

## MINUTES OF REGULAR MEETING – JULY 25, 2005

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by President Miller at 6:00 p.m., July 25, 2005 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None

Also Present: General Manager Jones, Director of Engineering Heiertz, Treasurer Loomis, Secretary Bonkowski, Legal Counsel Arneson, Assistant General Manager Cook, Controller Slack, Mr. Jim Reed, Mr. Tom Bishop, Mr. Mike Hoolihan, Mr. Rob Jacobson, Ms. Beth Beeman, Mr. Carl Ballard, Mr. Christopher Smithson, and other members of the public and staff.

WRITTEN COMMUNICATIONS: None

ORAL COMMUNICATIONS:

Mrs. Joan Irvine Smith addressed the Board of Directors with respect to the Dyer Road Wellfield. Due to the availability of additional wet year replenishment water from MWD, all wells have been shut off with the exception of C-8 and C-9 to participate in the in-lieu replenishment program offered through OCWD. To facilitate IRWD's participation in the program, MWD has agreed to administratively defer the District's seasonal shift summer groundwater pumping contract and extend the term for one year. IRWD will incur no additional costs to participate in the in-lieu replenishment program, which is anticipated to continue until fall. 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), the agencies participating are the cities of Anaheim, Westminster, Santa Ana, Buena Park, and Garden Grove, Yorba Linda Water District and Southern California Water Company. Contracts have been awarded by OCWD to Beylik Engineering and Bakersfield Well & Pump, Inc. to construct a total of eight wells. The well drilling is complete and it will take an additional 18 months to complete the wellhead facilities. OCWD is required to have the wells operational by March 2008. Following well construction, each well will be owned by the individual participating agencies. This was confirmed by Mr. Jones.

ITEMS TOO LATE TO BE AGENDIZED - None

WORKSHOP – RECLAIMED WATER AND SEWER SYSTEM STRATEGIC PLAN

General Manager Jones asked that this item be discussed following the Action Calendar items. There being no objection, this item was placed at the end of the agenda (see pages 8 and 9).

PUBLIC HEARING - SEWER CHARGES TO BE COLLECTED ON THE TAX ROLL

General Manager Jones reported that by adoption of Resolution No. 1987-45, the Board of Directors elected to have sewer charges for certain parcels of land located in the Newport North area collected on the tax roll together with the District's general taxes. Pursuant to the requirements of the Health and Safety Code of the State of California, a public hearing on the report is required.

President Miller said this is the time and place for a hearing on the report relative to collection of sewer charges on the tax roll for parcels of land located in the Newport North area, and declared the hearing open. He then asked the Secretary how the hearing was noticed.

Secretary Bonkowski said that the report was filed with her on July 11, 2005 and notice of the filing of the report and the time and place of this hearing was published in the Orange Coast Daily Pilot on July 11 and July 18, 2005. She further said that a notice was also posted in the District office on July 11, 2005. On MOTION by Swan, seconded by Matheis, and unanimously carried, **THE AFFIDAVIT OF POSTING AND THE PROOF OF PUBLICATION PRESENTED BY THE SECRETARY WAS RECEIVED AND FILED.**

In response to President Miller's inquiry to describe the nature of the proceedings, legal counsel Arneson said that the purpose of the hearing was to provide an opportunity for all persons interested or the owner of any parcel within the area to present objections or protests to the report.

President Miller asked Secretary Bonkowski whether she had received any written communications concerning this matter, and she stated that she had not. President Miller asked if there was anyone present who wished to address the Board concerning the report and the proposed collection of sewer charges on the tax roll. There was no one present who wished to be heard. President Miller then inquired if there were any comments or questions from members of the Board of Directors. Director Swan said that this item had been reviewed by the Finance and Personnel Committee in July.

On MOTION by Swan, seconded by Matheis and unanimously carried, **THE HEARING WAS CLOSED AND RESOLUTION NO. 2005-24 WAS ADOPTED BY TITLE:**

RESOLUTION NO. 2005-24

**RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE  
RANCH WATER DISTRICT ADOPTING REPORT OF SEWER  
CHARGES TO BE COLLECTED ON THE TAX ROLL**

CONSENT CALENDAR

Director Swan commented on Consent Calendar Item No. 10, Water Conservation Avoided Cost Methodology. He commented on the dollars per acre feet in Exhibit "A" relative to avoided costs for potable water conservation. There being no further comments, on MOTION by Reinhart, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 12 WERE APPROVED AS FOLLOWS:

5. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the July 11, 2005 Board of Directors' meeting be approved as presented.

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

Recommendation: Ratify/approve the meetings and events for Mary Aileen Matheis, Darryl Miller and Peer Swan.

7. INDEPENDENT SPECIAL DISTRICTS LOCAL AGENCY COMMISSION (LAFCO) COST ALLOCATION

Recommendation: That the Board adopt the following resolution affirming the District's approval of the alternative formula for distributing LAFCO fees among the Independent Special District of Orange County.

RESOLUTION NO. 2005-25

RESOLUTION OF THE BOARD OF DIRECTORS OF  
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY,  
CALIFORNIA APPROVING AN ALTERNATIVE FORMULA FOR  
DISTRIBUTING LAFCO FEES AMONG THE INDEPENDENT  
SPECIAL DISTRICTS IN ORANGE COUNTY

8. STATE LEGISLATIVE UPDATE

Recommendation: That the Board take a neutral position on AB 672 and SB 820.

9. GENERAL ENVIRONMENTAL SERVICES - CONSULTANT SELECTION AND EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board approve expenditure authorizations for \$71,500 each for Project Nos. 10928, 20928, and 30928; and authorize the General Manager to execute a professional services agreement in the amount of \$100,000 with Harmsworth Associates for general environmental services.

10. WATER CONSERVATION AVOIDED COST METHODOLOGY

Recommendation: That the Board concur with staff's revised calculation of conservation-avoided costs, and direct staff to use these calculations as a basis for determining financial incentives that the District will provide customers for specific water conservation devices and measures.

11. IRVINE LAKE WATER QUALITY MEASURES - LETTER OF AGREEMENT

Recommendation: That the Board authorize execution of the "Letter Agreement regarding Irvine Lake Water Quality Measures".

12. JUNE 2005 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report for June 2005; and approve the June 2005 Summary of Wire Transfers and ACH payments in the total amount of \$5,203,977.04 and the June 2005 Warrants Nos. 261144 through 261972 in the total amount of \$13,274,130.61.

ACTION CALENDAR

PLANNING AREA 6, PHASE 2 CAPITAL FACILITIES - CONTRACT EXPENDITURE AUTHORIZATION AND BUDGET

Director of Engineering Heiertz reported that this was the second phase for various District facilities to be installed under a supplemental reimbursement agreement with the Community Development Company (ICDC) within Planning Area 6. Mr. Heiertz reported that ICDC opened bids for three contracts and provided the bid spreadsheets to IRWD for concurrence in accordance with the terms of the agreement. ICDC's concurrence letters also include the costs proposed for survey staking, geotechnical observation services and other required monitoring activities.

Mr. Heiertz said that due to the large volume of work in PA-6, staff has negotiated a Construction Program Management (CPM) contract with The Keith Companies (TKC). The CPM contract will provide construction management, construction phase engineering, factory witness testing, and coordination with the city, county, Caltrans and ICDC. The projects include domestic water, sewer, recycled water, pressure reducing stations and various appurtenances. The total construction budget for these projects is \$11.5 million. TKC's proposed fee is \$444,545 (3.8% of the construction cost).

Mr. Heiertz reported that a portion of the cost for upsizing pipelines in Portola Parkway may be reimbursed by Municipal Water District of Orange County or the South County water agencies due to their request to upsize the pipe from 24 inch to 36 inch for their future use. Design of this upsizing was approved by the Board on July 14, 2004. The construction bid cost differential

between the 24-inch pipe and 36-inch pipe for this area is \$3,5 million. There was also an increase in the design fee of \$45,000 and additional work to revise the storm drain plans.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on July 19, 2005.

On MOTION by Reinhart, seconded and unanimously carried, BUDGET INCREASES FOR FY 2005/06 FOR PROJECT 10779 BY \$3,469,700, FROM \$1,220,300 TO \$4,690,000; PROJECT 30779 BY \$1,396,000, FROM \$1,058,700 TO \$2,454,700; PROJECT 20355 BY \$6,300, FROM \$150,100 TO \$156,400 WAS APPROVED; A BUDGET DECREASE FOR PROJECT 20349 BY \$66,100, FROM \$1,459,000 TO \$1,392,900 WAS APPROVED; THE ADDITION OF PROJECTS 11033 FOR \$275,000, 21033 FOR \$363,000, AND 31033 FOR \$330,000 TO THE FY 2005/06 CAPITAL BUDGET WAS APPROVED; EXPENDITURE AUTHORIZATIONS FOR PROJECT 10779 FOR \$4,614,400, PROJECT 30779 FOR \$2,352,500, PROJECT 20349 FOR \$1,229,500, PROJECT 20352 FOR \$473,100, AND PROJECT 20355 FOR \$147,400 WAS APPROVED TO CONSTRUCT THE CAPITAL FACILITIES WITHIN PA-6, PHASE 2; EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR PROJECT 11033 FOR \$275,000, PROJECT 21033 FOR \$363,000 AND PROJECT 31033 FOR \$330,000 FOR THE CPM FOR PLANNING AREA 6 CAPITAL FACILITIES; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONTRACT WITH TETTEMER AND ASSOCIATES, A DIVISION OF THE KEITH COMPANIES, FOR CONSTRUCTION PROGRAM MANAGEMENT FOR \$444,545.

#### CATHODIC PROTECTION ANALYSIS AND DESIGN FOR NEWPORT COAST

General Manager Jones reported that the useful life of the domestic water, recycled water, and sewage collections systems in the Newport Coast area can be extended by installing a corrosion protection system, including test stations and isolation joints on these pipelines. He said that staff recommends awarding an engineering services contract for this work to Corrpro Corrosion Engineering, Inc. for a fee of \$130,354.

Mr. Jones said that staff requested seven qualified corrosion and/or civil engineering firms to submit proposals. Corrpro Corrosion Engineering, Inc., M. J. Schiff & Associates, PBS&J and RBF Consulting submitted proposals. He said that staff evaluated the proposals and recommended awarding the engineering services contract to Corrpro Companies, Inc. for \$130,354.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on July 19, 2005. On MOTION by Reinhart, seconded and unanimously carried, A BUDGET INCREASE WAS AUTHORIZED FOR PROJECT 10917 BY \$20,700, FROM \$55,000 TO \$75,700, AND FOR PROJECT 30917 BY \$20,700, FROM \$55,000 TO \$75,700; PROJECT 20410 WAS ADDED TO THE FY 2005/2006 CAPITAL BUDGET; EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR PROJECT NOS. 10917, 20410 AND 30917 IN THE AMOUNTS OF \$75,700, \$16,500 AND \$75,700; AND THE GENERAL MANAGER WAS AUTHORIZED TO AWARD AN ENGINEERING SERVICES CONTRACT TO CORRPRO COMPANIES, INC. FOR A NOT TO EXCEED FEE OF \$130,354.

## SAN JOAQUIN MARSH DUCK CLUB ADDITION – CONTRACT AWARD

General Manager Jones reported that a supplemental write-up had been placed before each Director. Mr. Jones said that an expansion of the Duck Club building has been proposed to upgrade this facility and to accommodate larger community groups.

Mr. Jones said that a plans and specifications were prepared and made available to the pre-selected contractors and that a bid opening was held with Philco Construction as the apparent low bid for \$227,556.83 and that all bids were submitted in compliance with the “prevailing wage” requirement. He said that the engineer’s estimate was \$216,200. He further said with the authorization by the Board of this contract, the Notice to Proceed will be issued to Philco immediately so construction can begin on August 1, 2005. The project is scheduled to be complete by September 15, 2005.

On MOTION by Reinhart, seconded and unanimously carried, BUDGET INCREASES WERE AUTHORIZED FOR PR 10883 BY \$25,300, FROM \$86,400 TO \$111,700; FOR PR 10961 FOR \$6,400, FROM \$21,700 TO \$28,100; FOR PROJECT 20883, BY \$25,300, FROM \$86,400 TO \$111,700; FOR PR 30883 FOR \$6,400, FROM \$21,700 TO 28,100; EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR A TOTAL OF \$63,400; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONSTRUCTION CONTRACT WITH PHILCO CONSTRUCTION CO. FOR \$227,556.83 FOR THE SAN JOAQUIN MARSH DUCK CLUB ADDITION.

## CONCENTRATE TREATMENT SYSTEM DESIGN SERVICES AGREEMENT

General Manager Jones reported that staff recommends Tetra Tech be awarded the design phase of the Concentrate Treatment System (CATS) which will allow IRWD to increase the recovery at the Deep Aquifer Treatment System (DATS) from 92% to 98% by treating the concentrate with additional membranes.

Director of Engineering Heiertz reported that DATS is an 8-mgd membrane plant that generates 650,000 gpd of concentrate. Mr. Heiertz said that the studies conducted by the Harvey Mudd Engineering Clinic, UCI Affiliates, and CH2M Hill indicate that the concentrate flow can be greatly reduced thereby reducing disposal cost by estimated in the first year by \$283,000. An additional benefit of CATS is that more drinking water is produced by DATS worth about \$100,000 per year.

Mr. Heiertz reported that proposals were received from Boyle Engineering and Tetra Tech. CH2M Hill declined to submit a proposal due to their heavy workload. He said that staff recommends Tetra Tech be awarded the design phase of this project as they identified and defined critical design criteria such as noise, designing safeguards to the existing DATS membranes, and implementing on-line instrumentation controls for maintaining compliance with regulatory and District goals; provided a very good project team; and proposed design ideas so that the CATS can be installed to meet the project schedule.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on July 19, 2005. On MOTION by Reinhart, seconded and unanimously carried, AN EXPENDITURE AUTHORIZATION WAS APPROVED FOR \$247,500, AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE AN ENGINEERING SERVICES AGREEMENT WITH TETRA TECH FOR THE CONCENTRATE TREATMENT SYSTEM FOR \$142,300 FOR PROJECT 10543.

WATER OPERATIONS SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) SYSTEM REPLACEMENT DESIGN EXPENDITURE AUTHORIZATION AND CONTRACT AWARD

The SCADA Master Plan provides a vision of SCADA in the future, SCADA goals and objectives, a blueprint for the future of SCADA and a roadmap and budgetary costs for implementing the future SCADA improvements. As part of the implementation of the Master Plan, the Water Operations SCADA system is to be replaced. Director of Administrative Services Mossbarger described the replacement which consists of three phases. Mr. Mossbarger then reported that a Request for Proposal had been sent to EMA Engineering, HDR Engineering, PlantData, Sun Engineering and Westin Engineering. He said that proposals were received from HDR, Sun and Westin Engineering, and that following a review of the proposals, staff felt that Westin Engineering was the most qualified based on their understanding of the project, their project team, project experience and their local presence.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on July 19, 2005. He said that even though the proposal from Sun Engineering was the low bid, he said they concurred with staff's rational to recommend Westin for the project. On MOTION by Reinhart, seconded and unanimously carried, EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR \$165,000 FOR PROJECT 10489 AND \$83,100 FOR PROJECT 30489; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A PROFESSIONAL SERVICES CONTRACT WITH WESTIN FOR THE PREPARATION OF THE WATER OPERATIONS SCADA SYSTEM REPLACEMENT DESIGN IN THE AMOUNT OF \$248,100.

GENERAL MANAGER'S COMMENTS

General Manager Jones introduced the District's Controller, Deborah Slack, to the Board of Directors and provided an overview of her past work and educational background. Ms. Slack said she was so pleased to be an employee of the District.

DIRECTORS' COMMENTS

Director Swan reported on his attendance today at a Metropolitan Water District Ethics group meeting where he said there was a good cross section of individuals in attendance. He said that the Southern California Dialog group was meeting this week and noted that Mr. Grindstaff was the new replacement for Calfed.

Vice President Matheis reported on the June 18 Shadetree Partnership event held at the District's new training facility where groundcover was planted by volunteers. She complimented Mr. Lochridge and Mr. Skidmore on their efforts working with the Boy Scouts, and said that Mr. Bonkowski had good control over these events and was also a good leader. She reported on Director Swan and her attendance at the Water Education Foundation's two day event and complimented President Miller as moderator of one of the programs.

President Miller reported that the Orange County Sanitation District had sent out Request for Proposals for legal services which were due this week. He also reported on his being a member of an Ad Hoc Committee which was formed to perform an assessment of the contract with Darma Consulting firm.

## WORKSHOP

### RECLAIMED WATER AND SEWER SYSTEM STRATEGIC PLAN

General Manager Jones reported that a preliminary strategic plan has been completed for the future expansion of the reclaimed water system and sewer collections system. Mr. Jones said that staff is seeking input on the preliminary findings of the plan from the Board. He said that the highlights of the strategic plan recommendations are expansion of MWRP to 33 MGD; construct diversion structures for HATS and IBC to divert flows to MWRP; and integrate Peters Canyon and Siphon Reservoirs into the reclaimed water system.

Principal Engineer Hoolihan said that over the past three years the District has experienced a substantial increase on CORF costs paid to the Orange County Sanitation District (OCSD) and that this trend is expected to continue over the next seven or eight years based on their capital budget. He said that in order to analyze various operating scenarios, staff has developed a Reclaimed Water/Sewer Mass Balance Model (RW/SMBM) which uses reclaimed water demands and sewer flow projections on a seasonal basis over the next 20 years to analyze various operating scenarios and quantifies the cost to the District in terms of disposal of sewage (both capital and O&M) and the purchase of supplemental water for the reclaimed water system.

Using a power point presentation, Mr. Hoolihan described the mass balance model overview. He then described model scenarios, including: Baseline: MWRP at 18 MGD; Construct the HATS diversion by 2007 (includes Scenario A); Expansion of MWRP to 33 MGD in 2010 (includes Scenarios A and B); Integrate Peters Canyon and Siphon Reservoirs into the RW system as seasonal storage facilities (includes Scenarios A through C); Integrate winter time uses/disposal of reclaimed water from MWRP (includes Scenarios A through D); Diverting a portion of IBC sewer flow to MWRP (includes Scenarios A through E). He said that each scenario (except A & B) was analyzed twice, assuming that: 1) IRWD will serve winter time GAP demands in accordance with current GAP agreement thru 2011; and 2) IRWD will serve all current GAP demands, excluding OCSD, through ultimate.

Mr. Hoolihan said that additional measures to use or dispose of winter time excess reclaimed water are recommended, including to serve all winter time agricultural demands using reclaimed



water; suspend the production of reclaimed water from LAWRP in winter months and serve reclaimed water from MWRP to the LAWRP service area through the Zone B interconnection; and send excess winter time reclaimed water to the OCSD outfall through the GAP interconnection.

Mr. Hoolihan said that based on the RW/SMBM, the following steps are recommended: 1) Complete a planning study with options and preliminary cost estimates for diverting sewage flows from the IBC area to MWRP; 2) Complete a planning study with options and preliminary cost estimate for implementing winter time uses/disposal of reclaimed water from MWRP. Winter time uses/disposal options include serving winter time RW to all agriculture in IRWD; serve RW to the LAWRP service area from MWRP in winter months. This study will quantify the amount of winter time reclaimed water that could possibly be disposed in each alternative; 3) Complete the sewer flow monitoring program as part of the Sewer Collection System Master Plan to confirm flow assumptions used in mass balance model and re-run the model as necessary; and 4) Move towards Scenario F, including the expansion of MWRP to 33 MGD, integrating into the RW system either or both Siphon and Peters Canyon Reservoirs, serve all GAP demands, divert HATS and a portion of IBC flows to MWRP as necessary, and implement winter time uses/disposal of reclaimed water from MWRP.

Following discussion, staff was asked to schedule another workshop and to concentrate on the financial impacts of the plan.

#### CLOSED SESSION

General Manager Jones said that it would not be necessary to hold a Closed Session this evening relative to anticipated litigation; Government Code Section 54956.9 (b).

#### ADJOURNMENT

There being no further business, President Miller adjourned the meeting.

APPROVED AND SIGNED this 8th day of August 2005.

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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 and Giannone