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**CONSENT CALENDAR - Continued**

**Next Resolution No. 2011-42**

**Items 4-6**

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

Recommendation: That the Board ratify/approve the meetings and events for Steven LaMar, Mary Aileen Matheis, Douglas Reinhart, John Withers and Peer Swan.

6. RESOLUTION RECOGNIZING THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY ON ITS 60<sup>TH</sup> ANNIVERSARY

Recommendation: That the Board adopt a resolution recognizing the Municipal Water District of Orange County on its 60<sup>th</sup> anniversary.

Reso. No. 2011-

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**ACTION CALENDAR**

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7. DENTAL AND VISION INSURANCE COVERAGE FOR CALENDAR YEAR 2012

Recommendation: That the Board authorize the General Manager to extend the District's contract with ACWA Services Corp. for Delta DPO Plan A with Child and Adult Orthodontic coverage and with EyeMed Vision Care for the 2012 calendar year.

8. UNIVERSITY DRIVE PIPELINES CATHODIC PROTECTION CONSTRUCTION AWARD

Recommendation: That the Board authorize an increase to the FY 2011-12 Capital Budget for project 10740 (1833) in the amount of \$137,500, from \$765,600 to \$903,100, and for project 30740 (1262) in the amount of \$147,400, from \$765,600 to \$913,000; approve Expenditure Authorizations for project 10740 (1833) in the amount of \$814,800 and project 30740 (1262) in the amount of \$814,000; and authorize the General Manager to execute a construction contract with Paulus Engineering, Inc. in the amount of \$1,218,954 for the University Drive Pipelines Cathodic Protection project.

9. LAKE FOREST WELL NO. 2 WELLHEAD AND DISINFECTION FACILITIES CONSTRUCTION AWARD

Recommendation: That the Board approve an Expenditure Authorization in the amount of \$608,800 for the Lake Forest Well No. 2 Wellhead and Disinfection Facilities, project 11461 (1498); and authorize the General Manager to execute a construction contract with Gateway Pacific in the amount of \$582,686 for the construction of the Lake Forest Well No. 2 Wellhead and Disinfection Facilities, project 11461 (1498).

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**ACTION CALENDAR - Continued**

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10. PILOT EXCHANGE PROGRAM AGREEMENT WITH CARPINTERIA VALLEY WATER DISTRICT

Recommendation: That the Board authorize the General Manager to execute the letter agreement for a Pilot Exchange Program with Carpinteria Valley Water District subject to non-substantive changes approved by the General Manager and legal counsel.

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**OTHER BUSINESS**

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Pursuant to Government Code Section 54954.2, members of the Board of Directors or staff may ask questions for clarification, make brief announcements, make brief reports on his/her own activities. The Board or a Board member may provide a reference to staff or other resources for factual information, request staff to report back at a subsequent meeting concerning any matter, or direct staff to place a matter of business on a future agenda. Such matters may be brought up under the General Manager's Report or Directors' Comments.

11. A. General Manager's Report

B. Directors' Comments

1)

2)

3)

4)

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**OTHER BUSINESS - Continued**

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11. B. Directors' Comments

5)

C. CLOSED SESSION relative to PUBLIC EMPLOYEE APPOINTMENT/EMPLOYMENT -  
GOVERNMENT CODE SECTION 54957. TITLE: GENERAL MANAGER.

D. Adjourn.

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Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Irvine Ranch Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Board Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance to the Board of Directors Room of the District Office.

The Irvine Ranch Water District Board Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

October 10, 2011

Prepared by: Alex Aguilar

Submitted by: Tony Mossbarger

Approved by: Paul Cook 

PRESENTATION

RESOLUTION COMMENDING MARY KAY HASSETT  
FOR HER SERVICE TO THE DISTRICT

SUMMARY:

As Mary Kay Hassett has retired from the District following 30 years of dedicated and outstanding service, staff has prepared a resolution, which is provided as Exhibit "A", to honor her.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Not applicable.

RECOMMENDATION:

THAT THE BOARD ADOPT THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2011-

RESOLUTION OF THE BOARD OF DIRECTORS  
OF IRVINE RANCH WATER DISTRICT COMMENDING  
MARY KAY HASSETT FOR HER DEDICATED AND  
LOYAL SERVICE TO THE DISTRICT.

LIST OF EXHIBITS:

Exhibit "A" – Resolution

# EXHIBIT "A"

## RESOLUTION NO. 2011-

### RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT COMMENDING MARY KAY HASSETT FOR HER DEDICATED AND LOYAL SERVICE TO THE DISTRICT

WHEREAS, Mary Kay Hassett began her career as a Clerk Typist 1 at the Irvine Ranch Water District on October 20, 1981; and

WHEREAS Mary Kay was promoted to Purchasing Coordinator in June 1982, promoted to Buyer I in March 1984, promoted to Buyer II in July 1996, followed by a promotion to Senior Buyer in July 2002; and

WHEREAS, Mary Kay is a respected purchasing professional; and was a source of Purchasing knowledge who provided guidance to many internal customers over the course of her career; and

WHEREAS, Mary Kay was an active member of IRWD-sponsored Toastmasters International, holding the position of President during the course of her 20 years of active participation; and

WHEREAS, Mary Kay was Chairperson of the IRWD Recycling Committee and hosted the annual IRWD Earth Day event for Sand Canyon Headquarters and Michelson Operations Center; and

WHEREAS, all Board members, employees and other colleagues who have come to know Mary Kay will genuinely miss her; and

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of the Irvine Ranch Water District commends Mary Kay Hassett for her long and loyal service. Her dedication and outstanding service to the District stands as an example to all employees. On this occasion, the Board extends its best wishes to Mary Kay Hassett in her retirement.

SIGNED and APPROVED this 10<sup>th</sup> day of October 2011.

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President, IRVINE RANCH WATER DISTRICT  
and of the Board of Directors thereof

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Secretary, IRVINE RANCH WATER DISTRICT  
and of the Board of Directors thereof

October 10, 2011

Prepared and

Submitted by: N. Savedra 

Approved by: P. Cook 

CONSENT CALENDAR

MINUTES OF REGULAR BOARD MEETINGS  
AND ADJOURNED REGULAR BOARD MEETING

SUMMARY:

Provided are the minutes of the September 26, 2011 Regular Board Meeting, the September 27, 2011 Adjourned Regular Board Meeting, and the October 3, 2011 Regular Board Meeting for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Not applicable.

RECOMMENDATION:

THAT THE BOARD APPROVE THE MINUTES OF THE SEPTEMBER 26, 2011 REGULAR BOARD MEETING, THE SEPTEMBER 27, 2011 ADJOURNED REGULAR BOARD MEETING, AND THE OCTOBER 3, 2011 REGULAR BOARD MEETING AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – September 26, 2011 Regular Board Meeting

Exhibit "B" – September 27, 2011 Regular Board Meeting

Exhibit "C" – October 3, 2011 Regular Board Meeting

## EXHIBIT "A"

### MINUTES OF REGULAR MEETING – SEPTEMBER 26, 2011

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:05 p.m. by President LaMar on September 12, 2011 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: Interim General Manager Cook, Senior Director of Finance Cherney, Senior Director of Operations Pedersen, Director of Engineering Burton, Assistant Secretary Savedra, Legal Counsel Arneson, Director of Water Resources Heiertz, Director of Wastewater Operations Posey, Director of Water Quality Hills, Director of Administrative Services Mossbarger, Director of Public Affairs Beeman, Ms. Kirsten McLaughlin, Mr. Paul Weghorst, Ms. Fiona Sanchez, Mr. Jim Reed, Mr. Bruce Newell, Trudy Hurd of Sea and Sage Audubon and Joe Adams of Discovery Science Center, 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

Director Reinhart said that an item came to his attention after the agenda was posted which required immediate attention. It was determined that there was a need to take immediate action, and on MOTION by Director Reinhart, seconded and unanimously carried, an item entitled: Support Letter for the Clean Water and Jobs for California Coalition was added to the Action Calendar (see page 10).

#### PRESENTATION

##### PARTNER COMMENDATION

In celebration of the District's 50<sup>th</sup> anniversary, Interim General Manager Cook presented Certificates of Commendations to Trudy Hurd of Sea & Sage Audubon and Joe Adams, President of Discovery Science Center.

#### CONSENT CALENDAR

Director Reinhart withdrew item No. 5 from the Consent Calendar to reschedule as a presentation at the October 10<sup>th</sup> board meeting. On MOTION by Reinhart, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4, AND 6 THROUGH 18 WERE APPROVED AS FOLLOWS:

4. RESOLUTION OF COMMENDATION FOR JOSEPH BREITER

Recommendation: That the Board adopt a resolution commending Joseph Breiter for his dedicated and loyal service to the District.

6. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the September 12, 2011 Regular Board Meeting be approved as presented.

CONSENT CALENDAR (CONTINUED)

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

Recommendation: That the Board approve the meetings and events for Steve LaMar, Peer Swan and John Withers.

8. STRATEGIC MEASURES DASHBOARD

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

9. AUGUST 2011 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for August 2011; approve the August 2011 Disbursement Summary of Warrants Nos. 322230 through 323091 Workers' Compensation distributions, wire transfers, payroll direct deposit ACH payments, payroll withholding distributions and voided checks in the total amount of \$27,334,132.01.

10. ACWA COMMITTEE APPOINTMENT NOMINEES FOR THE 2012/2013 TERM

Recommendation: That the Board direct staff to submit the list of ACWA Committee Appointment Nominees for the 2012/13 term to the Association of California Water Agencies prior to September 30, 2011.

11. ACWA REGION 10 ELECTION FOR THE 2012/13 TERM

Recommendation: That the Board support the candidates as selected by the ACWA Region 10 Nominating Committee.

12. 2011 STATE LEGISLATIVE UPDATE

Recommendation: Receive and file.

13. FREE SPRINKLER NOZZLE PROGRAM EXPANSION

Recommendation: That the Board approve an increase of \$113,750 to the Fiscal Year 2011-12 operating budget from unallocated conservation revenues for the Free Sprinkler Nozzle Program, and authorize the General Manager to amend the existing agreement with Western Municipal Water District to reflect the program budget increase.

CONSENT CALENDAR (CONTINUED)

14. STOCKDALE WEST PILOT PROJECT FACILITIES – FINAL ACCEPTANCE

Recommendation: That the Board accept the Stockdale West Recharge Facilities Pilot Project; authorize the General Manager to file a Notice of Completion for the work; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

15. BUREAU OF RECLAMATION GRANT FOR JOINT ENERGY AND WATER COMMERCIAL AUDIT PILOT PROGRAM

Recommendation: That the Board authorize an increase of \$136,000 to the Fiscal Year 2011-12 Operating Budget and authorize the General Manager to execute an agreement with the Bureau of Reclamation for the implementation of the Joint Energy and Water Commercial Audit Pilot Program.

16. WELLS 21 AND 22 DESALTER CONTRACT CHANGE ORDER

Recommendation: That the Board approve an Expenditure Authorization in the amount of \$577,500 for project 10286 and approve Contract Change Order No. 7 in the amount of \$316,182 to Pascal & Ludwig Constructors for the Wells 21 and 22 Desalter, project 10286 (1081).

17. CATHODIC PROTECTION OF SIX STEEL RESERVOIRS IN SANTIAGO CANYON – EXPENDITURE AUTHORIZATION

Recommendation: That the Board approve an Expenditure Authorization in the amount of \$37,400 for the Cathodic Protection of Six Steel Reservoirs in Santiago Canyon project 11484 (1637).

18. LAKE FOREST WOODS SEWER REHABILITATION PROJECT CHANGE ORDER AND FINAL ACCEPTANCE

Recommendation: That the Board authorize the General Manager to execute Contract Change Order No. 3 with Insituform Technologies, Inc. in the credit amount of <\$95,117.93>; accept construction of the Lake Forest Woods Sewer Rehabilitation, project 20747 (1111); 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.

## ACTION CALENDAR

### LANDSCAPE AND IRRIGATION MAINTENANCE CONTRACT AWARD

Interim General Manager Cook reported that the current three-year landscape and irrigation maintenance contracts for the District's properties expired on June 30, 2011 and have been extended on a month-to-month basis until new contracts are awarded. Mr. Cook said staff circulated a Project Manual to three contractors to solicit bids for landscape and irrigation maintenance services required for 136 District-owned sites divided into seven geographical areas. Bids were received from all three contractors: Tropical Plaza Nursery, Inc., Pinnacle Landscape and Merchants Landscape Services. These contractors are currently performing the work for the District and staff has been very pleased with their service and responsiveness.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on September 20, 2011. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THREE-YEAR LANDSCAPE AND IRRIGATION MAINTENANCE CONTRACTS WITH TROPICAL PLAZA NURSERY, INC. FOR \$631,440, PINNACLE LANDSCAPE FOR \$240,923 AND MERCHANTS LANDSCAPE SERVICES FOR \$262,080.

