

## MINUTES OF REGULAR MEETING – SEPTEMBER 24, 2012

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 Matheis on September 24, 2012 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Matheis, LaMar, Reinhart, Swan, and Withers (arrived at 5:08 p.m.)

Directors Absent: None.

Also Present: General Manager Cook, Acting Director of Finance/Treasurer Jacobson, Executive Director of Operations Pedersen, Executive Director of Engineering Burton, Executive Director of Water Policy Heiertz, Director of Human Resources Wells, Secretary Bonkowski, Legal Counsel Arneson, Mr. Mike Bray, Ms. Fiona Sanchez, Mr. Eric Akiyoshi, Mr. Craig Irely, Mr. Eric Olivolo, Ms. Julie Bendzick-Sin, Ms. Cheryl Kelly, Mr. Bruce Newell, Mr. Jim Moss, and other members of the public and staff.

WRITTEN COMMUNICATION: None.

### ORAL COMMUNICATION:

Mr. Jeff Thomas, MWDOC's Director, invited the Board to attend an Elected Officials Forum on November 29, 2012, and also noted that a discussion of the Bay Delta will be held at the next MWDOC/OCWD Joint Committee meeting on October 24, 2012.

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 2, 4, 5, 7, C-8, C-9, 10, 12, 13, 14, 15, 17 and 18 will operate in accordance with the District's annual pumping plan. Wells 1, 3, 6, 11 and 16 will be off. This was confirmed by Mr. Cook, General Manager of the District.

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.

### CONSENT CALENDAR

Director LaMar asked that a meeting be added to item No. 4 as he would like to be approved for attending ACWA's Integrated Water Management Planning Session in Sacramento. There being no objection to this addition to the monthly meetings and events, on MOTION by LaMar, seconded and carried (LaMar, Matheis, Swan and Reinhart voting aye and Withers absent),  
CONSENT CALENDAR ITEMS 3 THROUGH 7 WERE APPROVED AS FOLLOWS:

3. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the September 10, 2012 Regular Board Meeting be approved as presented.

4. 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 as amended.

5. DISTRICT STRATEGIC MEASURES' DASHBOARD

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

6. AUGUST 2012 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for August 2012; approve the August 2012 Summary of Payroll ACH payments in the total amount of \$1,363,244.60, and approve the August 2012 Accounts Payable Disbursement Summary of Warrants Nos. 331996 through 332971, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$20,589,023.20.

7. REIMBURSEMENT AGREEMENT WITH SHEA BAKER RANCH ASSOCIATES

Recommendation: That the Board authorize the General Manager to execute a Reimbursement Agreement with Shea Baker Ranch Associates for the construction of capital facilities for a total estimated cost of \$647,900.

## ACTION CALENDAR

### ON-CALL CONSTRUCTION INSPECTION SERVICES

General Manager Cook reported that the District's current and upcoming inspection workload for capital, development and operational improvement projects continues to exceed the level that cannot be supported by the District's inspection staff. Mr. Cook said that based on currently active and upcoming construction projects, staff anticipates the need for the continued support of one full-time field inspector for a period of up to two years. Director Withers arrived at 5:08 p.m.

Executive Director of Engineering Burton reported that the current consultant field inspector provided by Tetra Tech has worked well within the inspection group and demonstrated the ability to inspect and coordinate multiple projects simultaneously. Mr. Burton said that the existing one-year on-call inspection services contract with Tetra Tech is nearly expended and Mr. Mark Sanchez, the inspector assigned to IRWD, is in the process of changing employment to AndersonPenna. He said that staff met with AndersonPenna, the construction management and inspection services company that recently hired Mr. Sanchez, and negotiated the same very favorable fully-burdened rate of \$95 per hour for him, which includes a truck and fuel, cell phone and laptop computer.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on September 18, 2012. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH ANDERSONPENNA IN THE AMOUNT OF \$400,000 FOR ON-CALL CONSTRUCTION INSPECTION SERVICES.

### POTABLE WATER SYSTEM HYDRAULIC MODEL CONSULTANT SELECTION

General Manager Cook reported that the 2012 Potable Water System Hydraulic Model project will provide an important tool to more efficiently plan, manage, and operate the District's potable water distribution system. Mr. Cook said that in the late 1990s, the District developed a static hydraulic computer model which was an effective tool, but developed primarily to aid with preparation of the 1999/2000 Water Resources Master Plan. He said that current technology allows for Extended Period Simulation (EPS) models to be developed and calibrated. The proposed project consists of developing a District-wide EPS potable water system hydraulic model. Major components of the project include a calibrated, extended period simulation, existing system model and an "ultimate" (in 2035) system model.

Executive Director of Engineering Burton reported that in June 2012, a Request for Proposal was issued to AKM Consulting Engineers (AKM), Brown & Caldwell, CDM Smith, DCSE, Dudek Consultants, HDR, Inc., ID Modeling, Kennedy/Jenks Consultants, RBF Consulting, Stantec, Tetra Tech, and MWH Americas, Inc. Six proposals were received from AKM, DCSE, Dudek Consultants, ID Modeling/Stantec Team (IDM/Stantec), RBF Consulting, and MWH. Mr. Burton said that the proposals were reviewed and ranked based on project understanding, technical approach, project team qualifications and experience, with the intent of interviewing the top two or three consultants. He said that based on the proposal evaluations, AKM and IDM/Stantec were shortlisted for interviews and given an opportunity to present its approach for

model development, calibration of the model, and working with and training District staff on using the model. Based on the evaluation, staff recommends that the project be awarded to AKM as they demonstrated an understanding of the District's system and the project, and prepared a detailed field monitoring plan, including equipment rental for 51 pressure sites, 25 largest water users, and 12 flow monitoring locations. The proposal also included adequate time to accomplish the field work with minimal assistance by District staff; the field monitoring effort supported the proposal to develop diurnal curves based on both land use types and pressure zones; and the approach to collaboration, training, and data collection fit well with the needs and culture of the District and demonstrated how this can be accomplished with minimal impacts to the project schedule or budget. AKM's proposal, in the amount of \$359,690, is approximately \$120,000 higher than the IDM/Stantec proposal. Staff believes that the demonstrated understanding of the appropriate level of effort and value-added components in AKM's proposal validate the higher cost for field monitoring and diurnal curve development as well as data collection, control settings, training and collaboration.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on September 18, 2012. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE TO THE FY 2012-13 CAPITAL BUDGET FOR PROJECT 11384 (1095) BY \$66,000, FROM \$401,500 TO \$467,500; APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$467,500 FOR PROJECT 11384 (1095); AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH AKM CONSULTING ENGINEERS IN THE AMOUNT OF \$359,690 FOR DEVELOPMENT OF THE POTABLE WATER SYSTEM HYDRAULIC MODEL, PROJECT 11384 (1095).

#### WELLS 21 AND 22 DESALTER CONTRACT CHANGE ORDER

Executive Director of Engineering Burton reported that Contract Change Order No. 17 (CCO) in the amount of \$302,496, consists of construction changes associated with the major site layout change executed with CCO No. 4 prior to fully developing the revised construction design drawings in the amount of \$165,540; project enhancements, substitutions, and deletions in the amount of \$740; and extended field operating costs and additional contract time in the amount of \$136,216 and 191 calendar days. Mr. Burton said that staff has reviewed the cost and time proposals, negotiated changes, and mutually agreed with Pascal & Ludwig on this change order amount. He said that the construction of the plant facilities is nearing completion and the change order includes a time extension of 191 calendar days, which staff has evaluated and found to be acceptable. This extension provides additional time to compensate for delayed procurements, added work, loss of efficiency due to more confined work area, re-sequenced schedule activities, and all impacts associated with these changes. Based on this request, the current completion date of May 8, 2012 will be extended to November 15, 2012.

The project has been proceeding in accordance with the revised USBR funding schedule that requires reimbursable project costs to be incurred prior to October 31, 2012. With the revised completion schedule extending beyond the funding milestone, staff will begin coordination efforts with USBR to discuss available options which may include a schedule extension request.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on September 18, 2012. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN

THE AMOUNT OF \$1,659,600 AND APPROVED CONTRACT CHANGE ORDER NO. 17 IN THE AMOUNT OF \$302,496 TO PASCAL & LUDWIG CONSTRUCTORS FOR THE WELLS 21 AND 22 DESALTER, PROJECT 10286 (1081).

CLOSED SESSION

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

CONFERENCE WITH LABOR NEGOTIATORS - Government Code Section 54957.6.  
Agency Designated Representatives: Paul Cook, Janet Wells, Jim Payne and Jim Moss.  
Employee Organization: Irvine Ranch Water District Employees Association

OPEN SESSION

MEMORANDUM OF UNDERSTANDING WITH THE IRVINE RANCH WATER DISTRICT EMPLOYEES ASSOCIATION

Following the Closed Session, the meeting was reconvened with Directors Swan, LaMar, Reinhart, Withers and Matheis present. General Manager Cook said that in Closed Session the Board, by unanimous vote, authorized the General Manager to execute the Memorandum of Understanding between Irvine Ranch Water District and the Irvine Ranch Water District Employees Association (IRWDEA) subject to non-substantive changes. Mr. Cook said that he, along with Director of Human Resources Wells, and special legal counsel James Payne and Jim Moss of Payne and Fears, LLP were appointed by the IRWD Board of Directors to act as negotiators to develop a Memorandum of Understanding (MOU) with IRWDEA. He also said that he and Director Wells spent considerable time with the IRWDEA Board collaborating on the MOU. On September 12, 2012, the dues-paying members of the IRWDEA voted on the proposed MOU and it was approved by a vote of 36 "For" and six "Opposed". The IRWDEA Board members were in the audience and introduced to the Board. IRWDEA Board member Julie Bendzick-Sin addressed the Board saying that they established a good relationship with the IRWD designated representatives and thanked the Board for letting the process move forward with the approval of the MOU.

FINAL RESOLUTION TO AMEND CALPERS CONTRACT

California Public Employees' Retirement System (CalPERS) has provided a Final Resolution to amend IRWD's contract to provide Section 20475 – Different Level of Benefits; the addition of Section 21353 – 2% @ 60 Full Formula; and the addition of Section 20037 – Three-Year Final Compensation. On MOTION by Swan, seconded and unanimously carried, THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2012-40

RESOLUTION AUTHORIZING AN AMENDMENT  
TO THE CONTRACT (BETWEEN THE BOARD OF  
ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES'  
RETIREMENT SYSTEM AND THE BOARD OF DIRECTORS  
OF IRVINE RANCH WATER DISTRICT)

2013 MEDICAL INSURANCE COVERAGE RENEWAL

General Manager Cook reported that the District currently utilizes the CalPERS medical insurance program and receives premium rates each year in advance of open enrollment in September or October. For the 2013 calendar year, CalPERS has notified the District of premium increases for each of the specific plans from which IRWD employees can choose. IRWD has retained a consultant, Aon Hewitt, to review the District's overall retirement and health benefits package to maximize value to the employees and develop an equitable cost sharing method to minimize increasing exposure to rising costs. The study is on-going, with further results to be delivered in the area of health benefits. Initial recommendations from the consultant include continuing in the CalPERS medical insurance program for calendar year 2013. As a result, staff recommends that the District make adjustments to the employee contribution rates for the CalPERS medical plans in line with the District's past practices. With the recommended adjustments to employee contributions and assuming similar plan enrollments as 2012, the District's projected overall medical insurance costs for FY 2012-13 (\$3,692,688) will increase by 6.7% over projected actual costs for FY 2011-12 (\$3,460,560).

On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE CONTINUANCE OF THE DISTRICT'S HEALTH CARE COVERAGE WITH CALPERS FOR THE CALENDAR YEAR 2013 AND APPROVED CHANGES IN EMPLOYEE CONTRIBUTION LEVELS AS RECOMMENDED.

GENERAL MANAGER'S REPORT

General Manager Cook reported on staff's participated in the annual OCWA Pipe Tapping Contest. Mr. Cook also provided an update on the recruitment process for the Executive Director of Finance position.

DIRECTORS' COMMENTS

Director LaMar reported that he attended an NWRI Operations Committee meeting and an ACWA Region 8, 9, and 10 briefing which was hosted by IRWD at its Learning Center. He congratulated Assistant Director of Conservation Fiona Sanchez on her recent appointment as Vice Chairman of the Urban Water Council.

Director Reinhart reported that he attended a WateReuse Board meeting in Hollywood, Florida. He said he also attended an ACWA Region 8, 9, and 10 briefing along with a WACO Planning meeting.

Director Swan reported that he attended a WACO Planning meeting, an ACWA 8, 9, and 10 briefing, an ACWA Finance Subcommittee meeting, and an OCWD Committee meeting.

Director Withers reported on his attendance at an NWRI Committee meeting.

Director Matheis reported that she attended Irvine Valley College's 9/11 commemoration, a City of Lake Forest event, and an ACWA Region 8, 9, and 10 event. She further said she was very impressed with Shadetree Partnership's efforts with providing trees and shrubs to various nearby cities as well as its recent berm planting in the San Joaquin Wildlife Sanctuary. She said that its General Manager, Mr. Tom Bonkowski, has done an excellent job in running this non-profit organization. She also complimented Shadetree's Director Matt Rayl and past Shadetree Board member Kay Phillies on their contributions to this organization.

#### CLOSED SESSION

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

Conference with Legal Counsel – ANTICIPATED LITIGATION – Government Code Section 54956.9 (b) - (1) significant exposure to litigation concerning a claim filed by Lisa and Shawn Williams on behalf of themselves and a class of similarly situated homeowners against IRWD under the Government Tort Claims Act, on file with the District (one potential case)

#### OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors Swan, LaMar, Reinhart, Withers and Matheis present. No action was reported.

#### ADJOURNMENT

President Matheis adjourned the meeting.

Approved and signed this 8th day of October, 2012.

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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