

MINUTES OF REGULAR MEETING – OCTOBER 26, 2015

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 26, 2015 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Reinhart, LaMar, Swan and Withers (arrived at 5:17 p.m.).

Directors Absent: Matheis.

Also Present: General Manager Cook, Executive Director of Finance and Administration Clary, Executive Director of Engineering and Planning Burton, Executive Director of Water Policy Weghorst, Executive Director of Operations Sheilds, Director of Treasury and Risk Management Jacobson, Director of Public Affairs Beeman, Legal Counsel Arneson, Secretary Bonkowski, Ms. Lyndy Lewis, Ms. Christine Compton, Mr. Bruce Newell, Mr. Jim Reed, and other members of the public and staff.

WRITTEN AND ORAL COMMUNICATIONS: None.

CONSENT CALENDAR

On MOTION by Reinhart, seconded and carried (3-2) Reinhart, LaMar and Swan voting aye and Withers and Matheis absent), CONSENT CALENDAR ITEMS 3 THROUGH 9 WERE APPROVED AS FOLLOWS:

3. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the October 12, 2015 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, Peer Swan, and John Withers as presented.

5. IRVINE RANCH WATER DISTRICT STRATEGIC MEASURES

Recommendation: That the Board receive and file the report.

6. SEPTEMBER 2015 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate Swap Summary for September 2015, and Disclosure Report of Reimbursements to Board Members and staff; approve the September 2015 summary of payroll ACH payments in the total amount of \$1,552,677 and approve the September 2015 Accounts Payable Disbursement Summary of Warrants 361185 through 361857, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$17,783,291.

CONSENT CALENDAR (CONTINUED)

7. PLANNING AREA 51 HERITAGE FIELDS CAPITAL FACILITIES

Recommendation: That the Board authorize a budget increase for project 31213 (5536) in the amount of \$33,000, from \$383,900 to \$416,900, project 30503 (5758) in the amount of \$30,800, from \$240,900 to \$271,700, and project 11804 (5756) in the amount of \$67,100, from \$176,000 to \$243,100; authorize the addition of the Cultivate Street Sewer Improvements project 21286 (6331) to the FY 2015-16 Capital Budget in the amount of \$220,000; and authorize the General Manager to approve Expenditure Authorizations for projects 31213 (5536), 30503 (5758), 11804 (5756) and 31804 (5757).

8. RECOVERY CAPACITY FOR WATER EXCHANGE AGREEMENT

Recommendation: That the Board authorize the General Manager to execute an agreement with Steven Jackson, subject to non-substantive changes, to allow temporary access to the use of IRWD's recovery capacity in the Kern Water Bank in exchange for water transferred to IRWD's Kern Water Bank Storage account.

9. ANNUAL MICROSOFT ENTERPRISE AGREEMENT SOFTWARE MAINTENANCE RENEWAL

Recommendation: That the Board approve the renewal of the Microsoft Enterprise Agreement beginning December 1, 2015 for a total commitment of \$390,000.

ACTION CALENDAR

CULVER DRIVE SEWER MANHOLE IMPROVEMENTS CONSTRUCTION AWARD

The Culver Drive Trunk Sewer was constructed in 1970 with manholes that have 24-inch diameter covers which do not provide adequate access to District personnel and hinder the use of emergency bypass equipment. This project will replace the existing covers with 36-inch diameter covers and construct all appurtenant improvements including manhole shaft and cone sections, coating, grade rings, frames, covers and replacement of street section. The manholes are located within Culver Drive between Main Street and Deerfield Avenue. On MOTION by Swan, seconded and carried (3-2) Reinhart, LaMar and Swan voting aye and Withers and Matheis absent), THE BOARD AUTHORIZED A BUDGET INCREASE FOR PROJECT 21169 (5450) IN THE AMOUNT OF \$100,000, FROM \$368,000 TO \$468,000; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH PAULUS ENGINEERING, INC. IN THE AMOUNT OF \$319,013 FOR THE CULVER DRIVE SEWER MANHOLE IMPROVEMENTS, PROJECT 21169 (5450).

INITIAL DISINFECTION FACILITY SODIUM HYPOCHLORITE STORAGE AND FEED SYSTEM VARIANCE

Carollo Engineers submitted Variance No. 1 in the amount of \$169,914 for final design phase services including engineering design and bid phase services for the removal and demolition of the existing chlorine gas system and for the installation of a new sodium hypochlorite storage

and feed system, and for the surge suppression system. On MOTION by Reinhart, seconded and carried (3-2) Reinhart, LaMar and Swan voting aye and Withers and Matheis absent), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 1 IN THE AMOUNT OF \$169,914 WITH CAROLLO ENGINEERS FOR THE FINAL DESIGN OF THE INITIAL DISINFECTION FACILITY SODIUM HYPOCHLORITE STORAGE AND FEED SYSTEM, PROJECT 11838 (6213).

PROFESSIONAL SERVICES AGREEMENT FOR FATS, OILS AND GREASE PROGRAM

Regulatory Compliance Manager Lewis reported that when the District initiated its Fats, Oils and Grease (FOG) program in 2004, Environmental Engineering and Contracting, Inc. (EEC) was retained to develop a FOG characterization study. Ms. Lewis said that the scope of work for this study included inspection of food service establishments (FSEs), development of hot spot maps, FOG source characterizations and the design of a database management system for the FOG program. The District's FOG program has expanded over the last 10 years and currently has over 1,200 FSEs in the system. EEC's scope of work has evolved to include overall program management, routine FSE inspections and enforcement support.

Ms. Lewis said that staff distributed a Request for Proposals (RFP) for FOG services that was sent to six potential service providers, and although staff received three proposals, two of the firms were found to have not met the minimum experience requirements specified in the RFP. She said that based on this competitive process, ECC was issued a purchase order agreement to perform FOG services. She said that EEC has provided FOG program management services to over 30 cities and sewer collection and treatment districts. The company is also nationally recognized as a FOG control expert and has provided excellent services to the District.

In response to Ms. Lewis's comment that staff will conduct an evaluation of the implementation of the FOG program as well as the development of a solids handling program prior to the District's biosolids facility coming on line, General Manager Cook noted that this item will be submitted to a Engineering and Operations Committee meeting for its review. Director Withers arrived at 5:17 p.m. Following discussion, on MOTION by Reinhart, seconded and carried, (4-1) Reinhart, LaMar, Swan, and Withers voting aye and Matheis absent), THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH ENVIRONMENTAL ENGINEERING AND CONTRACTING, INC. TO PROVIDE FOG PROGRAM ADMINISTRATION SUPPORT SERVICES IN THE AMOUNT OF \$165,950 FOR THE PERIOD OF NOVEMBER 1, 2015, TO OCTOBER 31, 2016.

MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES CONTRACT CHANGE ORDER AND VARIANCE

Executive Director of Engineering and Planning Burton reported that staff negotiated with Filanc/Balfour-Beatty (FBB) to resolve several issues contained in Contract Change Order No. 34 including four credits and two additional items, with the major increase attributable to changing the knife gate valves. Mr. Burton said that FBB submitted high pressure Orbinox knife gate valves that minimally met the requirements of the contract specifications. He said that staff and Black & Veatch reviewed FBB's proposed knife gate valve along with an alternative valve from DeZurik. He said that following a comprehensive life cycle cost analysis, staff determined

that the DeZurik valves are the superior product and staff directed FBB to provide these valves instead of Orbinox for a e cost differential of \$275,954.90.

Mr. Burton said that following an Orange County Fire Authority review of the contract drawings, it was determined that 15 non-addressable smoke detectors needed to be changed to addressable. He said that alarms from an addressable smoke detector will provide the specific location of the detector, allowing the fire authority to respond more quickly and accurately to the alarm. The cost of this change is \$38,650.88.

