

## MINUTES OF REGULAR MEETING – AUGUST 13, 2007

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 6:16 p.m. by President Reinhart on August 13, 2007 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Reinhart, Matheis, and Miller

Directors Absent: Withers and Swan

Also Present: Assistant General Manager Cook, Director of Engineering Heiertz, Treasurer Loomis, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Ms. Beth Beeman, Mr. Kevin Burton, Mr. Rob Jacobson, Ms. Kellie Welch, Mr. Bruce Newell, Mr. Jim Carter, Ms. Mary Ann 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 it was her understanding that currently wells 1, 2, 3, 4, 5, 6, 7, C-8 and C-9, 10, 11, 12, 13, 14, 15, 16, 17, and 18 are in operation in accordance with the District's annual pumping plan. The District's planned pumping for August is 4,900 AF per month. This was confirmed by Mr. Cook, Assistant 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. Cook.

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. The follow-up meeting that was scheduled for August 3, 2007 was cancelled at the request of OCWD. To date, OCWD has not asked us to reschedule this meeting. It is unclear if the OCWD Board will elect to take action on the EIR and annexation agreement. This was confirmed by Mr. Cook.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED - None

CONSENT CALENDAR

On MOTION by Miller, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 6 WERE APPROVED AS FOLLOWS:

3. 2007/08 GENERAL COUNSEL SERVICES FOR BOWIE, ARNESON, WILES, AND GIANNONE

Recommendation: That the Board authorize execution of the engagement agreement with Bowie, Arneson, Wiles, and Giannone effective July 1, 2007 for general counsel services for a not-to-exceed amount of \$315,000.

4. QUITCLAIM OF REAL PROPERTY

Recommendation: That the Board adopt the following resolution approving execution of the quitclaim deed to Voyagers Church.

RESOLUTION NO. 2007 – 26

RESOLUTION OF THE BOARD OF DIRECTORS OF  
IRVINE RANCH WATER DISTRICT APPROVING  
EXECUTION OF THE QUITCLAIM DEED TO  
VOYAGERS CHURCH

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, Mary Aileen Matheis and John Withers.

6. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the July 23, 2007 Regular Meeting be approved as presented.

ACTION CALENDAR

Assistant General Manager Cook requested that item No. 7, VAULT FACILITIES LID REPLACEMENT PROJECT CONSTRUCTION AWARD, be referred to the August 27, 2007 Board meeting. There being no objections, this item will be pulled from the Action Calendar.

## CONSTRUCTION AWARD FOR SEDIMENT REMOVAL FROM THE SAN DIEGO CREEK

Assistant General Manager Cook reported that this project involves removing approximately 40,000 cubic yards of sediment from the San Diego Creek in-channel basins nos. 2 and 3 adjacent to the Michelson Water Reclamation Plant to increase the flood capacity of the channel.

Director of Engineering Heiertz reported that IRWD solicited bids to remove 40,000 cubic yards of sediment for this project. Mr. Heiertz said that the project was advertised to a select list of nine contractors, and that three bids were received ranging from \$1,088,150 to \$2,598,700 with the engineer's estimate at \$1,196,000. He said that staff recommends award of the project to the low bidder, CJW Construction, for \$1,088,150. CJW successfully performed the sediment removal work for IRWD in 2004, and is very familiar with the project requirements.

On MOTION by Miller, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION FOR \$1,848,100 FOR PROJECT 20735, AND AUTHORIZED THE GENERAL MANAGER TO AWARD A CONTRACT TO CJW CONSTRUCTION FOR \$1,088,150 FOR THE CONSTRUCTION OF THE SEDIMENT REMOVAL FROM SAN DIEGO CREEK IN-CHANNEL BASIN NOS. 2 AND 3, PROJECT 20735.

## LETTER AGREEMENT WITH ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT FOR DEVELOPMENT OF WATER BANKING PROJECT

Assistant General Manager Cook reported that early this year, IRWD and Rosedale Rio-Bravo Water Storage District (Rosedale) approved a term sheet outlining the principles for a long-term Water Banking Program for the integration of the Strand Ranch into Rosedale's Water Banking Program. Mr. Cook said that in addition to work on the Environmental Impact Report (EIR), staff has been working with Rosedale to prepare a Letter Agreement for the Board's approval that incorporates the earlier Term Sheet approved by both Boards, and specifies payment provisions for items such as Cross Valley Canal (CVC) capacity, turnouts and reimbursement for interim recharge ponds. The Letter Agreement has been reviewed and approved by Rosedale's legal counsel and staff, and is scheduled to go to the Rosedale Board later in August.

On MOTION by Miller, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION FOR \$502,800 FOR PROJECT 11163, AND SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY THE GENERAL MANAGER AND LEGAL COUNSEL, AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE "AGREEMENT BETWEEN ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT AND IRVINE RANCH WATER DISTRICT FOR DEVELOPMENT OF WATER BANKING PROJECT".

WATERWORKS WAY RESEARCH AND DEVELOPMENT OFFICE PROJECT –  
ENGINEER CONTRACT AWARD

In July 2007, the Board approved the construction of a Research and Development Office project (“R&D Project”) on an unused portion of the District’s land located adjacent to the Irvine Desalter Project treatment plant on Waterworks Way. In addition, the Board approved the retention of Newport Real Estate Services (NRES) as project/construction manager and DesignWorx as architect for the project.

Treasurer Loomis reported that the District’s consultant, NRES, has identified and requested proposals from three qualified candidates to provide required civil engineer services relative to construction of the R&D Project, and subdivision (parcel map) of the Waterworks Way site. Mr. Loomis said that the three firms include SP Consulting Group, Walden & Associates and Psomas, and based on the proposals submitted, NRES and staff are recommending SP Consulting Group (Tom Petersen) to provide civil engineer services for the project.

Mr. Loomis said that the Asset Management Committee has reviewed this project on a number of occasions, most recently at its meeting on June 27, 2007. He said that due to the postponement of the Asset Management Committee in August, this item was being submitted directly to the Board for approval.

On MOTION by Miller, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH SP CONSULTING GROUP FOR CIVIL ENGINEERING SERVICES FOR PROJECT 11117 IN THE AMOUNT OF \$73,300.

2008 MEDICAL INSURANCE COVERAGE RENEWAL

Assistant General Manager Cook reported that staff is recommending that the Board extend medical coverage through CalPERS medical insurance program for calendar year 2008. For the 2008 contract year, the premiums for Kaiser will increase 9.16% and premiums for Blue Shield will increase 10.06%. The PERS Care plan will decrease by 2.56% and the PERS Choice plan will increase 6.0%.

The CalPERS Board has approved the addition of two new high performance network health plans, the PERS Select PPO, and the Blue Shield NetValue HMO plan. The CalPERS 0.44% administrative rate will be decreased to 0.29% retroactive to July 1, 2007 and will remain at that rate for the 2008 calendar year. Cal PERS can also charge up to 4% for a contingency reserve fund but has not charged IRWD since 1985. There will be no contingency reserve fee charged for the 2008 calendar year.

Mr. Cook said that last year the Board elected to leave employee contributions unchanged for the PERS Choice and Kaiser plans, but increased the employee contributions for the Blue Shield and PERS Care plans. It was decided to increase the Blue Shield employee contribution by 13% in order to begin the process of bringing the District contribution for

that plan in line with the District contribution for the PERS Choice plan. The employee contributions for the PERS Care plan were also increased to a level that resulted in the District contribution for that plan being brought in line with the District contribution for PERS Choice. He said that as predicted, this resulted in the four employees who were enrolled in PERS Care moving to the PERS Choice plan, saving money for both the District and the employees. He said that the District currently has no one enrolled in the PERS Care plan. He further referred to the table in the write-up summarizing employee and employer contributions for 2008 which estimated a 7.64% increase in medical costs over projected 2007 expenses.

On MOTION BY Matheis, seconded and unanimously carried, THE BOARD AUTHORIZED THE CONTINUANCE OF THE DISTRICT'S HEALTH CARE COVERAGE WITH CALPERS FOR A TOTAL PROJECTED EXPENSE FOR FY 2007/08 OF \$3,033,586 AT THE EMPLOYEE CONTRIBUTION LEVELS RECOMMENDED BY STAFF.

#### GENERAL MANAGER'S COMMENTS

Assistant General Manager Cook commented on the almost completed educational displays located on the hallways of Board room wing.

#### DIRECTORS' COMMENTS

Director Matheis reported that she attended Loretta Sanchez' Open House last week as well as Bill Campbell's Open House today.

President Reinhart said that he recently attended two LAFCO-facilitated MWDOC MSR meetings with Mr. Paul Jones.

#### CLOSED SESSION

President Reinhart said that a Closed Session would be held with legal counsel regarding initiation of litigation – Government Code Section 54956.9(c) - involving one or more potential cases concerning the annexation to OCWD.

#### OPEN SESSION

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

#### ADJOURNMENT

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

APPROVED and SIGNED this 27th day of August, 2007.

---

President, IRVINE RANCH WATER DISTRICT

---

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

---

Legal Counsel - Bowie, Arneson, Wiles & Giannone