricate the concrete transfer structures for an estimated amount of \$105,950. Lamont Fence Company will secure the site with fencing for \$70,035. Additional staff time and legal time will also be required in the amount of \$60,000.

Director Reinhart raised concern if the contractor would be able to complete the project to meet the tight schedule. Mr. Jones noted that staff has reviewed the proposed environmental clearance without any objections from the Kern Water Authority. Also, Mr. Jones said that staff is

continuing to negotiate with the contractor relative to a not-to-exceed amount for the final cost. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE ADDITION OF PROJECT 11595 "STOCKDALE WEST FACILITIES" TO THE FY 2010-11 CAPITAL BUDGET TO FUND THE PILOT PROJECT; APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$3,273,600 FOR PROJECT 11595; APPROVED NOT-EXCEED-COSTS IN THE AMOUNT OF \$2,500,000 AND AUTHORIZED THE GENERAL MANAGER TO ENTER INTO A CONSTRUCTION CONTRACT WITH WOOD BROS. INC FOR CONSTRUCTION OF THE PILOT PROJECT FACILITIES; APPROVED VARIANCE NO. 1 IN THE AMOUNT OF \$217,896 TO THE PROFESSIONAL SERVICES AGREEMENT WITH DEE JASPAR & ASSOCIATES FOR FINAL DESIGN AND CONSTRUCTION MANAGEMENT SERVICES FOR THE PILOT PROJECT FACILITIES; AUTHORIZED THE GENERAL MANAGER TO ENTER INTO A CONSTRUCTION CONTRACT IN THE AMOUNT OF \$70,035 WITH LAMONT FENCE COMPANY FOR THE INSTALLATION OF PERIMETER FENCING AT THE STOCKDALE WEST RANCH; AUTHORIZED STAFF TO REIMBURSE BUENA VISTA WATER STORAGE DISTRICT IN THE AMOUNT OF \$105,950 FOR THE CONSTRUCTION OF FIVE TRANSFER STRUCTURES; AUTHORIZED STAFF TO FILE A NOTICE OF EXEMPTION CONSISTENT WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) FOR THE ONE-YEAR PILOT PROJECT; AND AUTHORIZED STAFF TO PREPARE AND EXECUTE A MEMORANDUM OF UNDERSTANDING BETWEEN IRWD, BUENA VISTA WATER STORAGE DISTRICT AND ROSEDALE THAT ESTABLISHES THE PILOT PROJECT WILL BE OPERATED CONSISTENT WITH THE KERN RIVER WATER AND BANKING AGREEMENTS.

GENERAL MANAGER'S REPORT

General Manager Jones reported that he attended an OCWD Board meeting last Wednesday where they moved forward with establishing an Ad Hoc Committee for considering a consolidation with MWDOC. Mr. Jones said that MWDOC is still considering how they will participate, and will be holding meetings internally this month. He said that IRWD's MWDOC/OCWD Ad Hoc Committee will be meeting on May 17th to review and approve policy principles on this matter.

Mr. Jones said that he attended a Special SOCWA Engineering Committee meeting on May 5 to review the joint biosolids agreement. At the meeting, he said that that all SOCWA member agencies must buy-in/participate with individual agreements, and to date, have received uncertainty from SMWD. He said staff will continue to work with SOCWA on minor changes to the agreement with it going before its Board on May 17th. He said that each member agency will need to approve the concept by June 7th. He said that if IRWD does not receive a buy-in with SOCWA, staff will need to revisit the dryer size we are planning to purchase. Mr. Jones further said that OCSW may be interested in transporting 10% of its biosolids to the District and he will report back to the Board this week.

DIRECTORS' COMMENTS

Director Reinhart said that he also attended the SOCWA meeting and that IRWD needs to receive a firm drop-dead date from this agency. He said that he is still in favor of keeping the transfer station in the design phase; however, IRWD shouldn't oversize the station if SOCWA is not interested after all.

Director Swan reported on his attendance at the CASA conference; an OCWD Board meeting along with General Manager Jones and Director LaMar; a Newport Chamber of Commerce meeting; a WACO meeting; and an IRWD resident tour. He said that he will be attending an ACWA conference beginning tomorrow in Sacramento. In response to Mr. Swan's inquiry, Mr. Jones said that staff has provided OCSD with a proposal on a temporary diversion to its agency during a portion of the MWRP expansion project and will also be meeting with staff next week. In response to Mr. Swan's inquiry relative to a builders' all risk policy for the biosolids handling, staff said that they were considering an owner controlled insurance policy and this matter is being monitored closely.

Director LaMar reported on his attendance at MWDOC meetings and an Assembly Local Government Committee meeting in Sacramento with Mr. Jones and staff. He said that he will be attending an ACWA conference beginning tomorrow.

CLOSED SESSION

President LaMar said that a Closed Session would be held with evening with legal counsel relative to existing litigation - Government Code Section 54956.9(a) – SEMA Construction vs. the City of Tustin and City of Tustin vs. IRWD; and United States, States of California, et al., ex rel. Hendrix v. J-M Manufacturing Company, Inc. et al.

OPEN SESSION

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

ADJOURNMENT

There being no further business, Director LaMar adjourned the Board meeting.

APPROVED and SIGNED this 23rd day of May, 2011.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone