

MINUTES OF REGULAR MEETING – JANUARY 24, 2011

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:00 p.m. by President LaMar on January 24, 2011 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Reinhart, Matheis, LaMar, Swan, and Withers (arrived at 6:12 p.m.)

Directors Absent: None

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Planning/Water Resources Heiertz, Director of Engineering Burton, Director of Finance Cherney, Assistant Treasurer Jacobson, Secretary Bonkowski, Legal Counsel Arneson, Director of Public Affairs Beeman, Director of Operations Pedersen, Mr. Paul Weghorst, Ms. Kirsten McLaughlin, Mr. Hal Furman, Mr. Wayne Clark, Mr. Jim Clark, Mr. Dan Buhrmaster, Mr. Bruce Newell, Mr. Jim Reed, and other members of the public and staff.

WRITTEN COMMUNICATIONS: None.

ORAL COMMUNICATION:

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 C-8 and C-9, 10, 15 and 17 will operate in accordance with the District's annual pumping plan. Wells 2, 4, 5, 6, 7, 11, 12, 16, and 18 will operate a portion of the week. Wells 1, 3, 13 and 14 will be off. The District's currently planned pumping for January is 2,940 AF. 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), a Notice of Completion was approved by the OCWD Board of Directors on March 19, 2009. Metropolitan Water District has given notice to OCWD to extract 22,000 acre feet in fiscal year 2009/10. The extraction is being performed by agencies that constructed conjunctive use wells under this program. IRWD is not a participant. This was confirmed by Mr. Jones.

With respect to the OCWD annexation of certain IRWD lands, on June 5, 2009, IRWD received a letter from OCWD noting that OCWD has completed the formal responses to comments they previously received on the draft program Environmental Impact Report. The letter further noted that with this task completed, OCWD has exercised its right to terminate the 2004 Memorandum of Understanding (MOU) regarding annexation. OCWD also indicated that due to the lack of progress on the annexation issue, the draft program Environmental Impact Report will not be completed. On June 8, 2009, the OCWD completed the Long-Term Facilities Plan which was received and filed by the OCWD Board in July 2009. Staff has been coordinating with the City of Anaheim (Anaheim) and Yorba Linda Water District (YLWD) on their most recent annexation requests and has reinitiated the annexation process with OCWD. IRWD, YLWD and Anaheim have negotiated a joint MOU with OCWD to process and conduct environmental

analysis of the annexation requests. The MOU was approved by the OCWD Board on July 21, 2010. This was confirmed by Mr. Jones.

With respect to the Groundwater Emergency Service Plan, IRWD has an agreement in place with various south Orange County water agencies, MWDOC and OCWD, to produce additional groundwater for use within IRWD and transfer imported water from IRWD to south Orange County in case of emergencies. IRWD has approved the operating agreement with certain south Orange County water agencies to fund the interconnection facilities needed to affect the emergency transfer of water. MWDOC and OCWD have also both approved the operating agreement. This was confirmed by Mr. Jones.

PRESENTATION - FEDERAL ISSUES UPDATE

Mr. Hal Furman, the District's consultant, provided an overview of IRWD's efforts to seek a funding authorization for the Syphon Reservoir with the Corps of Engineers through the Water Resources Development Act. He said that he is hopeful that the project will be authorized in this session of Congress. Director Withers arrived at 6:12 p.m.

WORKSHOP – MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES VARIANCE

Using a PowerPoint presentation, Principle Engineer Malloy provided a summary of the proposed improvements provided in Variance No. 1 to modify the design from conventional-shaped digesters to egg-shaped digesters. Mr. Malloy said that the egg-shaped digesters provide a lower lifecycle cost as well as process performance, maintenance, and aesthetic benefits. As a result of the geometry of the egg-shaped digesters, the site plan will need to be revised to optimize the area available for biosolids treatment which represents \$578,000 of the total variance. He said that the variance also includes designing focused-pulsed equipment to treat the thickened waste activated sludge and designing an increased dryer, from 4,000 kg per hour to 6,000 kg per hour, in order to dry solids from both MWRP and LAW RP. The incremental construction cost resulting from all of these modifications is estimated at \$11,040,000; however, the projected 30-year lifecycle operating cost savings for the egg-shaped digesters is \$27,760,000.

Mr. Malloy reported that SOCWA's Board of Directors signed a Letter of Intent to negotiate hauling digested and dewatered sludge from SOCWA facilities to MWRP for drying which also presents an option for IRWD to truck sludge from LAW RP to MWRP for the same process. This proposal requires that sludge receiving facilities be added to the project along with upsizing the dryer system. Since both SOCWA and LAW RP solids will use the sludge-receiving facilities, the design and construction costs of this component will be shared equally between IRWD and SOCWA. For upsizing the dryer from 6,000 kg per hour to 7,000 kg per hour for the SOCWA sludge, SOCWA will also be charged the full incremental cost of the design and a share of the dryer construction equal to their reserved capacity right in this system. Mr. Malloy said that Variance No. 2 covers the costs for design and construction management of the solids receiving facilities at a cost of \$308,000 of which IRWD will be reimbursed \$154,000 of this amount from SOCWA. The cost-sharing will be addressed in a project participation agreement between IRWD and SOCWA which is currently being prepared. The incremental construction

cost for implementing solids-receiving and upsizing the solids drying facilities for SOCWA and LAWRP is estimated at \$9,810,000 of which SOCWA's share will be \$4,910,000.

Mr. Malloy then reviewed the schedule impact which will require a nine-week schedule extension for completion of final design and construction. The biosolids handling facilities will be operational and allow IRWD to cease diverting biosolids to the Orange County Sanitation District prior to their deadline of 2015.

Mr. Jim Clark and Mr. Buhrmaster of Black & Veatch were introduced to the Board. Following discussion, staff was asked to submit an item to a future Finance and Personnel Committee meeting on the cost of the facility as well as an evaluation of cost allocations for the project. On MOTION by Reinhart, seconded and unanimously carried, **THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$1,344,000 AND APPROVED VARIANCES NO. 1 AND NO. 2 IN THE AMOUNTS OF \$783,000 AND \$458,000 WITH BLACK AND VEATCH FOR THE MICHELSON WATER RECYCLING PLANT'S BIOSOLIDS AND ENERGY RECOVERY FACILITIES, PROJECT 20847.**

CONSENT CALENDAR

Director Swan asked that Consent Calendar items 8, 13 and 14 be pulled from the calendar for discussion. There being no objection, these items were moved to the Action Calendar. On MOTION by Swan, seconded and unanimously carried, **CONSENT CALENDAR ITEMS 5, 6, 7, 9, 10, 11, 12, 15, 16, AND 17 WERE APPROVED AS FOLLOWS:**

5. MINUTES OF REGULAR BOARD MEETINGS

Recommendation: That the minutes of the January 10, 2011 Regular Board Meeting, the January 14, 2011 Adjourned Regular Board Meeting, and the January 17, 2011 Regular Board Meeting be approved as presented.

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

Recommendation: That the Board ratify/approve the meetings and events for Steven LaMar, Mary Aileen Matheis, Douglas Reinhart, Peer Swan and John Withers.

7. DECEMBER 2010 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for December 2010; approve the December 2010 Summary of Wire Transfers and ACE payments in the total amount of \$14,423,437.64; and approve the December 2010 Warrants Nos. 316193 through 317039, Workers' Compensation distributions and voided checks in the total amount of \$8,574,911.74.

9. CALIFORNIA SPECIAL DISTRICTS' ASSOCIATION CALL FOR NOMINATIONS

Recommendation: That the Board nominate Mary Aileen Matheis as a Region 6 representative to the California Special Districts Association Board of Directors.

10. BAKER WATER TREATMENT PLANT DESIGN VARIANCE NO. 3

Recommendation: That the Board authorize the General Manager to execute Variance No. 3, in the amount of \$95,370, with RBF Consulting for the Baker Water Treatment Plant, project 11218.

11. MICHELSON WATER RECYCLING PLANT CLARIFIER FLIGHTS AND DRIVES REPLACEMENT – FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Michelson Water Recycling Plant Clarifier Flights and Drives replacement, project 20784; authorize the General Manager to file a Notice of Completion; and authorize the release of retention 35 days after the filing of the Notice of Completion.

12. SAN JOAQUIN MARSH CAMPUS PERIMETER WALL IMPROVEMENT - FINAL ACCEPTANCE OF FACILITIES

Recommendation: That the Board accept construction of the San Joaquin Marsh Campus Perimeter Wall Improvements, projects 20542 and 30542; authorize the General Manager to file a Notice of Completion; and authorize the release of retention 35 days after the filing of the Notice of Completion.

15. 2011 SELECTION OF FEDERAL LOBBYIST

Recommendation: That the Board approve a 24-month contract with The Furman Group for \$10,000 per month plus reimbursable direct expenses not to exceed \$276,000.

16. PLANNING AREA 18 NORTH – BUDGET INCREASE AND EXPENDITURE AUTHORIZATION

Recommendation: That the Board authorize an increase to the Fiscal Year 2010/11 Capital Budget for project 30444 in the amount of \$39,700, from \$1,760,000 to \$1,799,700; approve Expenditure Authorizations for project 10444 in the amount of \$495,400 and project 30444 in the amount of \$1,562,300 for Planning Area 18 North, projects 10444 and 30444.

CONSENT CALENDAR (CONTINUED)

17. PLANNING AREA 40 PHASE 1, BUDGET ADDITION, EXPENDITURE AUTHORIZATION AND SUPPLEMENTAL REIMBURSEMENT AGREEMENT

Recommendation: That the Board authorize the addition of project 11563 for \$229,900, project 21563 for \$231,000, and project 31563 for \$194,700 to the Fiscal Year 2010/11 Capital Budget; approve Expenditure Authorizations for project 11563 for \$229,900, project 21563 for \$231,000, and project 31563 for \$194,700; and authorize the General Manager to execute a Supplemental Reimbursement Agreement with the Irvine Community Development Company for the design and construction of the IRWD Facilities within Planning Area 40 Phase I - Cypress Village, projects 11563, 21563 and 31563.

ACTION CALENDAR

DISTRICT'S STRATEGIC MEASURES DASHBOARD

Director Swan said that relative to Exhibit A-4, the OCS D CORF flows, he asked staff to clarify all areas that are transported to the Orange County Sanitation District. On MOTION by Swan, seconded and unanimously carried, **THE DISTRICT'S STRATEGIC MEASURES DASHBOARD WAS RECEIVED AND FILED.**

HVAC CONTROL SYSTEM REPLACEMENT AT SAND CANYON HEADQUARTERS AND OPERATIONS CENTER - FINAL ACCEPTANCE OF FACILITIES

In response to Director Swan's concern relative to the original contract cost compared to the final contract cost, General Manager Jones provided an overview of the addition of the Operations Center system being included into the original project resulting in a \$333,821 increase to the original project cost. On MOTION by Swan, seconded and unanimously carried, **THE BOARD ACCEPTED THE CONSTRUCTION OF THE HVAC CONTROL SYSTEM REPLACEMENT AT SAND CANYON HEADQUARTERS AND THE OPERATIONS CENTER, PROJECTS 11074, 21074, 31074, 10611, 20611 AND 30611; AUTHORIZED FILING OF A NOTICE OF COMPLETION; AND AUTHORIZED THE PAYMENT OF THE RETENTION 35 DAYS AFTER THE DATE OF RECORDING THE NOTICE OF COMPLETION.**

2011 STATE LEGISLATIVE UPDATE

In response to Director Swan's comment on SB 34 (Simitian) recommending that the Board take an oppose position on the bill, President LaMar suggested submitting this item through a Committee for discussion. In response to Director Swan's comments on AB 19 (Fong) on sub-metering multi-family residences, President LaMar said that this bill is a work in progress and the Board should wait until the first hearing phase until the District takes a position. Relative to SB 52 (Simitian), Director Withers said he agreed with Director Swan's concerns on the bill providing financial assistance to the Sacramento Regional County Sanitation District to offset the rate increases associated with the costs of capital improvements to its regional sewage treatment plan. Following discussion, staff was asked to submit an item to the Board in March on a White Paper

on Public Goods Charges which will include a legal opinion. On MOTION, seconded and carried with LaMar, Withers, Matheis, Reinhart voting aye and Swan voting no (4-1), THE REPORT WAS RECEIVED AND FILED.

WELLS 21 AND 22 WELLHEAD FACILITIES AND PIPELINES – EXPENDITURE AUTHORIZATION AND DESIGN VARIANCE

Staff requested additional design support from RBF Consulting for coordination with City of Tustin, California Department of Public Health (CDPH) and others for the design of the Wellhead Facilities and Pipelines for the Wells 21 and 22 Project.

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$78,800, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 2 IN THE AMOUNT OF \$74,510 WITH RBF CONSULTING FOR ENGINEERING SERVICES FOR THE WELLS 21 AND 22 WELLHEAD FACILITIES AND PIPELINES, PROJECT 10286.

MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION AND FLOOD PROTECTION IMPROVEMENTS

General Manager Jones reported that the Michelson Water Recycling Plant (MWRP) Phase 2 Expansion and Flood Protection Improvements are currently being constructed by J. R. Filanc Construction Company and that two variances are required, one with HDR Engineering, Inc. for additional engineering support services, and one with DTL&V Systems Engineering for programming services.

Mr. Jones said that relative to the variance with HDR, the contractor had submitted significantly more submittals than had originally been anticipated. Many of the submittals involved were electrical and structural. The original estimate for submittals was 712 for the entire project. As of December 31, 2010, there have been 754 submittals, and an additional 228 submittals are anticipated. This item, at a budget of \$511,860, is for the engineering review of these submittals. Additionally, an arc flash analysis is required by OSHA for protection of personnel from the potential hazards of arc flash (for example, burns from the rapid release of energy due to a short-circuit event) at a cost of \$93,100.

Mr. Jones said that since February 2010, DLT&V Systems Engineering (DLT&V) has been providing SCADA programming for the MWRP Phase 2 Expansion. Variance No. 1, in the amount of \$98,389, includes: 1) converting the existing plant controls to new MWRP SCADA system. This task is budgeted for \$41,750.; 2) converting the new plant equipment to the new MWRP SCADA system. This task is budgeted for \$16,114; 3) programming the new sodium hypochlorite system into the new MWRP SCADA system. Due to phasing, this system had to be programmed in the existing MWRP SCADA system. This item was not included in DLT&V's original contract. This task is budgeted for \$12,208.; 4) write programming code for several treatment systems. The programming areas include the grit washer, MBR feed pumps, MPS-2, ultraviolet disinfection facility, and primary effluent pump station. This task is budgeted for \$12,452; 5) programming the new high rate clarifier/ES-3 vault into the new MWRP SCADA system. This item was not included in DLT&V's original contract. This task is budgeted for

\$15,865. Staff had anticipated that these tasks would be completed as part of the MWRP Phase 2 Expansion, but the items listed above were not included in DLT&V's original scope of work. These added tasks include the requirements as developed in IRWD's new SCADA Standards.

Director Swan asked that when staff prepares change orders to create a listing of the original costs versus the changed costs. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 4 IN THE AMOUNT OF \$604,960 WITH HDR ENGINEERING, INC. FOR ENGINEERING SUPPORT SERVICES DURING CONSTRUCTION FOR THE MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION, PROJECTS 20214 AND 30214; AND EXECUTE VARIANCE NO. 1 IN THE AMOUNT OF \$98,389 WITH DLT&V SYSTEMS ENGINEERING FOR SCADA PROGRAMMING SERVICES FOR MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION, PROJECTS 20214 AND 30214.

DAM MONITORING AND SURVEILLANCE – DESIGN VARIANCE EVALUATION OF SOIL FAILURES AT SYPHON CANYON DAM

On January 4, 2011, staff noticed that erosion and shallow slope sloughing had occurred near the bench on the downstream embankment slope of Syphon Canyon Dam. A field inspection was conducted with IRWD staff, Genterra Consultants, Inc. (IRWD's dam surveillance monitoring consultant), and a Division of Safety of Dams (DSOD) representative to identify the appropriate response measures. Based on the inspection, DSOD requested that IRWD perform a limited subsurface investigation to verify that the damage consists of superficial soil failures and to rule out the potential that internal seepage through the dam contributed to the problem.

On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 2 WITH GENTERRA CONSULTANTS, INC., IN THE AMOUNT OF \$86,240, TO PERFORM A LIMITED SUBSURFACE INVESTIGATION, INTERPRET THE RESULTS OF THE INVESTIGATION, AND PROVIDE RECOMMENDATIONS FOR REPAIR OF SYPHON CANYON DAM.

APPROVAL OF AGREEMENT BETWEEN THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) AND ITS MEMBER AGENCIES ON BUDGET, ACTIVITIES, CHARGES AND OTHER SERVICES

On January 6, 2011, MWDOC distributed the agreement to its member agencies and is requesting approval at this time. After MWDOC determines that a sufficient number of its member agencies have approved the agreement, the agreement will be taken to the MWDOC Board for final approval at which time it will go into effect. IRWD staff and legal counsel have reviewed the final agreement language and staff recommends approval by the IRWD Board and authorization for the President to execute the agreement.

On MOTION by Swan, seconded and unanimously carried, THE BOARD APPROVED AND AUTHORIZED THE PRESIDENT TO EXECUTE THE DECEMBER 10, 2010, AGREEMENT BETWEEN MWDOC AND ITS MEMBER AGENCIES ON BUDGET, ACTIVITIES, CHARGES, AND OTHER ISSUES.

SUPPORT FOR ALTERNATE SPECIAL DISTRICT COMMISSIONER ON THE ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION

General Manager Jones reported that on January 10, 2011, the Board voted to support Charley Wilson as a Commissioner for the Orange County Local Agency Formation Commission (LAFCO) representing Special Districts and deferred consideration of candidates for the Alternate Commissioner representing Special Districts to the January 24, 2011 Board meeting. The position of Commissioner representing Special Districts on the Orange County LAFCO Board is now open and will be filled by election at the Independent Special Districts of Orange County (ISDOC) Special Selection Committee meeting on January 27, 2011.

Mr. Jones said that IRWD received notice that four candidates have filed to run for the Alternate Commissioner position including Cheryl Brothers of Orange County Vector Control District, Joel Rattner of Rossmoor/Los Alamitos Area Sewer District, Bill VanderWerff of East Orange County Water District, and Jim Fisler of Mesa Consolidated Water District. He said staff recommends that the Board consider the candidates for the Alternate Commissioner representing Special Districts on the LAFCO Board and, if warranted, support one of the candidates.

Director Swan recommended that if there is a vacancy for the alternate position, to support Mr. Jim Fisler. Director Withers suggested that the District's representative use his best discretion at the meeting to cast a vote. Following discussion, it was the consensus of the Board to have the District's representative use his discretion at the election when casting a vote.

GENERAL MANAGER'S REPORT

General Manager Jones reported that staff has been meeting with the City of Newport Beach relative to their concerns over the conversion of fire hydrants to reclaimed water, and that he received word last week that it is now acceptable to them.

Mr. Jones reported on his attendance at a meeting last Wednesday with Supervisor Campbell, LAFCO, and Orange Park Acres (OPA) representatives to make sure that the HOA association (in OPA) was taking the lead on the conversion of septic to a sewer system. He said that IRWD will move forward with the process and that an item will be agendaized for a Finance and Personnel Committee meeting to discuss the allocation of costs along with a Plan of Works. He said that the OPA association will also be holding several community meetings to determine the level of support. He said that discussion was also held on this area being annexed to the City of Orange; however, it was determined that this would be a very long-term item.

DIRECTORS' COMMENTS

Director Reinhart reported on his attendance at a MWDOC Board meeting and that a discussion was held where they will not be supporting Mr. Charley Wilson for the open Special District seat on the LAFCO Board.

Director Withers reported that he will be attending an OCSD Board meeting this week. He said that Supervisor Campbell has resigned his seat with LAFCO and that Ms. Pat Bates will be taking his seat.

Director Swan reported on his attendance at a CASA conference last week along with Director Withers; an OCWA lunch meeting; a WACO Planning meeting; a San Joaquin Wildlife Sanctuary meeting; and an OCBC Infrastructure meeting. He said that he is planning to attend a Southern California Water Dialogue meeting this week along with a tour of the Encino Plant. He further said that additional water is being transported from the MWD system, and it would be beneficial to work with the OCWD to maximize the amount of replenishment water that can be stored into the Orange County groundwater basin. He said he would like to have a three-party agreement for this arrangement.

Director Matheis reported on her attendance at the 2011 California Water Law Symposium and thanked Mr. Paul Jones and Ms. Fiona Sanchez for providing material for her talk.

Director LaMar reported on his attendance at the Orange County Forum, a MWDOC Board meeting, and a Southern California Water Committee. He said that he will be attending a joint MWDOC/OCWD meeting this week. He thanked past President Doug Reinhart for his two years of service to the District and also thanked his fellow Board members for being elected President for 2011.

ADJOURNMENT

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

APPROVED and SIGNED this 14th day of February, 2011.

President
IRVINE RANCH WATER DISTRICT

Secretary
IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone