

MINUTES OF REGULAR MEETING – AUGUST 22, 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 August 22, 2011 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Withers, LaMar, Matheis, Swan, and Reinhart

Directors Absent: None.

Also Present: Interim General Manager Cook, Senior Director of Finance Cherney, Senior Director of Operations Pedersen, Director of Engineering Burton, Secretary Bonkowski, Assistant Secretary Savedra, Treasurer Jacobson, Legal Counsel Arneson, Director of Water Resources Heiertz, Director of Wastewater Operations Posey, Director of Water Quality Hills, Mr. Steve Malloy, Mr. Jeff Smyth, Ms. Kirsten McLaughlin, Mr. Dan Buhrmaster, 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

PARTNER COMMENDATION

In celebration of the District's 50th anniversary, Interim General Manager Cook presented Certificates of Commendation to Mayor Peter Herzog of the City of Lake Forest and Mayor Jerry Armante of the City of Tustin. Mr. Cook said that the City of Newport was unable to attend this evening's recognition event.

CONSENT CALENDAR

On MOTION by Matheis, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 21 WERE APPROVED AS FOLLOWS:

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the August 8, 2011 Regular Board Meeting be approved as presented.

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

Recommendation: That the Board approve the meetings and events for Steven LaMar, Mary Aileen Matheis, and John Withers.

6. DISTRICT STRATEGIC MEASURES DASHBOARDS

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

7. 2011 FEDERAL LEGISLATIVE UPDATE

Recommendation: That the Board adopt a Support position on House Resolution 2599 (Hayworth-NY).

CONSENT CALENDAR (CONTINUED)

8. JULY 2011 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for July 2011; and approve the July 2011 Disbursement Summary of Warrants Nos. 321390 through 322229, Workers' Compensation distributions wire transfers, payroll direct deposit ACH payments, payroll withholding distributions and voided checks in the total amount of \$24,318,135.84.

9. AMENDED AND RESTATED REMARKETING AGREEMENT

Recommendation: That the Board adopt the following resolution by title authorizing execution of Amended and Restated Remarketing Agreement (Consolidated refunding Series 2008A).

RESOLUTION NO. 2011-38

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT AUTHORIZING
EXECUTION OF AMENDED AND RESTATED REMARKETING
AGREEMENT (CONSOLIDATED REFUNDING SERIES 2008A)

10. CORRECTION TO RESOLUTION 2011-16 ADOPTING CALPERS CONTRIBUTION RATES FOR SENIOR MANAGEMENT STAFF

Recommendation: That the Board adopt the following resolution by title correcting Resolution No. 2011-16 on Employee Paid Member Contributions (for Senior Management staff).

RESOLUTION NO. 2011-39

RESOLUTION OF THE BOARD OF
DIRECTORS OF THE IRVINE RANCH WATER DISTRICT,
ORANGE COUNTY, CALIFORNIA CORRECTING
RESOLUTION 2011-16 ON EMPLOYER PAID
MEMBER CONTRIBUTIONS
(FOR SENIOR MANAGEMENT STAFF)

11. UPCOMING PROJECTS STATUS REPORT

Recommendation: Receive and file.

CONSENT CALENDAR (CONTINUED)

12. EAST IRVINE ZONE 3 RESERVOIR PHOTOVOLTAIC SYSTEM –
FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the East Irvine Zone 3 Reservoir Photovoltaic System, project 11367 (1006); authorize filing of a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

13. NEWPORT COAST AREA PIPELINES CATHODIC PROTECTION
UPGRADES CONTRACT CHANGE ORDER AND FINAL ACCEPTANCE

Recommendation: That the Board approve Contract Change Order No. 3 with American Construction and Supply, Inc. in the credit amount of <\$240,417.>; accept construction of the Newport Coast Area Pipelines Cathodic Protection Upgrades, project Nos. 10917 (1664), 20410 (1665) and 30917 (1474); and authorize payment of the retention 35 days after the date of recording the Notice of Completion.

14. DOMESTIC WATER BOOSTER PUMP STATIONS ROOF REPLACEMENT
FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Domestic Water Booster Pump Stations roof replacement, project 11359 (1809); 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.

15. CENTRAL ZONE 1 RESERVOIR EXTERIOR PAINTING FINAL
ACCEPTANCE

Recommendation: That the Board accept the repainting of the Central Zone 1 Reservoir, project 11025 (1807); authorize filing of a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

16. DEEP AQUIFER TREATMENT SYSTEM BUILDING UPGRADE AND
ROOF REPAIR REPLACEMENT FINAL ACCEPTANCE

Recommendation: That the Board accept the construction of the Deep Aquifer Treatment System Roof Replacement, project 11287 (1835); authorize filing of a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

CONSENT CALENDAR (CONTINUED)

17. CATHODIC PROTECTION MONITORING CONSULTANT SELECTION FOR FISCAL YEARS 2011-12 AND 2012-13

Recommendation: That the Board authorize the General Manager to award a Professional Services Agreement to RBF Consulting for \$173,460 for the Cathodic Protection Monitoring project for Fiscal Year 2011-12 and Fiscal Year 2012-13.

18. ON-CALL CEQA/NEPA PROFESSIONAL SERVICES AGREEMENT VARIANCE NO. 3

Recommendation: That the Board authorize the General Manager to execute Variance No. 3 to the On-Call CEQA/NEPA Professional Services Agreement with ICF International in the amount of \$30,000 to provide additional supplemental environmental review work related to projects previously performed by ICF International.

19. CONTRACT CONSTRUCTION INSPECTION SERVICES

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with Tetra Tech, Inc. in the amount of \$200,000 for on-call construction inspection services.

20. FISCAL YEAR 2011/12 WATER QUALITY PLANNING RESERVES - BUDGET AND EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board approve Expenditure Authorizations in the amount of \$107,300 for project 11576 (1253); \$52,300 for project 21086 (1595); and \$95,300 for project 30357 (1725).

21. NOMINATION OF CANDIDATES FOR THE POSITION OF PRESIDENT AND VICE PRESIDENT FOR THE ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)

Recommendation: That the Board support the nomination of Randy Record of Eastern Municipal Water District for President and John Coleman of East Bay Municipal Water District for Vice President and direct staff to prepare a letter of support for these candidates.

ACTION CALENDAR

FISCAL YEAR 2011-12 IRVINE LAKE OPERATIONS, MAINTENANCE AND CAPITAL BUDGET

Senior Director of Operations Pedersen reported that staff met with Serrano Water District on July 6, 2011 to discuss the expected FY 2011-12 budgetary needs for the on-going operation and maintenance of Irvine Lake and Santiago Creek Dam. Mr. Pedersen said that the proposed Budget

is \$377,000 which is \$45,000 less than the FY 2010-11 budget primarily due to the current schedule and phased approach for the updated seismic study for the dam. SWD is responsible for the remaining 25 percent of the costs equaling \$105,500.

Mr. Pedersen said that the following items are included in the proposed Budget: 1) continued implementation of the Quagga Mussel Monitoring and Control Plan, including an underwater investigation of the inside of the outlet tower; 2) updated seismic study for the dam including evaluation of an alluvium unit underlying the dam, in response to a request by the Division of Safety of Dams (DSOD); 3) location of the “terrace fault” and evaluation of its potential impact on the dam during an earthquake, which is also in response to a request by the DSOD; and 4) asphalt concrete pavement repairs and maintenance for the access roads.

Director Swan reported that this item was reviewed by the Serrano/IRWD Ad Hoc Committee and the Committee recommended approval. He also noted the outstanding issues relative to Irvine Lake which are ongoing.

Following discussion, on MOTION by Matheis, seconded and unanimously carried, THE BOARD APPROVED THE IRVINE LAKE OPERATIONS, MAINTENANCE AND CAPITAL BUDGET, INCLUDING \$282,750 FOR IRWD’S PROPORTIONATE SHARE OF THE COSTS AND \$94,250 FOR SERRANO WATER DISTRICT’S PROPORTIONATE SHARE OF THE COSTS.

RESERVOIR MANAGEMENT SYSTEM MIXING SYSTEM UPGRADE PROJECT

Senior Director of Operations Pederson reported that Reservoir Management System (RMS) units were installed in nine of the District’s domestic water system reservoirs between October 2008 and February 2009 to address numerous nitrification events in the reservoirs. The units consist of mixing pumps, chlorine analyzers and ammonia and chlorine feed systems to boost the chloramines residual in the reservoirs. Mr. Pedersen said that overall, the RMS units have performed exceptionally well and substantially reduced the frequency of nitrification events in the water distribution system; however, a number of reservoirs have experienced inadequate mixing which results in an uneven distribution of disinfectant and occasional slugs of water with both higher and lower than normal chlorine residuals. He said that this project involves upgrading the mixing system in the affected reservoirs to ensure an even distribution of disinfectant.

Mr. Pedersen said that staff performed research on reservoir mixing systems and learned that Newhall County Water District had experienced excellent results with the Vortex Reservoir Recirculation System (Vortex System) produced by Superior Water Technologies. The Vortex System consists of a mixing pump mounted on the roof of the reservoir that supplies water to three horizontally-oriented jets suspended in the reservoir by stainless steel piping. Staff performed a site inspection of the Vortex System installed for Newhall County Water District and was impressed with its performance. He said that staff contacted Superior Water Technologies and negotiated to perform a no-cost, six-month pilot test of the Vortex System at the 7.0 million gallon East Irvine Zone 3 Reservoir. This reservoir was selected because it was equipped with an RMS unit and had experienced three episodes of high disinfectant residual in 2010. The pilot test ran for seven months and during that period, the Vortex System along with the existing RMS unit chemical feed system, maintained a very consistent disinfectant residual in the reservoir. Additionally, the

chlorine residual in the reservoir was significantly more consistent than that of the adjacent 5.0 million gallon reservoir which remained in operation with the submersible mixing system and experienced several episodes of abnormal disinfectant residual.

Mr. Pedersen said that in order to validate the field results, staff arranged for Flow Science, Inc. to perform a computational fluid dynamics (CFD) analysis of the mixing systems. The work consisted of constructing a CFD model of the 7.0 million gallon East Irvine Zone 3 Reservoir and evaluating the degree of mixing in the reservoir under the following three scenarios: 1) no mixing system, 2) the original submersible pump mixer, and 3) a Vortex System. The CFD results indicated that the Vortex System is superior and produced the most rapid tracer concentration distribution in the reservoir. Based on the need for improved mixing equipment at certain IRWD reservoirs and the excellent performance of the Vortex System, staff recommends the purchase and installation of the Vortex Systems at the District's RMS-equipped reservoirs that have experienced abnormal disinfectant residuals (5.0 million gallon East Irvine Zone 3, 7.0 million gallon East Irvine Zone 3, Lomas Valley, Santiago Hills, Lake Forest Zone 2 East, Orchard Hills, and Williams).

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on August 16, 2011. Following Director Swan's suggestion that staff share our experiences on the mixing system and report from Flow Sciences with other water agencies relative to their reservoir management systems, Mr. Pedersen said that staff could prepare a technical article on the matter. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$360,100 FOR THE RESERVOIR MANAGEMENT SYSTEM (RMS) MIXING SYSTEM UPGRADES, PROJECT 11586 (1306); AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A SOLE-SOURCE PURCHASE OF SEVEN VORTEX RESERVOIR RECIRCULATION SYSTEMS FROM SUPERIOR WATER TECHNOLOGIES FOR \$358,150.

TUSTIN RANCH ROAD PROJECT – REIMBURSEMENT AGREEMENT WITH TUSTIN COMMUNITY REDEVELOPMENT AGENCY

Interim General Manager Cook reported that in February 2008, the Board authorized the execution of a Reimbursement Agreement (RA) with the Tustin Legacy Community Partners for the design and construction of capital improvements within the Tustin Legacy development. The engineering design was initiated soon after, but not completed because the developer, Shea Properties, withdrew from the project. Tustin Community Redevelopment Agency (TCRA) is now completing the contract documents for the street improvement of Tustin Ranch Road (CIP 70100). As part of the project, the District facilities will be constructed including 5,900 lineal feet (LF) of domestic water, 5,200 LF of sewer, and 10,300 LF of recycled water pipelines. The TCRA will construct the project in two phases: 1) grading and storm drain improvements, and 2) street improvements including IRWD facilities and dry utilities. Since the storm drain and IRWD facilities will be constructed in separate phases, the shared dewatering cost issue experienced in a previous City of Tustin project (sewer construction by SEMA), is eliminated. Separate dewatering costs will be included with the work items for each utility system (storm drain, domestic water, sewer, etc.).

Director of Engineering Burton reported that the design and construction of the IRWD facilities will be completed under an RA with TCRA. Mr. Burton said to avoid a repeat of the dewatering issue

encountered on the previous Tustin Legacy and The District projects, staff reviewed the documented lessons learned from those previous projects and incorporated the following improvements into the RA: 1) Clearer language is included in the RA on the costs for design revisions and construction change orders, such that if TCRA requests or initiates any revision to the plans and specifications that affects IRWD facilities, the cost of any such revision is borne by TCRA; 2) a design revision or construction change order or increase in the quantity of any unit price item over the bid quantity involving IRWD facilities will be considered null and void unless it is approved by IRWD in advance of proceeding with the work. In this way, the RA is structured so that IRWD is fully in charge of its own work and has a direct role in contract negotiations; 3) IRWD will have 10 calendar days to review and approve the IRWD bid items submitted by TCRA's proposed successful bidder. Should IRWD not approve the bid and terminate the RA with written notice, IRWD will be able to install the capital facilities with its own contractor in conjunction with, and in cooperation with, TCRA's project and within reasonable timeframes; and 4) the administration fee of 4% of the actual cost of construction will cover all costs of the project administration for the IRWD facilities including, but not limited to, accounting, inspection, construction administration, submittal review, permits and rights-of way, surveying, geotechnical, bonds, insurance, and all other items not specifically included in the bid schedules for the IRWD facilities.

Mr. Burton said that the City awarded the construction contract for Phase 1 of the project to Sandoval Pipeline Engineering on August 2, 2011 with a construction completion date of February 2012. He said that the Phase 2 Improvement plans that include the IRWD facilities are currently in IRWD's plan check process. Approval of the improvement plans will likely take place by the end of August; however, the project specifications have yet to be submitted to IRWD for its initial review. The City Council will approve the prequalified list of bidders and authorize the project bid advertising in September 2011. The Phase 2 bid opening is tentatively scheduled for the end of October 2011, and the construction award will follow in November 2011. Construction activities will start in January 2012.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on August 16, 2011. Director Swan suggested amended language in Section 4 relative to change orders. In response to Director Matheis' inquiry, Director of Engineering Burton explained the benefit of another agency installing District pipelines. On MOTION by Reinhart, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A REIMBURSEMENT AGREEMENT WITH THE TUSTIN COMMUNITY REDEVELOPMENT AGENCY FOR AN ESTIMATED CONSTRUCTION COST OF \$1,444,500 FOR THE DESIGN AND CONSTRUCTION OF THE IRWD CAPITAL DOMESTIC WATER, SEWER, AND RECYCLED WATER FACILITIES ASSOCIATED WITH THE CITY OF TUSTIN'S TUSTIN RANCH ROAD PROJECT.**

VARIANCE REQUEST FOR STRAND RANCH RECOVERY FACILITIES - CONSTRUCTION MANAGEMENT

Interim General Manger Cook reported that that construction of all wells is complete at the Strand Ranch Integrated Banking Project. Mr. Cook said that equipping these wells with pumps, motors and appurtenances and construction of conveyance pipelines and Cross Valley Canal turn-ins is currently out to bid.

Director of Water Resources Heiertz said that in October 2008, the Board approved a contract in the amount of \$214,300 with Dee Jasper and Associates (DJA) for construction management of the Strand Ranch Recharge Facilities. Several variances to the contract have been approved including: 1) Variance No. 1 in the amount of \$5,240 and Variance No. 2 in the amount of \$9,340 for demolition and destruction of additional wells found on Strand Ranch; 2) Variance No. 3 in the amount of \$28,816 to provide on-site inspection services and support for pilot hole drilling and completion of monitoring wells; 3) Variance No. 4 in the amount of \$649,528 to provide construction management services for the Strand Ranch recovery wells including subcontracting with WEI for well drilling, well construction and testing oversight; 4) Variance No. 5 in the amount of \$57,590 to provide groundwater modeling for Addendum No. 1 to the Strand Ranch Integrated Banking Project Final Environmental Impact Report (FEIR) and for Cross Valley Canal monitoring plan support services from WEI as a requirement of the FEIR; and 5) Variance No. 6 in the amount of \$171,550 to provide additional well drilling oversight, groundwater modeling to be used in the design of the Project well field and construction oversight for modifications to one of the recharge facility transfer structures.

Mr. Heiertz said that at the request of IRWD, DJA prepared a scope of work, cost estimate and schedule for construction management work related to equipping wells on the Project with pumps, motors and appurtenances, construction of conveyance pipelines, and construction of the Cross Valley Canal turn-ins. The engineer's estimate for the construction of the related recovery facilities is \$4.7 million. Construction oversight will include daily inspection services and reporting, soil and compaction testing, project coordination, maintenance of records, progress payment preparation and quality control inspections. He said that DJA has prepared Variance No. 7 to its Professional Services Agreement which includes the detailed scope of work, cost estimate and schedule to perform this work for the amount of \$286,744. He further said that staff recommends that DJA be retained to provide construction management services associated with the equipping of the wells and the construction of the required pipelines and turn-in structures based on its excellent past performance and direct knowledge of the project details.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on August 16, 2011. He also commented that DJA is doing a good job for the District and that the price for the variance is satisfactory. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGE TO EXECUTE VARIANCE NO. 7 TO THE PROFESSIONAL SERVICES AGREEMENT WITH DEE JASPAR AND ASSOCIATES IN THE AMOUNT OF \$286,744 FOR CONSTRUCTION MANAGEMENT FOR EQUIPPING THE PROJECT WELLS WITH PUMPS, MOTORS AND APPURTENANCES, CONSTRUCTION OF CONVEYANCE PIPELINES AND CONSTRUCTION OF CROSS VALLEY CANAL TURN-INS.

MWRP BIOSOLIDS HANDLING AND ENERGY RECOVERY FACILITIES DRYING SYSTEM PROCUREMENT AND VARIANCE NOS. 8 AND 9

Principle Engineer Malloy reported that Black & Veatch identified two manufacturers that could supply a triple pass, direct-fired, drum drying system capable of producing Class A pellets: Siemens and Andritz. The evaluation ranked Andritz as much more qualified than Siemens to supply the drying system based several criteria including the number of municipal biosolids drying

installations in North America; heat drying systems product improvements; heat drying systems safety improvements; project execution capabilities in the areas of design, training, startup and commissioning, and product support with North American staff; lower overall risk to IRWD; and lower capital and operating costs based upon a number of North American installations.

Mr. Malloy said that based upon the evaluation, IRWD and Black & Veatch prepared a Heat Dryer Procurement document and transmitted it to Andritz in March 2011. Negotiations ensued with correspondence and meetings occurring through July 2011. The negotiations resulted in making clarifications to technical information, clear demarcation of the drying system supplier project deliverables, modifying the terms and conditions of the contract documents, and agreeing on the total negotiated price. The specified drum drying system with 6,000 kilograms per hour evaporative capacity (DDS-60) is large enough to dry sludge from MWRP and the Los Alisos Water Recycling Plant (LAWRP). The key terms are summarized as follows: 1) the total negotiated price including design submittals, equipment manufacturing, delivery, taxes, and testing for DDS-60 is \$12,294,043. This cost is close to Black & Veatch's estimate and benchmarks well against heat dryer system procurement for projects of similar size; 2) the drum drying system includes a product storage silo recycle system to increase the safety of the drying system; 3) an initial payment of \$1,229,440 (10% of negotiated price) to fund design submittals and to hold various suppliers costs to meet IRWD's project schedule; 3) the Andritz contract and purchase order will be assigned to the general contractor; and 4) after the general contractor is retained, the general contractor will issue a Notice to Proceed with Fabrication. Andritz shall then deliver the heat dryer system no earlier than 300 days and not later than 360 days after issuance of the Notice to Proceed with Fabrication.

Mr. Malloy said that in July 2010, staff initiated discussions and worked with the South Orange County Wastewater Authority (SOCWA) representatives to prepare an agreement for its participation in the biosolids receiving station and heat drying facilities. In order to accommodate the solids from SOCWA, the heat dryer facilities had to be increased from a DDS-50 (MWRP biosolids only) to a larger DDS-70 (MWRP, LAWRP and SOCWA sludge). Black & Veatch modified the design criteria and staff worked with Andritz in upsizing the heat dryer components to be capable of processing SOCWA sludge. In June 2011, SOCWA informed IRWD that it was not going to participate in the MWRP Biosolids project. As a result of this action, Black & Veatch modified the design for the dewatering centrifuges, solids feed pumps, piping, electrical, instrumentation and control, and solids conveyor system along with the heat dryer procurement documents to accommodate the smaller DDS-60. The solids receiving facilities and the solids handling building are not being down-sized. This additional design scope of work requires approval of Variance No. 8 in the amount of \$83,600. Through July 8, 2011, SOCWA's share of the amount expended by Black & Veatch to design the larger dryer system prior to termination of negotiations with SOCWA was \$145,940. With the additional cost of Variance No. 8, the total reimbursement that IRWD will seek from SOCWA will be \$229,540.

Mr. Malloy said that the Foundation Alternatives Study was completed in July 2011 and the results recommended that a Mass Pile Foundation (MPF) be used to provide sufficient lateral support to the egg-shaped digesters and the digester control building complex. This is due to the underlying peat layer not supplying adequate lateral support to the original standard pile foundation design during a seismic event. The MPF is estimated to have a construction cost of \$7 million and is

relatively simpler to construct compared to the other three alternatives investigated: soil stabilization by deep soil mixing (\$9.4 million), jet grouting (\$19 million), and soil removal and replacement (\$9 million). The original design assumed a conventional pile foundation could be implemented at a cost of \$5.3 million. As a result, the MFP will result in an incremental construction cost increase of approximately \$1.7 million over the conventional pile foundation design. In order to implement the MPF, additional design work by Black & Veatch, as defined in Variance No. 9 in the amount of \$88,560 must be completed. Variance No. 9 also includes engineering costs for an indicator pile testing program similar to what was done for the MWRP Phase 2 Expansion project to provide better pile design requirements for the bidding contractors. The plan is to perform the indicator pile test program as a construction change order while the MWRP Phase 2 Expansion pile contractor is on site after all the floodwall piles are completed, estimated to be later in the fall of 2011.

Mr. Malloy said that staff has completed review of the 60% design submittal by Black & Veatch. The design schedule is delayed by approximately four months – from the end of January through May – due to extended negotiations with SOCWA and Andritz, the drying system down-sizing, the biogas utilization study, and the foundation alternatives analysis.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on August 16, 2011.

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH ANDRITZ SEPARATIONS, INC. IN THE AMOUNT OF \$12,294,043 FOR PROCUREMENT OF THE DRYING SYSTEM FOR THE MWRP BIOSOLIDS AND ENERGY RECOVERY FACILITIES; APPROVED VARIANCE NO. 8 IN THE AMOUNT OF \$83,600 WITH BLACK & VEATCH; APPROVED VARIANCE NO. 9 IN THE AMOUNT OF \$88,560 WITH BLACK & VEATCH; AND APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$1,307,300 FOR THE MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITY, PROJECT 20847 (1617).

GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY POLICY PRINCIPLES

Ms. Kirsten McLaughlin reported that approximately 30 local government transparency and reform bills were introduced in response to the 2010 City of Bell scandals. Ms. McLaughlin said that topics include compensation disclosure, auditing, meeting notices and transparency, conflicts of interest, and public contracts, among others. Approximately half of the local government reform bills introduced continue to move forward this year, and new and re-introduced proposals on these topics are expected in 2012. She said that staff continues to work closely with the California Special Districts Association, California Municipal Utilities Association, the Association of California Water Agencies and other industry associations to respond to these measures and provide information to the Legislature about how these proposals would impact the delivery of services and costs to their constituents, particularly how these proposals would impact IRWD.

Ms. McLaughlin said that staff has developed draft Government Transparency and Accountability Policy Principles to provide a basis for IRWD outreach on these issues through the remainder of the current legislative session and in the coming years.

Director Matheis said that this item was reviewed and approved at the Water Resources Policy and Communications Committee on August 15, 2011. Following discussion, Director Swan suggested that the Statement of Economic Interest (Form 700) be placed on the District's website for designated employees. Additionally, Mr. Cook said that he would bring back the policy principles in six months or as needed for Committee and Board approval.

On MOTION by Matheis, seconded and unanimously carried, THE BOARD ADOPTED THE PROPOSED GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY POLICY PRINCIPLES.

GENERAL MANAGER'S REPORT

Interim General Manager Cook reported that Ms. Kirsten McLaughlin, who serves on the Legislative Committee with the California Special Districts Association, was the recipient of its Legislative Advocate of the Year award.

Mr. Cook reported that the Orange County Sanitation District co-signed a letter relative to temporary flows during the shutdowns of the Michelson Water Recycling Plant which is scheduled for November or December 2011.

Mr. Cook reported on an email he received from the Association of California Water Agencies asking for Committee appointment nominations for the 2012-2013 term.

DIRECTORS' COMMENTS

Director Swan reported on his attendance at a Newport Beach Watershed Committee meeting last week there they discussed the Serrano Creek erosion problem as well as a California Association of Sanitation Agencies conference in San Diego where they had very good technical sessions.

Director Swan reported that the ACWA Region 10 ballot was sent out incorrectly; it was not reviewed by its Board prior to distribution, and that a meeting will be held with the Board where they will be making recommendations, and then the ballot will be redistributed to its membership.

Director Swan said that he will be attending the Urban Water Institute's Annual Water Policy Conference this week.

Director Matheis was that she attended OCBC's Legislative briefing with Congressman Darrell Issa as well as ACWA's 2011 Regulatory Summit. She said that Mr. Paul Cook hosted a tour of with representatives from Korea and that he did an excellent job providing an overview of the District.

Director LaMar reported on his attendance at an OCSD Hydrogen Energy Station Commissioning Celebration last week.

ADJOURNMENT

There being no further business, Director LaMar adjourned the meeting at 6:50 p.m.

APPROVED and SIGNED this 12th day of September, 2011.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone