

MINUTES OF REGULAR MEETING – MARCH 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., March 26, 2007 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Matheis, Miller, Swan, Withers, 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, Ms. Beth Beeman, Mr. Carl Ballard, Mr. Steve Malloy, Ms. Mary Ann Brown, Mr. Bruce Newell, Ms. Fiona Sanchez, 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 the DATS wells C-8 and C-9, and well 10 are in operation in accordance with the District's annual pumping plan. Different wells are being 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 March 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, 2006, 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 the OCWD Board will take action on the EIR and annexation agreement in the spring of 2007. This was confirmed by Mr. Jones.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED - None

CONSENT CALENDAR

General Manager Jones asked that Item No. 9, SUPPORT LETTER FOR THE OCWD/OCSD GROUNDWATER REPLENISHMENT SYSTEM, be referred to the March 30, 2007, Board meeting for further discussion. On MOTION by Swan, seconded and unanimously carried, ITEM NO. 9, SUPPORT LETTER FOR THE OCWD/OCSD GROUNDWATER REPLENISHMENT SYSTEM WAS REFERRED TO THE MARCH 30, 2007, ADJOURNED REGULAR BOARD MEETING. Mr. Jones said that a supplemental item for item No. 4 had been placed before each Director with an additional meeting for Director Swan. On MOTION by Miller, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 – 8 AND 10 – 17 WERE APPROVED AS FOLLOWS:

3. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the February 26, 2007, Board of Directors' meetings 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 Mary Aileen Matheis, Darryl Miller, Doug Reinhart, Peer Swan and John Withers as amended.

5. STRATEGIC MEASURES DASHBOARDS

Recommendation: That the Board receive and file the Strategic Measure Dashboard and information items.

6. FEBRUARY 2007 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for February 2007; and approve the February 2007 Summary of Wire Transfers and ACH payments in the total amount of \$2,986,840.17 and the February 2007 Warrants Nos. 277491 through 278297, Workers' Compensation distributions and voided checks in the total amount of \$8,580,051.86.

7. STATE LEGISLATIVE UPDATE

Recommendation: That the Board take a support position on AB 1260 (Caballero) and SB 819 (Hollingsworth).

8. IRVINE RANCH WATER DISTRICT SPONSORED 2007 STATE LEGISLATION

Recommendation: This item is for information only.

10. TRABUCO ROAD SEWER REPAIR – FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Trabuco Road sewer repair; and 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.

11. LOCKABLE MANHOLE RINGS AND COVERS EXPENDITURE AUTHORIZATION

Recommendation: That the Board approve an Expenditure Authorization for project 20420 for \$96,800 for the replacement of 78 manhole rings and covers within environmentally sensitive areas subject to possible vandalism and illegal dumping of waste materials into the District's sewer system.

12. UPDATE ON ASSEMBLY BILL 32 (AB 32) (CARBON FOOTPRINT) AND RECOMMENDED MEMBERSHIP IN THE CALIFORNIA CLIMATE ACTION REGISTRY

Recommendation: That the Board approve IRWD's participation in the California Climate Action Registry allowing for IRWD data to be recognized and accepted by the State's Future Reporting program at an annual cost of \$750.

13. RESERVOIR MANAGEMENT SYSTEM AT DOMESTIC WATER RESERVOIRS EQUIPMENT PRE-PURCHASE EXPENDITURE AUTHORIZATION

Recommendation: That the Board approve an Expenditure Authorization for \$537,100 for the pre-purchase of RMS Equipment from Severn Trent Services for the Reservoir Management System at Domestic Water Reservoirs, project 10991.

14. SAND CANYON ZONE 3 PIPE REPLACEMENT – BUDGET ADDITION, EXPENDITURE AUTHORIZATION, AND CONSULTANT SELECTION

Recommendation: That the Board authorize the addition of project 11158 to the Fiscal Year 2006/07 Capital Budget for \$1,358,800; authorize the General Manager to execute an engineering services agreement with MBF Consulting for \$121,892; and approve an Expenditure Authorization for \$325,600 for the Sand Canyon Zone 3 Pipe Replacement project.

15. COMMERCIAL AND MULTI-FAMILY TACTICAL INCENTIVES UPDATE

Recommendation: That the Board authorize an additional \$150,000 in funding for Cost-effective Tactical Incentive Commercial Conservation Measures for Fiscal Year 2007/08 using unallocated penalty revenue funds.

16. NATURAL TREATMENT SYSTEM (NTS) – EL MODENA BASIN CITY OF ORANGE COORDINATED USE AGREEMENT

Recommendation: That the Board approve the agreement for coordinated use of El Modena Basin between IRWD and the City of Orange subject to non-substantial changes approved by the General Manager and Legal Counsel.

17. PLANNING AREAS 1 AND 2 ORCHARD HILLS ZONE 5 RESERVOIR CONSTRUCTION PHASE CONSULTANT SERVICES

Recommendation: That the Board authorize the General Manager to execute agreements with NMG Geotechnical, Inc. for geotechnical services in the amount of \$65,296; Bush & Associates, Inc. for surveying services in the amount of \$63,580; Boyle Engineering Corporation for engineering support services in the amount of \$78,000; and Malcolm Pirnie, Inc. for construction management and inspection services in the amount of \$372,500 for the Planning Areas 1 and 2 Orchard Hills Zone 5 Reservoir, project 13162.

ACTION CALENDAR

PA-18 ZONE 3-4 BOOSTER PUMP STATION AND ZONE B-C BOOSTER PUMP STATION CONSULTANT SELECTION

Director of Engineering Heiertz reported that the Irvine Community Development Company issued a Request for Proposals (RFP) for Professional Engineering Services of IRWD Capital Improvement Plans for Planning Area (PA) 18 and received proposals for engineering design services from Hunsaker & Associates, PBS&J, Stantec Consulting, and TRC Solutions, Inc. (TRC). Mr. Heiertz said that based upon the strength of the proposals, staff recommended that TRC be awarded the professional services agreement since their design approach, schedule, and man-hours were consistent with the project goals. On December 18, 2006, the Board authorized the General Manager to execute a professional services agreement with TRC for \$421,972.

Mr. Heiertz said that subsequent to the award of the design contract with TRC, the project manager resigned from his position at TRC and joined R.W. Beck, Inc. He said that due to the relocation of the project manager from TRC to R.W. Beck, Inc., staff recommends that the design of the PA 18 Zone 3 to 4 and Zone B to C booster pump stations be transferred from TRC to R.W. Beck, Inc. He said that staff has been pleased with TRC's team on previous design projects, most recently the pipeline in Culver Drive from Campus Drive to Bonita Canyon Drive. Staff initially selected TRC for the PA 18 work based upon their competitive

proposal and the strength of TRC's project manager and the proposed project team. Due to the previous competitive selection process, the recommended action should be considered a transfer of the professional services agreement rather than a sole-source award.

Mr. Heiertz said that consideration was given to have the project manager continue working on this project on a subcontracted basis with TRC. However, this raised concerns for staff as there is no other individual within TRC that staff felt has the experience or familiarity with IRWD procedures to perform oversight of R.W. Beck's, Inc. work. TRC's project management involvement would only add costs to the project without any corresponding additional benefit. After discussions with both firms, it was concluded that transferring the contract to R.W. Beck, Inc. was in the best interest of the consultants and IRWD. After reviewing this approach with legal counsel, staff has terminated the contract with TRC in accordance with the termination clause contained in the approved professional services agreement.

Mr. Heiertz said that R.W. Beck, Inc. and its project manager will manage the project and provide overall design services. TRC will continue to work on the project by providing electrical design services as a subconsultant to R.W. Beck, Inc. The same mechanical designer, CAD drafter, geotechnical subconsultant, and surge analysis subconsultant as originally proposed during the competitive proposal process will continue on the project as well. Staff recommends this approach because it allows work to continue on the project, without delay, while maintaining the original project team and budget.

Director Withers reported that this item was reviewed and approved by the Engineering and Operations Committee on March 20, 2007. On MOTION by Withers, seconded and unanimously carried, **THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH R.W. BECK, INC. FOR \$421,972 FOR ENGINEERING DESIGN SERVICES FOR THE PA-18 ZONE 3-4 AND THE ZONE B-C BOOSTER PUMP STATION, PROJECTS 10446 AND 30446.**

FINAL ACCEPTANCE AND CONSTRUCTION CHANGE ORDER NO. 14 - LOMAS VALLEY ZONE 3 RESERVOIR, RESERVOIR MAINTENANCE SYSTEM FACILITY AND OC-72 CONTROL FACILITY PROJECTS

Director of Engineering Heiertz reported that the Lomas Valley Zone 3 Reservoir, the OC-72 Flow Control Facility and construction of the Reservoir Management System (RMS) Facility have been completed. He said that the work was performed by Schuler Engineering Corporation and that staff recommends the Board of Directors find that the work was performed satisfactorily and be accepted as complete in order for the final payment and release of retention.

Mr. Heiertz said that Contract Change Order No. 14 (CCO No. 14) was submitted for approval in the net amount of \$279,729.47. He said that the work covered under the change order consisted of five principal items of extra work. He said that the work items all relate to the addition of the RMS facility to the reservoir project which included the 10 foot by 24 foot cement masonry building, the foundation construction, electrical, telemetry, conduit and instrumentation.

Director Withers reported that this item was reviewed and approved by the Engineering and Operations Committee on March 20, 2007. On MOTION by Withers, seconded and unanimously carried, AN EXPENDITURE AUTHORIZATION FOR \$519,700 FOR PROJECT 10458 WAS APPROVED; IT WAS FOUND THAT THE WORK HAS BEEN SATISFACTORILY PERFORMED; THE LOMAS VALLEY ZONE 3 RESERVOIR (PROJECT 10458) AND OC-72 FLOW CONTROL FACILITY (PROJECT 10593) WAS ACCEPTED; THE GENERAL MANAGER WAS AUTHORIZED TO FILE A NOTICE OF COMPLETION AND PAYMENT OF RETENTION 35 DAYS AFTER THE DATE OF RECORDING THE NOTICE OF COMPLETION WAS AUTHORIZED; CONSTRUCTION CONTRACT CHANGE ORDER NO. 14 FOR \$279,729.47 TO SCHULER ENGINEERING, INC. FOR WORK PERFORMED ON THE LOMAS VALLEY ZONE 3 RESERVOIR AND OC-72 FLOW CONTROL FACILITY PROJECTS (PROJECTS 10458 AND 10593) WAS APPROVED.

LOS ALISOS WATER RECLAMATION PLANT 2005 UPGRADES – CONSTRUCTION ENGINEERING SERVICES SELECTION

General Manager Jones reported that in January 2007, the Board awarded the construction of the LAWRP 2005 Upgrades to W.M. Lyles, Co. for \$11,820,034. Mr. Jones said that staff requested proposals from the design engineer, HDR Engineering, Inc. (HDR), and several engineering consultants. Proposals were received from HDR, Malcolm Pirnie, and Tetra Tech, and staff selected HDR to perform the work based upon the strength and experience of their project team and their understanding of the scope of work.

Mr. Jones said that the LAWRP 2005 Upgrades Control Systems Integration project will provide software programming tasks for the LAWRP plant upgrades. He said that staff sent a Request for Proposal to DL Engineering, TMV Systems and Vertec Industrial Systems. He further said that following a review of the proposals, staff recommends that the Board award Vertech Industrial Systems the contract for the LAWRP Control Systems Integration project due to their understanding of the project, their project approach, schedule, significant District knowledge and that man-hours required are consistent with the project goals.

Director Withers reported that this item was reviewed and approved by the Engineering and Operations Committee on March 20, 2007. On MOTION by Withers, seconded and unanimously carried, THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH HDR ENGINEERING, INC. FOR ENGINEERING SUPPORT SERVICES FOR \$505,400, AND VERTECH INDUSTRIAL SYSTEMS FOR THE CONTROL SYSTEMS INTEGRATION PROJECT FOR \$630,760 FOR THE LOS ALISOS WATER RECLAMATION PLANT 2005 UPGRADES, PROJECTS 20243 AND 30134.

JEFFREY ROAD GRADE SEPARATION PIPELINE RELOCATIONS – CONSTRUCTION AWARD

General Manager Jones reported that the City of Irvine (City) has completed its competitive bidding process for the Jeffrey Road Grade Separation and Roadway Widening Project. Mr. Heiertz said that bids were held, and the following IRWD facility relocations were included within the City's project: 1) 3,771 linear feet of 30-inch reclaimed water pipelines; 2,054

linear feet of 24-inch domestic water pipelines; 968 linear feet of 12-inch domestic water pipelines; and appurtenant valves, manways, earthwork, street pavement removal and replacement, adjustment of sewer manholes to grade, fire hydrants, and laterals for the above piping facilities.

Mr. Heiertz said that seven bids for the project were received by the City. The bid form was structured with the City's work as the base bid item and with IRWD's work as alternate bid items. The City's contract award was based upon the apparent low bid for the base bid item. He said that the apparent low bidder for the base bid item, SEMA Construction, was not the apparent low bidder for IRWD's alternate bid items. A reimbursement agreement with the City was previously executed that provided for the City to construct IRWD's facilities and IRWD to reimburse the City for actual construction costs. The reimbursement agreement also included a clause that provided IRWD with an opportunity to approve the City's determination of the lowest responsible bidder. He said that based upon the fact that the City's apparent low bidder was not the same as IRWD's low bidder, staff recommends that the reimbursement agreement be terminated and that IRWD initiate a separate construction contract for the pipeline work. He said that each of the bidders listed the same pipeline subcontractor, CM Peich. Although this was a public bid, by the nature of the City's award process, the IRWD alternate bid items did not have the full benefits of a true competitive bidding process as the IRWD alternate bid items were not considered during determination of the apparent low bidder. He said upon review of the bid summary, it was evident that many of the bids, including SEMA Construction's bid, appear to be unbalanced. As a result of the significant disparity between the bid amounts, staff transmitted a letter to the City terminating the reimbursement agreement.

Mr. Heiertz said that staff met with SEMA Construction to negotiate fair and equitable costs for the IRWD work. The negotiated price was \$2,998,000 and was \$4,580 less than the average amount of all the bids and is \$345,246 less than SEMA Construction's original bid amount.

On MOTION by Swan, seconded and unanimously carried, A BUDGET INCREASE WAS AUTHORIZED FOR THE FY 2006/07 CAPITAL BUDGET FOR PROJECT 10283 BY \$483,600, FROM \$1,183,600 TO \$1,667,200 FOR THE JEFFREY AND RAILROAD GRADE SEPARATION 12- AND 24-INCH DOMESTIC WATER RELOCATIONS AND FOR PROJECT 30189 BY \$761,200, FROM \$1,468,000 TO \$2,229,200 FOR THE JEFFREY ROAD 30-INCH RECLAIMED WATER PIPELINE; EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR PROJECT 10283 FOR \$1,562,000 AND FOR PROJECT 30189 FOR \$2,229,200; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONSTRUCTION CONTRACT WITH SEMA CONSTRUCTION IN THE AMOUNT OF \$2,998,000.

SANTIAGO HILLS II ZONE 5 - 6 AND ZONE 5 - 7 BOOSTER PUMP STATIONS DESIGN VARIANCE, BUDGET, AND EXPENDITURE AUTHORIZATIONS

General Manager Jones reported that Tetra Tech has been providing engineering design services for the Santiago Hills II (SH II) Zone 5-6 Booster Pump Station (BPS) since

September 2005. The SH II Zone 5-6 BPS will be sited directly adjacent to the existing former Santiago County Water District (SCWD) Santiago Hills BPS and on the same site as the Santiago Hills Zone 5 Reservoir. Mr. Jones said that subsequent to executing the engineering services agreement with Tetra Tech, SCWD consolidated with IRWD, and as a result, the BPS preliminary design work was put on hold and Variance No. 1 was issued to Tetra Tech to analyze the newly-formed service area which now included the Santiago Hills II and East Orange Developments as well as the service area of the former SCWD. He said the goal of the analysis was to determine the optimum pumping infrastructure that would be required to efficiently serve the newly formed service area.

Mr. Jones said that in the December 2004 SAMP for the SH II and East Orange Developments, the existing SCWD BPS was planned to be converted to the SH II Zone 5-7 BPS. However, based upon the results of Tetra Tech's analysis of the new service area, it was determined that the SH II Zone 5-7 BPS would be a critical pumping facility as it would be the only source of domestic water supply to the former SCWD service area. He said that Tetra Tech recommended the construction of a new, more reliable SH II Zone 5-7 BPS rather than converting the existing SCWD BPS to serve as the SH II Zone 5-7 BPS as originally planned. Upon completion of construction of the SH II Zone 5-7 BPS, the existing SCWD BPS would be retrofitted to become the SH II Zone 5-6 BPS.

Mr. Jones said that the existing agreement for engineering services with Tetra Tech included a scope of work and corresponding level of effort to design the new SH II Zone 5-6 BPS. Tetra Tech has confirmed that the original scope of work and level of effort will remain in effect and be directly applicable to the design of the SH II Zone 5-7 BPS rather than to the SH II Zone 5-6 BPS. Tetra Tech has submitted Variance No. 3 for engineering design services for the conversion of the existing SCWD BPS to the SH II Zone 5-6 BPS and for additional engineering design services for the SH II Zone 5-7 BPS. The proposed variance accounts for the preliminary and final design phase engineering services for the SH II Zone 5-6 BPS, for an evaluation of standby power alternatives, development of a construction phasing and implementation plan, performance of additional hydraulic surge analyses, and design modifications for the SH II Zone 5-7 BPS.

Director Withers reported that this item was reviewed and approved by the Engineering and Operations Committee on March 20, 2007. On MOTION by Withers, seconded and unanimously carried, A BUDGET REDUCTION FOR FY 2006/07 CAPITAL BUDGET FOR PROJECT 12318 BY \$404,200, FROM \$1,654,900 TO \$1,250,700 WAS AUTHORIZED; THE ADDITION OF PROJECT 12323 TO THE FY 2006/07 CAPITAL BUDGET FOR \$3,025,000 WAS AUTHORIZED; EXPENDITURE AUTHORIZATIONS FOR PROJECT 12318 FOR \$135,500 AND FOR PROJECT 12323 FOR \$132,600 WAS APPROVED; AND VARIANCE NO. 3 FOR \$150,000 TO TETRA TECH FOR ENGINEERING DESIGN SERVICES FOR THE CONVERSION OF THE EXISTING SCWD BOOSTER PUMP STATION TO SERVE AS THE SANTIAGO HILLS II ZONE 5-6 BOOSTER PUMP STATION AND FOR ADDITIONAL ENGINEERING DESIGN SERVICES FOR THE SANTIAGO HILLS II ZONE 5-7 BOOSTER PUMP STATION WAS APPROVED.

STANDARDIZED ET DATA PROTOCOL – UPDATE, CONTRACT APPROVAL, BUDGET INCREASE AND EXPENDITURE AUTHORIZATION

General Manager Jones reported that the Department of Water Resources (DWR), and other partnering water agencies recently conducted a series of meetings with weather-based irrigation controller manufacturers to discuss the development of a statewide Standardized ET Data Protocol (Protocol), and assess the manufacturer's interest in the Protocol and its applicability to their products. Mr. Jones said that the Protocol is intended to foster market transformation for weather-based irrigation controllers by providing the ET data necessary to automatically adjust irrigation schedules. This item summarizes the manufacturer feedback (which provided broad support for improving the availability of ET data), and identifies an implementation strategy developed by staff, DWR and the partnering agencies. A key element of the strategy is moving forward with a Phase II contract with our technical consultant, Enterprise Information Systems (EIS), to complete development of the Protocol. The Phase II contract amount is \$153,950. He said that staff has already received signed funding commitments for \$50,000 from other agencies, and anticipates an additional \$50,000 to \$75,000 in funding or grants.

Using a PowerPoint presentation, Ms. Fiona Sanchez provided the background and history of the ET controllers, reviewed strategies for moving forward, and recommendations for the project.

Director Matheis reported that this item was reviewed and approved by the Water Resources Policy and Communications Committee on March 19, 2007. She complimented the efforts of Mr. Dick Diamond and Ms. Fiona Sanchez. Director Swan asked staff to confer with the District's patent attorney to ascertain that the patent has a good standing. On MOTION by Matheis, seconded and unanimously carried, **SUBJECT TO THE SPECIAL LEGAL COUNSEL'S ACKNOWLEDGEMENT THAT THE DISTRICT'S PATENT IS IN GOOD STANDING, AN INCREASE IN THE FISCAL YEAR 2006/2007 CAPITAL BUDGET FOR PROJECT 10553 BY \$176,000 WAS AUTHORIZED, FROM \$253,000 TO \$429,000, AN EXPENDITURE AUTHORIZATION FOR PROJECT 10553 FOR \$223,800 WAS APPROVED; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH ENTERPRISE INFORMATION SYSTEMS (EIS) IN AN AMOUNT NOT TO EXCEED \$153,950 TO IMPLEMENT PHASE II DEVELOPMENT OF THE STANDARDIZED ET DATA PROTOCOL.**

SAN DIEGO CREEK/NEWPORT BAY WATERSHED INTEGRATED REGIONAL WATER MANAGEMENT PLAN AND PROPOSITION 50 GRANT APPLICATION CONSULTANT SELECTION

Director of Water Resources Diamond reported that a significant portion of Prop 84 funds are earmarked through Section 75026 for integrated regional water management efforts focused on protecting communities from drought, improving water quality, and reducing dependence on imported water. Mr. Diamond said that project eligibility under these chapters was based on "consistency with an adopted Integrated Regional Management Plan (IRWMP)." He said that the County of Orange has led preparation of the South County IRWMP, and staff has been working with the County on a strategy to develop similar IRWMPs for central and north Orange County to provide proposition grant funding eligibility for projects in these areas. IRWD would

lead the preparation of the focused Prop 50 IRWMP, and the City would lead preparation of the broader Prop 84 IRWMP.

Mr. Diamond said that based on direction from the Committee on February 20, 2007, staff has developed a draft MOU with the County and City that will define cooperative efforts for the preparation of the San Diego Creek/Newport Bay IRWMP, including responsibilities and funding. He said that the likely schedule for additional grant applications necessitate that IRWD move quickly to prepare the focused IRWMP and that the Committee also directed staff to negotiate a sole source contract with Dudek for the preparation of the focused IRWMP.

Mr. Diamond said that staff has had detailed discussions with Dudek regarding the scope for the San Diego Creek IRWMP and Prop 50 grant application. To a significant degree, the final scope builds on information prepared for the South County IRWMP and grant application. To further streamline the effort, the scope also envisions only including projects defined in existing documents, such as master plans and capital improvement programs; “new” projects will be added through subsequent amendments to the IRWMP. Finally, the scope calls for IRWD, the County, and the City of Newport Beach to be the “Regional Water Management Group” with primary responsibility to prepare the Plan, and other watershed cities/project proponents making up a “Regional Advisory Committee.” Based on the final scope, Dudek has proposed a fee of \$217,056 for preparation of the IRWMP and Prop 50 grant application.

Director Matheis reported that this item was reviewed and approved by the Water Resources Policy and Communications Committee on February 20, 2007. On MOTION by Matheis, seconded and unanimously carried, THE ADDITION OF PROJECT 11288 TO THE FISCAL YEAR 2006/2007 CAPITAL BUDGET FOR \$319,000 WAS AUTHORIZED; AN EXPENDITURE AUTHORIZATION FOR PROJECT 11288 IN THE AMOUNT OF \$319,000 WAS APPROVED; THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONTRACT WITH DUDEK IN AN AMOUNT NOT-TO-EXCEED \$217,056; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A MEMORANDUM OF UNDERSTANDING WITH THE COUNTY OF ORANGE AND THE CITY OF NEWPORT BEACH FOR COOPERATION ON THE PREPARATION OF AN INTEGRATED REGIONAL WATER MANAGEMENT PLAN FOR THE SAN DIEGO CREEK/NEWPORT BAY WATERSHED.

HARVARD AVENUE TRUNK SEWER DIVERSION TO MWRP – EXPENDITURE AUTHORIZATION AND CONSTRUCTION AWARD

Using a PowerPoint presentation, Principal Engineer Malloy provided an overview of the project. Mr. Malloy reported that the Harvard Avenue Trunk Sewer (HATS) Diversion to Michelson Water Reclamation Plant (MWRP) project would provide an additional wastewater supply for treatment at MWRP to help meet both near- and long-term recycled water demands. The project will also greatly reduce the flow delivered to OCSD, thereby avoiding substantial wastewater treatment costs. He said that the HATS Diversion project contains the following primary components: a diversion structure near the intersection of Harvard and Main in Westpark; a gravity sewer line in Harvard from the diversion structure to the lift station; a lift station along Harvard, just west of Coronado; a force main in an existing IRWD easement on the

east side of Harvard from the lift station to a new junction structure; and a new junction structure to divert the flow into the San Diego Creek Interceptor which is a tributary to MWRP.

Mr. Malloy said that on March 6, 2007, staff received proposals from the following design/build teams: CDM and Pascal and Ludwig/Tetra Tech. He said that staff recommended that CDM be awarded the design/build contract for a negotiated amount of \$7,839,000. The engineer's estimate for the project was \$7,913,000. He further said that staff has been very satisfied with EarthTech's efforts in preparing the Request for Proposals and providing bid phase services. Due to the aggressive project schedule and the correspondingly short duration between construction award and facility startup, staff recommends that EarthTech be awarded a sole source construction phase services contract in the amount of \$90,163. Construction management and inspection will be performed by IRWD staff; EarthTech's services will be only used as needed.

On **MOTION** by Swan, seconded and unanimously carried, AN INCREASE TO THE FY 2006/07 CAPITAL BUDGET FOR PROJECT 20400 IN THE AMOUNT OF \$1,197,000, FROM \$7,812,100 TO \$9,009,100 WAS APPROVED; AN EXPENDITURE AUTHORIZATION FOR PROJECT 20400 IN THE AMOUNT OF \$8,568,000 WAS APPROVED; THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONTRACT WITH CDM CONSTRUCTORS IN THE AMOUNT OF \$7,839,000 FOR THE CONSTRUCTION OF THE HARVARD AVENUE TRUNK SEWER DIVERSION TO MWRP, PROJECT 20400; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH EARTHTECH IN THE AMOUNT OF \$90,163 FOR CONSTRUCTION PHASE SERVICES.

GENERAL MANAGER'S REPORT

General Manager Jones announced that the first public Operating Budget workshop will be held on April 9, 2007. He reported on the ACWA Advisory regarding the court ruling halting the State Pumping Operations, and said that the District's consultant, Mr. Phil Isenberg, would discuss this matter further at Friday's Strategic Planning workshop. Mr. Jones further reported on the repair activity in the Orange Park Acres' service area.

DIRECTORS' COMMENTS

Director Swan reported on his attendance at the CASA Legislative Washington, DC conference, the UCSB Energy conference and a meeting with MWD/MWDOC relative to long-range financial planning. He said that the WACO meeting was rescheduled to April 13, 2007. He also said that the Southern California Dialog Group would not be meeting this month.

Director Matheis reported on her attendance at the March 21, 2007 ACWA Legislative meeting.

President Reinhart reported on his attendance at the South County group discussing the MWDOC MSR Review as well as the Southern California Water Committee meeting.

CLOSED SESSION

President Reinhart said that the following closed session item would be held this evening:

CONFERENCE WITH LABOR NEGOTIATOR pursuant to Government Code Section 54957.6. Agency Designated Representative: Doug Reinhart; and Unrepresented Employee: Paul D. Jones II.

OPEN SESSION

The meeting was reconvened with Reinhart, Withers, Swan, Miller, and Matheis present. President Reinhart reported that in Closed Session the Board reviewed the General Manager's compensation and noted that his performance exceeded expectations since March 2006. On MOTION by Reinhart, seconded and unanimously carried, **THE GENERAL MANAGER WAS GRANTED AN 8.11% INCREASE TO HIS CURRENT BASE SALARY EFFECTIVE MARCH 1, 2007 AND THE BOARD ALSO GRANTED HIM A PERFORMANCE AWARD EQUAL TO 11.26% OF HIS CURRENT BASE SALARY.**

ADJOURNMENT

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

APPROVED and SIGNED this 9th day of April, 2007.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone