

MINUTES OF REGULAR MEETING – APRIL 11, 2011

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 LaMar on April 11, 2011 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Planning/Water Resources Heiertz, Director of Engineering Burton, Secretary Bonkowski, Legal Counsel Arneson, Director of Operations Pedersen, Director of Wastewater Operations Posey, Mr. Wayne Clark, Mr. Kevin Hunt, Mr. Jeff Thomas, Mr. Paul Weghorst, Mr. Christopher Smithson, Ms. Shannon Reed, Mr. Dean Kirk, Mr. Jim Reed, Mr. Bruce Newell, 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 2, 4, C-8, C-9, 10, 14, 15, 17 and 18 will operate in accordance with the District's annual pumping plan. Well 13 will operate a portion of the week. Wells 1, 3, 5, 6, 7, 11, 12 and 16 will be off. The District's currently planned pumping for April is 2,975 AF. 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 (MOU) 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 by the OCWD Board in July 2009. Staff has been coordinating with the City of Anaheim (Anaheim) and Yorba Linda Water District (YLWD) on their most recent annexation requests and has reinitiated the annexation process with OCWD. IRWD, YLWD and Anaheim have negotiated a joint MOU with OCWD to process and conduct environmental analysis of the

annexation requests. The MOU was approved by the OCWD Board on July 21, 2010. 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 Orange 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 RECEIVED TOO LATE TO BE AGENDIZED – None.

PRESENTATION

PARTNER COMMENDATION

In celebration of the District's 50th anniversary, the Board is recognizing key "Partners in Service" at each Board meeting. General Manager Paul Jones presented a Certificate of Commendation to Mr. Wayne Clark, Mr. Jeff Thomas, and Mr. Kevin Hunt of the Municipal Water District of Orange County. Mr. Kevin Hunt, General Manager, presented to the Board a resolution recognizing the District as being a leader in the water industry.

WORKSHOP

PROPOSED OPERATING BUDGET AND RATES AND CHARGES FOR FY 2011-12

Using a PowerPoint presentation, Director of Finance Cherney provided an overview of the Committee review process. Ms. Cherney then presented the budget overview including: 1) net staffing reductions and benefit adjustments; 2) the reduction of operating expenses where possible without compromising high levels of service; and 3) an overall budget reduction of \$0.7 million or 0.61%. She said that revenues are anticipated to be flat overall. Ms. Cherney reviewed the overall operating expense budget of \$107.5 million, including the notable changes, consolidated sources and uses, and proposed customer rates. As it was noted that the rate increase for fixed water service charge would be \$.75 per month, and an increase on the fixed sewer service charge of \$.25 per month, averaging an increase of \$1.00 (2.3%) per bill, Director Reinhart inquired if there should be an increase imposed at all. Following discussion, it was the consensus of the Board to proceed with the increase proposed by staff. Ms. Cherney said that the second Board workshop is scheduled for April 25, 2011. Additionally, she said that on May 10, 2011, notifications will be mailed to residents relative to the Proposition 218 requirements, responses will be tabulated on June 24, 2011, and a Public hearing is scheduled for June 27, 2011 to review the Proposition 218 responses and adoption of the rates and charges for FY 2011-12.

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 9 WERE APPROVED AS FOLLOWS:

5. MINUTES OF REGULAR BOARD MEETINGS

Recommendation: That the minutes of the March 28, 2011 Regular Board Meeting and the March 29, 2011 Adjourned 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 Steven LaMar, Mary Aileen Matheis, Douglas Reinhart, Peer Swan and John Withers.

7. REIMBURSEMENT TO BOARD MEMBER FOR CONFERENCE/TRAVEL/BUSINESS EXPENSES

Recommendation: That the Board approve the January 2009 through December 2010 expense reports submitted for reimbursement of Board of Directors' conference, travel and business expenses incurred by Director Swan in the total amount of \$13,656.43 of which the District advanced \$5,432.20, for a net sum due Director Swan of \$8,224.23.

8. 2011 STATE LEGISLATIVE UPDATE

Recommendation: That the Board take a WATCH position on AB 249 (Berryhill) and an OPPOSE position on AB 246 (Weickowski), AB 550 (Huber), AB 1354 (Huber), SB 34 (Simitian), and SB 200 (Wolk).

9. RECLAIMED WATER DECHLORINATION STATIONS REDUCTION OF RETENTION

Recommendation: That the Board find that satisfactory progress is being made on the District's contract with F.T. Ziebarth; authorize the reduction of retention from 10% to 5% of the contract amount; and release funds in excess of 5% of the contract amount from retention currently held for Reclaimed Water Dechlorination Stations, project 30206.

ACTION CALENDAR

LOS ALISOS WATER RECYCLING PLANT - LANDSCAPE IMPROVEMENTS CONSTRUCTION AWARD

The Los Alisos Water Recycling Plant (LAWRP) landscaping and irrigation system improvements will enhance the area surrounding Ponds 1 and 2 and along Muirlands, Burroughs, Whatney and McLaren. General Manager Jones said that with the goal of reducing the project costs, Shadetree will provide the majority of the trees, shrubs and plant material, including 73 24-inch box trees and 3,757 one- and five- gallon shrubs and groundcover, providing a cost savings of \$50,000 to the District. On MOTION by Reinhart, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH TROPICAL PLAZA NURSERY, INC. IN THE AMOUNT OF \$138,271 FOR THE LOS ALISOS WATER RECYCLING PLANT, LANDSCAPE IMPROVEMENTS, PROJECTS 20243 AND 30134.**

GENERAL MANAGER'S REPORT

General Manager Jones reported that a notice was received from LAFCO relative to a request for the District to ratify the revised Bylaws for the Orange County Special District Selection Committee. He said that at the January 27, 2011 election of a LAFCO Director, there were complaints about the proceedings, including how the election was conducted. He said that as a result, an Executive Committee convened a working group to look at the Bylaws, and redrafted the document. He said that an item will be prepared for the next Water Resources Policy and Communications Committee, and then for Board approval. He further said that the Bylaws incorporated a mail-in ballot process.

Mr. Jones said that in response to the last Board meeting discussion on Williams Canyon with Ms. Jaimie Davis requesting a response on the water main on her property which she believed was outside of her easement, a considerable amount of research was performed by staff and a response has been mailed to her. He said that staff will be doing additional plotting on her property, and will continue working with Ms. Davis.

DIRECTOR COMMENTS

Director Reinhart reported that he attended a WACO meeting with Mr. Tim Quinn, Executive Director of ACWA, as the featured speaker; an Orange Park Acres homeowners meeting along with Mr. Paul Jones, Mr. Mike Hoolihan, Ms. Debby Cherney and Ms. Kirsten McLaughlin; and a Special Board meeting at SOCWA.

Director Swan reported on his attendance at a Central and West Basin meeting regarding Metropolitan Water District's budget process, a Newport Chamber of Commerce meeting, a MWDOC workshop, an OCWD Board meeting, a WACO meeting, an ACWA Region X meeting, an ACWA Board meeting, and a Southern California Dialogue meeting.

Director Matheis reported on her attendance at two resident tours and thanked staff for their efforts. In response to her inquiry if she and Director Swan could attend the upcoming Southern

California Water Committee's Quarterly meeting, the consensus was yes. She further reported that she will be attending the Urban Water Institute's conference next week at the Irvine Marriott along with Directors Reinhart and Withers.

Director LaMar reported on his attendance at WACO, a MWDOC Planning and Operations Committee meeting, and the first meeting of the South Orange County Management group.

CLOSED SESSION

President LaMar said that two closed sessions would be held with evening with legal counsel as follows: 1) relative to anticipated litigation; Government Code Section 54956.9(b); significant exposure to litigation (one potential case), and 2) existing litigation; Gov. Code 54956.9(a) - SEMA Construction v. City of Tustin vs. IRWD.

OPEN SESSION

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

ADJOURNMENT

There being no further business, Director LaMar adjourned the Board meeting.

APPROVED and SIGNED this 25th day of April, 2011.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone