

## MINUTES OF REGULAR MEETING – MAY 23, 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 May 23, 2011 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Matheis, Swan, Reinhart, and LaMar

Directors Absent: Withers

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering Burton, Secretary Bonkowski, Treasurer Jacobson, Legal Counsel Arneson, Director of Operations Pedersen, Mr. Paul Weghorst, Ms. Kelly Lew, Mr. Eric Akiyoshi, Ms. Cheryl Kelly, Mr. Dean Kirk, Mr. Jim Reed, Mr. Bruce Newell, and other members of the public and staff.

WRITTEN COMMUNICATION: 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 5, 7, C-8, C-9, 10, 11, 12, 15, 15 and 17 will operate in accordance with the District's annual pumping plan. Wells 1, 2, 3, 4, 6, 13, 14, 16 and 18 will be off. The District's currently planned pumping for May is 4,645 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, 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.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED – None.

## PRESENTATION

### SCIENCE FAIR WINNERS

Ms. Cheryl Kelly presented awards to four local students for their water-related projects entered in the Irvine Unified School District Science Fair.

## WORKSHOP

### FISCAL YEAR 2011/12 DRAFT CAPITAL BUDGET

General Manager Jones reported that the projected Fiscal Year (FY) 2011/12 Capital Budget is \$114.1 million. Mr. Jones said that this item is presented for information purposes prior to the Board of Directors Capital Budget Workshop scheduled on June 13, 2011.

Using a PowerPoint presentation, Mr. Eric Akiyoshi provided an overview of the Capital Budget. Mr. Akiyoshi reviewed FY 2010/11 projected expenditures compared with actual expenditures which totaled \$104.0 million. He reviewed the top 10 project group summaries totaling \$88.7 million. Director Swan asked staff to also include additional columns noting funds expended to date and remaining budget. Mr. Akiyoshi reviewed the funding sources along with the current “flagged project” which require Board approval prior to expending additional funds. Director Swan asked that the Biosolids Facility project, Project 20847, also be included on this list. Director Reinhart said that this item was reviewed by the Engineering and Operations Committee on May 18, 2011 where they recommended Board approval. Following discussion, Mr. Akiyoshi said that this item will be submitted to the Board for consideration and adoption on June 13, 2011.

## CONSENT CALENDAR

Director Swan asked that item No. 11 be moved to the Action Calendar for discussion. There being no objection, this item was moved as recommended. On MOTION by Swan, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 10 AND 12 THROUGH 14 WERE APPROVED AS FOLLOWS:

CONSENT CALENDAR (CONTINUED)

5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the May 9, 2011 Regular Board Meeting be approved as presented.

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

Recommendation: Ratify/approve the meetings and events for Steven LaMar, Douglas Reinhart, and Peer Swan as delineated above.

7. APRIL 2011 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for April 2011; approve the April 2011 Summary of Wire Transfers and ACH payments in the total amount of \$11,380,142.82; and approve the April 2011 Warrants Nos. 319297 through 319955, Workers' Compensation distributions and voided checks in the total amount of \$10,067,674.50.

8. DISTRICT STRATEGIC MEASURES DASHBOARD

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

9. UPCOMING PROJECTS STATUS REPORT

Recommendation: Receive and file.

10. 2011 STATE LEGISLATIVE UPDATE

Recommendation: That the Board take a *Watch* position on AB 403 (Campos), and take a *Support* position on AB 964 (Huffman), an *Oppose* unless amended position on SB 46 (Correa), and an *Oppose* position on the April 15, 2011 amendments to AB 134 (Dickenson), AB 506 (Wiecowski), and SB 474 (Evans).

12. RATIFICATION OF PROPOSED BY-LAWS FOR THE ORANGE COUNTY SPECIAL DISTRICT SELECTION COMMITTEE

Recommendation: That the Board approve the draft by-laws for the Orange County Special District Selection Committee.

## CONSENT CALENDAR (CONTINUED)

### 13. MICHELSON WATER RECYCLING PLANT BIOSOLID AND ENERGY RECOVERY FACILITIES - VARIANCE NO. 6

Recommendation: That the Board approve Variance No. 6 to the Black & Veatch Engineering Services Agreement in the amount of \$87,500 to complete the biogas utilization validation study for the MWRP Biosolids and Energy Recovery Facilities, project 20847.

### 14. VARIANCE REQUEST FOR STRAND RANCH RECOVERY FACILITIES DESIGN

Recommendation: That the Board approve Variance No. 4 to the Professional Services Agreement with Kennedy/Jenks Consultants in the amount of \$75,246 for additional meetings, enhanced outside agency coordination and additional design services.

## ACTION CALENDAR

### PROJECT GREENFILL COOPERATIVE AGREEMENT

General Manager Jones reported that in an effort to promote sustainability, reduce trash and plastics in the waste stream and promote water quality, staff collaborated with Orange County Parks (County) to develop Project GreenFill, a plan to install water bottle filling stations in appropriate community locations throughout the service area. Mr. Jones said that it is estimated that District costs associated with this initial partnership for the two water bottle filling stations at Mason Park will be approximately \$15,000 and funded with undesignated over-allocation funding. Once the Mason Park installations are complete, staff will continue to work with the Orange County Parks to refine a list of proposed Project GreenFill stations in other park facilities.

Director Matheis reported that this item was reviewed by the Water Resources Policy Committee meeting on May 17, 2011 and they recommended Board approval. She said that the County asked the District for support and this would be a good opportunity for the District. Director Swan raised concerns noting that if the faucet is not used on a regular basis, water in the pipe could become stagnant and because of this, he was reluctant to support this project. General Manager Jones said that the facility at Mason Park was selected as it is a high traffic area so the faucet would be used on a regular basis. Director Reinhart suggested contacting the Health Department for a recommendation. Mr. Jones said that the County will maintain the facility and staff can recommend regular clearing of these valves. Legal Counsel Arneson said that the agreement could be edited to include cross indemnification language and elaborate on the County of Orange's responsibilities. Director Swan said he would not want IRWD logos placed at the stations. Following discussion, it was the consensus of the Board to refer this item back to Committee.

## EPA WATERSENSE PROGRAM

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD OPPOSED THE ENVIRONMENTAL PROTECTION AGENCY'S DEVELOPMENT OF DRAFT EFFICIENCY AND PERFORMANCE SPECIFICATIONS FOR RESIDENTIAL CATION EXCHANGE WATER SOFTENERS AND AUTHORIZED JOINING COALITION EFFORTS AGAINST THE DEVELOPMENT OF WATERSENSE STANDARDS FOR SELF-REGENERATING WATER SOFTENERS.

## PROPOSAL TO PROVIDE CROSS-CONNECTION AND BACKFLOW PREVENTION SERVICES TO THE CITY OF SAN JUAN CAPISTRANO

General Manager Jones reported that the City of San Juan Capistrano contacted staff to discuss plans to outsource its Cross-Connection and Backflow Prevention Program (Program) to improve efficiency and ensure that routine work such as the annual testing of approximately 1,300 backflow prevention devices is completed in a timely manner. Mr. Jones said this program would be similar to what the District has provided to the City of Tustin which includes issuing backflow prevention device test request notices, sending follow-up notices to customers who do not respond, reviewing backflow prevention device test results, performing site inspections, submitting periodic reports on the status of the program and providing program record keeping. He said that this program has been very successful and proven to be beneficial for both the City of Tustin and IRWD.

Mr. Jones said that based upon the city of San Juan Capistrano's request, staff would provide: (1) start-up services; (2) on-going program administration; (3) inspection services; and (4) documentation and reporting. The first year cost of the program would be \$44,100, including \$6,000 for one-time start-up services, \$32,500 for on-going program administration (based upon 1,300 assemblies at \$25/assembly/year), and \$5,600 for documentation and reporting. The on-going annual cost for the program is estimated to be \$38,100. The initial term for the agreement is five years, with provisions for renewal by mutual agreement by the parties. At the end of the initial term or subsequent renewals, IRWD may adjust program fees, as appropriate.

Director Reinhart reported that this item was reviewed at the Engineering and Operations Committee on May 18, 2011. In response to Director Swan's concerns relative to staffing, Mr. Jones said that the District would have to outsource staffing if necessary. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED THE TERMS AND CONDITIONS FOR IRWD TO PROVIDE CROSS-CONNECTION AND BACKFLOW PREVENTION SERVICES TO THE CITY OF SAN JUAN CAPISTRANO AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSULTANT SERVICES AGREEMENT WITH THE CITY OF SAN JUAN CAPISTRANO SUBJECT TO 1) ADDING LANGUAGE ALLOWING FOR INSPECTION SERVICES BY A THIRD PARTY IF NECESSARY, AND 2) LEGAL COUNSEL REVIEW.

ORANGE PARK ACRES TRANSMISSION PIPELINE PROJECT CONTRACT CHANGE ORDER NO. 9

General Manager Jones reported that construction of the Orange Park Acres (OPA) Transmission Pipeline Project (Project) was awarded to Leatherwood Construction, Inc. (Leatherwood) in October 2010 in the amount of \$6,786,397. This project will replace the existing riveted steel pipeline installed in 1929 that has experienced repeated failures, and will improve fire flow water system pressure to the Orange Park Acres area.

Director of Engineering Burton reported there were several changes in the field which required an additional change order. He said that Change Order No. 9 in the amount of \$264,882 includes the following Change Requests (CR): 1) Substitute gate valves for butterfly valves at four locations (CR-01); 2) Demolish and reconstruct retaining walls and a 500 foot long, steep, private concrete drive to install a 16-inch pipeline in alternate property easement (CR-09); 3) Add 4-inch outlet and 1-inch service for irrigation connection to corner monument project site (CR-10); 4) Modifications and deletions to tie-ins and sloped pipe on open-space lot (CR-11); 5) Construct 300 feet of 16-inch pipe in tight quarters on private drive (CR-12); 6) Delete OPA Reservoir connection and modify pipe and services (CR-13); and 7) Construct additional fire hydrant assembly, air-vac and service in easement on private property (CR-15). Mr. Burton said that staff reviewed Leatherwood's cost proposals, negotiated changes, and believes Leatherwood's final costs are appropriate and reasonable.

Director Reinhart reported that this item was reviewed at the Engineering and Operations Committee on May 18, 2011. On MOTION by Reinhart, seconded and unanimously carried, **THE BOARD APPROVED CONTRACT CHANGE ORDER NO. 9 WITH LEATHERWOOD CONSTRUCTION, INC. IN THE AMOUNT OF \$264,882 FOR THE ORANGE PARK ACRES TRANSMISSION PIPELINE PROJECT, PROJECT 11408.**

WELLS 21 AND 22 DESALTER PROJECT PIPELINES AND WELLHEAD FACILITIES EXPENDITURE AUTHORIZATION, VARIANCE, AND CONSULTANT SELECTIONS

Director of Engineering Burton reported that staff is proceeding with the implementation of the Wells 21 and 22 Project. Mr. Burton said that on April 25, the Board awarded Flatiron West, Inc. the construction contract for the Wells 21 and 22 Desalter Project Pipelines. The final construction contract for the Wells 21 and 22 Wellhead Facilities will be bidding in June 2011.

Mr. Burton said that several additional design tasks have been required for the coordination with the City of Tustin (Tustin), Orange County Flood Control District (OCFCD), Orange County Sanitation District (OCSD), and others for the design of the pipelines and wellhead facilities for this project. He said that changes included relocating the product water pipeline from the Peters Canyon Bridge on Edinger to the adjacent flood control channel, replacing sections of existing Tustin water pipelines at crossings with the untreated water pipeline, traffic control, working hours, and paving limits. The product water pipeline alignment change requires an additional OCFCD permit and coordination. Tustin also required the District to work with OCSD to include the Gisler-Red Hill Interconnect Project with the IRWD pipeline work to limit traffic and paving impacts to the surrounding community. The OCSD Interconnect Project will include the construction of new and modified manholes to interconnect the Edinger and Red Hill interceptor

and trunk sewers. RBF also performed additional coordination with BNSF and OCTA to finalize license agreements for bore and jack operations under existing railroad tracks.

Mr. Burton said that RBF's Variance No. 3 request summarizes the additional work items in the amount of \$59,250 for the design related activities. Additionally, staff requested RBF Consulting include additional construction support services in this variance. Staff has negotiated the scope and fee with RBF and finds that the \$124,250 additional construction phase engineering services is acceptable. Staff recommends the execution of Variance No. 3 with RBF Consulting in the total amount of \$183,500, including both the additional design and construction services.

Mr. Burton said that staff requested proposals from GMU, NMG, and Ninyo and Moore to provide construction phase geotechnical services for which include field geotechnical observation services, field and laboratory testing, meeting attendance, and report preparation. The NMG and Ninyo and Moore proposals demonstrated a level of service that was consistent with staff's expectations, while GMU's proposal demonstrated a level of effort that was significantly less than anticipated. He said that based on previous successful work with IRWD and the competitive hourly fee for the proposed services, staff recommends that a Professional Services Agreement for construction phase geotechnical services be awarded to Ninyo and Moore in the amount of \$70,274.

Mr. Burton said that staff requested proposals from Bush & Associates, Guida Surveying, and Borchard Surveying to provide construction phase surveying services which include staking for all pipelines, appurtenances, facilities, and structures, potholing, and meeting attendance. Borchard Surveying and Bush & Associate's proposals demonstrated a level of service that was consistent with staff's expectations, while Guida Surveying's proposal demonstrated a level of effort that was significantly less than anticipated. Based on previous successful work and the competitive hourly fee for the proposed services, staff recommends that a Professional Services Agreement for construction phase surveying services be awarded to Borchard Surveying in the amount of \$109,885.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on May 18, 2011. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$388,500; AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 3 IN THE AMOUNT OF \$183,500 WITH RBF CONSULTING FOR DESIGN AND ENGINEERING CONSTRUCTION SUPPORT SERVICES; AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$70,274 WITH NINYO AND MOORE FOR CONSTRUCTION PHASE GEOTECHNICAL SERVICES; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$109,885 WITH BORCHARD SURVEYING FOR CONSTRUCTION PHASE SURVEYING SERVICES FOR THE WELLS 21 AND 22 DESALTER PROJECT PIPELINES AND WELLHEAD FACILITIES, PROJECT 10286.

WATER SUPPLY ASSESSMENT FOR HERITAGE FIELDS (PLANNING AREAS 30 AND 51) AND VERIFICATION OF SUFFICIENT WATER SUPPLIES FOR TENTATIVE TRACT NOS. 17283, 17364, 17366, 17368 AND 17202 (PLANNING AREA 51)

General Manager Jones reported that the City of Irvine's proposed Heritage Fields project is the current designation of the former Orange County Great Park proposed development. This project is located within Planning Areas 30 and 51 on the former MCAS El Toro Base.

Principle Engineer Hoolihan reported that a Water Supply Assessment (WSA) for the Orange County Great Park project was completed on January 27, 2003. This prior WSA included 3,625 dwelling units within the Planning Areas 30 and 51; however, the current WSA request includes an additional 1,269 units for a total of 4,894 units. The proposed changes also include the addition of one 1,000-student school. As a result of the proposed changes in dwelling units and increase in water demand, a new WSA has been completed.

Mr. Hoolihan said that the water supply verification (WSV) for the requested tract maps is based on the WSA and contains IRWD's determination that a sufficient water supply is available. This reflects IRWD's confirmation that the project water demands, together with demands from any other developments that have previously received a WSV, will-serves or other approvals by IRWD, are in the aggregate within the demands identified by the WSA. In addition to reliance on this WSA, the WSV law requires several elements not covered or required in water supply assessments. These elements are primarily covered in Sections 1(b)(ii), 1(b)(iii), and 1(b)(iv) of the "Detailed Verification" section of the WSV.

On MOTION by Matheis, seconded and unanimously carried, THE BOARD APPROVED THE WATER SUPPLY ASSESSMENT FOR PLANNING AREAS 30 AND 51 AND VERIFICATION OF SUFFICIENT WATER SUPPLIES FOR TENTATIVE TRACT NOS. 17283, 17364, 17366, 17368 AND 17202 IN PLANNING AREA 51.

RECONSIDERATION OF THE AGREEMENT BETWEEN MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) AND ITS MEMBER AGENCIES ON BUDGET, ACTIVITIES, CHARGES AND OTHER SERVICES AS APPROVED BY THE IRVINE RANCH WATER DISTRICT BOARD ON JANUARY 24, 2011

General Manager Jones reported that the agenda was amended to include this item prior to the 72-hour posting time limit. Mr. Jones said that on January 24, 2011, the Board approved and authorized the President to execute the December 10, 2010 agreement between Municipal Water District of Orange County (MWDOC) and its member agencies on budget, activities, charges and other issues. He said that in light of recent activity by the Committee who drafted the original December 10, 2010 agreement, as well as the email correspondence from Mr. David Cordero from MWDOC, Director Swan asked that this item be discussed.

Discussion was held relative to the recent activity by the Committee who amended the December 10, 2010 agreement without member agency input or involvement which the Board found troublesome. Following discussion, General Manager Jones was asked to contact member agencies to determine if other Boards are taking any action as a result of this activity. Also, staff was asked to prepare a letter for President LaMar's signature inviting MWDOC representatives to attend a Board meeting to discuss this issue. Swan MOVED, and it was seconded TO



RECONSIDER AND HAVE ENTERED ON THE MINUTES WITH THE EFFECT OF SUSPENDING ALL ACTIONS AUTHORIZED BY THE VOTE ON JANUARY 24, 2011 MOTION TO APPROVE AND AUTHORIZE THE PRESIDENT TO EXECUTE THE DECEMBER 10, 2010 AGREEMENT BETWEEN MWDOC AND ITS MEMBER AGENCIES ON BUDGET, ACTIVITIES, CHARGES AND OTHER ISSUES.

#### GENERAL MANAGER'S REPORT

General Manager Jones reported that the Department of Water Resources released its first phase of Proposition 84 funds and that IRWD will be receiving \$1 million for its Well 21 and 22 project.

Mr. Jones said that he attended South Orange County Wastewater Authority's (SOCWA) May 17<sup>th</sup> Board meeting where its Board approved the Biosolids joint agreement. He said that each member agency is also required to obtain Board approval as a separate agreement. He also said that on May 20<sup>th</sup>, Santa Margarita Water District's (SMWD) Board voted against approval as they were concerned with the reallocation of costs. Additionally, he said that SMWD has ownership in its own biosolids facility at the Chiquita plant. Mr. Jones said that he spoke with Mr. Gumerman of Moulton Niguel Water District and this item will go before its Board the second week of June. Also, he said that during the SOCWA Board meeting, it was the consensus of the members present that the agreement would receive Board approval (with the exception of SMWD).

Mr. Jones further reported that AB 741 is scheduled to be heard before the Senate and Government Committee on June 8<sup>th</sup>.

Mr. Jones reported that he and staff attended a one-hour review of the Orange County Grand Jury report on compensation for Board Members and General Managers of water and sanitation districts.

#### DIRECTORS' COMMENTS

Director Reinhart reported on his attendance at the ACWA conference in Sacramento, a WateReuse conference, an Orange County Summit, a MWDOC Board meeting, and a WateReuse Board meeting.

Director Swan reported on his attendance at an ACWA conference; a dinner meeting with Buena Vista Water Storage District and Rosedale-Rio Bravo Water Storage District relative to water banking, a WACO meeting, and an OCWD Board meeting. He said that he plans to attend a Water Dialogue meeting on Wednesday. He asked the Board to support him for ACWA's Vice President seat on Region 10. Additionally, he asked that the Board meeting be adjourned in memory of Mr. Tom Woodruff, legal counsel for the Orange County Sanitation District. He said services will be held at St. John's Episcopal Church on June 4<sup>th</sup>.

CLOSED SESSION

President LaMar said that a Closed Session would be held as follows:

CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO (Government Code Section 54957.6)

Agency designated representative: Steven LaMar  
Unrepresented employee: Paul D. Jones II

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors Swan, Reinhart, Matheis and LaMar present. President LaMar said that tonight's Closed Session item will be discussed further at another Board meeting.

ADJOURNMENT

There being no further business, Director LaMar adjourned the Board meeting adjourned in memory of Mr. Tom Woodruff.

APPROVED and SIGNED this 13th day of June, 2011.

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President, IRVINE RANCH WATER DISTRICT

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Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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Legal Counsel - Bowie, Arneson, Wiles & Giannone