

MINUTES OF REGULAR MEETING – NOVEMBER 10, 2008

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 6:00 p.m. by President Miller on November 10, 2008 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Jones, Director of Engineering Heiertz, Director of Finance Cherney, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Mr. Jim Carter, Mr. Bruce Newell, Mr. Mike Hoolihan, Mr. Sat Tamaribuchi, Mr. Dean Kirk, Mr. Kevin Burton, Mr. Rob Jacobson, Ms. Janet Wells, 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, 5, C-8, C-9, 10, 15, 16, and 17 are in operation in accordance with the District's annual pumping plan. Wells 2, 4, 6, 7, 11, 12, 13, 14 and 18 will operate a portion of the week. Well 3 is inactive. The District's planned pumping for November is 3,045 acre-feet. 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, 2008. Metropolitan Water District has given notice to OCWD that it will begin extracting a portion (i.e. 22,000 acre-feet) of its 48,500 acre-feet in storage beginning in fiscal year 2008-09. It is expected that an additional 22,000 acre-feet will be extracted in FY 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, OCWD staff is evaluating IRWD's most current projections of the amount and general location of its future groundwater production for inclusion in OCWD's proposed update of the Long-Term Facilities Plan and Annexation Environmental Impact Report. OCWD has taken no further actions with respect to the annexation. At OCWD's request, IRWD staff has provided additional future groundwater production scenarios with annexation. 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 County in case of emergencies. IRWD is finalizing negotiations of an 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 both approved the operating agreement. This was confirmed by Mr. Jones.

ITEMS TOO LATE TO BE AGENDIZED: None.

PRESENTATION

RESOLUTION RECOGNIZING SAT TAMARIBUCHI

President Miller and the Board recognized Mr. Sat Tamaribuchi for his integrity and vision, and wished him the best of luck on his retirement. Mr. Tamaribuchi said that it had been a privilege to work with the Board and staff on many projects over the years, and thanked everyone for their friendship and support. On MOTION by Swan, seconded and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2008-62

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT RECOGNIZING
SATORU "SAT" TAMARIBUCHI FOR HIS YEARS
OF SERVICE AT THE IRVINE COMPANY AND
THE IRVINE RANCH WATER DISTRICT

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 – 8 WERE APPROVED AS FOLLOWS:

4. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the October 27, 2008 Regular Board Meeting be approved as presented.

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

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

6. UPDATING THE DISTRICT'S POLICIES ON THE EMPLOYMENT OF TEMPORARY, CONTRACT AND RETIRED PERSONNEL

Recommendation: That the Board approve the following resolution by title rescinding Resolution No. 2008-61 and establishing revised personnel policies for Policy No. 7 (Temporary Employees) and Policy No. 15 (Public Employees Retirement System).

RESOLUTION NO. 2008-63

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH
WATER DISTRICT RESCINDING RESOLUTION NO. 2008-61 AND
ESTABLISHING REVISED PERSONNEL POLICIES FOR POLICY NO. 7
(TEMPORARY EMPLOYEES) AND POLICY NO. 15 (PUBLIC EMPLOYEES
RETIREMENT SYSTEM)

7. QUITCLAIM OF REAL PROPERTY

Recommendation: That the Board adopt the following resolution by title approving execution of a quitclaim deed to Calypso Lofts LLC.

RESOLUTION NO. 2008-64

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT
APPROVING EXECUTION OF THE QUITCLAIM DEED TO
CALYPSO LOFTS LLC

8. ORANGE COUNTY SANITATION DISTRICT FY 2006-07 CORF EXPENDITURE
AUTHORIZATION

Recommendation: That the Board authorize an increase to the FY 2006-07 Capital Budget for project 20107 by \$4,079,000, from \$15,309,000 to \$19,388,000, and approve an Expenditure Authorization for project 20107 for \$4,079,000.

ACTION CALENDAR

SOUTH ORANGE COUNTY EMERGENCY INTERTIE AGREEMENT AND BOOSTER
PUMP STATION BUDGET ADDITION, EXPENDITURE AUTHORIZATION, AND
CONSTRUCTION AWARD

Director of Engineering and Planning Heiertz reported several south Orange County water agencies have developed a multi-phased approach for addressing water reliability issues. The first phase focused on implementing a short-term Emergency Service Program which allows for limited emergency flows from the IRWD system to the regional transmission main and the Aufdenkamp pipeline. The following phases will complete the permanent intertie facilities, and upon completion, IRWD will convey water from the Dyer Road Wellfield as a contractor to the Municipal Water District of Orange County (MWDOC), which it will sell to the South County agency(s) in times of need. IRWD will be reimbursed for the water by MWDOC at the MWDOC rate, plus any operational expenses. MWDOC will then determine its costs and pass it on to the beneficiary agency(s).

Mr. Heiertz said that the next step in this process is execution of an agreement between IRWD and the participating South County agencies. This agreement includes the Zone 1 to 3 booster pump station which interties the existing IRWD system, joint regional

transmission main, Aufdenkamp transmission main, Allen McColloch Pipeline, and the Zone 3 to 4 booster pump station modifications.

Mr. Heiertz said the bid package for this project was available to 16 contractors and six contractors submitting bids. Pacific Hydrotech was the apparent low bidder at \$3,737,200. The engineer's estimate was \$4,800,000. IRWD will be compensated for the expenses incurred by the South County agencies and MWDOC for this project. This will include staff time for the design, environmental compliance, construction inspection, construction project management, instrumentation integration, water operations staff, and completing an amendment to our existing California Department of Public Health permit. The only anticipated IRWD costs are for the building and upgrading costs for the new Zone 1 to 3 booster pump station as agreed to by the South County Agencies.

Director Reinhart reported that an earlier version of this agreement had been reviewed and approved by the Engineering and Operations Committee on March 20, 2008, and more recently on October 21, 2008. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE PRESIDENT TO EXECUTE THE SOUTH ORANGE COUNTY – IRVINE RANCH WATER DISTRICT INTERCONNECTION PROJECTS PARTICIPATION AGREEMENT SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY THE GENERAL MANAGER AND LEGAL COUNSEL; AUTHORIZED THE BUDGET ADDITION OF \$84,000 FOR PROJECT 11370, FROM \$4,142,300 TO \$4,226,300; APPROVED AN EXPENDITURE AUTHORIZATION OF \$4,226,300 FOR PROJECT 11370; AND CONTINGENT UPON APPROVAL BY ALL AGENCIES OF THE SOUTH ORANGE COUNTY EMERGENCY INTERTIE AGREEMENT, AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONTRACT WITH PACIFIC HYDROTECH FOR \$3,737,200 FOR THE CONSTRUCTION OF THE SOUTH ORANGE COUNTY INTERCONNECTION – BOOSTER PUMP STATION, PROJECT 11370.

PRELIMINARY DISINFECTION FACILITY CHEMICAL LINE REPLACEMENT – CONSTRUCTION AWARD

General Manager Jones reported that in 1997, the Preliminary Disinfection Facility (PDF) was built as part of the Dyer Road Well Field (DRWF) Disinfection Facilities Project to inject chloramine into a 54-inch pipe in Dyer Road that conveys water to IRWD's Zone 1 system. Chloramine is injected as aqueous ammonia and chlorine solution in separate solution lines from the PDF to separate injection vaults located in Dyer Road. Mr. Jones said that within a few years after construction, leaks began to occur in the CPVC ammonia piping inside the PDF and in the aqueous ammonia injection line inside the leak detection manholes. In 2001, the aqueous ammonia piping inside the PDF was replaced with stainless steel piping, and the CPVC piping on the ammonia line in all of the leak detection manholes was replaced. Periodic leaks have continued to occur on the aqueous ammonia line and the chlorine solution line at the leak detection manholes.

Mr. Jones said that a bid opening was held with seven contractors submitting bids. The apparent low bidder was Paulus Engineering with a low bid of \$1,099,831. The engineer's estimate was \$1,825,991.

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED A BUDGET REDUCTION FOR PROJECT 11228 BY \$255,200, FROM \$1,758,900 TO \$1,503,700; APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$1,323,300 FOR PROJECT 11228; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONTRACT WITH PAULUS ENGINEERING FOR \$1,099,831.50 FOR THE PRELIMINARY DISINFECTION FACILITY CHEMICAL LINE REPLACEMENT, PROJECT 11228.

IRVINE LAKE PIPELINE/ZONE INTERCONNECTION CONSTRUCTION AWARD

General Manager Jones reported that with the Metropolitan Water District of Southern California supplying less water for agricultural use in the upcoming year, staff identified the conversion of the Irvine Lake Pipeline (ILP) south of Rattlesnake Reservoir to provide reclaimed water as a supplemental source for agricultural use. The ILP can be connected to the Zone C system from the discharge pipe of the newly constructed Orchard Hills Zone C Pump Station located next to the Rattlesnake Reservoir complex. As part of the interconnection, the project will isolate the ILP north of Rattlesnake Reservoir to continue to provide Irvine Lake water while the ILP south of Rattlesnake Reservoir will provide Zone C water.

Mr. Jones said that in October 2008, design was completed, and the project went out to construction bid to a select bid list of three contractors. He said that the bid opening was held, and all three contractors submitted bids with the apparent low bidder being Paulus Engineering with a low bid of \$154,240. The engineer's estimate was \$98,000. The higher bid amount was due to a low engineer's estimate for the installation of the 24-inch steel pipe and for the removal of the two existing 30-inch butterfly valves on the ILP. Additionally, they underestimated the amount of effort required to remove the existing valve as well as the cost of the 24-inch steel material and installation.

On MOTION by Matheis, seconded and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE FOR PROJECT 30328 BY \$62,700, FROM \$204,600 TO \$267,300; APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$62,700 FOR PROJECT 30328; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONTRACT WITH PAULUS ENGINEERING FOR \$154,240 FOR THE IRVINE LAKE PIPELINE/ZONE C INTERCONNECTION, PROJECT 30328.

ANNUAL BOARD OF DIRECTORS' FEES

General Manager Jones reported the current compensation for the Board of Directors is \$225 per meeting, not to exceed 10 meetings per month. Pursuant to Ordinance 1989-1, the Board's meeting compensation increases on January 1 of each year by 5%.

Director Swan reported that this item was reviewed by the Finance and Personnel Committee on November 4, 2008 whereby the Committee recommended accepting the 5% scheduled compensation increase.

On MOTION by Swan, seconded and unanimously carried, THE BOARD ACCEPTED THE 5% SCHEDULED COMPENSATION INCREASE FOR THE BOARD OF DIRECTORS FOR CALENDAR YEAR 2009 RESULTING IN A MEETING FEE OF \$237 PER MEETING NOT TO EXCEED 10 MEETINGS PER MONTH.

PROPOSED CONSUMER PRICE INDEX CHANGES TO SALARY GRADE SCHEDULE AND EMPLOYEE COST OF LIVING ADJUSTMENTS

General Manager Jones reported that on January 18, 1999, the Board of Directors approved the separation of the Cost of Living component from the overall employee merit increase. Mr. Jones said that on November 22, 1999, the Board agreed to move salary ranges based on actual consumer price index (CPI) for the Orange-Riverside-Los Angeles All Urban Consumers index movement for the September to September time frame and implement automatic Cost of Living Adjustments (COLA) for each eligible employee effective December 1 of each year.

Mr. Jones said that the salary grade ranges were last adjusted December 1, 2007 by 2.25%. This change was based on actual changes in CPI from September 2006 to September 2007. He said that the Consumer Price Index information for September 2007 and September 2008 reflect a change in CPI from 217.697 to 227.499, or 4.48%. He further said that the projected annual cost for FY 2008-09 for COLA will be approximately \$3,000 (0.01%) under budget.

Director Swan said that this item was reviewed and approved by the Finance and Personnel Committee on November 4, 2008. On MOTION by Swan, seconded and unanimously carried, THE BOARD APPROVED A 4.48% INCREASE TO THE SALARY GRADE RANGES, A 4.48% COST OF LIVING ADJUSTMENT FOR EACH ELIGIBLE EMPLOYEE, BOTH EFFECTIVE DECEMBER 1, 2008, AND THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION 2008- 65

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT RESCINDING
RESOLUTION NO. 2008-42 AND ESTABLISHING
A REVISED SCHEDULE OF POSITIONS AND SALARY
RATE RANGES

GENERAL MANAGER'S REPORT

General Manager Jones reported that the Association of California Water Agencies (ACWA) is asking for each public agency member to designate one individual to cast a vote on behalf of its agency during the December 3, 2008 General Session. Mr. Jones said that the vote by the membership will be on a proposed amendment to the Bylaws (previously approved by the ACWA Board of Directors on July 25, 2008.) He said that the Bylaw amendment provides for elevation of the Legal Affairs Committee from regular committee to standing committee status.

The significance of this change is to place the chair of this Committee on the ACWA Board of Directors. Following discussion, Director Swan was asked to cast a vote on behalf of IRWD.

Mr. Jones said as mentioned in last week's Weekly Report, staff is working on scheduling presentations at various city council meetings in January to provide a water reliability report and to coordinate efforts so they will not need to enact a drought ordinance.

DIRECTORS' COMMENTS

Director Withers reported on: 1) the reelection of Directors Matheis, Miller and himself. He said that the reelection reflected the great job staff is doing at the District, and that he felt there was not a water agency which compared with IRWD; 2) attendance at a POWER conference last Thursday, and that IRWD was complimented for its cutting edge technologies and progress; and 3) attending a LAFCO meeting this Wednesday.

Director Reinhart also reported on his attendance at the POWER conference held in Pasadena last week.

Director Swan reported on: 1) attendance at WACO last Friday with the speaker on weather forecasting from Cal Tech; 2) IRWD open house at the new research and development building tomorrow at 11:30 a.m.; 3) Sea & Sage Audubon had a successful pancake breakfast and that the attendees were very impressed with the new campus. He noted the recent letter from its President Jay Miller, thanking IRWD for the new facilities and work that has been done over the past year; and 4) attendance at the CELSOC meeting, South County Dialog meeting, MWDOC meetings relative to local project funding, and that he was suggesting new alternatives for their review. He further congratulated the three Board members on their reelection.

Vice President Matheis reported on her attendance at the National Association of Realtors meeting in Florida last week where they discussed what they would like to have included in the stimulus package relative to interest rates on loans. She also said that she was very pleased to be reelected to the Board of Directors, and felt her success was due to the District's well managed operations.

President Miller reported that the New Water Supply Coalition has a chance to submit a second stimulus package after January 20, 2009. He also said that he attended a recent Santiago County Water District Advisory Ad Hoc Committee meeting last week where they discussed the acquisition balance which will be paid off within two years.

ADJOURNMENT

There being no further business, President Miller adjourned the meeting at 7:15 p.m.

APPROVED and SIGNED this 24th day of November, 2008.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone