

MINUTES OF REGULAR MEETING – SEPTEMBER 25, 2006

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by President Swan at 6:00 p.m., September 25, 2006 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering Heiertz, Treasurer Loomis, Secretary Bonkowski, Legal Counsel Arneson, Mr. Wayne Posey, Mr. Bruce Newell, Ms. Marilyn Smith, Mr. Steve Malloy, Mr. John Hills, Mr. Mark Tettmer, Mr. Dick Diamond, Ms. Maryann Brown, 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 that it was her understanding that currently the deep aquifer treatment system wells C-8 and C-9 and wells 1, 2, 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 15, 16, 17 and 18 are in operation. The Dyer Road Well production will be reduced to only the DATS project wells (C-8 and C-9) and one additional well starting October 1, 2006 in conformance with the well field production plan. Staff will be contacting MWDOC and OCWD to determine if the in-lieu program will be in effect starting in October. OCWD has previously indicated that since the ground water levels are very high, they may not want to participate in the program this year even if in-lieu deliveries are available from MWD. 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. Staff has been working with OCWD to review comments on the EIR, and anticipates responses to be prepared and an OCWD Board action on the EIR and annexation in the fall of 2006. This was confirmed by Mr. Jones.

ITEMS TOO LATE TO BE AGENDIZED – None

CONSENT CALENDAR

Vice President Reinhart made a correction on the agenda for Consent Calendar item No. 4. On MOTION by Reinhart, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 13 WERE APPROVED AS AMENDED.

3. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the September 11, 2006 Board of Directors' meeting be approved as presented.

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

Recommendation: Ratify/approve the meetings and events for Mary Aileen Matheis, Doug Reinhart, Peer Swan and John Withers.

5. STRATEGIC MEASURES DASHBOARDS

Recommendation: Receive and file.

6. AUGUST 2006 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for August 2006; and approve the August 2006 Summary of Wire Transfers and ACH payments in the total amount of \$8,681,370.70; and the August 2006 Warrant Nos. 272506 through 273528, Workers' Compensation Distributions and voided checks in the total amount of \$16,702,276.84.

7. IRVINE DESALTER PROJECT – POTABLE TREATMENT PLANT – REDUCTION OF RETENTION

Recommendation: That the Board find that 90% of the work has been completed and that satisfactory progress has been made on the contract, 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 the Irvine Desalter Project Potable Treatment Plant, project 10376.

8. NEWPORT COAST SCADA SYSTEM UPGRADES – FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Newport Coast SCADA System Upgrades, projects 10416, 20213 and 30087; authorize the General Manager to file a notice of completion; and authorize the release of retention 35 days after the date of recording the Notice of Completion.

9. LOS ALISOS WATER RECLAMATION PLANT (LAWRP) TERTIARY TREATMENT FACILITY REHABILITATION – FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Los Alisos Water Reclamation Plant (LAWRP) Tertiary Treatment Facility Rehabilitation, project 30240; 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.

10. IRVINE LAKE DESILTING PROJECT – FINAL ACCEPTANCE

Recommendation: That the Board accept construction as complete and authorize filing of a Notice of Completion with the County of Orange for the Irvine Lake Desilting project.

11. QUITCLAIM OF REAL PROPERTY

Recommendation: That the Board adopt the following resolution by title approving execution of the Quitclaim deed to Meristar, L.L.P. and KCI-FD, LLC.

RESOLUTION NO. 2006 – 33

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT APPROVING
EXECUTION OF THE QUITCLAIM DEED TO MAGUIRE PROPERTIES
- 3161 MICHELSON LLC, MAGUIRE PROPERTIES-PARK PLACE -
PS2, LLC, AND MAGUIRE PROPERTIES-PARK PLACE MASTER
DEVELOPMENT, LLC

12. QUITCLAIM OF REAL PROPERTY

Recommendation: That the Board adopt a resolution approving execution of the Quitclaim deed to Maguire Properties-3161 Michelson LLC, Maguire Properties-Park Place PS2, LLC, and Maguire Properties-Park Place Master Development, LLC.

RESOLUTION NO. 2006 – 34

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT APPROVING EXECUTION
OF THE QUITCLAIM DEED TO MERISTAR, L.L.P. AND KCI-FD, LLC

13. DOMESTIC WATER PIPE REHABILITATION EXPENDITURE
AUTHORIZATION

Recommendation: That the Board approve an Expenditure Authorization for \$90,200 for Project 11124 for the domestic water pipe rehabilitation between Michelson Drive and Bixby Drive.

ACTION CALENDAR

ANNUAL 2006/2007 WATER QUALITY PLANNING RESERVES

General Manager Jones reported that staff was requesting authorization to expend all of the funds for the Water Quality Planning Reserves capital projects to complete various small projects during the current 2006/2007 fiscal year.

Vice President Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee Meeting on September 19, 2006. On MOTION by Reinhart, seconded and unanimously carried, EXPENDITURE AUTHORIZATIONS FOR \$209,000, \$125,400 AND \$89,100 FOR PROJECTS 11068, 20429, AND 30262 WERE APPROVED TO COMPLETE VARIOUS SMALL PROJECTS DURING THE CURRENT 12006/07 FISCAL YEAR.

LAKE FOREST RECYCLED WATER STUDY – CONSULTANT SELECTION

General Manager Jones reported that the District was exploring opportunities to expand its recycled water distribution system to serve new customers within and adjacent to its service area. Mr. Jones said that both IRWD and El Toro Water District (ETWD) have evaluated consultant proposals to conduct a planning-level study looking at customers in the southeast portion of the City of Lake Forest (City), including customers in ETWD's service area. He said that based on the results of the consultant selection process, staff recommends hiring HDR to complete the planning level study.

Mr. Mark Tettermer reported that potential recycled water customers located south of Trabuco Road in the City have not been served recycled water because of the need to use the recycled water distribution system to meet Title 22 chlorine contact time requirements. With the forthcoming chlorine contact improvements at the Los Alisos Water Reclamation Plant (LAWRP), these potential customers can be provided recycled water. Mr. Tettermer said that staff also identified several large potential customers located in the study area, but in the ETWD service area. He said that ETWD have expressed an interest in participating in the

study, and have provided a list of potential recycled water use sites and demands in their service area. He said that to assess the viability of serving customers identified by each agency, staff will need to hire a consultant. The planning level analysis includes: 1) Determining which of the identified customers can be served based on a field review of the sites and intended uses for recycled water; 2) Preparing a planning level pipeline routing and sizing; and 3) Completing a financial viability analysis based on the identified demands.

Mr. Tetterer said that IRWD applied for and was awarded a grant from the State Water Resources Control Board (SWRCB) through the Proposition 50 Water Recycling Funding Program in which IRWD will be reimbursed 50% of the cost of the study up to \$75,000. Staff estimated the total project cost to be approximately \$150,000.

Mr. Tetterer said that IRWD and ETWD staff prepared a Request for Proposal and distributed it to the HDR, Montgomery Watson, RBF, Tetra Tech, and URS, and that proposals were received from URS, HDR, and TetraTech. He said that IRWD and ETWD staff evaluated the proposals and HDR was determined to be the most qualified firm. The HDR team, consisting primarily of Mr. Jim Cathcart and Mr. Dave Roohk, had the most experience with other agencies for the requested services.

Director Miller reported that this item was reviewed and approved by the Water Resources Policy and Communications Committee on September 18, 2006. On MOTION by Miller, seconded and unanimously carried, THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE AN AGREEMENT WITH HDR FOR \$145,500 AND AN EXPENDITURE AUTHORIZATION FOR \$165,000 FOR PROJECT 30057 WAS APPROVED.

HARVARD AVENUE TRUNK SEWER DIVERSION TO THE MICHELSON WATER RECLAMATION PLANT

General Manager Jones reported that in order to produce more recycled water at the Michelson Water Reclamation Plant (MWRP) and to reduce treatment costs at the Orange County Sanitation District (OCSD), staff is working on the Harvard Avenue Trunk Sewer (HATS) Diversion project to MWRP on a fast-track basis. Mr. Jones said to implement this project, staff recommends the Board approve an Expenditure Authorization, and authorize the General Manager to execute Variance No. 3 with EarthTech to complete the design-build Request for Proposals (RFP) for this project.

Using a power point presentation, Mr. Steve Malloy provided an overview of this project showing the existing IRWD sewer system flow and the recommended alternative which includes: 1) A diversion structure on the Main Street Sewer near Harvard Ave. and Main Street in Westpark; 2) A gravity pipeline in Harvard; 3) A lift station and force main near Harvard Ave. and the I-405, and 4) A connection to the existing San Diego Creek Interceptor. Mr. Malloy said that if the HATS Diversion to MWRP can be operational by January 2008, the cost savings in the first year of operation would be \$6 million and the payback for this project would be realized within two years of operation. He said that given the short window to implement the HATS Diversion facilities, staff continues to

recommend the design-build approach. He further said that staff recommends that the Board authorize the General Manager to execute Variance No. 3 with EarthTech to complete the Request for Proposal for the HATS Diversion to MWRP.

Vice President Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on September 19, 2006. On MOTION by Reinhart, seconded and unanimously carried, AN EXPENDITURE AUTHORIZATION FOR \$141,800 FOR PROJECT 20400 WAS APPROVED. AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE VARIANCE NO. 3 WITH EARTHTECH FOR \$85,905 TO COMPLETE THE DESIGN-BUILD RFP FOR THE HARVARD AVENUE TRUNK SEWER DIVERSION TO MWRP, PROJECT 20400.

CRYSTAL COVE PHASE 2 RECLAIMED WATER PIPELINE (BLUE SHORE)
PROJECT ADDITION TO FY 2006/07 CAPITAL BUDGET AND EXPENDITURE
AUTHORIZATION APPROVAL

General Manager Jones reported that the Irvine Community Development Company (ICDC) received bids for the construction of approximately 1,500 LF of 6-inch reclaimed water pipeline and appurtenances within the street named Blue Shore in the Crystal Cove development. Mr. Jones said that Kennedy Pipeline was the low bidder at \$101,945 for the IRWD's facilities. He said that additionally Fuscoe Engineering was the low bidder for providing construction survey staking with a proposal of \$3,050, bringing the total amount to be reimbursed to \$104,995.75. He further said that staff has executed the ICDC concurrence letter.

Vice President Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on September 19, 2006. On MOTION by Reinhart, seconded and unanimously carried, THE ADDITION OF PROJECT 30290 TO THE FY 2006/07 CAPITAL BUDGET IN THE AMOUNT OF \$181,100 WAS AUTHORIZED, AN EXPENDITURE AUTHORIZATION FOR PROJECT 30290 FOR \$181,100 WAS APPROVED, AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A SUPPLEMENTAL REIMBURSEMENT AGREEMENT WITH ICDC FOR THE CONSTRUCTION OF THE CRYSTAL COVE RECLAIMED WATER PIPELINE (BLUE SHORE).

MICHELSON WATER RECLAMATION PLANT PHASE 2 EXPANSION

General Manager Jones reported that staff has completed a review of design phase proposals submitted by three design teams and conducted individual team interviews for the Michelson Water Reclamation Plant (MWRP) Phase 2 Expansion. Mr. Jones said that staff is recommending the Board award a contract to the HDR Engineering/Tetra Tech team in the amount of \$5,942,091 for engineering services related to the design of the MWRP Phase 2 Expansion and approval of Expenditure Authorizations totaling \$6,681,300 for the project.

Using a power point presentation, Mr. Steve Malloy provided an overview of the MWRP expansion project. He discussed the scope of work saying Phase 1 would add an

additional secondary clarifier and bring capacity up to 18 MGD. He said that the two critical plant capacity milestones for the Phase 2 Expansion include: Additional MWRP capacity of 5-mgd on-line by November 2009, and Phase 2 Expansion of 10-mgd in full operation by April 2010.

Mr. Malloy said that a Request for Proposal (RFP) for engineering design services for the MWRP Phase 2 Expansion was sent to three engineering design teams: CDM/Black & Veatch, HDR/Tetra Tech, and EarthTech/Carollo. He said that proposals were received from all three firms, and after evaluating the proposals, staff determined that the CDM/Black & Veatch and HDR/Tetra Tech's project approach was consistent with staff's expectations to complete the design. EarthTech/Carollo's proposal contains significantly less level of effort and less alternative treatment analysis. He said that interviews were held with each design team to further evaluate their personnel and technical approach. Each firm made a thorough presentation on their project approach, management controls, and technical ideas. HDR/Tetra Tech demonstrated a comprehensive understanding of the project issues and provided a wide breadth of process options. The most critical element of the proposed work, Final Design, confirmed to staff that the approach described by the HDR Tetra Tech team was the most appropriate. Mr. Malloy said that staff recommends that the Board award to HDR/Tetra Tech the contract for engineering services for this project through the Bid Phase as their design approach, schedule, and man-hours are consistent with the project goals.

Vice President Reinhart said that this item was reviewed by the Engineering and Operations Committee on September 19, 2006 and the Committee concurs with the staff recommendation. On MOTION by Reinhart, seconded and unanimously carried, EXPENDITURE AUTHORIZATIONS FOR \$4,457,300 FOR PROJECT 20214 AND \$2,224,000 FOR PROJECT 30214 WERE APPROVED AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH HDR ENGINEERING FOR ENGINEERING SERVICES FOR \$5,942,091 FOR THE MICHELSON WATER RECLAMATION PLANT PHASE 2 EXPANSION, PROJECTS 20214 AND 30214.

GENERAL MANAGER'S REPORT

General Manager Jones reported on his upcoming presentation to the Department of Interior's Secretary Kempthorne at a conservation "listening session". He said that as Chairman of Nature Reserve of Orange County, he would be speaking on their behalf. He reported on the Special MWDOC Manager's meeting scheduled on Thursday to work on their mission and delivery of service. He also said that Ms. Joyce Crosthwaite of LAFCO would be in attendance. He said that Director of Operations Ballard was celebrating his 30 year anniversary with the District and complimented his good works.

DIRECTORS' COMMENTS

Director Miller reported on his attendance at the recent WaterReuse Conference held September 11 through 13 in Hollywood. He said that there were 620 attendees and that it was an excellent conference. He also said that IRWD staff received accolades for their audio visual assistance. He reported on his attendance at a "Center for a New West Conference" where Mr. Hal Furman spoke on a tax credit approach.

Director Withers reported on his attendance at the League of Cities installation of Officers last week. He also said he attended a "Families Forward" function and this organization is attempting to relocate several historical farmhouses.

Director Matheis reported on her recent vacation to Europe.

President Swan reminded the Board of the upcoming reunion of General Managers and Board of Directors scheduled for October 6 as well as the employee picnic this weekend. He reported on his attendance at two OCBC meetings. He also noted the invitation received for the Tucker Wildlife Sanctuary's Open House scheduled for October 7, 2006.

CLOSED SESSION

President Swan said that a Closed Session would be held this evening with legal counsel relative to anticipated litigation Government Code Section 54956.9(b) involving one or more potential cases.

OPEN SESSION

The meeting was reconvened with Reinhart, Withers, Swan, Matheis and Miller present. No action was reported.

ADJOURNMENT

There being no further business, President Swan adjourned the meeting at 8:30 p.m.

APPROVED and SIGNED this 9th day of October, 2006.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone