

MINUTES OF REGULAR MEETING – JULY 9, 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., July 9, 2007 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Miller (arrived at 6:21 p.m.), Matheis, Withers, Swan, and Reinhart

Directors Absent: None

Also Present: General Manager Jones, Director of Engineering Heiertz, Treasurer Loomis, Assistant General Manager Cook, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Mr. Dick Diamond, Ms. Beth Beeman, Mr. Rob Jacobson, Mr. Kevin Burton, Ms. Debby Cherney, Mr. Bruce Newell, 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 wells 1, 2, 3, 4, 5, 6, 7, C-8 and C-9, 10, 11, 13, 14, 15, 16, 17, and 18 are in operation in accordance with the District's annual pumping plan. Well 12 is undergoing rehabilitation work, and is scheduled to be back on-line July 16, 2007. The District's planned pumping for June is 4,200 AF per month. 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. On April 11, 2007, a draft annexation agreement was submitted to OCWD's Water Issues Committee with the recommendation to transmit to IRWD for review and consideration. A meeting of the OCWD/IRWD Ad Hoc Committee was held on July 6, 2007 to discuss a proposal by IRWD for advancing the construction of replenishment facilities in

conjunction with the annexation. A follow-up meeting is tentatively scheduled for July 13, 2007. It is unclear if the OCWD Board will elect to take action on the EIR and annexation agreement. This was confirmed by Mr. Jones.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED - None

CONSENT CALENDAR

On MOTION by Withers, seconded and carried (Miller absent), CONSENT CALENDAR ITEMS 3 THROUGH 7 WERE APPROVED AS FOLLOWS:

3. PLANNING AREA 6 ZONE 3-4 BOOSTER PUMP STATION PROJECT FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Planning Area 6 Zone 3–4 Booster Pump Station, project 13001; 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.

4. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the June 18, June 22, June 25, and July 2, 2007 be approved as presented.

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

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

6. ADMINISTRATIVE CLAIM FOR DAMAGES – LUTTRELL

Recommendation: That the Board approve receipt of the claim for damages from Mr. and Mrs. Richard Luttrell without action.

7. ADMINISTRATIVE CLAIM FOR DAMAGES – CALIFORNIA PIZZA KITCHEN

Recommendation: That the Board approve receipt of the claim for damages from California Pizza Kitchen without action.

ACTION CALENDAR

STRAWBERRY FARMS GOLF CLUB – FIRST REFUSAL RIGHT TO PURCHASE

The leasehold owners (Sand Canyon LLC – “SC”) of Strawberry Farms Golf Club (SFGC) have entered into an agreement to sell their interests in the golf course. The SFGC lease provides the County and IRWD with the right to purchase the leasehold interest and

improvements upon the same terms and conditions, and at the same price as any bona fide offer that is acceptable to SC. Staff is recommending that IRWD decline to exercise this first refusal right to purchase SFGC.

Director Swan said that this item was reviewed by the Asset Management Committee on May 23 and June 27, 2007. On MOTION by Swan, seconded and carried (Miller absent), **THE BOARD DECLINED TO EXERCISE THE FIRST REFUSAL RIGHT TO PURCHASE THE STRAWBERRY FARMS GOLF CLUB, AND INSTRUCTED STAFF TO NOTIFY SAND CANYON LLC OF THIS DECISION.**

ASSET OPTIMIZATION – WATERWORKS WAY PROPERTY

General Manager Jones said that staff was recommending to move forward to develop an office project on an unused portion of the District's land located adjacent to the Irvine Desalter Project treatment plant on Waterworks Way. He said that once the property was developed, the offices would be leased to businesses.

Director Withers said that this item was reviewed and approved by the Asset Management Committee on June 27, 2007. On MOTION by Swan, seconded and carried (Miller absent), **THE BOARD AUTHORIZED AN INCREASE TO THE 2007/08 CAPITAL BUDGET FOR PROJECT 11117 FOR \$5,384,500, FROM \$891,000 TO \$6,275,500; APPROVED AN EXPENDITURE AUTHORIZATION FOR PROJECT 11117 FOR \$843,200; AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH NEWPORT REAL ESTATE SERVICES FOR PROJECT/CONSTRUCTION MANAGEMENT SERVICES FOR PROJECT 11117 IN THE AMOUNT OF \$158,500; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH DESIGNWORX ARCHITECTURE TO PROVIDE ARCHITECTURAL SERVICES FOR PROJECT 11117 IN THE AMOUNT OF \$158,000.**

RATTLESNAKE AND IRVINE LAKE PIPELINE STRAINERS REPLACEMENT PROJECT CONSTRUCTION AWARD, BUDGET INCREASE, AND EXPENDITURE AUTHORIZATION

General Manager Jones said that he placed before each Director a supplemental write-up. Mr. Jones said that the project involves replacing the existing sand filters and undersized strainers for the reclaimed/non-potable water system at the Rattlesnake Reservoir Complex with new high-capacity, low maintenance units for the Rattlesnake Pipeline and the Irvine Lake Pipeline.

Director of Engineering Heiertz said that a pilot 20-inch Hellan strainer unit was installed on the Rattlesnake line in July 2005 and that the pilot unit performed extremely well without a single breakdown. Mr. Heiertz said that last year two 30-inch and one 20-inch strainers from Hellan were pre-purchased for a negotiated price of \$253,282. These units were pre-purchased due to the long lead times required by the manufacturer to custom-build and deliver the strainer units. In addition to procuring the strainer units, the

strainers were custom coated with fusion bonded epoxy coating for better corrosion protection.

Mr. Heiertz said that a bid opening for the project was held with two bids, one for \$1,251,000 from S.S. Mechanical Corporation and the other one for \$1,288,551 from Caliagua, Inc. The engineer's estimate was \$925,500 which was approximately 35% less than the low bid. A review of the engineer's estimate and discussion with S.S. Mechanical identified that the estimate was very low on the steel and concrete material costs. In addition, the estimate underestimated the level of effort for the phased construction process. Though the price received from the low bidder exceeded the engineer's estimate, the two bids were very close and within 3% of each other. He said that staff believes the price quoted for the work is fair and recommends award of the project to the low bidder, S.S. Mechanical, for the amount of \$1,251,000.

On MOTION by Withers, seconded and carried (Miller absent), THE BOARD APPROVED A BUDGET INCREASE TO THE FY 2007/08 CAPITAL BUDGET FOR PROJECT 30104 FOR \$1,244,100, FROM \$848,000 TO \$2,092,100; APPROVED AN EXPENDITURE AUTHORIZATION FOR \$1,605,900 FOR PROJECT 30104; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONTRACT WITH S.S. MECHANICAL CORPORATION FOR \$1,251,000 FOR THE RATTLESNAKE AND ILP STRAINERS REPLACEMENT, PROJECT 30104.

GENERAL MANAGER'S REPORT

General Manager Jones reported on a meeting he had this morning with Mr. Lee Pearl, the new General Manager of Mesa Consolidated Water District. Mr. Jones said that Mr. Carl Ballard was working with MWDOC to move forward on supplemental water at Irvine Lake, and that staff was planning to store additional water in the lake for future use. He said that AB 1406 – Recycled Water was moving forward to the Senate floor for review.

DIRECTORS' COMMENTS

Director Swan said he attended a SAWPA meeting where the group was attempting to solve California's water shortage problem.

President Reinhart said that he and Director Swan would be attending an upcoming OCBC Infrastructure Committee meeting. He also said that he, Director Miller and staff met with the OCWD Executive Committee in regard to the annexation. Director Miller arrived at 6:21 p.m.

In response to an inquiry by Director Swan, Director of Public Relations Beeman said that staff would be preparing a special mailing for the residents in the former Santiago County Water District area for a community tour this Fall.

Director Matheis said that she would be traveling to the east coast on vacation.

ADJOURNMENT

There being no further business, President Reinhart adjourned the meeting at 6:28 p.m.

APPROVED and SIGNED this 23rd day of July, 2007.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone