

MINUTES OF REGULAR MEETING – JUNE 11, 2007

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by President Reinhart at 6:00 p.m., June 11, 2007 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Miller (arrived at 6:37 p.m.), Matheis, Withers (arrived at 6:23 p.m.), Swan, and Reinhart

Directors Absent: None

Also Present: General Manager Jones, Acting Director of Engineering Malloy, Controller Cherney, Assistant General Manager Cook, Secretary Bonkowski, Legal Counsel Arneson, Ms. Beth Beeman, Mr. Jim Carter, Mr. Bruce Newell, Mr. Norris Brandt, Mr. Dick Diamond, Mr. Jim Reed, Mr. Mike Hoolihan, Mr. Wayne Posey, Mr. Jerry King, Mr. Kevin Burton, Mr. Sat Tamaribuchi, Mr. Dan Miller, and other members of the public and staff.

COMMUNICATIONS TO THE BOARD

Written Communications: None

Oral Communications: 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 1, 2, 4, 5, 6, 7, C-8 and C-9, 10, 11, 13, 14, 15, 16, 17, and 18 are in operation in accordance with the District's annual pumping plan. Well 3 will be placed into production on July 1, 2006. Well 12 is currently undergoing rehabilitation work. The District's planned pumping for June is 4,200 AF per month. 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, 2006, and OCWD is now completing the response to comments. On January 17, 2007, the OCWD Board approved proposed terms and conditions for annexation and directed staff to prepare an annexation agreement for OCWD and IRWD approval. On April 11, 2007, a draft annexation agreement was submitted to OCWD's Water Issues Committee with the recommendation to transmit to IRWD for review and consideration.

On April 30, 2007, staff received the draft agreement which was discussed at a joint OCWD/IRWD Ad Hoc Committee on May 4, 2007. The draft agreement is currently being evaluated, and a subsequent meeting of the OCWD/IRWD Ad Hoc Committee is being targeted for late June. Staff anticipates the OCWD Board will take action on the EIR and annexation agreement in the summer of 2007. This was confirmed by Mr. Jones.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED - None

PRESENTATION – SAN JOAQUIN MARSH SMALL AREA MITIGATION SITE 1 WETLAND

General Manager Jones reported that students from the UC Irvine Planning Design Studio would be presenting their final concepts for a wetland on IRWD's property on the south side of Campus Drive which includes the existing Small Area Mitigation Site 1 (SAMS 1). Director Withers arrived at 6:23 p.m.

Mr. Norris Brandt said that SAMS 1 is included in the Natural Treatment System (NTS) Master Plan and is expected to provide a significant level of treatment to water from San Diego Creek prior to it flowing to Upper Newport Bay. Students in Dr. Raul Lejano's Environmental Design Studio class then presented their final concepts for this site which had been modified based upon Board and Committee comments along with additional information received on regulatory, economic, and site constraints. Following the presentations, the Board and staff thanked the students for their efforts.

CONSENT CALENDAR

On MOTION by Swan, seconded and carried (Miller absent), CONSENT CALENDAR ITEMS 5 THROUGH 7 WERE APPROVED AS FOLLOWS:

5. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the May 29, 2007 Regular 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 Mary Aileen Matheis, Darryl Miller, Doug Reinhart, Peer Swan and John Withers.

7. MICHELSON WATER RECLAMATION PLANT HIGH VOLTAGE FEEDER F1 AND F2 REPLACEMENT – FINAL ACCEPTANCE

Recommendation: That the Board authorize acceptance of construction of the Michelson Water Reclamation Plant high voltage feeder F1 and F2 replacement Project 20201; 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.

ACTION CALENDAR

SAN JOAQUIN RESERVOIR ACCESS ROAD REPAIR CONSTRUCTION AWARD AND EXPENDITURE AUTHORIZATION

The San Joaquin Reservoir Access Road Repair project will repave the access road from Ford Road and the access road from Chambord Road that have sustained damage from storm water runoff and general use. Specifically, the project includes repavement with an asphalt overlay of the Ford Road access road from the access gate at the Ford Road entrance to the access gate near the reservoir and pulverization and repavement of the existing access road from Chambord Road. Also, in order to better control the storm water runoff, the project will construct an asphalt v-ditch and a 6-inch asphalt berm along the Ford access road and construct one 50-foot wide low flow crossing and one 8-foot wide low flow crossing on the Chambord access road. The project will also replace damaged concrete pavement at the Ford Road access gate and 250 square feet of asphalt that has deteriorated on the reservoir perimeter road.

On MOTION by Swan, seconded and carried (Miller absent), THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION FOR \$317,900 FOR PROJECT 30277; FOUND THAT THE BID FROM HARDY & HARPER PAVING CONTAINED AN IRREGULARITY WHICH WAS NOT WAIVED AND WAS REJECTED; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONTRACT WITH A&Y COMPANY FOR \$235,196 FOR THE SAN JOAQUIN RESERVOIR ACCESS ROAD REPAIR, PROJECT 30277.

DOMESTIC WATER INTERCONNECTION – CONSTRUCTION AWARD

Staff has solicited bids for the construction of the Domestic Water Interconnection (IRWD Zone 4/LAWD Zone 1) project which will increase the water supply reliability to Zone 1 of the former LAWD service area. The proposed interconnection is located on Toledo Way between Goodyear and Bake Parkway.

On MOTION by Swan, seconded and carried (Miller absent), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH GCI CONSTRUCTION, INC. IN THE AMOUNT OF \$678,670 FOR DOMESTIC WATER INTERCONNECTION (IRWD ZONE 4/LAWD ZONE 1), PROJECT 10303.

SELF-INSURED WORKERS' COMPENSATION COVERAGE

This is the District's fourth year under the self-insured workers' compensation program with CSAC Excess Insurance Authority (CSAC). The program has been running smoothly under the third-party administrator, SCRMA. Director Swan said that \$2 million have been saved by enacting recommendations by the Finance and Personnel Committee. On MOTION by Swan, seconded and carried (Miller absent), THE BOARD APPROVED: 1) RENEWING SELF-INSURED WORKERS' COMPENSATION COVERAGE WITH THE CALIFORNIA STATE ASSOCIATION OF COUNTIES (CSAC) EXCESS INSURANCE AUTHORITY; 2) RENEWING THIRD PARTY ADMINISTRATOR COVERAGE WITH SOUTHERN CALIFORNIA RISK MANAGEMENT ASSOCIATION (SCRMA);

3) MAINTAINING THE DISTRICT'S SELF-INSURED RATE (SIR) AT THE \$125,000 LIABILITY LEVEL; AND 4) CONTINUING WITH MEDICAL PROVIDER NETWORK, WELLCOMP.

WORKSHOP

Director Miller arrived at 6:37 p.m. Using a PowerPoint presentation, Mr. Mike Hoolihan provided an overview of the proposed fiscal year 2007/08 Capital Budget. He reported that for FY 2006/07, the capital budget was \$143.4 million with expenditures at \$95 million. For FY 2007/08, the proposed capital budget was \$120.2 million. He reported on the top Project groups (OCSD CORF and Equity Adjustment - \$17.2M; Planning Area 1 - \$9.4M; LAW RP Improvements - \$9/4 M; HATS Diversion to MWRP - \$6.4 M; Natural Treatment Systems - \$6.21 M; Domestic Reservoir Management - \$6.0 M; Planning Areas 6 - \$5.5 M; MWRP Flood Protection - \$4.8M, and Planning Area 9B, for a total \$69.7M. He reviewed the OCSD CORF and equity adjustment fees for a total of \$17.2 M. He then reviewed the MWRP expansion projects. Following discussion, staff was asked to submit an item to Committee to discuss overhead rate, the differential of approximately \$300 million in the total projected capital budget from last year, total sewer flows, and actual dollars of what would be spent on projects this fiscal year (i.e. examine start times for projects). General Manager Jones said that another Board meeting would be held in July as well as Board *hands-on* workshops to review the budget. Mr. Eric Akiyoshi then discussed the "flagged projects". Following discussion, several of these "flagged" projects were deleted from the list. Additionally, Director Swan said he would submit to staff recommendations for additional flagged projects for inclusion in the budget.

Mr. Dan Miller on behalf of The Irvine Company said he attended a number of meetings with staff and reported on their major issues. He placed before the Board a document compiled by The Irvine Company comparing last year's Capital Budget to the proposed FY budget and beyond. The handout also contained a chart showing TIC's capital budget and unit absorption per cash flows from FY 1999 to FY 2008.

GENERAL MANAGER'S COMMENTS - None

DIRECTORS' COMMENTS

Director Swan reported on his attendance at a SAWPA meeting on water resources planning. He said that Mr. Doug DeCinces was in the process of selling Strawberry Farms Golf Course.

Director Matheis reported on her attendance on a community tour.

Vice President Miller reported on a meeting with Mr. Ken Minion at Chino Basin in regards to water banking. He asked staff to focus in on the SCWD area for a community tour.

President Reinhart reported on his attendance at a City of Orange meeting regarding the proposed OPAMWC consolidation. He said he participated in a tour with the City of Irvine's Mayor Pro Tem Agran at the District's Irvine Desalter Project. He said he attended a SOCWA meeting regarding biosolids, and asked staff to stay on top of this issue.

ADJOURNMENT

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

APPROVED and SIGNED this 25th day of June, 2007.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone