

MINUTES OF REGULAR MEETING – JUNE 26, 2006

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by President Swan at 6:15 p.m., June 26, 2006 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Withers (arrived at 6:25 p.m.), Miller (arrived at 6:25 p.m.), Matheis, Reinhart, and Swan

Directors Absent: None

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering Heiertz, Treasurer Loomis, Secretary Bonkowski, Legal Counsel Arneson, Ms. Deborah Cherney, Mr. James Reed, Dr. Tom Bishop, Mr. Wayne Posey, Mr. Jeff Smyth, Ms. Beth Beeman and other members of the public and staff.

WRITTEN COMMUNICATIONS: None

ORAL COMMUNICATIONS:

1) Mrs. Joan Irvine Smith addressed the Board of Directors with respect to the Dyer Road Wellfield. Mrs. Smith said that it was her understanding that currently the deep aquifer treatment system wells C-8 and C-9 and wells 1, 2, 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 15, and 16 are in operation. Well 17 was flushed on June 22, 2006 and will be placed back into service when required to meet demands. Well 18 is currently undergoing rehabilitation work. 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 Layne Christensen Company and Bakersfield Well & Pump, Inc. to construct a total of eight wells. Well drilling activities are complete and it will take an additional 18 months to complete the well head 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.

With respect to the OCWD annexation of certain IRWD lands, OCWD released the Environmental Impact Report (EIR) in early January 2006. The extended comment period for the EIR closed March 17. Staff has been working with OCWD to review comments on the EIR, and anticipates responses to be prepared and an OCWD Board action on the EIR and annexation in July. This was confirmed by Mr. Jones.

2) Mr. Dan Dulac of Baker Composting thanked the Board for understanding their concerns in regards to the proposed neighboring TVI composting site at Irvine Lake. He also thanked General Manager Jones for his efforts to try to resolve issues between TVI and their facility.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED - None

WORKSHOP

PROPOSED FISCAL YEAR 2006-07 OPERATING BUDGET AND CHANGES TO THE SCHEDULE OF RATES AND CHARGES

Directors Withers and Miller arrived at 6:25 p.m.

General Manager Jones reported that the proposed Fiscal Year (FY) 2006-07 Operating Budget had been reviewed by the Finance and Personnel Committee on three occasions and by this Board at the public workshop held on June 12, 2006. Staff is recommending that the Board adopt the proposed FY 2006-07 Operating Budget and adopt the proposed changes to the Schedule of Rates and Charges required to fund operating expenses identified in the proposed budget.

Using a power point presentation, Controller Cherney reported that the District's proposed Fiscal Year 2006-07 Operating Budget totaled \$88.3, representing a \$7.1 million, or an 8.77% increase over the last fiscal year budget. Ms. Cherney said that there were three other major factors influencing this fiscal year operating budget, including the inclusion of a user/replacement component on the sewer fixed charge; consolidation of IRWD and Santiago County Water District effective July 1, 2006; and the creation of a uniform sewer rate between the Los Alisos and Irvine service areas.

Ms. Cherney reviewed costs and revenues for the treated water system, the untreated water system, and the sewer system (which includes reclaimed water irrigation). As a result of this review, changes to the water and wastewater rates for the Irvine Ranch service area and the Los Alisos service area recommended are as follows for the Irvine Ranch Service Area: 1) Treated Water System: An increase to the base commodity rate of \$0.03/ccf, from \$.88 to \$.91/ccf; an increase to the current monthly service charge of \$1.30, from \$5.45 to \$6.75; 2) Untreated Water System: An increase to the current non-potable and reclaimed agriculture irrigation rate of 15.00/acre-foot, from \$320.00 to \$335.00/acre-foot; and 3) Sewer System: An increase to the current monthly service charge of \$3.05, from \$10.00 to \$13.05, which includes a \$2.65/month user/replacement component; and an increase to the current reclaimed landscape irrigation rate of \$11.75/acre-foot, from \$345.00 to \$356.75/acre-foot. This adopted increase is consistent with setting reclaimed landscape irrigation rates at 90% of the District's base treated water commodity rate. Pursuant to Vice President Reinhart's inquiry at the previous Board meeting, a comparison of IRWD's proposed rates to current rates of neighboring agencies based upon 18 ccf as well as actual usage was shown. Ms. Cherney then reported on the Los Alisos Service Area (ID 135/235) as follows: 1) Treated Water System: No increase to the current commodity rate of \$1.40/ccf and an increase of \$1.10 to the current monthly service charge, from \$6.60 to \$7.70; 2) Sewer System: A net decrease of (\$0.10) to the current monthly service charge, from \$13.15 to \$13.05; and an increase of \$25.75/acre-foot to the current reclaimed landscape irrigation rate, from \$331.00 to \$356.75/acre-foot. Additionally, she reviewed a comparison of LAWD's proposed rates to current rates of neighboring agencies.

On MOTION by Reinhart, seconded and unanimously carried, THE FOLLOWING RESOLUTIONS WERE ADOPTED BY TITLE:

RESOLUTION NO. 2006 - 19

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA APPROVING DISTRICT'S OPERATING BUDGET FOR FISCAL YEAR 2006/07 AND DETERMINING COMPLIANCE WITH ARTICLE XIII B OF CALIFORNIA CONSTITUTION

RESOLUTION NO. 2006 - 20

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA RESCINDING RESOLUTION NO. 2005-35 AND ADOPTING CHANGES TO THE SCHEDULE OF RATES AND CHARGES AS SET FORTH IN EXHIBIT "B" TO THE RULES AND REGULATIONS OF IRVINE RANCH WATER DISTRICT FOR WATER, SEWER AND RECLAIMED WATER SERVICE AND EXHIBITS THERETO

CONSENT CALENDAR

General Manager Jones placed before each Director a revised Item No. 5, RATIFY/APPROVE BOARD OF DIRECTORS' ATTENDANCE AT MEETINGS AND EVENTS. Following review of the document, additional meetings were included. Director Miller said relative to item No. 18, REIMBURSEMENT OF BOARD MEMBER FOR CONFERENCE/TRAVEL/BUSINESS EXPENSES, that he would recommend that the Board review the policy in the near future. General Manager Jones said that this item would be discussed at the upcoming strategic planning meeting scheduled on July 28, and that specific clarifications to the policy would be addressed. There being no further comments, on MOTION by Reinhart, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH THE 18 WERE APPROVED AS AMENDED:

4. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the June 12, 2006 Board of Directors' meeting be approved as presented.

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

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

6. STRATEGIC MEASURES DASHBOARDS

Recommendation: Receive and file the Strategic Measures Dashboards.

7. MAY 2006 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate SWAP Summary for May 2006; and approve the May 2006 Summary of Wire Transfers and ACH payments in the total amount of \$8,430,765.51; and the May 2006 Warrant Nos. 266952 through 270698, Workers' Compensation Distributions and voided checks in the total amount of \$20,722,189.24.

8. STATE LEGISLATIVE UPDATE

Recommendation: That the Board take a support position on AB 2619 (Daucher) relating to the Orange County Water District.

9. 2006 SELECTION OF STATE LOBBYIST AND LOCAL GOVERNMENT CONSULTANT

Recommendation: That the Board approve a Professional Services Agreement for a term of six months with Isenberg/O'Haren in the amount of \$6,500 per month retainer plus reimbursable direct expenses for a total not to exceed \$42,900 and a Professional Services Agreement for a term of three months with Curt Pringle and Associates in the amount of \$5,000 per month retainer plus reimbursable direct expenses for a total not to exceed \$16,500.

10. REMARKETING AGENT REVIEW AND REBALANCING OF DAILY RATE BOND ISSUES

Recommendation: That the Board adopt the following resolution authorizing replacement of remarketing agents.

RESOLUTION NO. 2006 - 21

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT AUTHORIZING
REPLACEMENT OF REMARKETING AGENTS

11. RESOLUTION ESTABLISHING POLICIES AND PROCEDURES IN ACCORDANCE WITH SB 1087

Recommendation: That the Board adopt the following resolution establishing Policies and Procedures for provision of Water and Sewer Service to developments that include housing units affordable to lower income households (Government Code Section 65589.7).

RESOLUTION NO. 2006-22

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT ESTABLISHING
POLICIES AND PROCEDURES FOR THE PROVISION
OF WATER AND SEWER SERVICE TO DEVELOPMENTS
THAT INCLUDE HOUSING UNITS AFFORDABLE TO LOWER
INCOME HOUSEHOLDS (GOVERNMENT CODE SECTION 65589.7)

12. AGREEMENT BETWEEN KERN WATER BANK AUTHORITY, IRVINE RANCH WATER DISTRICT AND ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT FOR USE OF STRAND SIPHONS, BORROW PIT AND DELIVERY CHANNEL

Recommendation: That the Board approve and ratify the General Manager's Execution of Agreement with the Kern Water Bank Authority and Rosedale Rio-Bravo Water Storage District for the use of strand, siphons, borrow pit and delivery channel.

13. WATER OPERATIONS FISCAL YEAR 2006/07 EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board approve Expenditure Authorizations for project numbers 10383, 10907, 10707, 10705, and 30705 for \$336,000, \$133,100, \$126,600, \$396,000, and \$137,500.

14. THE DISTRICT AT TUSTIN LEGACY-VESTAR DEVELOPMENT (PHASE II) CONSTRUCTION MANAGEMENT AND EXPENDITURE AUTHORIZATION APPROVAL

Recommendation: That the Board authorize budget increases for Fiscal Year 2005/06 for project 10871 by \$9,000, from \$756,300 to \$765,300; project 30871 by \$9,000, from \$360,300 to \$369,300; project 10879 by \$9,700, from \$1,018,100 to \$1,027,800; project 20879 by \$9,700, from \$806,900 to \$816,600; project 30879 by \$9,700, from \$408,700 to \$418,400; project 10882 by \$9,700, from \$970,800 to \$980,500; project 20882 by \$9,700, from \$689,200 to \$698,900; project 30882 by \$9,700, from \$369,100 to \$378,800; approve Expenditure Authorizations for projects 10871 and 30781 for \$9,000 each, 10879, 20879, 30879, 10882, 20882 and 30882 for \$9,700 each; and authorize the General Manager to execute a contract with Boyle Engineering Corporation for construction project management in the amount of \$69,741.

15. FISCAL YEAR 2006/07 EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board approve Expenditure Authorizations for Fiscal Year 2006/07 for \$71,500 for the engineering planning study reserve, project 10555; \$15,309,000 for OCSD CORF, project 20107; and \$89,100 for the Reclaimed Water Conversions, project 30219.

16. CONSTRUCTION MANUAL REVISIONS - CONSULTANT SELECTION

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with TRC Solutions for \$79,574 for Construction Manual Revisions, projects 11034, 21034 and 31034.

17. EL TORO ROAD SEWER EXTENSION – EXPENDITURE AUTHORIZATION AND FINAL ACCEPTANCE

Recommendation: That the Board authorize a budget increase to the Fiscal Year 2005/06 Capital Budget for project 20219 by \$38,100, from \$1,060,400 to \$1,098,500; approve an Expenditure Authorization for \$38,100 for project 20219; accept construction of the El Toro Road Sewer Extension project, project 20219; authorize the General Manager to file a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the notice of completion.

18. REIMBURSEMENT OF BOARD MEMBER FOR CONFERENCE/TRAVEL/ BUSINESS EXPENSES

Recommendation: That the Board approve the March 2005 through May 2006 Expense Reports submitted for reimbursement of Board of Director conference, travel and business expenses incurred by Director Swan, including ratification of various meetings.

SELF-INSURED WORKERS' COMPENSATION COVERAGE

General Manager Jones reported that Driver Alliant Insurance Services marketed the District's workers' compensation coverage and received responses from six excess carriers and 10 primary carriers for the plan year beginning July 1, 2006 and ending June 30, 2007. Mr. Jones that staff is recommending that the District: 1) Renew self-insured workers' compensation coverage with the California State Association of Counties (CSAC) Excess Insurance Authority; 2) Renew third party administrator coverage with Southern California Risk Management Association (SCRMA); 3) Maintain the District's self-insured rate (SIR) at the \$125,000 liability level, and 4) Continue with the Medical Provider Network, Wellcomp.

Mr. Jones said that during the 2006-07 fiscal year, the District's self-insurance program has experienced a total of 18 reported injuries (not including first-aids), resulting in paid claims totaling \$25,684.58. Many of these claims were medical only and did not become an indemnity claim.

Mr. Jones said that under the CSAC program, the self-insured retention (SIR) is \$125,000 per occurrence and that the District is responsible for the first \$125,000 of each and every claim. If a claim were to exceed the \$125,000 self-insured maximum, maximum expenses up to \$5 million would be paid through the Excess Workers Compensation program through CSAC. Claim amounts exceeding \$5 million would be covered through the Excess Workers Compensation

(EWC) coverage provided by Renaissance Insurance. Total workers' compensation premiums and fees for the 2006/07 fiscal year are proposed at \$229,015.

Mr. Jones said that Driver Alliant Insurance Services conducted a market study for the District's workers' compensation coverage for the 2006/07 fiscal year and that based on the results, staff recommends continuing the self-insured workers' compensation program with CSAC CPEIA Excess Insurance Authority with the not-to-exceed \$220,000 option offered by CSAC CPEIA.

Director Matheis reported that this item was reviewed and approved by the Finance and Personnel Committee in June 2006. Following discussion, on MOTION by Matheis, seconded and unanimously carried, STAFF WAS AUTHORIZED TO RENEW SELF-INSURED WORKERS' COMPENSATION COVERAGE WITH THE CALIFORNIA STATE ASSOCIATION OF COUNTIES (CSAC) EXCESS INSURANCE AUTHORITY; RENEW THIRD PARTY ADMINISTRATOR COVERAGE WITH SOUTHERN CALIFORNIA RISK MANAGEMENT ASSOCIATION (SCRMA); MAINTAIN THE DISTRICT'S SELF-INSURED RATE (SIR) AT THE \$125,000 LIABILITY LEVEL; AND CONTINUE WITH THE MEDICAL PROVIDER NETWORK, WELLCOMP.

CABINLAND PUMP STATION CONSTRUCTION EXPENDITURE AUTHORIZATION

General Manager Jones said that as the successor agency after the consolidation of Irvine Ranch Water District (IRWD) and Santiago County Water District (SCWD), IRWD will assume responsibility for the construction contract associated with the Cabinland Pump Station Project. Mr. Jones said that staff is recommending that the Board approve a budget increase and expenditure authorization for this project.

Director of Engineering Heiertz reported the existing Cabinland Pump Station was built with non-industrial grade pumping equipment, and is now subject to frequent mechanical breakdowns. Mr. Heiertz said that additionally, the hydropneumatic system is currently being operated in an unsafe condition with the steel pressure tank seeing pressure levels well above the allowable pressure rating for that tank.

Mr. Heiertz said that under this project, the Cabinland Pump Station will be completely reconstructed. This work will include demolishing the existing facility and then installing new inlet piping, pumping and electrical equipment, hydropneumatic system, concrete block building, site improvements, and appurtenances. He said that staff participated in the latter part of final design to ensure that IRWD design and operational standards were incorporated. Design was completed in May 2006, and the project plans and specifications were made available to a select list of contractors by SCWD in a competitive bid process.

Mr. Heiertz said that a bid opening was held with two contractors submitting bids and that Watson Mechanical was the apparent low bidder. The total amount of Watson Mechanical's bid was \$229,700. The construction is scheduled for 240 calendar days. The engineer's estimate for this project, prepared during preliminary design phase, was \$100,000, but Mr. Heiertz said that it was misleading as it did not reflect all final design upgrades such as the concrete block building.

On June 20, 2006, the SCWD Board awarded a construction contract to Watson Mechanical for the amount bid. As the successor agency, IRWD will assume responsibility for this contract as of July 1, 2006, the effective date of the consolidation. Mr. Heiertz said that staff has had a good experience with Watson Mechanical, who has successfully completed several IRWD projects in the past and has a good reputation within the industry.

Director Miller said that subject to the successful completion of the merger with Santiago Canyon Water District, he recommended approving the item. On MOTION by Miller, seconded and unanimously carried, **SUBJECT TO THE SUCCESSFUL COMPLETION OF THE CONSOLIDATION WITH SANTIAGO CANYON WATER DISTRICT EFFECTIVE JULY 1, 2006, THE FY 2006/07 CAPITAL BUDGET WAS INCREASED FOR PROJECT 11146 BY \$140,200, FROM \$197,400 TO \$337,600, AND AN EXPENDITURE AUTHORIZATION FOR \$337,600 FOR CONSTRUCTION OF THE CABINLAND PUMP STATION, PROJECT 11146 WAS APPROVED.**

DYER ROAD WELLFIELD STARTER REPLACEMENT PROJECT – CONSTRUCTION AWARD

General Manager Jones reported that this project will replace the motor starting systems in the six original Dyer Well Field sites (Wells 1, 2, 4, 12, 13, and 18) with modern soft start solid-state systems. Mr. Jones said that staff recommends that the Board authorize the General Manager to execute a contract with Action Electric Corporation and approve an expenditure authorization for this project.

Mr. Jones said that the six original Dyer Well Field sites were constructed in 1985. Over the past 20 years of service, the open motor starting systems have worked well for starting the deep well pump motors. Since the introduction of summer peak electrical “Time of Use” operation several years ago, staff began exercising the motor starting systems multiple times during the summer electrical peak demand periods to reduce pumping energy costs. This operational change has increased wear to the starters and decreased their reliability.

Mr. Jones said that design for the starting system replacement was performed by staff with assistance from Sun Engineering. He said that a Request for Proposal was sent to seven pre-qualified electrical contracting firms and that two firms submitted proposals to perform the work. He further said that staff recommends that a contract be awarded to the low bidder, Action Electric for \$276,305. Following discussion, on MOTION by Reinhart, seconded and unanimously carried, **THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONTRACT WITH ACTION ELECTRIC CORPORATION FOR \$276,305 FOR THE DYER ROAD WELL FIELD STARTER REPLACEMENT PROJECT AND AN EXPENDITURE AUTHORIZATION WAS APPROVED FOR \$304,000 FOR PROJECT 10534.**

VALUE ENGINEERING ANALYSIS – LOS ALISOS WATER RECLAMATION PLANT 2005 UPGRADES

General Manager Jones reported that on May 5, 2006, Malcolm Pirnie completed the value engineering analysis of the 90% design prepared by HDR Engineering for the LAW RP 2005

Upgrades. The value engineering analysis concludes that the project's overall approach as presented in the 90% design is sound with no fatal flaws.

Director of Engineering Heiertz reported that a "traditional" Value Engineering (VE) analysis is typically performed at the 30% design submittal to consider alternative design concepts and is not conducted at the 90% design phase. Since the LAWRP 2005 Upgrades was at 90% design, a workshop held in April with Malcolm Pirnie, Schuler Engineering, HDR and IRWD focused on constructability issues to identify ways to reduce contractor's risk during construction with the goal of realizing cost savings at the time of bid. He said that staffs recommendations and key findings of the VE analysis include: Elimination of the chlorine contact tank cover (not recommended due to loss of chlorine residual due to ultraviolet chlorine decay); Deferring installation of two human machine interface (HMI) workstations (recommended with cost savings of \$30,000); Elimination of red dye in concrete mix for duct bank pours (recommended with cost savings of \$2,000); SC-2: Relocating flow meters and check valves to above grade locations and use smaller pre-cast vaults (recommended with cost savings of \$46,000); SP-1 to SP-5: Clarifications to the contract documents to eliminate ambiguities and potential risk cost-adders (recommended, minor cost savings); P-1: Addition of an on-site sludge digester to reduce the amount of solids to be disposed (not recommended due to process limitations); and E-4: Addition of photovoltaic cells over Pond 5 to reduce algae growth in the plant effluent and to generate electric power.

Mr. Heiertz said that the recommended items to implement represent a potential savings of approximately \$78,000. The latest construction cost estimate for the LAWRP 2005 Upgrades is approximately \$10 million. The value analysis contractor prepared a construction cost estimate for the largest single item in the project which is the chlorine contact chamber. The value analysis contractor estimated a cost for a covered tank at \$4,091,741 which is close to the \$4,034,515 estimated by HDR Engineering.

Mr. Heiertz said that in order to complete the design and implement the VE recommendations, six tasks are necessary to be included in Variance No. 7 as follows: 1) Supplemental scope based on 90% design review input from IRWD; 2) Implementation of VE study recommendations; 3) Residual pumping station structural evaluation; 4) Replacing existing headworks static screens with stair screen; 5) Development of District-wide PLC standards, Phase II; and 6) Additional LAWRP 2005 upgrade construction bid services.

Mr. Heiertz further said that additional expenditure authorizations are required which include funds for construction administration, PLC programming, design fees, an evaluation of wastewater treatment technology, and additional staff time for design phase work.

Director Reinhart reported that this item was approved by the Engineering and Operations Committee on June 23, 2006. On MOTION by Reinhart, seconded and unanimously carried. THE FY 2005/06 CAPITAL BUDGET WAS INCREASED FOR PROJECT 20243 BY \$357,300, FROM \$5,603,100 TO \$5,960,400; AND PROJECT 30314 BY \$193,400, FROM \$5,125,400 TO \$5,319,800; EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR PROJECT 20243 FOR \$455,500 AND FOR PROJECT 30314 FOR \$193,400; AND THE GENERAL MANAGER WAS AUTHORIZED TO APPROVE VARIANCE NO. 7 IN THE AMOUNT OF \$216,900 TO COMPLETE THE DESIGN PHASE OF THE LAWRP 2005 UPGRADES.

GENERAL MANAGER'S REPORT

General Manager Jones reported on an upcoming ACWA Region 10 meeting on July 6, 2006. He placed before each Director a copy of ACWA's summary of Proposition 84, a \$5.4 billion bond measure that would fund water quality, water supply reliability, flood control and coastal protection and said that a full discussion of the item would be held in Committee.

DIRECTORS' COMMENTS

Director Withers reported that he would be speaking at the Coalition for Environmental Protection's Recycled/Reclaimed Water Retreat on July 10, and 11, 2006. He further said he would be attending three Regional Water Quality Control Board meetings on July 14, 17, and 18, 2006.

Director Matheis reported on her attendance at the annual Water Symposium in Riverside as well as the Irvine Valley Foundation event. She asked staff to inquire if there would be opportunities available for certification programs for employees at that college. She thanked Tom and Leslie Bonkowski for all of their efforts at the last Shadetree Partnership event held at its nursery.

Vice President Reinhart reported that he and Director Matheis and General Jones attended the first meeting of the Watershed Environmental Center today and also invited them to tour the marsh. He said that the recent TVI green waste composting proposal at Irvine Lake was a good exercise; however he felt that all operations upstream of Irvine Lake should be investigated as far as permitting requirements. President Swan suggested that Serrano Water District be the lead agency on this matter.

President Swan reported on his attendance at a Great park Advisory meeting. He said that he would be attending the ACWA Region 10 meeting and would need to take a position on Proposition 84. Following discussion, staff was asked to agendize a Board workshop on this proposition in order to form a District position.

CLOSED SESSION

President Swan said that the following Closed Session items would be held this evening with legal counsel: Anticipated litigation; Government Code Section 54956.9(b); significant exposure to litigation (one potential case).

OPEN SESSION

The meeting was reconvened with Reinhart, Withers, Miller, Swan, and Matheis present. No action was reported.

ADJOURNMENT

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

APPROVED and SIGNED this 6th day of July, 2006.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone