

MINUTES OF REGULAR MEETING – OCTOBER 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 October 24, 2011 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: LaMar, Matheis, Swan and Withers.

Directors Absent: Reinhart

Also Present: Interim General Manager Cook, Senior Director of Finance Cherney, Senior Director of Operations Pedersen, Director of Engineering Burton, Treasurer Jacobson, Secretary Bonkowski, Legal Counsel Arneson, Director of Water Resources Heiertz, Director of Public Affairs Beeman, Director of Human Resources Wells, Ms. Kirsten McLaughlin, Mr. Paul Weghorst, Ms. Fiona Sanchez, Mr. Mike Hoolihan, Mr. Wayne Clark, Mr. Jim Reed, and other members of the public and staff.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION:

Mrs. Joan Irvine Smith's assistant addressed the Board of Directors with respect to the Dyer Road Wellfield. She said it was her understanding that currently wells C-8 and C-9 will operate in accordance with the District's annual pumping plan. Wells, 1, 2, 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 15, 16, 17 and 18 will be off. This was confirmed by Mr. Cook, Interim 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. Cook.

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, 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. Cook.

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. Cook.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED - None.

PRESENTATION

Interim General Manager Cook presented a Certificate of Commendation to Mr. Don Davis, Board Member, and Mr. Kevin Chudy, Executive Director, of the Woodbridge Village Association. He said that the District has worked closely with this association since 1976 and that they are the first association to use reclaimed water use for irrigation systems and other water saving ventures.

WORKSHOP

IRVINE RANCH WATER DISTRICT'S GOALS AND PRIORITIES

Interim General Manager Cook reported that the draft 2011 IRWD Goals and Objectives were presented to the Board at its Strategic Planning Workshop on January 14, 2011. Mr. Cook said that the Board adopted these goals and objectives and used as a planning tool to focus staff's efforts throughout the year. He said that staff has included an updated version of the IRWD Target Activities Priorities List provided in the exhibits and includes changes to the Priorities List as requested by the Board on June 17, 2011. He reviewed the proposed revisions to the Priorities List. Following discussion, staff was asked to adjust four items in different tier levels and to also agendize this item for the next Strategic Planning Workshop for further discussion.

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 12 WERE APPROVED AS FOLLOWS:

5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the October 7, 2011 Adjourned Regular Board Meeting, the October 10, 2011 Adjourned Regular Board Meeting, the October 10, 2011 Regular Board Meeting, and the October 17, 2011 Special Board Meeting be approved as presented.

CONSENT CALENDAR (CONTINUED)

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, John Withers and Peer Swan.

7. STRATEGIC MEASURES DASHBOARD

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

8. SEPTEMBER 2011 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for September 2011; approve the September 2011 Disbursement Summary of Warrants Nos. 323092 through 323975 Workers' Compensation distributions, wire transfers, payroll direct deposit ACH payments, payroll withholding distributions and voided checks in the total amount of \$28,698,742.93.

9. STATE LEGISLATIVE UPDATE

Recommendation: Receive and file.

10. QUITCLAIM OF REAL PROPERTY

Recommendation: That the Board adopt the following resolution by title approving execution of a Quitclaim Deed to Kaiser Foundation Hospital.

RESOLUTION NO. 2011 - 44

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT
APPROVING EXECUTION OF THE QUITCLAIM DEED TO
KAISER FOUNDATION HOSPITAL

11. NEWPORT COAST IRRIGATION RUNOFF REDUCTION PROGRAM

Recommendation: That the Board authorize an increase of \$150,000 to the Fiscal Year 2011-12 Operating Budget from unallocated conservation revenues, and authorize the General Manager to execute an agreement with the City of Newport Beach for participation in the Newport Coast Irrigation Runoff Reduction program.

CONSENT CALENDAR (CONTINUED)

12. ORANGE PARK ACRES TRANSMISSION PIPELINES PROJECT REDUCTION OF RETENTION

Recommendation: That the Board authorize the reduction of retention from 10% to 5% of the contract amount and release of funds in excess of 5% of the contract amount from retention currently held for the Orange Park Acres Transmission Pipelines Project, project 11408 (1279).

ACTION CALENDAR

WELLS 21 AND 22 WELLHEAD FACILITIES CONTRACT CHANGE ORDER

Interim General Manager Cook reported that the construction contract for the Wells 21 and 22 Wellhead Facilities (Wellheads) was awarded to F.T. Ziebarth Company in July 2011 in the amount of \$2,183,700. The finished well sites will provide raw water for the Wells 21 and 22 Design-Build Desalter Plant currently being constructed by Pascal & Ludwig via the untreated water pipeline currently being constructed by Flatiron West. Mr. Cook said that Wells 21 and 22 Projects are receiving 25% matching funds, up to a maximum of \$11,700,000, in Title XVI funding through the United States Bureau of Reclamation from the American Recovery and Reinvestment Act of 2009.

Director of Engineering Burton reported that following the construction award, the Wells 21 and 22 video surveys were completed and some tubercle mounds were found to have re-established, primarily within the mild steel portions of each well. Mr. Burton said that based on the video survey analyses, staff and Geoscience Support Services, Inc. (Geoscience) completed limited rehabilitation and testing specifications. He said that these specifications were distributed to three well drillers: Best Drilling and Pump, Inc. (Best Drilling), Bakersfield Well and Pump Co. (Bakersfield), and Boart Longyear. He also said that cost proposals were received from Best Drilling and Bakersfield; and that Boart Longyear did not submit a proposal. Best Drilling provided the lower cost proposal in the amount of \$356,275, with Bakersfield's cost at \$362,742. Best Drilling is serving as a subcontractor to F.T. Ziebarth Company on the original contract to provide and set the submersible pumps, and staff recommends that the well rehabilitation work be performed by Best Drilling as a change order to F.T. Ziebarth Company. Staff reviewed F.T. Ziebarth Company's cost proposal, negotiated changes, and mutually agreed on the costs for the new work for a Contract Change Order No. 2 is in the amount of \$356,275.

Mr. Burton reported that Geoscience provided the hydrogeologic services for the original Wells 21 and 22 rehabilitation work completed in 2008 and also reviewed the recent video surveys. He said that due to their historic knowledge of these wells and their ongoing assistance, staff requested a proposal from Geoscience to prepare the technical specifications; solicit, obtain and evaluate the driller's rehabilitation cost proposals; field inspect the rehabilitation work at each well; and prepare a summary rehabilitation report. He further said that Geoscience's proposal is for \$55,399, and staff finds its scope and fee proposal to be reasonable and recommends awarding a Professional Service Agreement to them.

Director Withers reported that this item was reviewed and approved by the Engineering and Operations Committee on October 18, 2011.

On MOTION by Withers, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$441,000 FOR PROJECT 10286 (1081); APPROVED CONTRACT CHANGE ORDER NO. 2 IN THE AMOUNT OF \$356,275 TO F.T. ZIEBARTH COMPANY; AND AUTHORIZED THE GENERAL MANAGER TO AWARD A PROFESSIONAL SERVICES AGREEMENT TO GEOSCIENCE SUPPORT SERVICES, INC. IN THE AMOUNT OF \$55,399 FOR THE WELLS 21 AND 22 WELLHEAD FACILITIES PROJECT 10286 (1081).

WELLS 21 AND 22 DESALTER PROJECT IMPACT ANALYSIS AND MITIGATION PLAN

Interim General Manager Cook reported that the Wells 21 and 22 Mitigated Negative Declaration (MND), completed in 2009, identified the potential for drawdown impact to some of the City of Tustin's existing wells. Mr. Cook said that while processing the MND, IRWD agreed to complete an impact analysis study to quantify potential impacts and identify a mitigation plan as necessary.

Director of Water Resources Heiertz reported that staff solicited proposals for engineering services for preparation of the Wells 21 and 22 Desalter Project Impact Analysis and Mitigation Plan from Geoscience, Psomas, MWH, CDM and AKM Consulting. Mr. Heiertz said that MWH and CDM declined to submit proposals. He said that in September 2010, two proposals were received: one from Psomas and a second from a combined team of Geoscience and AKM. Staff reviewed both proposals and included staff from the City of Tustin and the Orange County Water District to develop the final recommendation. The Geoscience proposed analyzing all 13 of the City of Tustin's wells, whereas Psomas proposed only analyzing seven of the 13 wells. The selection team requested Geoscience resubmit the cost proposal for the purpose of a fair comparison. He said that the selection team recommends Geoscience be selected to complete this study based on their experience and scope of work.

Director Withers said that this item was reviewed and approved by the Engineering and Operations Committee on October 18, 2011. Following discussion, Director Swan asked that the consultant be made aware of the District's history with the five Frances Mutual wells so they can accurately perform their analysis and determine project impacts on the baseline condition to groundwater production capacity per the Tustin-IRWD cooperative agreement. Additionally, he asked staff to provide an update to the Board once the study is completed. On MOTION by Withers, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AN ENGINEERING SERVICES AGREEMENT WITH GEOSCIENCE IN THE AMOUNT OF \$99,801 FOR PREPARATION OF THE WELLS 21 AND 22 GROUNDWATER TREATMENT PROJECT IMPACT ANALYSIS AND MITIGATION PLAN, PROJECT 10286 (1081).

GENERAL MANAGER'S REPORT

Interim General Manager Cook reported that CSDA is in the process of obtaining interest for its 2012 Committees, and that to date, both Director Matheis and Ms. Kirsten McLaughlin have submitted an interest. He asked that if any other Board members are interested, to please contact the District Secretary as the deadline is Friday, October 28, 2011.

Mr. Cook said that a short tour of the District's new Medical facility currently being constructed will be held as part of the Asset Management Committee meeting, and if any other Board members are interested, it will be held tomorrow at 7:30 a.m.

DIRECTORS' COMMENTS

Director Swan reported that he attended MWDOC's Water Policy Forum, an ACWA Region 8, 9, and 10 mini-conference in San Diego which he chaired, a WACO Planning meeting, a CORO luncheon, an ACWA Water Financing Task Force meeting in Sacramento, and a Northern California Water tour.

Director Matheis reported that she met at SMWD for a Chiquita Reservoir dedication along with Director Reinhart, and that she attended a Water Education event relative to the Delta. She said that she will be attending the Shadetree Board meeting on Thursday and that she received a letter from Ms. Pat Bates for input on transportation needs in the area.

Director Withers said that he attended MWDOC's Water Policy Forum, an OCSD Board Meeting, and an NWRI Operations Committee meeting. He said that he has accepted a Board position on the Concordia Public Policy Committee which will be headed by Mr. Keith Curry.

Director LaMar reported on his attendance at a meeting with MWDOC, Building Industry Association and others, and that they are looking at options for Improvement Districts. In response to Director Swan's comment that the group should obtain legal opinions on this matter, Legal Counsel Arneson said that this is currently being analyzed.

Director LaMar said that he will be attending an NWRI Operations Committee tomorrow, an NROC Executive Committee meeting on Wednesday, and a Southern California Committee Task Force meeting on Thursday.

CLOSED SESSION

President LaMar said that a Closed Session would be held relative to Public Employee Appointment/Employment – Government Code Section 54957. Title: General Manager.

OPEN SESSION

President LaMar reported in the Closed Session on a vote of 5-0, Mr. Paul Cook was appointed as General Manager. On MOTION by Swan, seconded and unanimously carried, MR. COOK WAS AWARDED A 5% INCREASE TO HIS CURRENT SALARY AND THAT HIS CAR ALLOWANCE WAS INCREASED TO \$650 PER MONTH.

Director Withers said that he wanted to personally thank all of the internal candidates who applied as they impressed the Board. Director Swan said that the interview process was highly valuable with 50 candidates applying for the position, and that eight were interviewed by the Board. Director Matheis said that she was impressed by the quality of individuals who had applied for the position. General Manager Cook thanked the Board for his appointment, and said that he appreciated their efforts and thoroughness of this interview process.

ADJOURNMENT

There being no further business, President LaMar adjourned the meeting at 6:40 p.m.

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

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone