

## MINUTES OF REGULAR MEETING – OCTOBER 26, 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 Vice President Swan on October 26, 2009 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: LaMar, Matheis, Withers (arrived at 5:55 p.m.), and Swan.

Directors Absent: Reinhart.

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering and Construction Burton, Director of Planning and Water Resources Heiertz, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Mr. Bruce Newell, Ms. Beth Beeman, Ms. Patty Uematsu, Mr. Mike Hoolihan, Ms. Kirsten McLaughlin, Mr. Paul Weghorst, and other members of the public and staff.

WRITTEN COMMUNICATION: None.

### ORAL COMMUNICATION:

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, 14, 15, 16 and 17 are in operation in accordance with the District's annual pumping plan. Wells 1, 2, 4, 5, 7, 11, 12, and 18 will operate a portion of the week. Wells 3, 6 and 13 are inactive. The District's planned pumping for September 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, 2009. Metropolitan Water District has given notice to OCWD to extract 22,000 acre feet in fiscal year 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, on June 5, 2009, IRWD received a letter from OCWD noting that OCWD has completed the formal responses to comments they previously received on the draft program Environmental Impact Report. The letter further noted that with this task completed, OCWD has exercised its right to terminate the 2004 Memorandum of Understanding regarding annexation. OCWD also indicated that due to the lack of progress on the annexation issue, the draft program Environmental Impact Report will not be completed. On June 8, 2009, OCWD completed the Long-Term Facilities Plan which was received and filed in July 2009. OCWD will continue to work with IRWD on the annexation issue to determine if a satisfactory arrangement can be developed with both parties. 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 has approved the operating 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 also both approved the operating agreement. This was confirmed by Mr. Jones.

#### ITEMS TO LATE TO BE AGENDIZED

General Manager Jones reported that staff wished to update the Board on the Delta/Water package as late last Friday afternoon language was released on SB X7 1 (Steinberg) which was after the agenda was posted. On MOTION by Matheis, seconded and unanimously carried (Withers absent), IT WAS DETERMINED THAT THERE WAS A NEED TO HEAR INFORMATION ON THE DELTA/WATER PACKAGE WHICH CAME TO THE ATTENTION OF THE DISTRICT SUBSEQUENT TO THE AGENDA BEING POSTED, AND THIS MATTER WAS ADDED TO THE AGENDA AS ITEM 12A OF THE ACTION CALENDAR (see page 6).

#### CONSENT CALENDAR

On MOTION by LaMar, seconded and unanimously carried (Withers absent), CONSENT CALENDAR ITEMS 3 THROUGH 8 WERE APPROVED AS FOLLOWS:

3. MINUTES OF REGULAR BOARD MEETINGS

Recommendation: That the minutes of the October 12, 2009 Regular Board Meeting and the October 14, 2009 Adjourned Regular Board Meeting be approved as presented.

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

Recommendation: That the Board ratify/approve the meetings and events for Steven LaMar, Mary Aileen Matheis, Douglas Reinhart, Peer Swan and John Withers.

5. STRATEGIC MEASURES DASHBOARDS

Recommendation: Receive and file the Strategic Measure Dashboard and Information items.

6. SEPTEMBER 2009 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for September 2009; approve the September 2009 Summary of Wire Transfers and ACH payments in the total amount of \$5,969,445.24; and approve the September 2009 Warrants Nos. 303962 through 304713, Workers' Compensation Distributions and voided checks in the total amount of \$6,989,995.42.

CONSENT CALENDAR (CONTINUED)

7. TWO-YEAR REIMBURSEMENT AGREEMENT WITH THE CITY OF SANTA ANA FOR THE ADJUSTMENT/RELOCATION OF MISCELLANEOUS FACILITIES RELATED TO CITY STREET PROJECTS, 2010/2011

Recommendation: That the Board authorize the General Manager to execute a two-year Reimbursement Agreement with the City of Santa Ana for the installation of miscellaneous facilities related to city street projects for 2010/11.

8. MICHELSON WATER RECLAMATION PLANT PHASE 2 EXPANSION AND FLOOD PROTECTION DESIGN VARIANCES NOS. 7 AND NO. 8

Recommendation: That the Board authorize the General Manager to execute Design Variance No. 7 with VA Consulting, Inc. in the amount of \$6,900 and execute Design Variance No. 8 with VA Consulting, Inc. in the amount of \$82,500, for the Michelson Water Reclamation Plant Phase 2 Expansion, Projects 20214 and 30214 and the MWRP Flood Protection Improvements, Projects 20542 and 30542.

ACTION CALENDAR

STRAND RANCH RECHARGE FACILITIES – FINAL ACCEPTANCE OF FACILITIES

Using a PowerPoint presentation, Mr. Paul Weghorst reported that Wood Bros. Inc. has completed construction of the recharge facilities on the Strand Ranch. He said that the contractor constructed earth embankments to form 18 recharge basins over 502 acres, two water supply channels, 25 water transfer structures to move water between the basins, one 60-inch siphon, two spillways and four islands reserved for future mineral exploration. He said that two turnouts from the Cross Valley Canal (CVC) were constructed in a separate project by the Kern County Agency.

Mr. Weghorst then reviewed the next steps including: 1) additional CEQA to cover different extraction well design; 2) drilling, construction and pump testing of the first extraction well; 3) pipeline and CVC turn-in design; 4) drilling and construction of four to seven additional extraction wells; and 5) the construction of pipelines and CVC turn-ins.

On MOTION by Matheis, seconded and unanimously carried (Withers absent), THE BOARD ACCEPTED CONSTRUCTION OF THE STRAND RANCH RECHARGE FACILITIES, PROJECT 11289; THE GENERAL MANAGER WAS AUTHORIZED TO FILE A NOTICE OF COMPLETION; AND THE PAYMENT OF THE RETENTION 35 DAYS AFTER THE DATE OF RECORDING THE NOTICE OF COMPLETION WAS AUTHORIZED.

POSEIDON RESOURCES CONFIDENTIALITY AGREEMENT

General Manager Jones reported that Poseidon Resources (Poseidon) is proposing to build a 50 million gallon per day (MGD) seawater desalination project in Huntington Beach. IRWD, along with a number of other Orange County water agencies has entered into a Memorandum of

Understanding (MOU) with Poseidon to negotiate Terms and Conditions for the purchase of water from the plant. Mr. Jones said that in order to continue the negotiations, Poseidon Resources is requesting the participating agencies sign a Confidentiality Agreement. He said the agreement has been reviewed by our legal counsel and that staff is requesting approval subject to nonsubstantive changes approved by either himself or legal counsel. The key terms of the agreement include: 1) confidential information must be clearly marked as “Confidential Information” and accompanied with a written statement as to the confidential nature of the information; 2) IRWD will not disclose the confidential information to any third party except other participating agencies who have signed a similar confidentiality agreement. IRWD will limit internal disclosure to staff involved in the project, management, the Board, and those agents of the District reasonably needed to evaluate the project; and 3) if IRWD is requested to disclose confidential information through a public records request or other legal means, IRWD will notify Poseidon immediately and will use reasonable means to lawfully delay such disclosures. Poseidon will be responsible for any legal or related fees in defending against the disclosure of confidential information.

As both members of the Engineering and Operations Committee were not present, Director of Water Resources Heiertz said that this item was reviewed and approved by the Engineering and Operations Committee on October 13, 2009.

On MOTION by LaMar, seconded and unanimously carried (Withers absent), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONFIDENTIALITY AGREEMENT WITH POSEIDON RESOURCES SUBJECT TO NON-SUBSTANTIVE CHANGES AS APPROVED BY THE GENERAL MANAGER AND LEGAL COUNSEL.

#### WELLS 21 AND 22 DESIGN VARIANCE NO. 6

General Manager Jones reported that earlier this year, the District was awarded \$11,700,000 in Title XVI funding from the American Recovery and Reinvestment Act of 2009 (ARRA) through the United States Bureau of Reclamation which will be applied for the integration of Wells 21 and 22 into the IRWD potable water system.

Director of Engineering Kevin Burton reported that the primary components required for this project are 1) pumps and wellhead discharge facilities at Wells 21 and 22; 2) an untreated water pipeline to deliver water from the wellheads to the proposed groundwater treatment plant; 3) construction of a groundwater treatment plant; 4) a discharge pipeline from the groundwater treatment plant to IRWD’s sewer system; and 5) a water pipeline to deliver water from the proposed groundwater treatment plant to the Zone 1 distribution system.

Mr. Burton said that the schedule requirements associated with the ARRA funding require that the project be substantially complete by September 2011. He said that staff recommends that the groundwater treatment plant be constructed utilizing the design/build delivery method while the remaining project components will be designed and constructed in parallel utilizing the conventional design/bid/build delivery method. RBF Consulting is the engineer of record for the preliminary design of the project and is the most qualified engineering firm to support IRWD with the development of the design/build documents on a fast track basis. He said that staff recommends issuing Variance No. 6 in the amount of \$286,944 to RBF Consulting to develop

the design/build Request for Qualifications and Request for Proposals for this project. RBF Consulting's scope of work also includes surveying services and a preliminary geotechnical investigation to establish design criteria that will be incorporated into the design/build documents.

Mr. Burton further said that this item was reviewed and approved by the Engineering and Operations Committee on October 13, 2009. He said that the Committee was in full agreement to procure the services of the RBF consultant team particularly in light of the tight schedule. Following discussion, on MOTION by Matheis, seconded and unanimously carried, (Withers absent), THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$372,800 AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 6 WITH RBF CONSULTING IN THE AMOUNT OF \$286,944 TO DEVELOP THE DESIGN/BUILD REQUEST FOR QUALIFICATIONS AND REQUEST FOR PROPOSALS FOR WELLS 21 AND 22, PROJECT 10286.

COMMERCENTRE DRIVE AND TRABUCO BRIDGE PIPE UPSIZING PROJECT ADDITION, BUDGET ADJUSTMENTS, EXPENDITURE AUTHORIZATIONS, AND CONSULTANT SELECTION

Director of Water Resources Burton reported that staff is proposing two projects to upsize existing pipelines. He said that the first project is to connect the IRWD reclaimed system to an existing 8-inch reclaimed water pipeline which is part of the former LAWD distribution system that serves nearby businesses. With the County of Orange's Alton Parkway extension that will extend Commercentre Drive, it will allow the connection of the IRWD Zone C system with the LAWD Zone B system. He said that staff is also proposing to upsize the approximately 1,500 feet of existing reclaimed water line from 8 inches to 12 inches for this project.

Mr. Burton said that the second project is to upsize a pipeline in the Trabuco Road bridge which was built as part of the SR-133 Freeway construction in the City of Irvine. The bridge contains an existing 8-inch domestic and a 10-inch reclaimed water lines that were initially installed to serve the temporary fire station and nearby agricultural fields. Ultimately these lines need to be upsized to serve the PA 40 and Great Park areas.

Mr. Burton said that staff combined the two projects into a single Request for Proposal which was issued to Dudek, MBF Consulting, Stantec, and APD Consultants. He said that the consultants could propose on either one or both projects, and consider a discounted budget if awarded both projects. He further said that proposals were received from all four consultants, and following an evaluation of all of the proposal, staff recommends awarding both projects to MBF Consulting in the total amount of \$137,444 based on its proposal, knowledge and understanding of key issues, qualifications, and competitive budget.

On MOTION by LaMar, seconded and unanimously carried (Withers absent), THE BOARD AUTHORIZED THE ADDITION OF PROJECT 30338 TO THE FY 2009-10 CAPITAL BUDGET IN THE AMOUNT OF \$506,000; AUTHORIZED A BUDGET DECREASE TO THE FY 2009-10 CAPITAL BUDGET FOR PROJECT 10419 IN THE AMOUNT OF <\$727,100>, FROM \$1,527,900 TO \$800,800; AUTHORIZED A BUDGET INCREASE TO THE FY 2009-10 CAPITAL BUDGET FOR PROJECT 30419 IN THE AMOUNT OF

\$332,200, FROM \$331,100 TO \$663,300; APPROVED EXPENDITURE AUTHORIZATIONS IN THE AMOUNT OF \$96,800 FOR PROJECT 30338, <\$734,800> REDUCTION FOR PROJECT 10419, AND \$84,700 FOR PROJECT 30419; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$137,444 TO MBF CONSULTING FOR THE COMMERCENTRE DRIVE AND TRABUCO BRIDGE PIPE UPSIZING PROJECTS, PROJECTS 30338, 10419, AND 30419.

#### DELTA/WATER PACKAGE UPDATE

Using a PowerPoint presentation, Ms. Kirsten McLaughlin provided an update to the Board on the Delta/Water package. Ms. McLaughlin said that language on SB X7 1 (Steinberg) was released last Friday afternoon, there was a joint hearing held today, and the next hearing is anticipated to be on Wednesday or Thursday at the latest and will focus on the financing package. She said that language for the financing package has not yet been released, but that a meeting is being held today with the Governor and legislative leaders.

Ms. McLaughlin reported on the changes on SB 68 (Steinberg). She then summarized expected amendments relative to the Delta protection Commission membership, Water Code 375 amendment to address process water issues which were in error and will be eliminated, actions in the Delta secondary zone, and the Sacramento Regional Sanitation District's financing of mitigation.

Ms. McLaughlin reported on the financing package which language is expected later this week, now hearing \$10 billion for package, that unions are opposing any general obligation bonds for water, that building trade unions are in support of the package, and that WateReuse is making efforts to designate \$500 million for water recycling. Director Withers arrived at 5:55 p.m.

Ms. McLaughlin compared IRWD's policy principle priorities with SB X7 1. She then reviewed the next steps including continue review of the policy language, review the financing package when it becomes available, continue to monitor areas of concern, and as appropriate, advocate support for the package through letters, phone calls, and in-person meetings.

Director Matheis commended staff and Director Steve LaMar on their efforts on this matter.

#### GENERAL MANAGER'S COMMENTS

General Manager Jones reminded the Board of a workshop scheduled for Monday, November 2 at 3:30 p.m. relative to biosolids. He also said that staff has scheduled a strategic planning workshop on December 18 at 7:30 a.m.

Mr. Jones said that a WateReuse Board meeting is scheduled for this Friday where he anticipates the Board will be adopting a five-year business plan.

## DIRECTORS' COMMENTS

Director LaMar reported on his attendance at the Southern California Water Committee's Board meeting and evening program. He said that tomorrow he will be attending the Headwater to Oceans conference in Long Beach.

Director Withers reported on his attendance at the NWRI Committee meeting where they discussed water bonds and legislation. He said that on Wednesday he will be attending the California LAFCO conference. He said that last week he attended an OCSD Strategic Planning session where four initiatives were discussed, including a chemical sustainability plant, rebranding, leadership development, and a fuel cost recovery plan.

Director Matheis reported that she will be attending Wednesday's ISDOC meeting along with a one-day session at the Headwater to Oceans conference.

Director Swan said that he attended a meeting with a delegation from Israel Water Company, Sea and Sage's annual fund-raising event; and a WACO Planning meeting. He asked staff to add an item to December's Strategic Planning meeting agenda relative to a Research Plan.

## CLOSED SESSION

Vice President Swan said that a Closed Session would be held with Real Property Negotiator pursuant to Government Code Section 54956.8) as follows:

Property: Syphon Reservoir within Blocks 119& 120, Irvine's Subdivision.

Agency Negotiator: Paul Jones

Negotiating Parties: IRWD, Irvine Community Development Company LLC

Purpose of Negotiations: Price and terms of payment

## OPEN SESSION

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

## ADJOURNMENT

Vice President Swan adjourned the meeting to Monday, November 2 at 3:30 p.m. to hold a Board workshop on biosolids handling alternatives to be held in the IRWD Sand Canyon Offices Multi-Purpose Room.

APPROVED and SIGNED this 9th day of November, 2009.

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President, IRVINE RANCH WATER DISTRICT

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Secretary, IRVINE RANCH WATER DISTRICT