Mr. Burton said that the contract documents require the contractor to reimburse IRWD for the review costs of submittals that have been submitted more than twice. The cost credit through May 31, 2015 is <\$39,502.50>. Additionally, FBB requested that they work outside of the contract hours of 7:00 a.m. and 3:30 p.m. in an attempt to regain project schedule. The credit through May 31, 2015 is <\$80,850>. Special inspections for the installation of certain geotechnical activities and installation of structural anchors were required to be provided by FBB. Staff has waived these requirements in exchange for a credit and performed the inspection with on-site inspection staff for a credit of <\$27,500>. Additionally, the circuit breaker requirements changed for a credit of <\$1,978>.

Mr. Burton said that this project is complicated and includes the installation of many pieces of mechanical and electrical equipment, all of which require a series of tests during start-up activities. Staff requested the design engineer, Black & Veatch (B&V) to submit a proposal to provide supplemental start-up monitoring services. The B&V proposal includes 14 months of full-time equivalent for a start-up engineer to work on-site which includes developing a detailed deliverables list and turnover documents for FBB. Variance No. 4 with B&V is in the amount of \$370,570. Following discussion, on MOTION by Reinhart, seconded and carried (4-1) Reinhart, LaMar, Swan, and Withers voting aye and Matheis absent), **THE BOARD APPROVED CONTRACT CHANGE ORDER NO. 34 IN THE AMOUNT OF \$164,775.28 FOR CHANGING THE MANUFACTURER OF KNIFE GATE VALVES AND PROVIDING ADDRESSABLE SMOKE DETECTORS, AND CREDITS THAT INCLUDE IRWD COSTS RELATED TO OVERTIME INSPECTION, SPECIAL INSPECTIONS AND REVIEW OF SUBMITTALS AFTER THE SECOND TIME WITH FILANC/BALFOUR-BEATTY; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 4 IN THE AMOUNT OF \$370,570 WITH BLACK & VEATCH FOR PROVIDING SUPPLEMENTAL START-UP SERVICES FOR MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES, PROJECT 21146 (4286).**

REVISED WATER BANKING, TRANSFERS AND WHEELING POLICY POSITION PAPER

Executive Director of Water Policy Weghorst reported that the District's Water Banking, Transfers and Wheeling position paper was last revised and adopted by the Board in 2013. Mr. Weghorst said that since that time, IRWD entered into an agreement with Rosedale-Rio Bravo Water Storage District for the construction and operation of wells in Rosedale's service area that will assist both agencies achieve groundwater recovery objectives. He said that in addition, the two agencies are now contemplating incorporating a third project site into the Stockdale project. These significant changes in addition to the Administration's interest in establishing a water market for the State of California that would streamline water transfers and exchanges, has

resulted in the need to update the policy position paper. He then reviewed the changes in the position paper as provided in the exhibit.

Director Swan reported that this item was reviewed by the Water Banking Committee on October 15, 2015, and the Committee concurs with the revised policy position paper. On MOTION by Swan, seconded and carried (4-1) Reinhart, LaMar, Swan, and Withers voting aye and Matheis absent), THE BOARD APPROVED THE REVISED WATER BANKING, TRANSFERS AND WHEELING POLICY POSITION PAPER.

GENERAL MANAGER’S REPORT – None.

DIRECTORS’ COMMENTS

Director Swan reported on his attendance at the OCWD Water Issues Committee meeting, an ACC-OC City Leaders Reception, a WACO Planning meeting, and a Newport Chamber of Commerce 2016 Economic Forecast meeting.

Director LaMar reported on his attendance at the California Environmental Dialogue Plenary meeting, an Orange County Forum, an OCSD State of the District event, a South Orange County Agencies’ meeting, and a conservation garden event at Home Depot.

CLOSED SESSION

President LaMar said that a conference will be held with Legal Counsel relative to anticipated litigation – Government Code Section 54956.9(d)(2) – significant exposure to litigation regarding claims or notification by Craig Realty Group, et al., to IRWD of potential liability under Government Claims Act for water damage occurrence at 4100 MacArthur Blvd., on file with the District (six potential cases).

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Reinhart, Withers, Swan, and LaMar present. President LaMar said that there was no action to report.

ADJOURNMENT

President LaMar adjourned the meeting at 6:17 p.m.

APPROVED and SIGNED this 9th day of November, 2015.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone