

## MINUTES OF REGULAR MEETING – FEBRUARY 26, 2007

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by President Reinhart at 6:00 p.m., February 26, 2007 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Matheis, Miller (arrived at 6:15 p.m.), Withers, Swan, and Reinhart

Directors Absent: None

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering Heiertz, Treasurer Loomis, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Mr. Jim Carter, Mr. Jim Newell, Ms. Beth Beeman, Mr. Dave Lochridge, Mr. Steve Malloy, 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 DATS wells C-8 and C-9, and well 1, 5, 10, 13, 14, 16 and 17 are in operation in accordance with the District's annual pumping plan. In succeeding weeks during this month, different wells will be operated to maintain active operation status and to meet the District's 8,000 AF clear water pumping goal for October through April. To date, MWDOC and OCWD have determined they will not take in-lieu recharge deliveries from MWD in February as the groundwater levels are very high. 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 and OCWD is now completing the response to comments. On January 17, 2007, the OCWD Board approved proposed terms and conditions for annexation and directed staff to prepare an annexation agreement for OCWD and IRWD approval. Staff anticipates an OCWD Board action on the EIR and annexation agreement in the winter of 2007. This was confirmed by Mr. Jones.

ITEMS TOO LATE TO BE AGENDIZED – None

## CONSENT CALENDAR

Director Swan asked that item Nos. 5 and 15 be placed on the Action Calendar for discussion. On MOTION by Swan, seconded and unanimously carried (Miller absent), CONSENT CALENDAR ITEMS 3 AND 4, ITEMS 6 THROUGH 14, AND ITEMS 16 THROUGH 22 WERE APPROVED AS FOLLOWS:

3. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the February 12, 2007 Board of Directors' meetings be approved as presented.

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

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

6. JANUARY 2007 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for January 2007; and approve the January 2007 Summary of Wire Transfers and ACH payments in the total amount of \$9, 276,057.13 and the January 2007 Warrants Nos. 276691 through 277490, Worker's Compensation distributions and voided checks in the total amount of \$6,519,881.06.

7. IRVINE RANCH WATER DISTRICT 2007 STATE LEGISLATIVE UPDATE

Recommendation: This item is for information only.

8. WATER RESOURCES BOND UPDATE

Recommendation: This item is for information only.

9. 2007 SELECTION OF FEDERAL LOBBYIST

Recommendation: That the Board approve a professional services agreement for a term of six months with The Furman Group in the amount of \$7,500 per month retainer plus reimbursable direct expenses for a total not to exceed \$61,750.

10. CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION MEMBERSHIP

Recommendation: That the Board approve an IRWD membership with the California Municipal Utilities Association for an estimated annual cost of \$11,000.

11. CONTINUED SUPPORT FOR UCI'S URBAN WATER RESEARCH CENTER

Recommendation: That the Board approve IRWD's participation as an associate member of the University of California, Irvine's (UCI) Urban Water Research Center (UWRC) for a total cost of \$105,000, or \$35,000 per year.

12. QUITCLAIM OF REAL PROPERTY

Recommendation: That the Board adopt the following resolution by title approving execution of the Quitclaim deed to Hernandez-Jordan, LLC.

RESOLUTION NO. 2007 – 2

RESOLUTION OF THE BOARD OF DIRECTORS OF  
IRVINE RANCH WATER DISTRICT  
APPROVING THE EXECUTION OF THE QUITCLAIM  
DEED TO HERNANDEZ-JORDAN, LLC

13. QUITCLAIM OF REAL PROPERTY

Recommendation: That the Board adopt the following resolution by title approving execution of the Quitclaim Deed to the Irvine Company LLC and KCI-FD, LLC.

RESOLUTION NO. 2007 – 3

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

14. UPCOMING PROJECTS STATUS REPORT

Recommendation: Receive and file.

16. CULVER DRIVE DOMESTIC WATER RELOCATION CONSULTANT VARIANCE

Recommendation: That the Board authorize the General Manager to execute Variance No. 3 to the agreement with TRC consultants for construction management services in the amount of \$13,520.

17. FISCAL YEAR 2006/07 PLANNING RESERVE EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board approve Expenditure Authorizations for the Engineering/Planning Study Reserves in the amounts of \$71,500, \$58,300, and \$58,300 for projects 10555, 20555, and 30555.

18. HARVARD AVENUE TRUNK SEWER (HATS) DIVERSION TO MWRP VARIANCE

Recommendation: That the Board approve an Expenditure Authorization for \$73,500 for project 20400; and authorize the General Manager to execute Variance No. 4 with Earthtech for \$25,083 to provide bid support for the Harvard Avenue Trunk Sewer diversion to Michelson Water Reclamation Plant, (MWRP) project 20400.

19. MICHELSON WATER RECLAMATION PLANT BIOSOLIDS EVALUATION VARIANCE

Recommendation: That the Board authorize the General Manager to execute Variance No. 1 in the amount of \$98,800 with HDR Engineering, Inc. to evaluate Biosolids handling at Michelson Water Reclamation Plant for the MWRP Phase 2 Expansion, projects 20214 and 30214.

20. MWRP HIGH VOLTAGE FEEDER F1 AND F2 REPLACEMENT CONTRACT CHANGE ORDER NO. 2 AND EXPENDITURE AUTHORIZATION

Recommendation: That the Board approve an Expenditure Authorization for Project 20201 in the amount of \$63,900, and authorize the General Manager to execute Change Order No. 2 in the amount of \$68,700 with Morrow Meadows Corporation for the MWRP High Voltage Feeder F1 and F2 Replacement.

21. ADDITIONAL ET CONTROLLER REBATE FUNDING

Recommendation: That the Board authorize an increase of \$20,000 to the Fiscal Year 2006/07 Operating Budget for the ET Controller Rebate Incentive, and authorize the General Manager to amend the existing agreements with the Municipal Water District of Orange County for the ET Controller Smart Timer Rebates to reflect this increase.

22. BAKE PARKWAY RECYCLED WATER PIPELINE CONSTRUCTION CHANGE ORDER NO. 12

Recommendation: That the Board authorize the General Manager to execute contract Change Order No. 12 for \$97,136 with Vido Artukovich and Son, Inc. Vidmar, Inc. a joint venture for the Bake Parkway Recycled Water Pipeline, project 30177.

ACTION CALENDAR

STRATEGIC MEASURES DASHBOARDS

Pursuant to Director Swan's comments, staff was asked to adjust the target for the OCSO CORF flows. Additionally, discussion was held relative to the San Joaquin Reservoir water storage as noted in the Exhibit. Director Miller arrived at 6:15 p.m. There being no further comments, on MOTION by Swan, seconded and unanimously carried, THE

BOARD RECEIVED AND FILED THE STRATEGIC MEASURE DASHBOARD AND INFORMATION ITEMS.

### CONSULTANT SELECTION FOR ANAHEIM WELL FIELD FEASIBILITY STUDY

Following discussion relative to the proximity of the well field in relation to the groundwater replenishment system, staff was asked to monitor this aspect as well locations are identified in the study. On MOTION by Withers, seconded and unanimously carried, THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE AN ENGINEERING SERVICES AGREEMENT WITH TETRA TECH FOR THE ANAHEIM WELL FIELD FEASIBILITY STUDY IN THE AMOUNT OF \$59,980.

### NEW WATER SUPPLY COALITION MEMBERSHIP

General Manager Jones provided a power point presentation to consider membership in the New Water Supply Coalition (Coalition). Mr. Jones said that the mission of the Coalition was to develop a new federal funding source for water supply infrastructure projects utilizing federal tax credit bonds. Using a power point presentation, Mr. Jones provided an overview of the tax credit bonds, a background of the Coalition, issues important to IRWD, and IRWD's participation.

Mr. Jones reported that the Coalition seeks to pass legislation that provides financing for certain innovative new water projects via a mechanism called Clean Renewable Water Supply (CREWs) tax credit bonds. There is a growing consensus that financial instruments such as tax credit bonds may provide an effective and flexible method by which the federal government can encourage the mobilization of private capital to assist in financing certain kinds of water related infrastructure without relying on congressionally appropriated dollars. He said that the CREWs could be issued by public agencies in exactly the same way as agencies can presently issue traditional tax-exempt municipal bonds. CREWs would have a 20 bullet maturity, and at that time, the debt could be refinanced with traditional tax-exempt municipal debt.

Mr. Jones reported that the policy proposal initiated by the Coalition utilizes the precedent established by the Clean Renewable Energy Bonds (CREBs) to authorize the use of tax credit bonds to finance water-related infrastructure. The initial proposal would be limited to alternative water supply projects such as water recycling, desalination, and groundwater contamination clean-up projects as a means of establishing the viability of tax credit bonds.

Mr. Jones said that based on information and experience from the CREBs, IRWD's investment bankers, legal counsel and staff, they have identified several issues to keep in mind as the CREWs proposal goes through the legislative process. He said that staff would advocate the resolution of the issues identified in a manner favorable to IRWD: 1) The Coalition's proposed legislation provides for no cap on the amount of bonds issued. If a cap is imposed, and an allocation process is structured, the Coalition should have a suggested dollar amount for the cap to provide adequate funding for projects, and an allocation methodology and criteria that would allow funding for a variety of projects; 2) The methodology for setting the interest rate set on the bonds should be structured to appeal to potential buyers of the bonds; 3) Federal tax law and state law mechanisms need

to be confirmed or added to the legislation regarding the ability to refund the CREWs when they mature in 20 years; 4) If the CREWs are not refunded at maturity, it will be necessary to determine whether and in what manner the repayment at maturity can be structured to satisfy economic and tax law considerations.

Director Swan said that that the Coalition was an interesting concept and he was willing to vote for membership for one year, and asked that staff submit an item for reauthorization next year. He also said that this membership was not to be mistaken for advocacy towards ocean desalination. MOTION by Swan, seconded and unanimously carried, IRWD MEMBERSHIP IN THE NEW WATER SUPPLY COALITION WAS APPROVED AT AN ANNUAL COST OF \$35,000 AND DIRECTOR MILLER AND GENERAL MANAGER JONES WERE APPOINTED TO REPRESENT IRWD.

#### PROPOSED 2007 BOND ISSUANCE

Treasurer Loomis reported that typically the District issues bonds to finance new capital facilities and that staff was proposing to proceed with a bond issuance for a maximum of \$100 million to reimburse advances from the Capital Fund for expenditures that are eligible to be financed through a bond issuance.

Mr. Loomis said that staff solicited proposals from Citigroup, Merrill Lynch and Lehman Brothers to act as underwriter for the proposed bond issuance. Both the Citigroup and Merrill Lynch proposals included the recommendation to issue the bonds in 7-day auction rate mode (ARS). Issuing the bonds in ARS will result in the debt portfolio consisting of 55% ARS and 45% daily rate issues and allow the District additional distribution to the retail market versus tax-exempt money funds.

Mr. Loomis said that Merrill Lynch proposed the lowest takedown fee of \$2.50 per \$1,000 and estimated underwriter expenses at \$94,000, for a total of \$344,000 in underwriter fees. He said that additionally staff was recommending that Orrick, Herrington & Sutcliffe, and Bowie, Arneson, Wiles & Giannone be retained as co-bond counsel.

Director Swan reported that this item was reviewed on two occasions and that this bond issuance will enable sufficient funding until 2009. He said that the Finance and Personnel Committee approved this item on February 6, 2007. On MOTION by Swan, seconded and unanimously carried, THE RETENTION OF MERRILL LYNCH AS UNDERWRITER AND BROKER DEALER FOR THE 2007 CONSOLIDATED BONDS WAS APPROVED; ISSUING THE BONDS IN AUCTION RATE MODE WAS APPROVED; THE RETENTION ORRICK, HERRINGTON & SUTCLIFFE AND BOWIE, ARNESON, WILES & GIANNONE AS CO-BOND COUNSEL WAS APPROVED; AND THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

#### RESOLUTION NO. 2007 – 4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
IRVINE RANCH WATER DISTRICT DECLARING INTENTION  
TO ISSUE CONSOLIDATED BONDS OF SAID DISTRICT  
(CONSOLIDATED SERIES 2007)

## CHILLER REPLACEMENT FOR SAND CANYON BUILDING

General Manager Jones reported that the air conditioning chiller unit for the Sand Canyon Building was 15 years old and due to normal wear, it has developed an ethylene glycol leak on the evaporator inlet as well as oil and refrigerant leaks. Mr. Jones said that the construction cost to replace the entire chiller unit is \$256,200 including hazardous material costs for disposal of the ethylene glycol and rental fees for a temporary chiller unit. He said that a new chiller unit with an energy efficiency rating of 11.4 would result in a payback of four to six years including an energy rebate of \$14,550 from Southern California Edison. A new chiller unit would also be more environmentally friendly with non-hazardous propylene glycol and ensure reliable cooling for the Sand Canyon Building for the next 12 to 15 years. He said that staff recommends replacement of the entire chiller unit rather than replacement of the evaporator only.

Mr. Jones said that a request for proposal was sent to four select bidders. Three attended the job walk and only one contractor, Pacific Rim Mechanical Contractors Inc., submitted a bid for \$251,200. Ram Air Engineering previously provided a cost estimate of \$246,014.69 during the planning phase of the project. Ram Air declined submitting a formal bid due to the performance bond requirements and liquidated damages included in the request for proposal. These two requirements discouraged other contractors from submitting proposals as well. The proposal exceeds the engineer's estimate of \$163,000 provided by Mazzetti and Associates in 2006. They cited the differencing in price due to the construction market being flooded with work making our project size and schedule undesirable when compared to other projects. Mr. Jones said that despite the difference in the engineer's estimate and the lack of additional formal bids, Pacific Rim Mechanical Contractors Inc.'s bid was very close to the cost estimate provided by Ram Air Engineering, and therefore staff recommends awarding a construction contract to Pacific Rim Mechanical Contractors Inc.

Director Withers reported that this item was reviewed and approved by the Engineering and Operations Committee on February 22, 2007. On MOTION by Withers, seconded and unanimously carried, **THE BOARD AUTHORIZED A BUDGET INCREASE FOR PROJECT 11134 BY \$2,400, FROM \$4,600 TO \$7,000, FOR PROJECT 11135 BY \$32,300, FROM \$99,000 TO \$131,300, FOR PROJECT 21135 BY \$32,300, FROM \$99,000 TO \$131,300, AND FOR PROJECT 31135 BY \$18,700, FROM \$12,100 TO \$30,800; EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR \$6,200, \$125,400, \$125,400, AND \$29,100; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONTRACT WITH PACIFIC RIM MECHANICAL CONTRACTORS INC. FOR \$251,200 FOR THE INSTALLATION OF THE SAND CANYON BUILDING CHILLER.**

## NATURAL TREATMENT SYSTEM – IN-LINE BASINS AND EL MODENA BASIN CONSTRUCTION AWARDS

General Manager Jones reported that IRWD is continuing with the implementation of the Natural Treatment System (NTS) Master Plan to assist the County and various Cities in meeting surface water quality requirements for the San Diego Creek watershed as set by the Santa Ana Regional Water Quality Control Board. Mr. Jones said that three of the

projects, the in-channel/in-line basins in San Diego Creek (through Woodbridge), Santa Ana/Santa Fe Channel, and Peters Canyon Channel were packaged together as the “In-Line Basins Project.” The In-Line Basin project will place a total of nine removable seasonal weirs within the OCFCD drainage channels for these projects. Using a power point presentation, Director of Water Resources Diamond provided an overview of the in-line basin project.

Mr. Jones said that Stantec, Inc. was retained by IRWD to prepare plans and specifications for the In-Line Basin Project. Stantec completed the design and advertised for bids in December 2006. Five bids for the project were received and opened on February 6, 2007; with the apparent low bidder is Lonerock, Inc. with a total bid amount of \$679,500. The engineer’s estimate was \$667,400, a difference of about 2%. Lonerock has not performed on IRWD construction projects prior to this contract, however, contacts with the several agencies produced adequate to positive comments regarding their past performance on the three past jobs. In response to Vice President Miller’s inquiry if rubber dams were a realistic alternative to weirs, staff responded and they were approximately three times the cost of installing weirs. There being no further discussion, on MOTION by Matheis, seconded and unanimously carried, AN EXPENDITURE AUTHORIZATION FOR \$975,400 FOR PROJECT 10834 WAS APPROVED; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONTRACT WITH LONEROCK, INC. FOR \$679,500 FOR THE NATURAL TREATMENT SYSTEM IN-LINE BASINS, PROJECT 10834.

#### WATER CONSERVATION BUSINESS PLAN – RESIDENTIAL TACTICAL INCENTIVES

General Manager Jones reported that Tactical Incentives are one of the key elements of the Water Conservation Business Plan (Plan). Mr. Jones said that the Tactical Incentives are cost-effective financial incentives provided by IRWD to supplement existing regional rebate programs and that they are based on calculated avoided costs resulting from the installation of the various conservation devices. These incentive amounts are based on *estimated* annual and lifetime savings associated with the device installed. Staff has conducted an analysis of the post-installation consumption data to evaluate *actual* savings and to assess whether the actual savings correlate with the estimates. Based on the analysis, staff has also developed recommended changes to the Tactical Incentive funding levels for residential customers. The results of the analysis recommended funding levels for High Efficiency Clothes Washers (HECW), High Efficiency Toilets (HET) and Ultra Low Flow Toilets (ULFT). Based on the water savings analysis, staff recommends eliminating the Tactical Incentive funding for ULFTs, and reducing the funding by \$50 per device for the HECWs and HETs effective March 1, 2007.

Mr. Jones said that the Board approved funding for \$300,000 in Tactical Incentives in the Operating Budget for FY 2006/07 as part of the adopted Plan, and authorized an additional \$200,000 in October 2006. He said as of December 2006, \$281,420 was paid in Tactical Incentives for 1,509 residential devices. Due to the strong participation, funding for the residential incentives is expected to be exhausted by April 2007 even with the proposed funding level reductions.



Vice President Miller commended staff on an excellent job on this program. He asked staff to follow-up with signage at COSTCO for rebates. He further said that this was an item was reviewed and approved by the Water Resources Policy and Communications Committee on February 20, 2007. On MOTION by Miller, seconded and unanimously carried, AN INCREASE OF \$250,000 FOR THE FY 2006/07 OPERATING BUDGET FOR TACTICAL INCENTIVE RESIDENTIAL CONSERVATION MEASURES WAS AUTHORIZED USING AVAILABLE PENALTY REVENUE FUNDS, AND TACTICAL INCENTIVE FUNDING FOR HIGH EFFICIENCY CLOTHES WASHERS CHANGED TO \$200, HIGH EFFICIENCY TOILETS CHANGED TO \$130, AND ULTRA LOW FLOW TOILETS WERE REMOVED FROM THE TACTICAL INCENTIVES PROGRAM EFFECTIVE MARCH 1, 2007.

#### LOS ALISOS WATER RECLAMATION PLANT 2005 UPGRADES - CONSTRUCTION PHASE CONSULTANT SERVICE

Director of Engineering Heiertz reported that in January 2007, the Board awarded the construction of the LAWRP 2005 Upgrades to W.M. Lyles, Co. in the amount of \$11,820,034. Mr. Heiertz said that W.M. Lyles Co. is currently in the process of submitting required contract documentation and insurance forms, and construction activities are anticipated to begin in early March 2007.

Mr. Heiertz said that proposals for geotechnical services were requested from Arroyo Geotechnical, Goffman, McCormick & Urban (GMU), and Ninyo & Moore. He said that GMU and Ninyo & Moore have both worked on past projects and performed well. Arroyo Geotechnical has not performed this service for IRWD, however, key members of their staff have worked on past IRWD projects. He said following a review of the proposals, staff recommends approval of a professional services agreement with Ninyo & Moore for geotechnical services in the amount of \$76,120.

Mr. Heiertz said that proposals for surveying were requested from Bush & Associates, Penco Engineering, and Guida Surveying. Penco Engineering and Guida Surveying declined to submit proposals. He said that Bush & Associates submitted an appropriate scope of work and has familiarity with the project since they are the design surveyor. He said that staff recommends approval of a professional services agreement with Bush & Associates for surveying services in the amount of \$55,748.

Mr. Heiertz further said that due to the large volume of work currently under construction, proposals were solicited for construction management (CM) and inspection services to assist staff in overseeing the construction of the plant upgrades. Proposals were requested from Butier Engineering, HDR, Psomas, and Tetra Tech, Inc. Following a staff analysis, staff recommends approval of a professional services agreement with Butier Engineering for construction management and inspection services in the amount of \$426,855.

Director Withers reported that this item was reviewed and approved by the Engineering and Operations Committee on February 22, 2007. On MOTION by Withers, seconded and unanimously carried, THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE AGREEMENTS WITH NINYO & MOORE FOR GEOTECHNICAL SERVICES IN THE AMOUNT OF \$76,120; BUSH & ASSOCIATES FOR

SURVEYING SERVICES IN THE AMOUNT OF \$55,748; AND BUTIER ENGINEERING FOR CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES IN THE AMOUNT OF \$426,854.74 FOR THE LAWRP 2005 UPGRADES, PROJECTS 20243 AND 30134.

ORANGE PARK ACRES MUTUAL WATER COMPANY – CONTRACT FOR SERVICES

General Manager Jones reported that the Orange Park Acres Mutual Water Company (OPA) and IRWD have been engaged in discussions regarding the potential consolidation OPA and IRWD. Mr. Jones said that OPA's General Manager, Susan Berman, will be retiring on March 31, 2007 and the consolidation process is not expected to be completed until the end of 2007. He said that at the request of the OPA Board of Directors, IRWD submitted a proposal to provide contract operations services as a “bridge” between the time of their General Manager’s retirement and under the date the consolidation between OPA and IRWD becomes effective. He said that IRWD’s proposal was reviewed and unanimously accepted by the OPA Board at the meeting on February 13, 2007.

Mr. Jones said that in anticipation of a March 1, 2007 effective date, IRWD staff and legal counsel drafted and submitted to OPA an agreement to provide contract operation services for their water system until the consolidation process is complete. This draft agreement was reviewed by the OPA General Manager, Board and legal counsel, who made comments to the draft and returned the document to IRWD. Staff has incorporated their comments, and is now presenting this “final draft” of the agreement to the IRWD Board for their consideration.

Mr. Jones said that the scope of work to be performed by IRWD is included in the agreement. During the contract period, no major improvements are expected to be made to the OPA system. In addition, IRWD will continue to use OPA's current computerized billing system until the consolidation is complete. OPA's current contractor, Bob Grodach will not be operating the system, but will remain for up to 90-days to complete on-going projects specifically identified in the agreement.

He then reviewed the following services described in the scope of work stipulated in the agreement for costs summarized as follows: 1) System Operations - \$5,000 per month; 2) System Repairs/Field Response - time and materials; 3) Customer Service & Billing- \$2,000 per month; 4) Finance and Administration - 1,500 per month; 5) Water Quality Analysis - \$1,500 per month; 6) Cross Connection Control Program - \$400 one-time fee; 7) Fire Hydrant and Valve Maintenance - \$18,000 one-time fee; 8) Facilities Maintenance - \$1,400 per month; 9) Electrical and Mechanical Support - Time and Materials; and 10) Engineering Support - time and materials. Staff believes that a substantial cost savings will be realized by OPA. In addition, the proposed work includes IRWD exercising all OPA valves and fire hydrants as well as flushing the system. According to OPA, they have not performed this work on any regular basis. The State Health Department, in their 2006 survey of OPA's system, has indicated that this needs to be completed as soon as possible.

Vice President Miller reported that this item was reviewed by the OPA internal Ad Hoc Committee meeting on January 31, 2007. He complimented Director of Operations Ballard on his efforts on the costs to perform the various services. On MOTION by Miller, seconded and unanimously carried, THE BOARD APPROVED THE CONTRACT FOR SERVICES WITH ORANGE PARK ACRES MUTUAL WATER COMPANY SUBJECT TO NONSUBSTANTIVE CHANGES APPROVED BY THE GENERAL MANAGER AND LEGAL COUNSEL.

DOMESTIC WATER RESERVOIR CHLORINE ANALYZERS – BUDGET ADDITION, EXPENDITURE AUTHORIZATION, AND CONSULTANT SELECTION

Since switching to chloramines as the primary disinfectant for the Irvine Ranch Water District (IRWD) potable water system, over half of the domestic water reservoirs have experienced nitrification and low chlorine residual at one time or another. A report on reservoir nitrification identified ten reservoirs as candidates for installation of chlorine analyzers and reservoir mixer/sampler equipment to monitor water quality. A Request for Proposal for the design of the chlorine analyzers and mixer/samplers was issued to three engineering firms; proposals were received from all three. On MOTION by Swan, seconded and unanimously carried, THE ADDITION OF PROJECT 11168 IN THE AMOUNT OF \$1,568,800 TO THE FY 2006/07 CAPITAL BUDGET WAS AUTHORIZED; THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE AN ENGINEERING SERVICES AGREEMENT WITH DBE PSOMAS IN THE AMOUNT OF \$111,727; AND AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$146,000 FOR PROJECT 11168 WAS APPROVED FOR THE DOMESTIC WATER RESERVOIR CHLORINE ANALYZERS.

GENERAL MANAGER’S REPORT

General Manager Jones reported on the issues with OPAMWC not having sewer flows being transported to the Orange County Sanitation District. He said that once the consolidation between the two agencies is complete, that IRWD will address this issue. He said that on Thursday he will be speaking at an OPAMWC Homeowners’ association relative to the upcoming consolidation.

DIRECTORS’ COMMENTS

Director Swan reported on the tour of the Irvine Desalter project and the San Joaquin Wildlife Sanctuary with Mr. Gary Wolff of the State Water Resources Control Board. He said he would be attending the Southern California Dialog Group meeting this Wednesday and that General Manager Jones would be making a presentation on TMDL Compliance. He said that he would be meeting with Chuck DeVore on Friday relative to AB 19. He said that the next meeting of the ACWA Region X would be held at Vallecitos Water District. In regards to the three new IRWD water systems coming on line, staff was asked to meet to discuss how staff will balance this new water supply.

Director Matheis reported on her attendance at the ACWA Legislative meeting held in Washington DC. She also reported on the MWDOC luncheon during the ACWA conference, and said that Mr. Link Browner of the Furman group made a presentation. She further reported on her attendance at an ABA Water Law conference which she

found very informative. In response to her inquiry if the Board felt that it would be worthwhile to attend the annual Sea & Sage Audubon dinner event schedule for March 16, 2007, the consensus was that it was worthwhile, and staff was asked to make a reservation for her attendance.

Vice President Miller said that he was appointed to the Orange County Sanitation District GWRS Joint Committee.

President Reinhart reported on his attendance at the OPAMWC's Board meeting as well as a meeting with Supervisor Campbell relative to sewer service. He also complimented staff of their efforts relative to the OPAMWC.

CLOSED SESSION

President Reinhart said that the closed session item with legal counsel relative to anticipated litigation; Government Code Section 54956.9(b); significant exposure to litigation (one potential case) would not be held this evening.

ADJOURNMENT

APPROVED and SIGNED this 12th day of March, 2007.

\_\_\_\_\_  
President, IRVINE RANCH WATER DISTRICT

\_\_\_\_\_  
Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

\_\_\_\_\_  
Legal Counsel - Bowie, Arneson, Wiles & Giannone