

## MINUTES OF REGULAR MEETING – JANUARY 12, 2009

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 January 12, 2009 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: Acting General Manager Cook, Director of Engineering Heiertz, Director of Finance Cherney, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Ms. Beth Beeman, Mr. Paul Weghorst, Mr. Mike Hoolihan, Mr. Eric Averett, Mr. Jim Carter, Mr. Bruce Newell, Ms. Mary Ann Brown, Ms. Kirsten McLaughlin, Ms. Shannon Reed, Ms. Janet Wells, Mr. Rob Jacobson, Ms. Kelly Welch, Mr. Greg Moore, Ms. Miriam Bertrum, 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 C-8, C-9, 10, 15, and 17 are in operation in accordance with the District's annual pumping plan. Wells 1, 4, 13, 14 and 18 will operate a portion of the week. Well 2, 3, 5, 6, 7, 11, 12 and 16 are inactive. The District's planned pumping for January is 3,240 acre-feet. This was confirmed by Mr. Cook, Acting 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. Cook.

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. 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 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. Cook.

ITEMS TOO LATE TO BE AGENDIZED – None.

## WORKSHOP

### WATER SHORTAGE CONTINGENCY PLAN AND WATER CONSERVATION ORDINANCE UPDATE

Acting General Manager Cook reported that in response to potential water shortages and a request by Metropolitan Water District (MWD) to have water service providers within its service area adopt a water conservation ordinance, staff has been updating Irvine Ranch Water District's (IRWD) Water Shortage Contingency Plan (WSCP) and Section 15 of the Rules and Regulations - Water Conservation and Water Supply Shortage Program. Section 15 of the Rules and Regulations serves as IRWD's "conservation ordinance" and the updated Water Shortage Contingency Plan will serve as the basis for the proposed changes to Section 15.

Using a PowerPoint presentation, Principle Engineer Hoolihan provided an overview of MWD's conservation ordinance which was adopted by its Board in November 2008. Mr. Hoolihan said that compliance is required by January 2010 and that three elements are required: 1) general water waste prohibitions; 2) public reporting mechanism; and 3) enforcement and penalties. He said that the objectives of the Water Shortage Contingency Plan: 1) relies heavily on voluntary and demand management measures; 2) relies on allocation-based rate structure for demand management; 3) incorporates IRWD's current conservation practices; 4) provides mandatory restrictions only in extreme drought scenarios; and 4) reflects IRWD's substantial local resources. He then reviewed IRWD's shortage response strategies, basic customer responsibilities and levels 1, 2, 3 and 4 criteria, and modifications to the Rules and Regulations.

Public Affairs Manager Reed provided an overview of IRWD's outreach program which will include a customized toolkit and outreach materials.

Discussion was held with the Board and comments received from the public, including Mr. Greg Moore and Ms. Miriam Bertrum.

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 – 10 WERE APPROVED AS FOLLOWS:

4. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the December 15, 2008, December 29, 2008 and January 5, 2009 Regular Board Meetings 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, Doug Reinhart, Darryl Miller and John Withers.

6. ACCEPT RESIGNATION OF IRWD BOARD MEMBER AND DECLARE A VACANCY TO BE FILLED BY APPOINTMENT

Recommendation: That the Board accept the resignation of Darryl G. Miller effective December 31, 2008 and declare that the vacancy is to be filled by appointment (within the statutory deadline for an appointment).

7. OFFICERS OF THE BOARD, COMMITTEE AND OTHER ASSIGNMENTS

Recommendation: That the Board receive and file the memorandum dated January 12, 2009 regarding officers of the Board, Committee and other assignments (interim) and adopt the following resolutions by title:

RESOLUTION NO. 2009-1

RESOLUTION OF THE BOARD OF DIRECTORS OF  
IRVINE RANCH WATER DISTRICT, RESCINDING  
RESOLUTION NO. 2005-8 AND DESIGNATING  
REPRESENTATIVE AND ALTERNATE REPRESENTATIVE  
ON THE BOARD OF DIRECTORS  
OF THE ORANGE COUNTY SANITATION  
DISTRICT (SUCCESSOR TO COUNTY SANITATION  
DISTRICT NO. 14 OF ORANGE COUNTY)

CONSENT CALENDAR (CONTINUED)

RESOLUTION NO. 2009-2

RESOLUTION OF THE BOARD OF DIRECTORS OF  
IRVINE RANCH WATER DISTRICT, RESCINDING  
RESOLUTION NO. 2007-1 AND REVISING THE  
ASSIGNMENT OF DIRECTORS TO COMMITTEES  
OF THE IRWD BOARD

8. REIMBURSEMENT TO BOARD MEMBER FOR BUSINESS EXPENSES

Recommendation: That the Board approve the September and October 2008 expense reports submitted for reimbursement of Board of Director conference, travel and business expenses incurred by Director Peer Swan.

9. 2009 AMENDED AND RESTATED RETIREE HEALTH COSTS REIMBURSEMENT PLAN

Recommendation: That the Board authorize implementation of the 2009 amended and restated Retiree Health Costs Reimbursement Plan.

10. RATIFICATION OF NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY JOINT VENTURE AGREEMENT

Recommendation: That the Board ratify approval of the Joint Venture Agreement for the Technology Innovation Program research project entitled "Next Generation SCADA for Prevention and Mitigation of Water System Infrastructure Disasters" subject to approval of a research grant by the National Institute of Standards and Technology.

ACTION CALENDAR

RELOCATION OF FLOW CONTROL OF FACILITY AT OC-38 TURNOUT – CONSTRUCTION AWARD

Director of Engineering Heiertz reported that the Metropolitan Water District (MWD) delivers potable water to Irvine Ranch Water District at several turnouts along the East Orange County Feeder No. 2. One of these turnouts, OC-38, supplies the District's Zone 1 system and is currently located in the center median and travel lanes of Barranca Parkway, just east of Redhill Avenue in the City of Irvine. The OC-38 turnout consists of a meter vault and a valve vault which are owned and operated by MWD, and a Flow Control Facility (FCF) which is owned and operated by IRWD. The IRWD FCF consists of a single vault that was constructed in 1964 in the dirt shoulder of Barranca Parkway.

Mr. Heiertz said that in May 2002, a visual inspection of the FCF was performed and numerous areas of severe deterioration were identified in the ceiling and a temporary

shoring system was installed in 2002 to provide protection to IRWD staff from falling debris. He said that a second inspection was performed in July 2006 and revealed that the concrete deterioration had progressed rapidly and the vault was determined to be structurally deficient. In October 2006, the Board awarded a design contract to Tetra Tech, Inc. to relocate the FCF from the Barranca Parkway center median and travel lanes to the southern edge of the right-of-way, where vault access could be located in the grass/sidewalk area. The existing FCF will remain in service during construction of the new facility and will be removed/abandoned as part of the new facility construction.

Mr. Heiertz said that in November 2008 the design was completed, and plans and specifications were made available to 26 pre-selected contractors. The bid opening occurred on December 18, 2008, with five contractors submitting bids. The apparent low bidder was Paulus Engineering with a bid amount of \$747,454. The engineer's estimate for the project was \$1,035,775. Bids from the other four contractors were significantly higher than Paulus' bid and ranged from \$1,077,120 to \$1,206,365. Staff met with Paulus Engineering after the bid opening and discussed the gap between the bids. Paulus Engineering expressed a high level of comfort with its bid. Paulus Engineering has successfully completed numerous District projects and is very familiar with District plans and specifications. On MOTION by Matheis, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION FOR \$1,050,500 FOR PROJECT 10538; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONTRACT WITH PAULUS ENGINEERING FOR \$747,454 FOR RELOCATION OF THE FLOW CONTROL FACILITY AT THE OC-38 TURNOUT, PROJECT 10538.

#### AGREEMENT WITH ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT FOR A WATER BANKING AND EXCHANGE PROGRAM

Mr. Eric Averett, General Manager of Rosedale-Rio Bravo Water Storage, was introduced to the Board. He acknowledged staff for their efforts. Mr. Averett said that the agreement had recently been approved by its Board. Using a PowerPoint presentation, Principal Water Resources Manager Weghorst provided an overview of the water banking project agreement with Rosedale-Rio Bravo Water Storage District. Mr. Weghorst reported on the history of previous Board actions leading to the agreement. He then provided an overview of the terms of the agreement including: 1) IRWD's water banking rights will extend to all transactions and exchanges with its assignees and/or partners; 2) IRWD and Rosedale will each pay its share of operations, maintenance, energy and replacement costs; 3) IRWD shall own all on-site project facilities and Rosedale shall own and provide capacity rights to IRWD in any off-site facilities that are constructed for the project; 4) IRWD will compensate Rosedale for in-lieu recovery of water based on estimates of actual costs; 5) potential well sites where IRWD can construct wells in the Rosedale service area; and 6) Rosedale's right to enter the Strand Ranch and access on-site project facilities.

Director Swan reported this item was reviewed and approved by Water Banking Ad Hoc Committee on January 7, 2009. On MOTION BY Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE PRESIDENT AND SECRETARY TO

EXECUTE THE “AGREEMENT BETWEEN ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT AND IRVINE RANCH WATER DISTRICT FOR WATER BANKING AND EXCHANGE PROGRAM” SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY THE GENERAL MANAGER AND LEGAL COUNSEL, AND APPROVED AN EXPENDITURE AUTHORIZATION FOR PROJECT 11163 IN THE AMOUNT OF \$126,000, CROSS VALLEY CANAL CAPACITY PURCHASE.

#### STRAND RANCH RECHARGE FACILITIES CONSTRUCTION AWARD

IRWD is developing its groundwater banking facilities on the Strand Ranch in Kern County. The recharge facilities to be constructed will improve water supply reliability by providing the ability to bank water in wet periods for use during drought periods. Staff solicited new bids for the recharge facilities after the Board rejected the first set of bids on November 24, 2008. After review of the second bids, staff recommends the General Manager be authorized to enter into a construction contract with Wood Bros. Inc. in the amount of \$2,891,780. Staff also recommends Board approval of an Expenditure Authorization for the project in the amount of \$3,224,900.

On MOTION by Swan, seconded and unanimously carried, AN EXPENDITURE AUTHORIZATION WAS APPROVED IN THE AMOUNT OF \$3,224,900 FOR PROJECT 11289 AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE AN AGREEMENT WITH WOOD BROS., INC. IN THE AMOUNT OF \$2,891,780 FOR THE CONSTRUCTION OF THE STRAND RANCH RECHARGE FACILITIES.

#### GENERAL MANAGER’S REPORT

Acting General Manager Cook presented the Irvine Ranch Water District’s (District) “Flex Your Power” award under the Demand Response Category. Mr. Tom Bonkowski had worked towards receiving rebates and incentives for the District, and applied for an award as IRWD received more than \$520,000 in cash incentives, accumulated 4.05 million Kwh’s in avoided cost savings, and reduced greenhouse gas emissions equivalent to removing more than 8,000 cars from the road in 2008. Mr. Cook further said that winning this award will provide the District with national media recognition.

#### DIRECTORS’ COMMENTS

Director Withers reported that Mr. Richard Freschi was recently appointed to the Santa Ana Regional Water Quality Control Board, and suggested that staff invite him to tour IRWD facilities. He said that LAFCO is working on Local Government Best Practices and that IRWD may be contacted to discuss its efforts.

Director Matheis reported on her attendance at the Colorado River Water User’s Association conference.

Vice President Swan reported on his attendance at the Colorado River Water User's Association conference and a WACO meeting. He said he toured the San Joaquin Wildlife Sanctuary with Mr. Peter Hersch from the City of Irvine and that Mr. Hersch was very impressed with this facility.

CLOSED SESSION

President Reinhart said that a Closed Session would be held with legal counsel regarding existing litigation Government Code Section 54956.9(a) – EPA AOC No. 99-02(e) supp (United States v. ABB Vetco Gray Inc., et al.)

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Matheis, Reinhart, Swan, and Withers present. No action was reported.

ADJOURNMENT

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

APPROVED and SIGNED this 26th day of January, 2009.

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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