

## MINUTES OF REGULAR MEETING – SEPTEMBER 23, 2013

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 Reinhart on September 23, 2013 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Swan, Matheis, LaMar and Reinhart

Directors Absent: Withers

Also Present: General Manager Cook, Executive Director of Finance Clary, Executive Director of Engineering Burton, Executive Director of Operations Sheilds, Executive Director of Water Policy Heiertz, Director of Water Resources Weghorst, Director of Human Resources Roney, Legal Counsel Arneson, Secretary Bonkowski, Mr. Malcolm Cortez, Mr. Alex Aguilar, Ms. Shannon Reed, Mr. Joe McGehee, Mr. Dave Ferguson, Mr. Ian Swift, Mr. Steve Malloy, Ms. Gretchen Maswadeh, Mr. Mike Bray, Ms. Christine Compton, Mr. Mike Hoolihan, Ms. Debbie Kanoff, Mr. Jim Reed, Mr. Bruce Newell, Mr. Jim Cathcart, Mr. Dean Kirk, Mr. Sat Tamaribuchi, 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 1, 4, 5, 6, 7, C-8, C-9, 10, 12, 13, 14, 15, 17 and 18 will operate in accordance with the District's annual pumping plan. Wells 2, 3, 11 and 16 will be off. This was confirmed by Mr. Cook, General Manager of the District.

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.

## WORKSHOPS

### BAKER WATER TREATMENT PLANT UPDATE

Using a PowerPoint presentation, Mr. Rich Mori provided an overview of the Baker Water Treatment Plant. He reviewed the project objectives, capacity subscriptions by agency, multi-agency collaboration by Project Committee members, the advanced treatment process, project site photos and facility sketch, cost evolution summary, cost of water projections, ongoing activities, construction management team, and project schedule. Following discussion relative to potential intrusion of mussels and other larvae into the treatment facility, Director Swan asked that a contingency plan be implemented to treat the Quagga Mussel problem and other larvae transported from the Santiago pipeline.

### LONG-TERM FINANCING PLAN CONSOLIDATION OF IMPROVEMENT DISTRICTS – PLAN OF WORKS

Using a PowerPoint presentation, Mr. Christopher Smithson reviewed the Long-Term Capital Funding Plan. He said that the master improvement district (ID) consolidation district establishes an end-game for the development model; one developed water and sewer ID, five development water and sewer IDs, and a sound nexus between benefit and funding. Mr. Smithson reviewed the objectives of the Plan of Works (POW) which updates the 1978 document and identifies water and sewer infrastructure needed to meet future demands and who benefits from proposed facilities, allocates the cost of funding new facilities, and provides the basis for voter authorization to issue general obligation bonds. He then reviewed the benefits of the consolidation and reviewed the next steps of the process, including an October Board meeting to declare the intent to annex and detach parcels as well as with two Public Hearings in late October and early November.

Director Swan said that the District has been working with modeling for approximately nine years and believes this approach reflects an equitable transaction. Director LaMar commended staff for all of their efforts and was also appreciative of the land developers for their participation in the working group effort.

## CONSENT CALENDAR

In response to Director Swan's comment for staff to revisit No. 7, Strategic Measures Dashboard, with the Board, Mr. Cook said that staff is in the process of agendaizing it at a future Strategic Planning Workshop. There being no further comments, on MOTION by LaMar, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 12 WERE APPROVED AS PRESENTED.

### 5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the September 9, 2013 Regular Board meeting be approved as presented.

### 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, Peer Swan, Douglas Reinhart, and John Withers.

### 7. STRATEGIC MEASURES DASHBOARD

Recommendation: That the Board receive and file the Strategic Measures Dashboard and information items.

### 8. AUGUST 2013 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate Swap Summary for August 2013, and Disclosure Report of Reimbursements to Board members and staff; approve the August 2013 Summary of Payroll ACH payments in the total amount of \$1,457,706 and approve the August 2013 accounts payable Disbursement Summary of warrants 341266 through 342225, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$13,773,716.

### 9. MICHELSON WATER RECYCLING PLANT ELECTRICAL VAULT MH-E6B REPLACEMENT FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Michelson Water Recycling Plant Electrical Vault Replacement MH-E6B, project 20214 (1599); authorize the General Manager to file a Notice of Completion; and authorize the release of the retention 35 days after the date of recording the Notice of Completion.

CONSENT CALENDAR (CONTINUED)

10. QUITCLAIM OF REAL PROPERTY, IRVINE COMMUNITY DEVELOPMENT COMPANY, LLC, WATER AND SEWER PIPELINE EASEMENTS PER TRACT NO. 17004 AND INST. 2008000276110, O.R., ORCHARD HILLS

Recommendation: That the Board adopt the following resolution approving the Quitclaim Deed to Irvine Community Development Company, LLC.

RESOLUTION NO. 2013 - 34

RESOLUTION OF THE BOARD OF DIRECTORS  
OF IRVINE RANCH WATER DISTRICT  
APPROVING EXECUTION OF THE QUITCLAIM DEED TO  
IRVINE COMMUNITY DEVELOPMENT COMPANY, LLC

11. QUITCLAIM OF REAL PROPERTY, IRVINE COMMUNITY DEVELOPMENT COMPANY, LLC, WATER AND SEWER PIPELINE EASEMENTS PER TRACT NO. 17420, CYPRUS VILLAGE

Recommendation: That the Board adopt the following resolution by title approving the Quitclaim Deed to Irvine Community Development Company, LLC.

RESOLUTION NO. 2013 - 35

RESOLUTION OF THE BOARD OF DIRECTORS  
OF IRVINE RANCH WATER DISTRICT  
APPROVING EXECUTION OF THE QUITCLAIM DEED TO  
IRVINE COMMUNITY DEVELOPMENT COMPANY, LLC

12. QUITCLAIM OF REAL PROPERTY, SHEA BAKER RANCH ASSOCIATES, LLC, WATER AND SEWER PIPELINE EASEMENT PER INST. 93-0527509, O.R., BAKER RANCH

Recommendation: That the Board adopt the following resolution by title approving the Quitclaim Deed to Shea/Baker Ranch Associates, LLC.

RESOLUTION NO. 2013 - 36

RESOLUTION OF THE BOARD OF DIRECTORS  
OF IRVINE RANCH WATER DISTRICT  
APPROVING EXECUTION OF THE QUITCLAIM DEED TO  
SHEA/BAKER RANCH ASSOCIATES, LLC

## ACTION CALENDAR

### 2014 MEDICAL INSURANCE COVERAGE RENEWAL

General Manager Cook reported that CalPERS Health Benefits Services has notified participating agencies of premiums for the 2014 contract year which are outlined in the exhibit provided.

Director Swan said considerable discussion was held by the Finance and Personnel Committee on September 3, 2013 and that staff is currently in negotiations with the IRWD employee association. He said he recommends approving this item subject to any necessary adjustments. On MOTION by Swan, seconded and unanimously carried, SUBJECT TO ANY ADJUSTMENTS FOLLOWING NEGOTIATIONS WITH THE EMPLOYEE ASSOCIATION AND CONSULTANT, THE BOARD AUTHORIZED THE CONTINUANCE OF THE DISTRICT'S HEALTH CARE COVERAGE WITH CALPERS FOR CALENDAR YEAR 2014 WITH CHANGES IN EMPLOYEE AND DISTRICT CONTRIBUTION LEVELS AS RECOMMENDED IN TABLE A.

### DYER ROAD WELLFIELD WELL NO. 2 REHABILITATION CONSTRUCTION AWARD

General Manager Cook reported that Well No. 2 has not required rehabilitation at any point during its 34-year life and that last year staff conducted a video survey of the well which revealed that the upper and lower sets of perforations were moderately plugged with biological and chemical iron oxide scale. About 36 feet of sediment at the bottom of the well was also observed. The bid opening was held September 5 with bids received from Best Drilling & Pump, Inc. and South West Pump & Drilling, Inc. with Best Drilling & Pump, Inc. as the apparent low bidder with a bid amount of \$249,545.

Following discussion relative to future rehabilitation work on wells, on MOTION by LaMar, seconded and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE IN THE AMOUNT OF \$70,600, FROM \$706,000 TO \$776,600, FOR PROJECT 11693 (4326); APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$344,500 FOR PROJECT 11693 (4326); AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH BEST DRILLING & PUMP, INC. IN THE AMOUNT OF \$249,545 FOR THE REHABILITATION OF DYER ROAD WELLFIELD WELL NO. 2, PROJECT 11693 (4326).

### SAN JOAQUIN MARSH CAMPUS MOLD REMEDIATION EXPENDITURE AUTHORIZATION

Executive Director of Engineering Burton reported that in November 2012, the Board authorized the remediation of the caretaker's residence only, and staff was instructed to report back to the Board with the proposed next steps for the remediation of the remainder of the campus. Mr. Burton said that mold remediation of the caretaker's residence was completed in May 2013 by Certified Bio Services (Certified), at a cost of approximately \$65,000, which included converting the building's crawl space to a conditioned space with the installation of a vapor barrier, dehumidifier, extraction fan and a sump pump; removing the mold on the subfloor wood structural members using an abrasive process; sealing subfloor openings to the interior with a

urethane spray; and cleaning of all interior surfaces and personal items. Upon completion of the remediation, Guaranteed performed post-remediation inspection of the completed work and recommended that additional cleaning be performed on a small area of interior wall, with a caveat that the stud area behind the wall may also need to be remediated. Staff had an inspection performed by a second company, Health Science Associates, to confirm the levels of mold. However, since there are no established state or federal standards for mold levels, the results from both companies could not be compared directly. He said that staff ultimately instructed Certified to complete the additional work as recommended. Secondary mold testing results from both inspection companies showed that the mold levels were reduced to below EMRI indexes. At that point, staff determined that assistance was needed from an expert consultant to provide oversight project management for the remainder of the project.

Mr. Burton said that Dr. Maureen Sassoon is a recognized consultant with experience in conducting mold assessments and managing remediation projects for public agencies, and responding to employee or tenant issues and concerns. He said that based on her knowledge of mold remediation guidelines and her independent status, staff intends to enter into a Professional Services Agreement with Dr. Sassoon in the amount of \$20,000 to provide oversight project management, review and provide direction of the recommended remediation, and provide post-remediation occupancy approval.

Mr. Burton said that the remaining buildings to be remediated are the Marsh House, Sea and Sage offices, Sea and Sage Audubon, the Duck Club and restroom facility. He said that staff recommends a phased remediation for each building. Phase 1 will include any needed structural repair, crawl space mold removal, and under-floor urethane seal. Phase 2 will include building interior cleaning activities and Phase 3 will convert the crawl space to a conditioned space using the Clean Space encapsulation system including a vapor barrier, dehumidifier, extraction fan and sump pump.

He said that the estimated costs to remediate the remaining buildings if all three repair phases are required are as follows: Marsh House \$59,800, Sea and Sage offices \$59,000, Sea and Sage Audubon House \$50,000, the Duck Club and restroom facility \$54,500. The total aggregate cost of the remainder of the Campus is \$223,300.

Director Reinhart said that this item was reviewed by the Engineering and Operations Committee on September 10, 2013, and said he had reservations about the mold issue if it is considered a long-term problem as well as a health concern for visitors who spend very limited time in these facilities. He then made a motion to approve the item which was seconded by Director Matheis. Prior to taking a Board vote on this item, Director Swan said he believed hiring a consultant was the right choice and recommended approval of an Expenditure Authorization for \$50,000 at this time for determining mold risk factors and a plan for any necessary mold remediation. He said he specifically would like to know the type of mold, analyze the irrigation system around the buildings to determine if replanting the area with California native plants would be beneficial reducing water usage around the buildings, and determine any structural risks as well as long-term risks. Director Swan said he would like to offer a substitute motion to the pending motion to approve an Expenditure Authorization for \$50,000 and that staff bring back results to the Board. On MOTION by Swan, seconded by Matheis, and unanimously carried, THE BOARD

APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$50,000 FOR THE SAN JOAQUIN MARSH BUILDING CAMPUS MOLD REMEDIATION, PROJECT 11665 (4130) AND DIRECTED STAFF TO PROVIDE A FOLLOW-UP REPORT FROM DR. SASSON TO THE BOARD.

MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION AND FLOOD PROTECTION IMPROVEMENTS VARIANCES

Executive Director of Engineering Burton reported that the quarterly report stated the project has two remaining critical paths: (1) construction of the roadways within MWRP and on Riparian View; and (2) testing and start-up of the membrane bioreactors (MBR). The estimated completion of the roadways is December 2, 2013. The estimated completion of the MBR is February 18, 2014. The current contractual completion date is October 31, 2013. Because the new completion date is projected to extend beyond October 31, 2013, variances for HDR and Delta are required.

Mr. Burton said that HDR has been providing construction phase services since the beginning of the project and is requesting additional authorization mainly due to (1) the re-design of the roadways within MWRP and Riparian View; and (2) staffing needs related to testing and start-up of the MBR and related facilities. Variance No. 5 is in the amount of \$770,800. HDR will optimize its staffing so that, if there is down time between testing and start-up, its staff is assigned duties outside of Phase 2.

Mr. Burton said that Delta has been providing SCADA programming and start-up phase services since the start of the project. Delta will provide staff with the remaining testing and start-up requirements. These services include any changes to SCADA programming and troubleshooting programming bugs as they arise. Delta's budget allows for the SCADA programmers to be available to the project as requested by staff, but also allows the flexibility for Delta to assign their programmers to outside projects should there be down time between testing and start-up activities. Variance No. 7 is in the amount of \$247,073.

Director Swan asked to provide a report showing the original contract along with major reasons for these charges when submitting future variances. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 5 IN THE AMOUNT OF \$770,800 WITH HDR ENGINEERING, INC. FOR SUPPLEMENTAL CONSTRUCTION PHASE SERVICES FOR TESTING, START-UP, AND ROAD DESIGN FOR THE MWRP PHASE 2 EXPANSION, PROJECTS 20214 (1599) AND 30214 (1706), AND FLOOD PROTECTION IMPROVEMENTS, PROJECTS 20542 (1150) AND 30542 (1118); AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 7 IN THE AMOUNT OF \$247,073 WITH DELTA SYSTEMS ENGINEERING FOR SUPPLEMENTAL PHASE SERVICES ASSOCIATED WITH TESTING, START-UP, AND TROUBLESHOOTING FOR THE MWRP PHASE 2 EXPANSION, PROJECTS 20214 (1599) AND 30214 (1706).

PORTOLA ZONE 9 AND MANNING BOOSTER PUMP STATION GENERATOR PROJECT  
CONSTRUCTION AWARD

This project will install permanent electrical generators at the Portola Zone 9 and Manning Booster Pump Stations. Both generator installations will include the construction of retaining and screen walls, reinforced concrete generator pads, and all required electrical work. Work at the Manning site will also include the construction of approximately 50 linear feet of 3-inch CML&C steel drain line and two motor operated valves to automate the discharge of off specification water from the Manning Treatment Plant. The project was advertised on July 16, 2013 to a select list of 13 contractors. The bid opening was held September 4, 2013 with Paulus is the apparent low bidder with a bid amount of \$518,353.

On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED AN INCREASE TO THE FY 2013-14 CAPITAL BUDGET IN THE AMOUNT OF \$154,000, FROM \$293,700 TO \$447,700, FOR THE PORTOLA ZONE 9 BOOSTER PUMP STATION GENERATOR PROJECT; AUTHORIZE AN INCREASE TO THE FY 2013-14 CAPITAL BUDGET IN THE AMOUNT OF \$5,500, FROM \$311,300 TO \$316,800, FOR THE MANNING BOOSTER PUMP STATION GENERATOR PROJECT; APPROVED EXPENDITURE AUTHORIZATIONS IN THE AMOUNTS OF \$379,500 AND \$316,800 FOR PROJECTS 11667 (4146) AND 11675 (4277) AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH PAULUS ENGINEERING, INC. IN THE AMOUNT OF \$518,353 FOR THE PORTOLA ZONE 9 AND MANNING BOOSTER PUMP STATION GENERATOR, PROJECTS 11667 (4146) AND 11675 (4277).

INITIAL DISINFECTION FACILITY CHLORINE INJECTION LINE REPLACEMENT  
CONSTRUCTION AWARD

General Manager Cook reported that the Initial Disinfection Facility (IDF) Chlorine Injection Line Replacement Project will construct a new chlorine injection manhole, modify an existing 16-inch steel water main to deliver water from Wells No. 10 and 16 to the IDF, construct a new 4-inch Hastelloy C276 chlorine injection line, and construct 900 linear feet of 24-inch steel water main to convey the chlorinated water downstream from the IDF. The project was advertised on August 15, 2013 to a select list of 21 contractors. The bid opening was held September 11, 2013 with GCI as the apparent low bidder with a bid amount of \$1,073,250. On MOTION by LaMar, seconded and unanimously carried, THE BOARD AUTHORIZED AN INCREASE TO THE FY 2013-14 CAPITAL BUDGET IN THE AMOUNT OF \$303,500, FROM \$1,117,300 TO \$1,420,800 FOR PROJECT 11669 (4285); APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$1,185,500 FOR PROJECT 11669 (4285); AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH GCI CONSTRUCTION, INC. IN THE AMOUNT OF \$1,073,250 FOR THE INITIAL DISINFECTION FACILITY CHLORINE INJECTION LINE REPLACEMENT, PROJECT 11669 (4285).



## GENERAL MANAGER'S REPORT

General Manager Cook reported that last week the Poseidon working group met and discussed a proposal to support the project with a letter to the Coastal Commission. Mr. Cook said that since the Board had not reviewed and approved the letter, the District did not sign it.

Mr. Cook reported on last week's OCWA's pipe tapping contest held at IRWD's Rattlesnake Park. He said that District entered two teams with one team receiving the third place award. He thanked staff for their efforts.

## DIRECTORS' COMMENTS

Director Matheis reported on her and General Manager Cook's attendance at the rededication of the Rawlings reservoir last week where the City of Tustin had doubled the capacity of its reservoir.

She reported on her attendance at the September 21 Shadetree Partnership monthly nursery event which she said was very successful with 104 volunteers. She noted the groups who attended, the work effort performed, and expressed additional thanks to Mr. Tom Bonkowski, Ms. Leslie Bonkowski, and Mr. Dave Asman for their efforts to make Shadetree a successful non-profit organization.

Director Swan reported on his attendance at a Water Issues meeting relative to the annexation, an ACC-OC realignment meeting, a Clean Tech conference on Monday, a WACO Planning meeting, and an ACWA interview in Sacramento for the Vice President open seat. He said that he is planning to attend an ACWA Watershed meeting tomorrow in Sacramento, and an ACWA Board meeting this Thursday and Friday in Oakland.

Director LaMar reported on his attendance at a MWDOC Board meeting, an NROC Quarterly Board meeting and a Strategic Planning meeting, both held on the same day.

Director Reinhart reported on his attendance at several Baker Treatment Plant presentations at various agencies, a meeting he and General Manager Cook held with EOCWD to resolve various matters, a National WateReuse Board meeting where he said he was termed out for his seat on its Board, and several SOCWA meetings to look for an interim General Manager.

Consultant Jim Reed reported on several meetings he attended on the District's behalf including WACO, OCWA, a City of Lake Forest Board meeting and a financial economic coalition meeting.

## CLOSED SESSION

President Reinhart said that two sessions would be held as follows: 1) Conference with legal counsel relative to existing litigation - Government Code Section 54956.9(d)(1) – Successor Agency to the Tustin Community Redevelopment Agency, et al vs. Ana Matosantos in her capacity as Director of State of California Department of Finance, et al., and 2)

Conference with legal counsel relative to anticipated litigation - Government Code Section 54956.9(d)(2) - significant exposure to litigation (one potential case).

ADJOURNMENT

President Reinhart adjourned the meeting.

APPROVED and SIGNED this 14th day of October, 2013.

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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