### CONSTRUCTION MANAGEMENT CONSULTANT SERVICES

Interim General Manager Cook reported that due to the District's current high volume of projects and overlapping deadlines, additional construction management services are needed for approximately the next nine months. Mr. Cook said that the District's Capital Projects Engineering staff consists of six engineers who are currently performing tasks associated with numerous projects, including the preliminary design, design, and construction of the Wells 21 and 22 project; the Baker Treatment Plant; nine new or existing wells that are either being drilled, rehabilitated, or equipped; several significant pipeline projects; and various other capital projects. Two of these engineers are also assigned to the Michelson Water Recycling Plant Biosolids and Energy Recovery Project, which requires approximately 50 to 75% of their time.

Director of Engineering Burton reported that the majority of these projects are currently being constructed, and they require significant efforts to keep the construction on schedule and within budget. For example, there is heavy staff involvement in the Wells 21 and 22 Pipelines due to City of Tustin coordination, traffic control issues, unforeseen utility conflicts and revised pipeline lay drawing requirements, scheduling issues, and contractor difficulties. There will also be six concurrent well construction projects; namely Wells 21 and 22 rehabilitating and equipping, Well 78 drilling and equipping, Well 107 drilling and equipping, Lake Forest well equipping, Well TL-1A drilling, and OPA well drilling and equipping. He said based on currently active and upcoming construction projects, staff requires one additional full-time construction manager/resident engineer for a period of up to nine months. Upon completion of the current high volume of construction projects, staff anticipates that the construction services will no longer be required, as

the workload should return to a level that can be supported by the District's in-house engineering staff.

Mr. Burton said that over the last year, staff has requested proposals for construction engineering services for both large, more complex capital projects as well as small, simpler projects from several consultants, including Butier, CH2M Hill, HDR, Arcadis (formerly Malcolm Pirnie), SAIC (formerly R.W. Beck), Psomas, and Project Partners. Staff has evaluated several candidates from various firms and selected key individuals from HDR and Arcadis as construction engineers on the MWRP Phase II Expansion Project, as well as construction inspectors from HDR, Arcadis, Tetra Tech, and Butier for other projects.

He said to support the construction of the current and upcoming projects, staff has identified an individual from CH2M Hill with extensive construction experience working as the Owner's Representative, familiarity with pipeline and mechanical construction, and the demonstrated ability to manage and coordinate multiple construction projects simultaneously. CH2M Hill has successfully worked on past District projects, and the selected individual would be immediately assigned to the Wells 21 and 22 Pipelines, Wells 21 and 22 Wellheads, and Lake Forest Well No. 2 Equipping. CH2M Hill will also be available to assist with other capital construction projects on an as-needed basis. The scope of work for the construction engineer is defined as on-call services. Staff negotiated a very favorable fully-burdened rate of \$161 per hour, which includes a vehicle and fuel, cell phone and all out-of-office expenses.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on September 20, 2011. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH CH2M HILL IN THE AMOUNT OF \$300,000 FOR CONSTRUCTION MANAGEMENT CONSULTANT SERVICES.

#### ENTERPRISE ASSET MANAGEMENT SOFTWARE NEEDS ASSESSMENT AND EVALUATION – CONSULTANT SELECTION

Interim General Manager Cook reported that the IRWD Application Strategic Plan finalized earlier this year recommended several steps be taken to better align the District's software applications with its strategic vision, including the implementation of an Enterprise Asset Management (EAM) system. Mr. Cook said the EAM system will improve the District's ability to manage its assets from acquisition to retirement, providing tools for preventive and predictive maintenance, financial analysis, and reporting. While the Application Strategic Plan made recommendations regarding the replacement of existing EAM tools, a more detailed study is needed to establish the District's approach and desired outcomes from an EAM system, as well as to identify a preferred software alternative.

He said that in July 2010, the Board approved a Professional Services Agreement with Pacific Technologies, Inc. to develop an Applications Strategic Plan with an emphasis on Utility Billing, Asset Management, Customer Relationship Management, and Budgeting and Planning. The completed Application Strategic Plan determined that a new EAM system to replace the District's

existing TABWARE system (implemented over 15 years ago) should be a high priority for the District. While certain components of the TABWARE system have been utilized (tracking preventive maintenance activities, for example), TABWARE's limited capabilities did not allow staff to develop a fully functional asset management system.

Director of Administrative Services Mossbarger explained that Modern EAM systems are designed to manage the entire life of an asset, from acquisition to retirement. The functions performed by an asset management system include support of asset maintenance and renewal optimization, monitoring and managing performance maintenance and asset management work, responding to unplanned asset events, planning and scheduling non-urgent maintenance tasks, assigning and performing non-urgent asset work, managing inventory, and producing asset maintenance reports. These systems have become substantially more sophisticated in the 15 years since the District implemented the TABWARE system. He said that while the Applications Strategic Plan provided a high-level gap-fit analysis and recommended direction, a more detailed review of requirements and specific system selection was also recommended. Whichever system is ultimately selected, integration with other District applications such as Utility Billing, Oracle ERP (fixed assets, payroll, business intelligence), and Geographical Information Systems (GIS) will be required. The selected software system must also have the ability to manage vertical assets (treatment and pumping facilities, buildings, etc.), linear assets (pipelines), and rolling assets (trucks, portable generators, etc.). The different EAM systems have differing levels of strength in their ability to manage these various asset-classes.

Mr. Mossbarger said it was determined that a consultant team that understands the sophistication of EAM systems, including a system's ability to manage multiple types of assets throughout the enterprise, should be retained to provide the expertise to assist in identifying, evaluating, and selecting a new EAM system. He said staff prepared a Request for Proposal for consulting services to perform a needs assessment for and evaluation of EAM software. The scope of work was summarized in eight phases as follows: Phase 1 – Project initiation and management; Phase 2 – Develop asset management strategy; Phase 3 – Survey existing system and develop requirements; Phase 4 – Prepare proof of concept and test cases; Phase 6 – Check references; Phase 7 – Conduct site visits; and Phase 8 – Prepare final report.

Mr. Mossbarger said the Request for Proposal was issued on June 3, 2011 to five pre-selected consultants with experience in reviewing, assisting with selection, and implementing Enterprise Asset Management software: EMA, Inc., Five Point Partners, Pacific Technologies, Inc., RMC, and Westin. All five consultants submitted proposals. Staff from multiple departments reviewed and ranked the proposals. He said that based on the proposals and interviews, staff believes that EMA, Inc. demonstrated the best understanding of the Enterprise Asset Management project and has extensive experience not only developing Enterprise Asset Management strategies, but utilizing software systems to support the strategy. EMA, Inc. had the most experienced project team and is the most capable of assisting the District with development of an EAM strategy and a proof of concept to support it. While EMA, Inc.'s proposed fee is higher than second-best ranked Westin's fee, the major difference is the amount of time devoted to developing an asset management strategy. EMA, Inc. proposed to devote more effort to Enterprise Asset Management strategy development than Westin, a process which staff believes will be valuable in the ultimate selection and successful implementation of software.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on September 20, 2011. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE ADDITION OF PROJECTS 11619 AND 21619 TO THE FY 2011-12 CAPITAL BUDGET AND ACCOMPANYING EXPENDITURE AUTHORIZATIONS IN THE AMOUNT OF \$125,000 EACH, AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH EMA, INC. IN THE AMOUNT OF \$196,880 FOR THE ENTERPRISE ASSET MANAGEMENT SOFTWARE REVIEW PROJECT.

Interim General Manager Cook presented both Orange Park Acres agenda items Nos. 22 and 23 concurrently as both are construction contract awards as follows: 1) Paulus Engineering, Inc in the amount of \$1,143,821; and 2) L & S Construction, Inc. in the amount of \$154,751.

ORANGE PARK ACRES DOMESTIC WATER PRESSURE REGULATING STATIONS AND FIRE FLOW IMPROVEMENTS BUDGET ADDITION AND CONSTRUCTION AWARD; AND ORANGE PARK ACRES CHAPMAN AVENUE ON-SITE PIPING RELOCATION CONSTRUCTION AWARD

Interim General Manager Cook reported that the Orange Park Acres Domestic Water Pressure Regulating Stations and Fire Flow Improvement Project will provide the final essential improvements before the existing Orange Park Acres system can be raised to Zone 5 pressure. Mr. Cook said that the Orange Park Acres Chapman Avenue On-Site Piping Relocation Project will relocate customer meters connected to a deteriorating 6-inch asbestos-cement pipe that is routed through the middle of eight properties on Chapman Avenue. At completion, the 6-inch pipe along with the 16-inch riveted steel main connected to the existing OPA reservoir at Calle Grande will be abandoned.

Director Reinhart reported that these items were reviewed and approved by the Engineering and Operations Committee on September 20, 2011. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED A BUDGET INCREASE OF \$312,000 FROM \$886,000 TO \$1,198,600 FOR THE ORANGE PARK ACRES DOMESTIC WATER FIRE FLOW IMPROVEMENTS, PROJECT 11410 (1297); APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$852,700 FOR THE ORANGE PARK ACRES DOMESTIC WATER FIRE FLOW IMPROVEMENTS, PROJECT 11410 (1297); APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$599,600 FOR THE ORANGE PARK ACRES DOMESTIC WATER PRESSURE REGULATING STATIONS, PROJECT 11409 (1287); AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH PAULUS ENGINEERING, INC. IN THE AMOUNT OF \$1,143,821 FOR THE ORANGE PARK ACRES DOMESTIC WATER PRESSURE REGULATING STATIONS AND FIRE FLOW IMPROVEMENTS, PROJECTS 11409 (1287) AND 11410 (1297); AND THE BOARD APPROVED A BUDGET INCREASE OF \$275,000, FROM \$10,713,900 TO \$10,988,900 FOR THE ORANGE PARK ACRES CHAPMAN AVENUE ON-SITE PIPING RELOCATION CONSTRUCTION AWARD, PROJECT 11408 (1279); APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$275,000 FOR THE ORANGE PARK ACRES CHAPMAN AVENUE ON-SITE PIPING RELOCATION

CONSTRUCTION AWARD PROJECT 11408 (1279); AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH L & S CONSTRUCTION, INC. IN THE AMOUNT OF \$154,751 FOR THE ORANGE PARK ACRES CHAPMAN AVENUE ON-SITE PIPING RELOCATION, PROJECT 11408 (1279).

Director Swan requested that staff update the Finance & Personnel Committee and the Board on the comparison of actual with projected expenditures for Orange Park Acres and Santiago Water District services areas.

MWRP PHASE 2 EXPANSION AND FLOOD PROTECTION IMPROVEMENTS – BUDGET INCREASE, EXPENDITURE AUTHORIZATION, CONTRACT CHANGE ORDER, AND VARIANCE

Interim General Manager Cook reported that the Michelson Water Recycling Plant (MWRP) Phase 2 Expansion and Flood Protection Improvements are currently being constructed by J. R. Filanc Construction Company. Mr. Cook said construction of the MWRP Phase 2 Expansion and Flood Protection Improvements project was awarded to J. R. Filanc Construction, Co. in July 2009 in the amount of \$87,479,450. This project will expand the recycled water production capacity of MWRP to 28 million gallons per day and protect MWRP from flooding of San Diego Creek.

Director of Engineering Burton reported that the Sand Canyon Zone A Reservoir is drained each year as part of the seasonal reservoir operation. The operation usually takes two to three months to complete. The current procedure for draining the reservoir requires the installation of temporary flexible aboveground piping from the Adams strainer on the west side of MWRP to the MWRP effluent pump station. This arrangement has proven to be labor intensive and also disruptive to normal MWRP traffic flow since the piping crosses a well traveled road within the plant. A more permanent pipe installation is necessary. Additionally, the Adams strainer is old and needs to be replaced.

Mr. Burton said the Sand Canyon Zone A Strainer Replacement Project includes the replacement of the strainer, construction of approximately 1,800 feet of 16-inch polyvinyl chloride pressure pipe, two butterfly valves, pipes of various sizes, and associated demolition, electrical and instrumentation, and start-up activities. Construction of the strainer project would be more efficient and more cost effective if performed as part of the MWRP Phase 2 Expansion rather than as a separate construction project. He said by Filanc performing the work, coordination efforts would be minimized and streamlined. More coordination would be required if another contractor performed the work. The pipeline associated with the strainer shares the great majority of its alignment with the new south influent sewer. Since Filanc is excavating for the influent sewer lines, the area where the pipelines would be located would only be excavated and backfilled once, instead of twice. He said the engineer's estimate was \$320,000 in the Preliminary Design Report (PDR) prepared by Stantec Consulting in December 2009. The final strainer replacement project includes additional piping, motorized control valves and SCADA integration which increased the cost from the PDR estimate. Staff reviewed Filanc's cost proposal, negotiated changes, and agreed with Filanc on the final cost.

Mr. Burton said that Ninyo and Moore has been providing construction phase pile foundation services since the start of the project. In its original proposal, Ninyo and Moore assumed a pile installation rate faster than the actual pile installation. Concern with the effects of the vibration from the pile installation to adjacent structures and bird nesting, which limited the work area, resulted in the slower installation. In addition, Ninyo and Moore performed out-of-scope items. These items include (1) lateral capacity analysis due to site conditions; (2) pavement design for temporary access road off Campus Drive; (3) testing and inspection during pipeline installation along the creek; and (4) keyway inspection for Pond D. He said the requested variance will provide construction phase pile foundation services for the remaining 872 piles.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on September 20, 2011. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED AN INCREASE TO THE FY 2011-12 CAPITAL BUDGET IN THE AMOUNT OF \$112,200, FROM \$733,200 TO \$845,400, FOR THE MWRP SAND CANYON ZONE A STRAINER REPLACEMENT, PROJECT 30038 (1643); APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$377,900 FOR THE MWRP SAND CANYON ZONE A STRAINER REPLACEMENT, PROJECT 30038 (1643); APPROVED CONTRACT CHANGE ORDER (CCO) NO. 46 IN THE AMOUNT OF \$476,789 WITH J. R. FILANC CONSTRUCTION CO. FOR THE CONSTRUCTION OF THE SAND CANYON ZONE A STRAINER REPLACEMENT; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 1 IN THE AMOUNT OF \$121,595 WITH NINYO AND MOORE FOR SUPPLEMENTAL CONSTRUCTION PHASE PILE FOUNDATION SERVICES FOR THE MWRP FLOOD PROTECTION IMPROVEMENTS, PROJECTS 20542 (1150) AND 30542 (1118).

#### SUPPORT LETTER FOR THE CLEAN WATER AND JOBS FOR CALIFORNIA COALITION

Director Reinhart reported that as mentioned in the recent IRWD Weekly Report, a meeting of water district Board Members and General Managers throughout Orange County was held last Friday to discuss the future of the State Water Bond. He said that Tim Quinn, Association of California Water Agencies Executive Director and Mario Santoyo, Friant Water Authority Assistant General Manager, provided updates on the advocacy efforts of the Clean Water and Jobs for California Coalition and led a discussion about strategies going forward. Director Reinhart said that ACWA and the Coalition are requesting letters of support from water agencies across the state.

Discussion followed, and on MOTION by Reinhart, seconded and unanimously carried, THE BOARD TOOK A POSITION OF SUPPORT FOR THE CLEAN WATER AND JOBS FOR CALIFORNIA COALITION AND DIRECTED STAFF TO PREPARE A LETTER FOR THE PRESIDENT'S SIGNATURE, AND CONTINUE TO MONITOR THIS EFFORT AND PARTICIPATE AS APPROPRIATE.

## GENERAL MANAGER'S REPORT

Interim General Manager Paul Cook reported that the district received a request from the Orange County Grand Jury. He said this information is being requested to obtain a better understanding of each special district. He also recommended that the interested members of the Grand Jury be invited to tour IRWD.

## DIRECTORS' COMMENTS

Director Withers reported he attended the ACWA Legal affairs program on water banking. He congratulated Fiona Sanchez who is running for the California Urban Water Conservation Council board. He said the next LAFCO meeting is Oct 12 and that he will attend an ISDOC Quarterly Meeting on Thursday.

Director Swan reported he attended Southern California Water Dialogue meeting where they talked about Urban Water Management Plans and one of the panelist who did an exceptional good job was Fiona Sanchez. He said he also attended a special ACWA Task Force on Delta financing and an ACWA briefing on bond financing.

Director Matheis reported she attend the Colorado River symposium which is held bi-annually, which had representatives from seven states. She will attend the ISDOC Quarterly meeting on Thursday, which is on redistricting and how it is going to affect Orange County.

Director LaMar reported he attended MWDOC's board meeting and Joint committee meeting, a Southern California Water Committee Task Force Meeting. He said he also attended a Nature Reserve of Orange County board meeting, as he is taking Paul Jones' place as a regular board member and he has been added to their executive committee as well.

## ADJOURNMENT

President LaMar adjourned the meeting to Tuesday, September 27, 2011 at 12:30 p.m., to Payne & Fears Law Office Jamboree Center, 4 Park Plaza, Suite 1100, Irvine, CA., relative to the appointment of a General Manager.

APPROVED and SIGNED this 10th day of October, 2011.

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President, IRVINE RANCH WATER DISTRICT

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Assistant Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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Legal Counsel - Bowie, Arneson, Wiles & Giannone

EXHIBIT "B"

MINUTES OF ADJOURNED REGULAR BOARD MEETING –SEPTEMBER 27, 2011

The adjourned regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 12:30 p.m. by President LaMar on September 27, 2011 at Payne & Fears Law Office, Jamboree Center, 4 Park Plaza, Suite 1100, Irvine, California..

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

Directors Absent: None

Also Present: Director of Human Resources Wells and Mr. Norm Roberts of Roberts Consulting Group.

WRITTEN COMMUNICATIONS: None

ORAL COMMUNICATION: None.

CLOSED SESSION

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

OPEN SESSION

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

ADJOURNMENT

There being no further business, President LaMar adjourned the meeting at 5:15 p.m.

APPROVED and SIGNED this 10th day of October 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

EXHIBIT "C"

MINUTES OF REGULAR MEETING – OCTOBER 3, 2011

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by Secretary Bonkowski at 5:00 p.m., October 3, 2011 in the District Office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present:     None  
Directors Absent:     LaMar, Reinhart, Matheis, Withers, and Swan

In the absence of a quorum, Secretary Bonkowski adjourned the meeting to Friday, October 7, 2011 at 10:00 a.m. to hold a Strategic Planning Workshop.

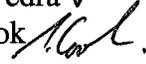
APPROVED and SIGNED this 10th day of October, 2011.

\_\_\_\_\_  
President, IRVINE RANCH WATER DISTRICT

\_\_\_\_\_  
Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

\_\_\_\_\_  
Legal Counsel - Bowie, Arneson, Wiles and Giannone

October 10, 2011  
Prepared and  
Submitted by: N. Savedra   
Approved by: P. Cook 

CONSENT CALENDAR

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

SUMMARY:

Pursuant to Resolution 2006-29 adopted on August 28, 2006, approval of attendance of the following events and meetings are required by the Board of Directors.

Events/Meetings

Steven LaMar

9/16/11 CCEEB Water Quality Study Proposal Meeting  
10/04/11 IRWD Long-Term Finance Plan Meeting  
10/18/11 CORO Water Seminar

Mary Aileen Matheis

10/18/11 Sacramento-San Joaquin Delta Conservancy Seminar

Doug Reinhart

9/23/11 Water Bond Discussion w/Tim Quinn of ACWA (via conference call)

Peer Swan

10/18/11 CORO Water Seminar

John Withers

9/23/11 Water Bond Discussion w/Tim Quinn of ACWA (via conference call)

RECOMMENDATION:

THAT THE BOARD RATIFY/APPROVE THE MEETINGS AND EVENTS FOR STEVEN LaMAR, MARY AILEEN MATHEIS, DOUG REINHART, PEER SWAN, AND JOHN WITHERS AS DESCRIBED.

LIST OF EXHIBITS:

None

October 10, 2011

Prepared by: Shannon Reed

Submitted by: Beth Beeman

Approved by: Paul Cook *P. Cook*

CONSENT CALENDAR

RESOLUTION RECOGNIZING THE MUNICIPAL WATER DISTRICT  
OF ORANGE COUNTY ON ITS 60<sup>TH</sup> ANNIVERSARY

SUMMARY:

Staff has prepared a resolution recognizing the 60<sup>th</sup> anniversary of the Municipal Water District of Orange County (MWDOC). The resolution, which is provided as Exhibit "A", will be presented to MWDOC at its Water Policy Forum and Dinner on October 20, 2011.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Not applicable.

RECOMMENDATION:

THAT THE BOARD ADOPT THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2011-

RESOLUTION OF THE BOARD OF DIRECTORS  
OF IRVINE RANCH WATER DISTRICT RECOGNIZING  
THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
ON ITS 60<sup>TH</sup> ANNIVERSARY.

LIST OF EXHIBITS:

Exhibit "A" – Resolution

## EXHIBIT "A"

### RESOLUTION NO. 2011-

#### RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT RECOGNIZING THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY ON ITS 60<sup>TH</sup> ANNIVERSARY

WHEREAS, the Board of Directors of Irvine Ranch Water District recognizes the 60<sup>th</sup> Anniversary of the Municipal Water District of Orange County; and

WHEREAS, the Irvine Ranch Water District is an active member agency of the Municipal Water District of Orange County; and

WHEREAS, the Municipal Water District of Orange County and the Irvine Ranch Water District have enjoyed a long history of creative collaboration and public stewardship; and

WHEREAS, the Irvine Ranch Water District has worked successfully with the Municipal Water District of Orange County on many water supply projects, water resource initiatives and water use efficiency efforts; and

WHEREAS, the Irvine Ranch Water District worked closely with the Municipal Water District of Orange County to complete the Allen-McColloch Pipeline, formerly known as the Diemer Intertie Pipeline, and successfully coordinated the transfer of the operation and maintenance of this project to the Metropolitan Water District of Southern California; and

WHEREAS, the Irvine Ranch Water District and the Municipal Water District of Orange County partnered on water supply reliability for South Orange County, including the South County Intertie and the Baker Treatment Plant; and

WHEREAS, the Municipal Water District of Orange County has been instrumental in assisting the Irvine Ranch Water District negotiations with the Metropolitan Water District of Southern California on many water resource initiatives, including the San Joaquin Reservoir, the Baker Treatment Plant, water banking along with other local projects; and

WHEREAS, the Irvine Ranch Water District continues to work with the Municipal Water District of Orange County to meet the needs of the region.

NOW, THEREFORE, BE IT RESOLVED, that the Irvine Ranch Water District Board of Directors recognizes the Municipal Water District of Orange County on its 60<sup>th</sup> anniversary.

ADOPTED, SIGNED and APPROVED this 10th day of October, 2011.

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President, IRVINE RANCH WATER  
DISTRICT and of the Board of Directors  
Thereof

October 10, 2011

Prepared and

Submitted by: Janet Wells

Approved by: Paul Cook 

## ACTION CALENDAR

### DENTAL AND VISION INSURANCE COVERAGE FOR CALENDAR YEAR 2012

#### SUMMARY:

ACWA Services Corporation has negotiated rates with Delta Dental for the plan year beginning January 1, 2012 which include a 4.23% increase in the premiums for IRWD's current dental plan, Plan A. IRWD has a four-year rate guarantee from EyeMed Vision Care for the District's vision coverage through December 31, 2011. EyeMed has again agreed to renew IRWD's coverage at the current rates with a two-year rate guarantee.

IRWD has retained a consultant team 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 in the future. The results of that study will not be developed in time to make adjustments to the 2012 dental and vision insurance benefits. As such, staff recommends that the Board extend IRWD's existing contracts with ACWA for Delta Dental Plan A coverage and with EyeMed for vision coverage for calendar year 2012.

#### BACKGROUND:

##### Dental Insurance Coverage:

IRWD's current dental coverage is provided by Delta Dental Plan of California through ACWA. Delta Dental offers two different Delta Preferred Option (DPO) plans which are summarized in Exhibit "A." The major coverage differences between Plan A and Plan B include a higher level of diagnostic and preventive benefits and a higher annual maximum benefit under Plan B. IRWD currently contracts through ACWA for DPO Plan A with child and adult orthodontic coverage added on.

Beginning January 1, 2012, all ACWA Delta Dental PPO plans will include coverage for dental implants. Dental implants will be covered under Major Services (50% coinsurance) up to the maximum permitted by the plan. In addition, the dental PPO plans will have enhanced standard benefits based on industry standards and will provide enrollees with additional coverage and lower out-of-pocket costs while improving patient safety. These additions include:

- Panoramic X-ray – Panoramic films frequency will now mirror a full-mouth x-ray.
- IV Sedation – IV Sedation will now be covered for oral surgery procedures.
- IV Sedation and General Anesthesia – General anesthesia and IV sedation will now be covered for select endodontic and periodontal surgeries.

ACWA has negotiated rates with Delta Dental for calendar year 2012. Premiums for Plan A with child and adult orthodontic coverage, in which the District is currently enrolled, will increase 4.23%. Exhibit "B" details the estimated costs for the two dental plan options available to the District. Premiums last increased in January 2011 by 4.65%. ACWA will renew coverage for the District's current plan at the monthly rates of \$37.04 for employee only, \$74.72 for employee plus one, and \$139.79 for family coverage. Monthly rates for the upgraded DPO Plan B are \$50.00 for employee only, \$101.22 for employee plus one, and \$188.45 for family coverage. These rates are 41.3% higher than the rates for the current coverage. ACWA's administration fee was last increased in July 2008 from \$1.65 to \$1.72 per enrollee per month. There will be no change to the administration fee for calendar year 2012. The administration fee is included in the premiums shown above and in Exhibit "B."

Staff recommends that the Board extend the District's existing contracts with ACWA for Dental Plan A.

Vision Insurance Coverage:

Commencing in 2008, the District entered into a four-year rate guarantee with EyeMed Vision Care to provide the District's vision insurance coverage; this rate guarantee expires on January 1, 2012. EyeMed has again agreed to renew the District's coverage at the current rates with a two-year rate guarantee. Monthly rates are \$8.44 for employee only, \$16.04 for employee plus one, and \$23.52 for family coverage. The EyeMed plan provides for a \$140 frame allowance every 12 months, with additional discounts for amounts exceeding the frame allowance, coverage for routine lenses, and discounts for specialized treatments for lenses. Eye Med alternatively provides coverage for contact lenses in lieu of frames and lenses. Staff recommends that the Board extend the existing contract and coverage with EyeMed for calendar year 2012.

FISCAL IMPACTS:

Staff budgeted \$374,000 for FY 2011-12 premiums. Renewal of the District's current dental insurance coverage with the 4.71% increase in premiums based on current enrollment would result in total projected expenses for FY 2011-12 of \$367,476 or \$6,524 under budget.

Staff budgeted \$70,200 for FY 2011-12 premiums. Renewal of the District's current vision insurance coverage with no increase in premiums based on current enrollment would result in total projected expenses for FY 2011-12 of \$68,855 or \$1,345 under budget.

ENVIRONMENTAL IMPACTS:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on October 4, 2011.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXTEND THE DISTRICT'S CONTRACT WITH ACWA SERVICES CORP. FOR DELTA DPO PLAN A WITH CHILD AND ADULT ORTHODONTIC COVERAGE AND WITH EYEMED VISION CARE FOR THE 2012 CALENDAR YEAR.

LIST OF EXHIBITS:

Exhibit "A" – Dental Plan Benefits Comparison  
Exhibit "B" – Dental Plan Premiums Comparison

**IRVINE RANCH WATER DISTRICT  
JANUARY 2012  
DENTAL PLAN RENEWAL COMPARISON**

IRVINE RANCH WATER DISTRICT DENTAL PLAN BENEFITS	ACWA DELTA PREFERRED PLAN A		ACWA DELTA PREFERRED PLAN B	
	In Network	Out of Network	In Network	Out of Network
Individual Deductible Family Deductible	\$25 \$50		\$25 \$50	
Dependent Coverage Maximum Age If qualified dependent for tax purposes	19 years 25 years		19 years 25 years	
Calendar Year Maximum	No student requirement \$1,500		No student requirement \$2,000	
Diagnostic & Preventive Treatments	85% Deductible waived	80% Deductible waived	100% Deductible waived	100% Deductible waived
Basic Treatments	80% after deductible	80% after deductible	85% after deductible	80% after deductible
Crowns, Jackets, Casts & Implants	50% after deductible	50% after deductible	50% after deductible	50% after deductible
Prosthodontic Treatments*	50% after deductible	50% after deductible	50% after deductible	50% after deductible
Orthodontic Treatments*	50%	50%	50%	50%
Orthodontia Lifetime Maximum	\$2,000	\$2,000	\$2,000	\$2,000

\* 12 month waiting period from date of eligibility

IRVINE RANCH WATER DISTRICT  
 2012 DENTAL RENEWAL -- FINANCIAL COMPARISON  
 CURRENT AND RENEWAL OPTION RATES

	Current Plan A		Option 1			Option 2		
	w/ Child & Adult Ortho		Calendar Year 2010 Plan A			Calendar Year 2010 Plan B		
	Enrollment	Premium	Enrollment	Premium	% Increase	Enrollment	Premium	% Increase
<b>ACWA Delta Dental</b>								
Single	78	\$35,111	78	\$37,040	5.50%	78	\$50,000	42.41%
Two Party	85	\$71,260	85	\$74,720	4.86%	85	\$101,220	42.04%
Family	158	\$133,689	158	\$139,790	4.56%	158	\$188,450	40.96%
Monthly Dental Premium		<b>\$29,919</b>		<b>\$31,327</b>	<b>4.71%</b>		<b>\$42,279</b>	<b>41.31%</b>
% Change to Current Monthly Premium								
<b>NET ANNUAL PREMIUM</b>		<b>\$359,024</b>		<b>\$375,926</b>			<b>\$507,346</b>	
% Change to Current Annual Premium					<b>4.71%</b>		<b>41.31%</b>	

Note: Costs for FY2011-12 for Plan A consist of 6 months at current premiums (\$29,919/month) and 6 months at new premium levels (\$31,327/month) for a total projected expense of \$367,476.

Note: Costs for FY2011-12 for Plan B consist of 6 months at current premiums (\$29,919/month) and 6 months at new premium levels (\$42,279/month) for a total projected expense of \$433,188.

October 10, 2011

Prepared by: J. Smyth/M. Cortez

Submitted by: K. Burton

Approved by: Paul Cook 

## ACTION CALENDAR

### UNIVERSITY DRIVE PIPELINES CATHODIC PROTECTION CONSTRUCTION AWARD

#### SUMMARY:

Seven cathodic protection rectifiers, four insulating flanges, and nine test stations will be installed as part of the University Drive Pipelines Cathodic Protection project to protect domestic and recycled water metallic pipelines from corrosion. Staff recommends that the Board:

- Authorize an increase to the FY 2011-12 Capital Budget for project 10740 in the amount of \$137,500, from \$765,600 to \$903,100, and for project 30740 in the amount of \$147,400, from \$765,600 to \$913,000;
- Approve Expenditure Authorizations for project 10740 in the amount of \$814,800, and project 30740 in the amount of \$814,000; and
- Authorize the General Manager to execute a construction contract with Paulus Engineering, Inc. in the amount of \$1,218,954 for the University Drive Pipelines Cathodic Protection Project.

#### BACKGROUND:

A pipeline leak occurred in 2006 on the recycled water (RW) pipeline serving the Green Acres Project. The cause of the leak was corrosion of an un-mortared joint on the concrete mortar lined and coated steel pipe. Excavation and inspection of adjacent joints revealed similar corrosion. The corrosion of the joints was exacerbated by stray electrical current from cathodic protection on a parallel domestic water IRWD pipeline, a parallel gas pipeline, a crossing Metropolitan Water District pipeline, and severely corrosive soils in the area.

IRWD's cathodically protected domestic water and unprotected RW pipelines run parallel in University Drive from MacArthur Boulevard to Ridgeline Drive. The RW pipeline also runs north along Harvard Avenue, under the San Diego Creek and through the Michelson Water Recycling Plant where it parallels a metallic wastewater force main. The RW pipeline previously experienced a corrosion leak in the area where it crosses the creek. Corrosion survey and visual data show the pipeline is actively corroding in this area as well.

A project was initiated and Schiff Associates was retained to design cathodic protection for the pipelines. A Location Map is provided as Exhibit "A". The design was completed in August 2011. The project includes the installation of seven cathodic protection rectifiers, four insulating flanges, and nine test stations to cathodically protect domestic and recycled water metallic pipes.

#### Construction Award:

The project was advertised on August 31, 2011 to a select bid list of seven pipeline contractors; specialty cathodic protection work will be installed by a cathodic protection subcontractor.

Paulus Engineering, Leatherwood Construction, W.A. Rasic Construction, CCL Contracting, and Kennedy Pipeline attended the mandatory pre-bid meeting on September 13, 2011. The bid opening was held on September 27, 2011 with bids received from Paulus Engineering, Leatherwood Construction, W.A. Rasic Construction, and CCL Contracting. Paulus Engineering was the apparent low bidder with a bid amount of \$1,218,954. The engineer's estimate was \$1,047,000. A Bid Summary is attached as Exhibit "B".

FISCAL IMPACTS:

Projects 10740(1833) and 30740(1262) are included in the FY 2011-12 Capital Budget. Staff requests approval of Expenditure Authorizations to fund the construction as shown in the table below and in Exhibit "C".

Project No.	Current Budget	Addition <Reduction>	Total Budget	Existing EA	This EA Request	Total EA Request
10740 (1833)	\$ 765,600	\$137,500	\$ 903,100	\$ 70,900	\$ 814,800	\$ 885,700
30740 (1262)	\$ 765,600	\$147,400	\$ 913,000	\$ 97,100	\$ 814,000	\$ 911,100
Total	\$1,531,200	\$284,900	\$1,816,100	\$168,000	\$1,628,800	\$1,796,800

ENVIRONMENTAL COMPLIANCE:

This project is exempt from the California Environmental Quality Act (CEQA) as authorized under the California Code of Regulations, Title 14, Chapter 3, Section 15301 which provides exemption for minor alterations of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. A Notice of Exemption for the project was filed with the County of Orange on March 14, 2011.

COMMITTEE STATUS:

Construction awards are not routinely taken to Committee prior to submittal for Board approval.

RECOMMENDATION:

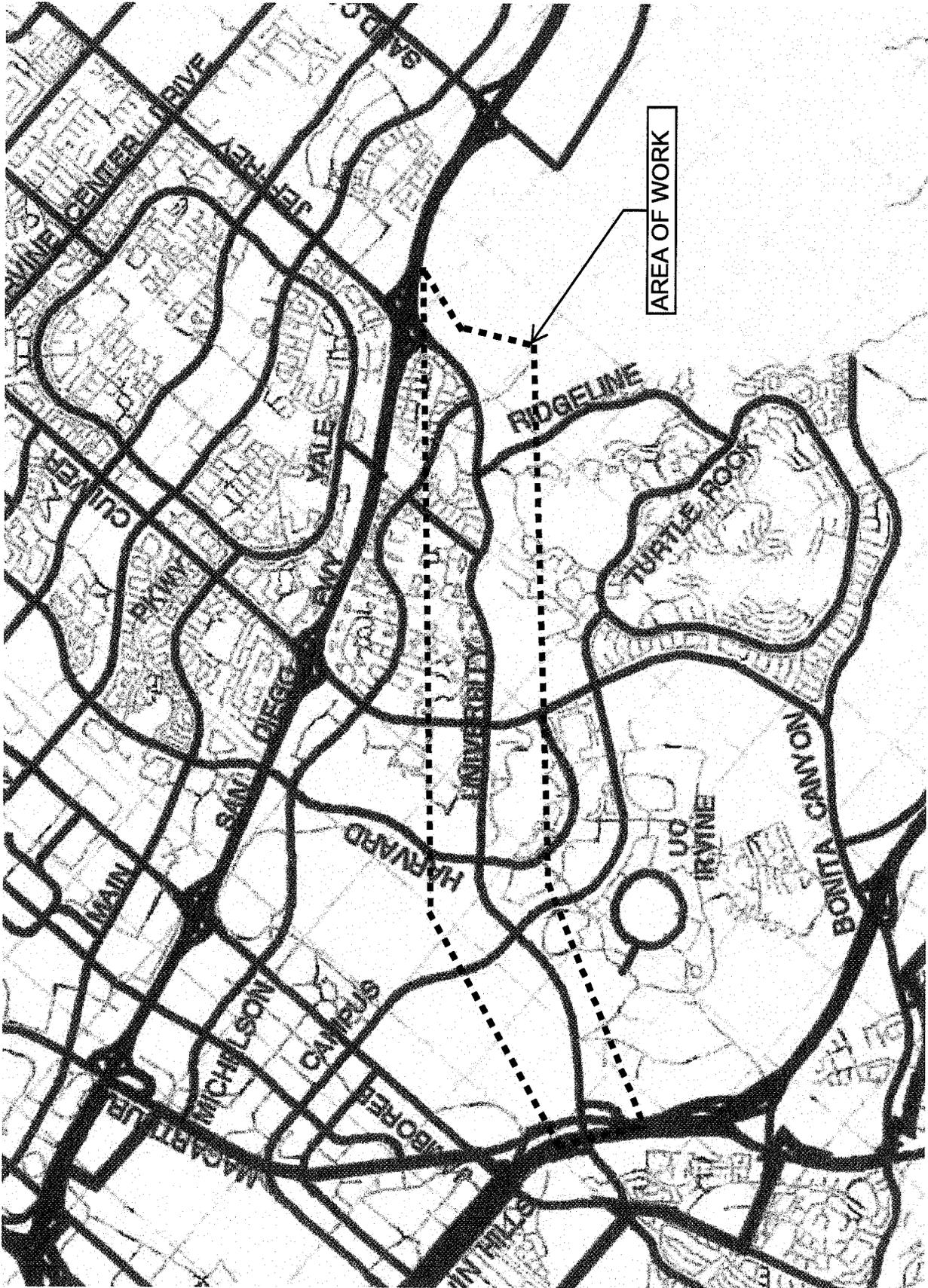
THAT THE BOARD AUTHORIZE AN INCREASE TO THE FY 2011-12 CAPITAL BUDGET FOR PROJECT 10740 (1833) IN THE AMOUNT OF \$137,500, FROM \$765,600 TO \$903,100, AND FOR PROJECT 30740 (1262) IN THE AMOUNT OF \$147,400, FROM \$765,600 TO \$913,000; APPROVE EXPENDITURE AUTHORIZATIONS FOR PROJECT 10740 (1833) IN THE AMOUNT OF \$814,800 AND PROJECT 30740 (1262) IN THE AMOUNT OF \$814,000; AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH PAULUS ENGINEERING, INC. IN THE AMOUNT OF \$1,218,954 FOR THE UNIVERSITY DRIVE PIPELINES CATHODIC PROTECTION PROJECT.

LIST OF EXHIBITS:

- Exhibit "A" – Location Map
- Exhibit "B" – Bid Summary
- Exhibit "C" – Expenditure Authorizations

EXHIBIT "A"

LOCATION MAP



# Exhibit "B"

Irvine Ranch Water District Bid Summary For  
 University Dr. Pipelines Cathodic Protection  
 PR 10740, 20487, 30740  
 (Oracle 1833, 1076, 1262)

Bid Opening: Tuesday, September 27, 2012 @ 1:00 p.m.

Entered By: J.K. Irey

Item No.	Description	Qty	Engineer's Estimate			1 Paulus Engineering Anaheim, CA			2 CCL Contracting Escondido, CA			3 W.A. Rasic Const. Co. Bell Gardens, CA			4 Leatherwood Construction Fountain Valley, CA		
			Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	
1	Mobilization	1	LS	\$50,000.00	\$50,000.00	\$25,000.00	\$25,000.00	\$159,000.00	\$159,000.00	\$144,500.00	\$144,500.00	\$150,000.00	\$150,000.00				
2	Remove existing shunt boxes	6	EA	\$2,000	\$12,000.00	\$1,450.00	\$8,700.00	\$2,100.00	\$12,600.00	\$500.00	\$3,000.00	\$1,000.00	\$6,000.00				
3	Install casing test station	3	EA	\$7,500	\$22,500.00	\$8,530.00	\$25,590.00	\$8,600.00	\$25,800.00	\$11,800.00	\$35,400.00	\$3,000.00	\$9,000.00				
4	Install insulating joint and insulating joint test station on 36" CMILC pipe	1	LS	\$40,000	\$40,000.00	\$18,360.00	\$18,360.00	\$34,000.00	\$34,000.00	\$27,500.00	\$27,500.00	\$35,000.00	\$35,000.00				
5	Install insulating joint and insulating joint test station on 20" CMILC pipe	1	LS	\$25,000	\$25,000.00	\$10,750.00	\$10,750.00	\$30,000.00	\$30,000.00	\$26,000.00	\$26,000.00	\$28,000.00	\$28,000.00				
6	Install insulating joint on existing 24" RW valve flange and insulating joint test station. Remove existing bond wires.	1	LS	\$25,000	\$25,000.00	\$15,000.00	\$15,000.00	\$38,000.00	\$38,000.00	\$19,000.00	\$19,000.00	\$7,000.00	\$7,000.00				
7	Install 2-wire cathodic test station	9	EA	\$7,500	\$67,500.00	\$7,500.00	\$67,500.00	\$14,900.00	\$134,100.00	\$7,800.00	\$70,200.00	\$10,000.00	\$90,000.00				
8	Install insulating joint test station	3	EA	\$7,500	\$22,500.00	\$7,700.00	\$23,100.00	\$8,000.00	\$24,000.00	\$16,350.00	\$49,050.00	\$13,500.00	\$40,500.00				
9	Remove and Replace existing Rectifier at University Drive and California Ave. per IRWD Std. Dwg. CP-5, new rectifier, new SS cabinet, new concrete pad, shunt panel, install anode bed with vent and vault vent cover, install structure leads, install power, and all other appurtenant work.	1	LS	\$94,500	\$94,500.00	\$106,500.00	\$106,500.00	\$115,000.00	\$115,000.00	\$152,000.00	\$152,000.00	\$135,000.00	\$135,000.00				
10	Install new cathodic test station test box on existing test station	2	EA	\$750	\$1,500.00	\$1,000.00	\$2,000.00	\$5,500.00	\$11,000.00	\$6,000.00	\$12,000.00	\$4,700.00	\$9,400.00				
11	Remove and Replace existing Rectifier at University Drive and Mesa Rd. per IRWD Std. Dwg. CP-5, new rectifier, new SS cabinet, new concrete pad, shunt panel, install anode bed with vent and vault vent cover, install structure leads, install power, and all other appurtenant work.	1	LS	\$80,500	\$80,500.00	\$95,800.00	\$95,800.00	\$105,700.00	\$105,700.00	\$132,000.00	\$132,000.00	\$122,600.00	\$122,600.00				
12	Install New Rectifier at University Drive and Harvard Ave. per IRWD Std. Dwg. CP-5, new rectifier, new SS cabinet, new concrete pad, install anode bed with vent and vault vent cover, shunt panel, install structure leads, install power, and all other appurtenant work.	1	LS	\$85,500	\$85,500.00	\$104,200.00	\$104,200.00	\$115,000.00	\$115,000.00	\$147,000.00	\$147,000.00	\$184,100.00	\$184,100.00				
13	Install New Rectifier at University Drive and Culver Dr. per IRWD Std. Dwg. CP-5, new rectifier, new SS cabinet, new concrete pad, shunt panel, install anode bed with vent and vault vent cover, install structure leads, install power, and all other appurtenant work.	1	LS	\$90,500	\$90,500.00	\$90,345.00	\$90,345.00	\$104,500.00	\$104,500.00	\$146,000.00	\$146,000.00	\$175,800.00	\$175,800.00				

Item No.	Description	Qty	Unit	Engineer's Estimate		1 Paulus Engineering Anaheim, CA		2 CCL Contracting Escondido, CA		3 W.A. Basic Const. Co. Bell Gardens, CA		4 Leatherwood Construction Fountain Valley, CA	
				Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount
14	Remove existing rectifier and meter in Mason Park near University Dr. and Culver Dr.	1	LS	\$10,000	\$10,000.00	\$5,600.00	\$5,600.00	\$6,500.00	\$6,500.00	\$19,500.00	\$19,500.00	\$3,600.00	\$3,600.00
15	Splice existing CP test wires to extend leads inside existing test boxes	3	EA	\$1,000	\$3,000.00	\$1,200.00	\$3,600.00	\$8,000.00	\$24,000.00	\$3,600.00	\$10,800.00	\$1,000.00	\$3,000.00
16	Repair test wires, replace test box, replace marker	2	EA	\$2,500	\$5,000.00	\$1,325.00	\$2,650.00	\$7,150.00	\$14,300.00	\$5,500.00	\$11,000.00	\$3,000.00	\$6,000.00
17	Remove existing rectifier in vault and install new rectifier at OC-39 site in Mason Park per IRWD Std. Dwg. CP-5, new rectifier, new SS cabinet, new concrete pad, shunt panel, install anode bed with vent and vault vent cover, install structure leads, extend power from vault to new rectifier, extend 16" DW structure from vault to new rectifier, and all other	1	LS	\$110,500	\$110,500.00	\$100,100.00	\$100,100.00	\$115,000.00	\$115,000.00	\$117,000.00	\$117,000.00	\$170,300.00	\$170,300.00
18	Remove and replace existing Rectifier at University Drive and Ridgeline Dr. per IRWD Std. Dwg. CP-5, new rectifier, new SS cabinet, new concrete pad, shunt panel, install anode bed with vent and vault vent cover, install structure leads, install power, and all other appurtenant work.	1	LS	\$117,000	\$117,000.00	\$103,261.00	\$103,261.00	\$123,000.00	\$123,000.00	\$174,000.00	\$174,000.00	\$195,700.00	\$195,700.00
19	Install new rectifier on University Drive, north of Strawberry Farms Rd. per IRWD Std. Dwg. CP-5, new rectifier, new SS cabinet, new concrete pad, shunt panel, install anode bed with vent and vault vent cover, install structure leads, install power, and all other appurtenant work.	1	LS	\$72,000	\$72,000.00	\$69,000.00	\$69,000.00	\$82,500.00	\$82,500.00	\$118,000.00	\$118,000.00	\$100,100.00	\$100,100.00
20	Install insulating joint and insulating joint test station on 24" CML&C pipe	1	LS	\$30,000	\$30,000.00	\$14,000.00	\$14,000.00	\$26,000.00	\$26,000.00	\$16,500.00	\$16,500.00	\$26,300.00	\$26,300.00
21	Locate insulating joint and install bond wires on 24" RW pipeline (Strawberry Farms Rd.).	1	LS	\$5,000	\$5,000.00	\$7,500.00	\$7,500.00	\$11,700.00	\$11,700.00	\$12,000.00	\$12,000.00	\$8,300.00	\$8,300.00
22	Install terminal board to bond across existing insulating joint in existing test station on 24" RW pipeline.	1	LS	\$500	\$500.00	\$1,409.00	\$1,409.00	\$8,500.00	\$8,500.00	\$11,000.00	\$11,000.00	\$2,100.00	\$2,100.00
23	Dewatering	1	LS	\$15,000	\$15,000.00	\$5,000.00	\$5,000.00	\$24,000.00	\$24,000.00	\$66,700.00	\$66,700.00	\$10,000.00	\$10,000.00
24	Trench Safety Measures	1	LS	\$5,000	\$5,000.00	\$2,200.00	\$2,200.00	\$22,800.00	\$22,800.00	\$85,800.00	\$85,800.00	\$21,000.00	\$21,000.00
25	Startup, Testing, Commissioning, and Interference Testing	1	LS	\$15,000	\$15,000.00	\$39,500.00	\$39,500.00	\$54,000.00	\$54,000.00	\$64,500.00	\$64,500.00	\$40,500.00	\$40,500.00
26	Operation and Maintenance Manuals	1	LS	\$2,000	\$2,000.00	\$5,400.00	\$5,400.00	\$6,500.00	\$6,500.00	\$11,200.00	\$11,200.00	\$3,000.00	\$3,000.00
27	Demobilization and spoil disposal	1	LS	\$50,000	\$50,000.00	\$16,300.00	\$16,300.00	\$14,000.00	\$14,000.00	\$22,700.00	\$22,700.00	\$5,000.00	\$5,000.00

Item No.	Description	Qty	Unit	Engineer's Estimate		1 Paulus Engineering Anaheim, CA		2 CCL Contracting Escondido, CA		3 W.A. Rasic Const. Co. Bell Gardens, CA		4 Leatherwood Construction Fountain Valley, CA	
				Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount
28	Final Record Drawings	1	LS	\$2,500	\$2,500.00	\$7,700.00	\$7,700.00	\$9,700.00	\$9,700.00	\$14,500.00	\$14,500.00	\$3,000.00	\$3,000.00
29	Training of District technicians (min. 8 hours total classroom and field)	1	LS	\$2,000	\$2,000.00	\$2,889.00	\$2,889.00	\$5,600.00	\$5,600.00	\$6,800.00	\$6,800.00	\$3,000.00	\$3,000.00
	Adjustment (+ or -)			\$0.00	\$0.00	\$240,000.00	\$240,000.00	\$1,556,800.00	\$1,556,800.00	\$0.00	\$0.00	\$166,300.00	\$166,300.00
	<b>Total Amount of Bid</b>				\$1,047,000.00	\$1,218,954.00	\$1,556,800.00	\$1,556,800.00	\$1,725,650.00	\$1,725,650.00	\$1,725,650.00	\$1,759,600.00	\$1,759,600.00
						Pipe Protection - 4 Weeks	Receptors & Cathodic Items: 45 days			Cathodic Materials: 45 Days		Dual Enclosure: 49 Days	
												Rectifier: 63 Days	
												Anodes: 35 Days	
												Coke Breeze: 21 Days	
													<b>Manufacturers:</b>
													<b>Manufacturers:</b>
													Dual Enclosure: Myers Products
													Rectifier: Universal Rectifiers
													Anodes: Air West
													Coke Breeze: Loresco
													<b>Subcontractors:</b>
													<b>Subcontractors:</b>
													Deep Well System: Laresco
													Deep Wells & Rectifier: Far West
													Far West Corrosion: 33%

# IRVINE RANCH WATER DISTRICT Exhibit "C"

## Expenditure Authorization

Project Name: UNIVERSITY DR PIPELINES CATHODIC PROTECTION  
 Project No: 10740 EA No: 4  
 Project Manager: CORTEZ, MALCOLM  
 Project Engineer: SMYTH, JEFFREY  
 Request Date: September 29, 2011

ID Split: Regional Water Split with LAWD (11/08)

### Improvement District (ID) Allocations

ID No.	Allocation %	Source of Funds
112	3.6	BONDS YET TO BE SOLD**
113	4.4	BONDS YET TO BE SOLD**
115	6.2	CAPITAL FUND
121	12.8	BONDS YET TO BE SOLD**
130	10.0	BONDS YET TO BE SOLD**
135	16.2	PREVIOUSLY SOLD BONDS
140	3.5	BONDS YET TO BE SOLD**
150	26.1	BONDS YET TO BE SOLD**
153	2.9	BONDS YET TO BE SOLD**
154	1.2	BONDS YET TO BE SOLD**
161	6.7	BONDS YET TO BE SOLD**
182	2.5	BONDS YET TO BE SOLD**
184	2.3	BONDS YET TO BE SOLD**
186	.8	BONDS YET TO BE SOLD**
188	.8	BONDS YET TO BE SOLD**
<b>Total</b>	<b>100.0%</b>	

### Summary of Direct Cost Authorizations

Previously Approved EA Requests:	\$70,900
This Request:	\$814,800
<b>Total EA Requests:</b>	<b>\$885,700</b>
Previously Approved Budget:	\$765,600
Budget Adjustment Requested this EA:	\$137,500
<b>Updated Budget:</b>	<b>\$903,100</b>
<b>Budget Remaining After This EA</b>	<b>\$17,400</b>

Comments:

Phase	This EA Request	Previous EA Requests	EA Requests to Date	This Budget Request	Previous Budget	Updated Budget	Start	Finish
ENGINEERING DESIGN - IRWD	0	5,000	5,000	0	5,000	5,000	7/06	12/11
ENGINEERING DESIGN - OUTSIDE	0	56,200	56,200	0	70,000	70,000	7/06	12/11
DESIGN STAFF FIELD SUPPORT	0	3,000	3,000	0	5,000	5,000	7/06	12/11
ENGINEERING - CA&I IRWD	10,000	0	10,000	0	10,000	10,000	10/11	6/13
ENGINEERING - CA&I OUTSIDE	25,000	0	25,000	25,000	0	25,000	10/11	6/13
CONSTRUCTION FIELD SUPPORT	5,000	0	5,000	0	5,000	5,000	10/11	6/13
CONSTRUCTION	700,000	0	700,000	100,000	600,000	700,000	10/11	6/13
LEGAL	700	300	1,000	0	1,000	1,000	10/11	6/13
Contingency - 10.00% Subtotal	\$74,100	\$6,400	\$80,500	\$12,500	\$69,600	\$82,100		
<b>Subtotal (Direct Costs)</b>	<b>\$814,800</b>	<b>\$70,900</b>	<b>\$885,700</b>	<b>\$137,500</b>	<b>\$765,600</b>	<b>\$903,100</b>		
Estimated G/A - 180.00% of direct labor*	\$25,700	\$15,700	\$41,400	\$0	\$45,000	\$45,000		
<b>Total</b>	<b>\$840,500</b>	<b>\$86,600</b>	<b>\$927,100</b>	<b>\$137,500</b>	<b>\$810,600</b>	<b>\$948,100</b>		
Direct Labor	\$15,000	\$8,000	\$23,000	\$0	\$25,000	\$25,000		

\*EA includes estimated G&A. Actual G&A will be applied based on the current ratio of direct labor to general and administrative costs.

EA Originator: [Signature] 9/29/11  
 Department Director: [Signature] 10/3/11  
 Finance: \_\_\_\_\_  
 Board/General Manager: \_\_\_\_\_

\*\* IRWD hereby declares that it reasonably expects those expenditures marked with two asterisks to be reimbursed with proceeds of future debt to be incurred by IRWD in a maximum principal amount of \$\_\_\_\_\_ as is further described in the attached staff report and additional documents, if any, which are hereby incorporated by reference. This expenditure is made under Treasury Regulation Section 1.150 of official intent to reimburse costs of the above-captioned

# IRVINE RANCH WATER DISTRICT

## Expenditure Authorization

Project Name: UNIVERSITY DR PIPELINES CATHODIC PROTECTION

Project No: 30740 EA No: 4

ID Split: Regional Reclaimed Water Split with LAWD (11/08)

### Improvement District (ID) Allocations

Project Manager: CORTEZ, MALCOLM

Project Engineer: SMYTH, JEFFREY

Request Date: September 29, 2011

### ID No. Allocation % Source of Funds

ID No.	Allocation %	Source of Funds
211	2.1	CAPITAL FUND
212	13.2	BONDS YET TO BE SOLD**
213	4.8	BONDS YET TO BE SOLD**
215	.7	CAPITAL FUND
221	13.2	BONDS YET TO BE SOLD**
230	9.6	BONDS YET TO BE SOLD**
235	7.9	PREVIOUSLY SOLD BONDS
240	7.7	BONDS YET TO BE SOLD**
250	31.7	BONDS YET TO BE SOLD**
261	9.1	BONDS YET TO BE SOLD**

Total 100.0%

### Summary of Direct Cost Authorizations

Previously Approved EA Requests:	\$97,100
This Request:	\$814,000
<b>Total EA Requests:</b>	<b>\$911,100</b>
Previously Approved Budget:	\$765,600
Budget Adjustment Requested this EA:	\$147,400
<b>Updated Budget:</b>	<b>\$913,000</b>
<b>Budget Remaining After This EA</b>	<b>\$1,900</b>

Comments:

Phase	This EA Request	Previous EA Requests	EA Requests to Date	This Budget Request	Previous Budget	Updated Budget	Start	Finish
ENGINEERING DESIGN - IRWD	0	6,600	6,600	0	7,000	7,000	7/06	12/11
ENGINEERING DESIGN - OUTSIDE	0	75,600	75,600	0	77,000	77,000	7/06	12/11
DESIGN STAFF FIELD SUPPORT	0	5,000	5,000	0	5,000	5,000	7/06	12/11
ENGINEERING - CA&I IRWD	10,000	0	10,000	0	10,000	10,000	1/12	6/13
ENGINEERING - CA&I OUTSIDE	25,000	0	25,000	25,000	0	25,000	10/11	6/13
CONSTRUCTION FIELD SUPPORT	5,000	0	5,000	2,000	3,000	5,000	2/12	6/13
CONSTRUCTION	700,000	0	700,000	107,000	593,000	700,000	6/12	6/13
LEGAL	0	1,000	1,000	0	1,000	1,000	7/06	6/13
Contingency - 10.00% Subtotal	\$74,000	\$8,900	\$82,900	\$13,400	\$69,600	\$83,000		
<b>Subtotal (Direct Costs)</b>	<b>\$814,000</b>	<b>\$97,100</b>	<b>\$911,100</b>	<b>\$147,400</b>	<b>\$765,600</b>	<b>\$913,000</b>		
Estimated G/A - 180.00% of direct labor*	\$25,200	\$22,700	\$47,900	\$3,600	\$45,000	\$48,600		
<b>Total</b>	<b>\$839,200</b>	<b>\$119,800</b>	<b>\$959,000</b>	<b>\$151,000</b>	<b>\$810,600</b>	<b>\$961,600</b>		
Direct Labor	\$15,000	\$11,600	\$26,600	\$2,000	\$25,000	\$27,000		

\*EA includes estimated G&A. Actual G&A will be applied based on the current ratio of direct labor to general and administrative costs.

EA Originator: \_\_\_\_\_ 9/29/11

Department Director: \_\_\_\_\_ 10/3/11

Finance: \_\_\_\_\_

Board/General Manager: \_\_\_\_\_

\*\* IRWD hereby declares that it reasonably expects those expenditures marked with two asterisks to be reimbursed with proceeds of future debt to be incurred by IRWD in a maximum principal amount of \$961,600. This project is further described in the attached staff report and of official intent to reimburse costs of the above-captioned project is made under Treasury Regulation Section 1.1.

October 10, 2011  
Prepared by: J. Moeder/C. Spangenberg  
Submitted by: K. Burton  
Approved by: Paul Cook 

## ACTION CALENDAR

### LAKE FOREST WELL NO. 2 WELLHEAD AND DISINFECTION FACILITIES CONSTRUCTION AWARD

#### SUMMARY:

The Los Alisos Well No. 2 was destructed in winter 2010 and Lake Forest Well No. 2 (LF-2) was drilled in spring 2011. Bids were received from eight contractors for construction of the wellhead and disinfection facilities. Staff recommends that the Board:

- Approve an Expenditure Authorization in the amount of \$608,800 for the LF-2 Wellhead and Disinfection Facilities Project; and
- Authorize the General Manager to execute a construction contract with Gateway Pacific in the amount of \$582,686 for the construction of the LF-2 Wellhead and Disinfection Facilities Project.

#### BACKGROUND:

Los Alisos Water District drilled Well No. 2 in 1957. The original production capacity reported in 1957 was approximately 430 gallons per minute. In winter 2010, the Los Alisos well was destructed because the well had reached the end of its useful life. In spring 2011, LF-2 was drilled at the same site. On September 12, 2011 the Notice of Acceptance was approved by the Board for the well destruction and re-drilling of LF-2.

LF-2 is expected to produce approximately 300 gallons per minute. After being disinfected with sodium hypochlorite at the well site, the well discharge water will be pumped to the Lake Forest Zone 2 East Reservoir. The project improvements include installing: a vertical turbine pump and electric motor, discharge piping and valves, surge tank, sodium hypochlorite storage tank and chemical feed pumps, metal enclosure to house the chemical feed system, motor control center, and programmable logic controller.

LF-2 is located next to Regency Park on Osterman Road. A location map is attached as Exhibit "A".

#### Construction Award:

Kennedy/Jenks Consultants completed the design of the wellhead and disinfection facilities in August 2011 and the project was advertised to 10 select general contractors: Caliagua, F.T. Ziebarth, Gateway Pacific, Pacific Hydrotech, Pascal & Ludwig, Paulus Engineering, Schuler Engineering, SS Mechanical, R.C. Foster, and Doty Bros. The bid opening was held on September 27 and eight bids were received.

The bids were reviewed and found to be acceptable. Gateway Pacific was the lowest responsive bidder with a bid amount of \$582,686. The engineer's estimate was \$766,000. The Bid Summary is attached as Exhibit "B".

FISCAL IMPACTS:

Project 11461 (1498) is included in the FY 2011-12 Capital Budget. An Expenditure Authorization is requested for construction and construction services as shown in the table below and in Exhibit "C".

Project No.	Current Budget	Addition <Reduction>	Total Budget	Existing EA	This EA Request	Total EA Request
11461(1498)	\$2,394,200	\$0	\$2,394,200	\$1,706,500	\$608,800	\$ 2,315,300

ENVIRONMENTAL COMPLIANCE:

This project is subject to the California Environmental Quality Act (CEQA). In conformance with the California Code of Regulations Title 14, Chapter 3, Section 15004, a Notice of Exemption was filed at the County Recorder's Office on March 4, 2010.

COMMITTEE STATUS:

Construction awards are not typically taken to Committee prior to submittal for Board approval.

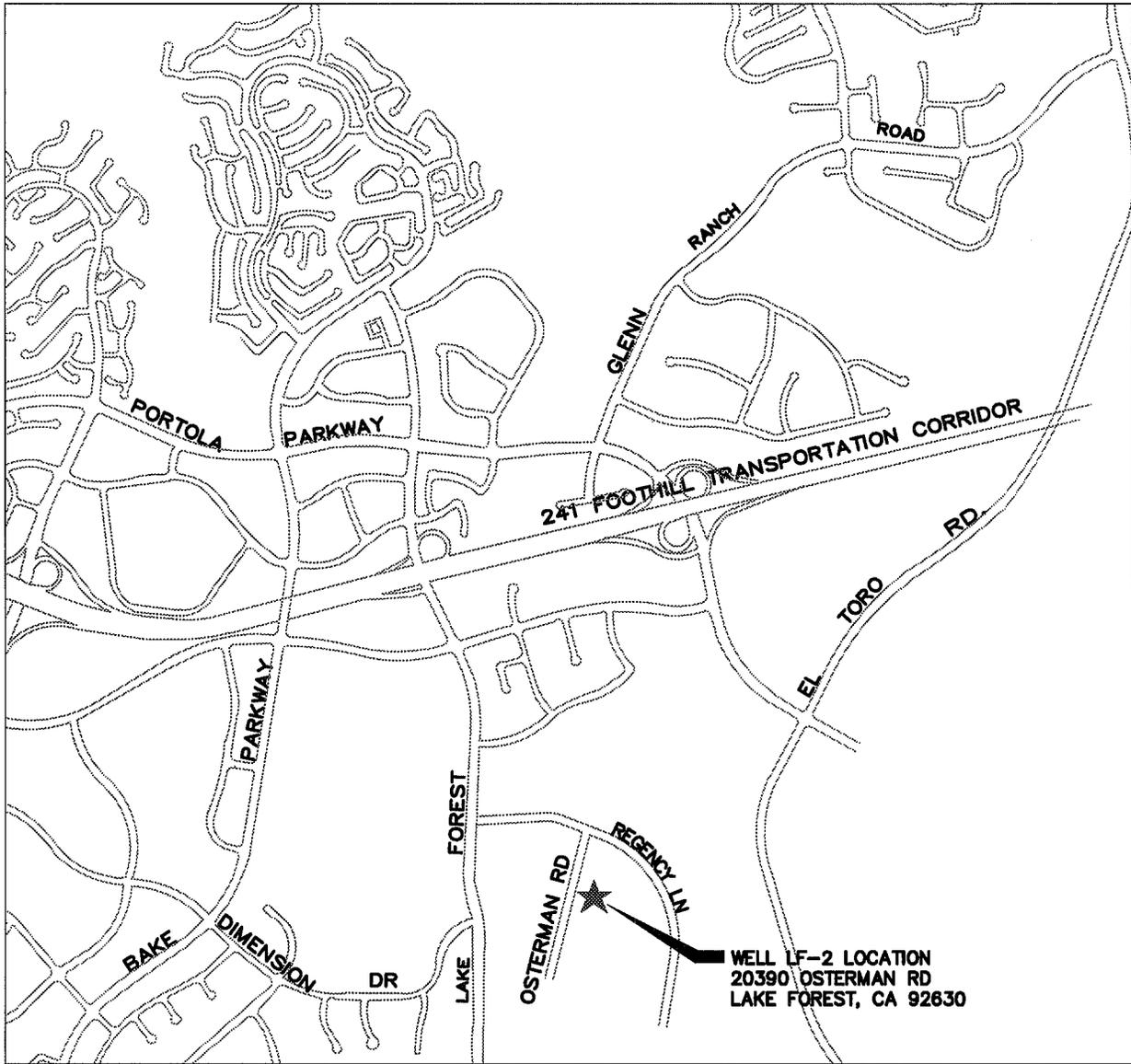
RECOMMENDATION:

THAT THE BOARD APPROVE AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$608,800 FOR THE LAKE FOREST WELL NO. 2 WELLHEAD AND DISINFECTION FACILITIES, PROJECT 11461 (1498); AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH GATEWAY PACIFIC IN THE AMOUNT OF \$582,686 FOR THE CONSTRUCTION OF THE LAKE FOREST WELL NO. 2 WELLHEAD AND DISINFECTION FACILITIES, PROJECT 11461 (1498).

LIST OF EXHIBITS:

- Exhibit "A" – Project Location
- Exhibit "B" – Bid Summary
- Exhibit "C" – Expenditure Authorization

# EXHIBIT "A"



# EXHIBIT "B"

Bid Opening: Tuesday, September 27, 2012 @ 2:00 P.M.  
 Project Manager: Jacob Moeder

Irvine Ranch Water District Bid Summary For  
 Equipping and Disinfection of LF-2 Well

PR 11461

Entered By: J.K. Irey

Item No.	Description	Engineer's Estimate			1		2		
		Qty	Unit	Price	Gateway Pacific Cont.		Pacific Hydrotech Corp.		
					Unit Price	Total Amount	Unit Price	Total Amount	
1	Mobilization, Demobilization, and Clean up Densitification of Existing Lake Forest Well No. 2 Equipment and	1	LS	\$46,374.00	\$46,400.00	\$60,000.00	\$60,000.00	\$50,300.00	\$50,300.00
2	Site	1	LS	\$14,728.40	\$14,800.00	\$20,000.00	\$20,000.00	\$13,300.00	\$13,300.00
3	Furnish and install vertical turbine pump, motor, and well base	1	LS	\$116,786.50	\$116,800.00	\$130,000.00	\$130,000.00	\$126,900.00	\$126,900.00
4	Furnish and install above-grade mechanical piping, valves, and appurtenances	1	LS	\$33,595.59	\$33,600.00	\$57,186.00	\$57,186.00	\$39,700.00	\$39,700.00
5	Furnish and install below grade well discharge piping, valves, and appurtenances	1	LS	\$22,069.44	\$22,100.00	\$45,000.00	\$45,000.00	\$16,700.00	\$16,700.00
6	Furnish and install well disinfection system	1	LS	\$64,063.74	\$64,100.00	\$45,000.00	\$45,000.00	\$64,700.00	\$64,700.00
7	Furnish and install surge tank, concrete pad	1	LS	\$57,390.00	\$57,400.00	\$4,000.00	\$4,000.00	\$34,600.00	\$34,600.00
8	Furnish and install electrical and instrumentation equipment and facilities	1	LS	\$126,093.46	\$126,100.00	\$150,000.00	\$150,000.00	\$161,500.00	\$161,500.00
9	Paving, grading and Landscape	1	LS	\$131,950.83	\$132,100.00	\$20,000.00	\$20,000.00	\$39,900.00	\$39,900.00
10	Replace Block Wall	1	LS	\$92,070.08	\$92,100.00	\$40,000.00	\$40,000.00	\$46,700.00	\$46,700.00
11	Factory Test of Vertical Turbine Pump	1	LS	\$15,000.00	\$15,000.00	\$2,500.00	\$2,500.00	\$2,900.00	\$2,900.00
12	Trench Safety Measures	1	LS	\$1,000.00	\$1,000.00	\$7,500.00	\$7,500.00	\$9,900.00	\$9,900.00
13	Startup Testing	1	LS	\$24,890.00	\$24,900.00	\$1,000.00	\$1,000.00	\$500.00	\$500.00
14	Operation and Maintenance Manuals	1	LS	\$10,000.00	\$10,000.00	\$500.00	\$500.00	\$500.00	\$500.00
	Adjustment (+ or -)				\$10,000.00		\$0.00		\$0.00
	<b>Total Amount of Bid</b>				<b>\$766,400.00</b>		<b>\$582,686.00</b>		<b>\$608,100.00</b>
							<u>Item Delivery Dates:</u>		
							Vertical Turbine Pump: 161 days		Vertical Turbine Pump: 84-98 days
							Motor Control Center: 180 days		Motor Control Center: 120 days
							Switchboard: 180 days		Switchboard: 120 days
							Programmable Logic Controller Panel: 180 days		Programmable Logic Controller Panel: 112 days
							<u>Manufacturers:</u>		<u>Manufacturers:</u>
							Vertical Turbine Pump: Goulds		Vertical Turbine Pump: Goulds
							Motor Control Center: Allen Bradley		Motor Control Center: Allen Bradley
							Switchboard: G.E.		Switchboard: G.E.
							Programmable Logic Controller Panel: Control Tec Medicon		Programmable Logic Controller Panel: Medicon
							<u>Subcontractors:</u>		<u>Subcontractors:</u>
							Masonry: GMI		Masonry: Gransorm
							Painting/Coating: National Coatings		AC Paving: Hardy & Harper
							Vertical Turbin Pump: General Pump		Painting: National Coatings
							Electrical: Halcyon Electric		





# Exhibit "C"

## IRVINE RANCH WATER DISTRICT Expenditure Authorization

**Project Name:** LAKE FOREST WELL #2 REPLACEMENT DRILLING/WELLHEAD.  
**Project No:** 11461 **EA No:** 3  
**Project Manager:** UEMATSU, PATRICIA  
**Project Engineer:** MOEDER, JACOB  
**Request Date:** October 4, 2011

**ID Split:** Miscellaneous

<u>Improvement District (ID) Allocations</u>		
ID No.	Allocation %	Source of Funds
135	100.0	REPLACEMENT FUND**
<b>Total</b>		<b>100.0%</b>

### Summary of Direct Cost Authorizations

<b>Previously Approved EA Requests:</b>	\$1,706,500
<b>This Request:</b>	\$608,800
<b>Total EA Requests:</b>	\$2,315,300
<b>Previously Approved Budget:</b>	\$2,394,200
<b>Budget Adjustment Requested this EA:</b>	\$0
<b>Updated Budget:</b>	\$2,394,200
<b>Budget Remaining After This EA</b>	\$78,900

**Comments:** Oracle PR 1498

Phase	This EA Request	Previous EA Requests	EA Requests to Date	This Budget Request	Previous Budget	Updated Budget	Start	Finish
ENGINEERING - PLANNING IRWD	0	5,000	5,000	100	5,000	5,100	7/10	11/10
ENGINEERING - PLANNING OUTSIDE	0	0	0	0	0	0	11/10	11/11
ENGINEERING DESIGN - IRWD	(200)	20,000	19,800	(200)	20,000	19,800	7/10	11/10
ENGINEERING DESIGN - OUTSIDE	(125,000)	325,000	200,000	(125,000)	400,000	275,000	7/10	11/10
ENGINEERING - CA&I IRWD	0	65,000	65,000	0	65,000	65,000	12/10	10/11
ENGINEERING - CA&I OUTSIDE	40,000	175,000	215,000	40,000	175,000	215,000	12/10	10/11
CONSTRUCTION FIELD SUPPORT	15,000	10,000	25,000	15,000	10,000	25,000	7/10	11/11
CONSTRUCTION	680,000	920,000	1,600,000	100,000	1,500,000	1,600,000	12/10	10/11
LEGAL	0	5,000	5,000	0	5,000	5,000	12/10	10/11
LAND	0	10,000	10,000	0	10,000	10,000	7/10	10/11
WATER QUALITY	(30,000)	50,000	20,000	(30,000)	50,000	20,000	12/10	10/11
ENGINEERING ENVIRONMENTAL-OUTS	0	40,000	40,000	0	40,000	40,000	9/09	10/11
Contingency - 5.00% Subtotal	\$29,000	\$81,500	\$110,500	\$100	\$114,200	\$114,300		
<b>Subtotal (Direct Costs)</b>	<b>\$608,800</b>	<b>\$1,706,500</b>	<b>\$2,315,300</b>	<b>\$0</b>	<b>\$2,394,200</b>	<b>\$2,394,200</b>		
Estimated G/A - 180.00% of direct labor*	(\$50,000)	\$292,600	\$242,600	(\$27,200)	\$270,000	\$242,800		
<b>Total</b>	<b>\$558,800</b>	<b>\$1,999,100</b>	<b>\$2,557,900</b>	<b>(\$27,200)</b>	<b>\$2,664,200</b>	<b>\$2,637,000</b>		
Direct Labor	(\$15,200)	\$150,000	\$134,800	(\$15,100)	\$150,000	\$134,900		

\*EA includes estimated G&A. Actual G&A will be applied based on the current ratio of direct labor to general and administrative costs.

**EA Originator:** \_\_\_\_\_ 10/4/11  
**Department Director:** \_\_\_\_\_ 10/4/11  
**Finance:** \_\_\_\_\_  
**Board/General Manager:** \_\_\_\_\_

\*\* IRWD hereby declares that it reasonably expects those expenditures marked with two asterisks to be reimbursed with proceeds of future debt to be incurred by IRWD in a maximum principal amount of \$2,690,000. The above-captioned project is further described in the attached staff report and additional documents, if any, which are hereby incorporated by reference. This declaration of official intent to reimburse costs of the above-captioned project is made under Treasury Regulation Section 1.150-2.

October 10, 2011

Prepared By: P. Weghorst

Submitted By: G. Heiertz

Approved By: Paul Cook



## ACTION CALENDAR

### PILOT EXCHANGE PROGRAM AGREEMENT WITH CARPINTERIA VALLEY WATER DISTRICT

#### SUMMARY:

Staff has prepared terms for a Pilot Exchange Program with the Carpinteria Valley Water District (CVWD) and legal counsel has prepared the necessary letter agreement. The proposed Pilot Program is consistent with the terms of the Pilot Exchange Program with Antelope Valley-East Kern Water Agency (AVEK) and would allow Irvine Ranch Water District (IRWD) to store a portion of CVWD's unused State Water Project (SWP) Table A water in IRWD's Strand Ranch Integrated Banking Project in Kern County on an unbalanced exchange basis. Staff recommends that the Board authorize the General Manager to execute the letter agreement for a Pilot Exchange Program with CVWD, subject to non-substantive changes approved by the General Manager and legal counsel.

#### BACKGROUND:

The CVWD is located in the southern coastal portion of Santa Barbara County and includes the City of Carpinteria. The CVWD service area is comprised of approximately 11,300 acres which is bounded to the south by the Pacific Ocean and to the north by the foothills of the Santa Ynez Mountains. CVWD uses 75 miles of pipeline to provide water to approximately 18,500 customers.

CVWD has the right to use of 2,000 acre-feet per year (AFY) of the 39,078 AF of SWP Table A water that is entitled to the Santa Barbara County Flood Control and Water Conservation District (SBCFCWD). The location of SBCFCWD's service area with respect to the other SWP Contractors is shown in Exhibit "A". The Central Coast Water Authority (CCWA) manages the SWP supplies on behalf of SBCFCWD; CVWD is a member agency of the Authority.

Currently, CVWD has rights to Table A water in excess of its demands. The proposed Pilot Program would allow IRWD to store a portion of CVWD's unused SWP Table A water in IRWD's Strand Ranch Integrated Banking Project in Kern County on an unbalanced exchange basis. Staff and legal counsel have prepared a letter agreement and term sheet for the Pilot Program as provided in Exhibit "B". These documents are based on the terms of the District's existing Pilot Exchange Program with AVEK which are similar to the terms of the District's short-term storage program with CVWD that was implemented in 2008.

The Pilot Program would apply provisions of SBCFCWD's SWP Contract with the Department of Water Resources (DWR) that allows for unbalanced exchanges where a minimum of 50 percent of the water to be delivered to IRWD would need to be returned to CVWD. The Pilot Program could serve as a precursor to a long-term exchange program as the District expands its water banking facilities.

Terms for Pilot Program:

The proposed Pilot Program is identical to the ongoing Pilot Exchange Program with AVEK, but for a lesser amount of water. The proposed terms would allow IRWD to store up to 1,500 AF of CVWD's 2011 or 2012 unused Table A water at the Water Bank. The draft terms with CVWD, as provided in Exhibit "B", are summarized below:

- The term length of the Pilot Program agreement is six years.
- CVWD is allowed to deliver up to 1,500 AF of Table A water (Exchange Water) into storage at the Water Bank within the first year of the Pilot Program.
- Half of the Exchange Water would be deemed transferred to IRWD. The other half of the water, after a reduction due to pro-rated losses, would be returned by IRWD to CVWD (Return Water) by the end of the fifth full calendar year after the recharge event.
- Water Bank losses are shared equally between IRWD and CVWD.
- The Return Water would be provided by IRWD either by an exchange of banked water for water already in the California Aqueduct or through the recovery of water using Water Bank wells with subsequent delivery through the Cross Valley Canal to the California Aqueduct.
- IRWD would provide Return Water at a time when requested by CVWD at an annual rate of no more than one-third of the portion of the water accrued to CVWD, after taking into consideration losses.
- IRWD pays the variable costs incurred in delivering and recharging water at the Water Bank with CVWD reimbursing IRWD for half of these costs upon the delivery of the Return Water to CVWD. These costs include Cross Valley Canal pumping charges and Rosedale-Rio Bravo Water Storage administrative charges. The total variable costs are currently estimated at \$37 per AF.
- CVWD is responsible for all fixed SWP costs.
- IRWD and CVWD would each pay the costs of recovery of water for the benefit of its respective agency. Recovery would occur either by exchange or by the pumping of wells. The cost of recovery from wells is currently estimated at \$65 per AF. The cost of recovery by exchange is estimated at \$10 per AF. Each agency would be responsible for the costs of conveyance to its own service areas.

Staff recommends that the Board authorize the General Manager to execute the letter agreement for a Pilot Program with CVWD subject to non-substantive changes approved by the General Manager and legal counsel.

Metropolitan Water District's Consent:

The consent of Metropolitan is required for IRWD to secure SWP water as specified in the Coordinated Operating, Water Storage, Exchange and Delivery Agreement (Metropolitan Agreement) between IRWD, Metropolitan and Municipal Water District of Orange County. This fully executed agreement establishes the framework by which Metropolitan will act as the Exchangee in unbalanced exchanges of SWP water on behalf of IRWD.

Metropolitan has indicated that as long as the terms and conditions of the proposed project are consistent with the District's Pilot Exchange Program with AVEK, it can likely expedite its consent to the proposed program between IRWD and CVWD.

Storage of Water by Metropolitan:

As the Exchangee in IRWD's SWP water transactions, Metropolitan will have the right to decide whether the IRWD secured SWP water is delivered into storage at the Water Bank or to Metropolitan's reservoirs in southern California. Metropolitan has informed staff that given the current high storage levels in its reservoirs, they will likely require that the water be delivered to the Water Bank.

FISCAL IMPACTS:

Fiscal impacts for the delivery of CVWD water in and out of storage at the Water Bank are described above. The costs of SWP water secured by IRWD are established within the Metropolitan Agreement. Metropolitan will credit IRWD for the supply costs incurred by IRWD in securing IRWD's share of the water (estimated at \$30 per AF). Assuming that IRWD's share of the CVWD Exchange Water is delivered directly to the Water Bank, IRWD's total cost of water from the Pilot Program and delivered to IRWD's service area will be Metropolitan's Full Service Tier-1 rate for treated supply (currently \$744 per AF) that is in effect at the time IRWD takes delivery of the water at its service connection; plus the Cross Valley Canal pumping costs incurred in recharging the water (currently \$7 per AF); plus the cost of recovery of the water from the Water Bank (currently estimated at \$65 per AF). The net cost for IRWD's share of the water, taking into consideration losses, will be \$816 per AF. If Metropolitan decides to store IRWD's share of the water in its southern California Reservoirs, IRWD will only pay the full service Tier 1 rate at \$744 per AF.

ENVIRONMENTAL COMPLIANCE:

A Final Environmental Impact Report (FEIR) for the Strand Ranch Integrated Water Banking Project has been prepared, certified and the project approved in compliance with the California Environmental Quality Act (CEQA) of 1970 (as amended), codified at California Public Resources Code Sections 21000 et. seq., and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3. The FEIR evaluates the delivery of SWP water to the Strand Ranch Integrated Water Banking Project and to IRWD's service area through Metropolitan facilities.

COMMITTEE STATUS:

The terms for the proposed Pilot Program were reviewed with the Water Banking Ad Hoc Committee on October 4, 2011.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE LETTER AGREEMENT FOR A PILOT EXCHANGE PROGRAM WITH CARPINTERIA VALLEY WATER DISTRICT SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY THE GENERAL MANAGER AND LEGAL COUNSEL.

EXHIBITS:

Exhibit "A" – Location Map: State Water Contractor Service Areas

Exhibit "B" – Draft Letter Agreement and Terms for a Pilot Exchange Program with Carpinteria Valley Water District

# EXHIBIT "A"



**STATE WATER CONTRACTORS**  
FOUNDED IN 1982

## State Water Project Facilities and State Water Contractors Member Agency Service Areas



**Santa Barbara Flood Control and Water Conservation District**

State Water Contractors  
1121 L Street  
Suite 1050  
Sacramento, CA 95814  
(916) 447-7357

The boundaries in this map are only a rendering, not an exact delineation of the State Water Project contractors' service areas.

# EXHIBIT "B"



**IRVINE RANCH WATER DISTRICT**

15600 Sand Canyon Ave., P.O. Box 57000, Irvine, CA 92619-7000 (949) 453-5300

DRAFT

October xx, 2011

Honorable Board of Directors  
Carpinteria Valley Water District  
1301 Santa Ynez Avenue  
Carpinteria, CA 93014

Re: Short-Term Water Storage Partnership – Pilot Exchange Program

Dear Members of the Board:

Please be advised that that the Board of Directors of Irvine Ranch Water District (“IRWD”) has determined to proceed with the six-year pilot exchange program (“Pilot Program”) with Carpinteria Valley Water District (“CVWD”) (IRWD and CVWD collectively are referred to as the “Parties” and each individually may be referred to as a “Party”). The “Pilot Program” means the program described in “(10/3/2011) Terms of Pilot Exchange Program” (“Term Sheet”) which is attached hereto as Exhibit “A” and incorporated herein by this reference. When you have countersigned below to indicate your acceptance, this letter (the “Letter Agreement”) will be an agreement between IRWD and CVWD that will constitute the “Pilot Program Agreement” referred to in the Term Sheet. Capitalized terms used herein and not otherwise defined shall have the definitions given such terms in the Term Sheet. The Pilot Program will be governed by the terms and conditions of the Term Sheet. In addition, the Pilot Program will be governed by the following terms and conditions of this Letter Agreement, each and all of which terms and conditions are intended to supplement said Term Sheet and, to the extent inconsistent therewith, are intended to amend and replace said Term Sheet:

1. **Mediation:** The Parties agree that any and all disputes, claims or controversies regarding the Pilot Program, the Term Sheet, or this Letter Agreement, shall be submitted to mediation in a mutually agreeable venue and if the matter is not resolved through mediation, then it may be submitted to any court of competent jurisdiction. Any affected Party may commence mediation by providing the other Party a written request for mediation, setting forth the subject of the dispute and the relief requested. The Parties shall cooperate with one another in selecting a mediator and in scheduling the mediation proceedings. The Parties covenant that they shall participate in the mediation in good faith, and that they shall share equally in costs charged by the mediator. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the Parties, their agents, employees, experts and attorneys, and by the mediator or any of the mediator’s employees, are confidential, privileged and inadmissible

for any purpose, including impeachment, in any arbitration or other proceeding involving the Parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. The provisions of this Letter Agreement with respect to mediation may be enforced by any Court of competent jurisdiction, and the Party seeking such enforcement shall be entitled to an award of all costs, fees and expenses, including attorneys' fees, to be paid by the Party against whom such enforcement is ordered.

2. Release and Indemnification: IRWD and its officers, agents, or employees shall not be liable for the control, carriage, handling, use, disposal, or distribution of Exchange Water upstream of the IRWD POD, or for the control, carriage, handling, use, disposal, or distribution of IRWD Return Water downstream of the CVWD POD, nor for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such water, unless such damages or claims are a result of negligent, intentional or reckless misconduct on the part of IRWD.

CVWD and its officers, agents, and employees shall not be liable for the control, carriage, handling, use, disposal, or distribution of Exchange Water downstream of IRWD POD or for the control, carriage, handling, use, disposal, or distribution of Return Water upstream of the CVWD POD, nor for any claim of damage of any nature whatsoever, including, but not limited to, property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water, unless such damages or claims are a result of negligent, intentional or reckless misconduct on the part of CVWD.

Neither IRWD nor CVWD shall be liable to the other for any claims related to the impairment of the quality of water as a result of storage in the IRWD and/or Rosedale facilities or the aquifer from any cause.

Each Party will indemnify, defend, and hold the other harmless from any claims made by landowners in the respective Party's service area (in the case of IRWD, the service area will also include Rosedale's boundaries) as a result of activities of the indemnifying party or its diversion, control, carriage, handling, use, disposal or distribution of water into and out of storage in its performance under the Term Sheet or this Letter Agreement, and any claims relating to any third party claiming a prior right, or interference with their right, to water delivered from one Party to the other.

Each Party shall at all times indemnify, defend and save the other Party free and harmless from, and pay in full, any and all causes of action, claims, liabilities, obligations, demands, losses, judgments, damages or expenses, including reasonable attorney fees and costs ("claims") in any manner arising out of or connected with the indemnifying Party's activities in its performance under the Term Sheet or this Letter Agreement or its diversion, control, carriage, handling, use, disposal or distribution of water into and out of storage, excepting any loss, damage or expense and claims for loss, damage or expense resulting in any manner from the negligent act or acts of the other Party, or its Board of Directors, officers, representatives,

consultants, contractors, agents or employees.

In the event a Party entitled to indemnification is made a party to any action, lawsuit, or other adversarial proceeding alleging negligent or wrongful conduct on the part of an indemnifying Party, then (1) the indemnifying Party shall provide a defense to the other or, at the indemnitee's option, reimburse the indemnitee its costs of defense, including reasonable attorneys' fees, incurred in defense of such claims, and (2) the indemnifying Party shall promptly pay any final judgment or portion thereof rendered against the indemnitee(s).

3. Notices: All written notices required to be given pursuant to the terms of the Term Sheet or this Letter Agreement shall be either (i) personally delivered, (ii) deposited in the United States express mail or first class mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by overnight courier service, or (iv) delivered by facsimile transmission or e-mail, provided that the original of such notice is sent by certified United States mail, postage prepaid, or by overnight courier, no later than one (1) business day following such facsimile transmission or email. All such notices shall be deemed delivered upon actual receipt (or upon first attempt at delivery pursuant to the methods specified in clauses (i), (ii) or (iii) above if the intended recipient refuses to accept delivery). All such notices shall be delivered to the addresses shown in this Letter Agreement or to such other address as the receiving Party may from time to time specify by written notice to the other Party given in the manner provided herein.

4. Representations and Warranties:

- (A) Each of the Parties represents and warrants to the other Party that each is a duly organized or constituted entity, with all requisite power to carry out its obligations under the Term Sheet and this Letter Agreement, and that the execution, delivery and performance of these documents have been duly authorized by all necessary action of the board of directors or other governing body of such Party, and shall not result in a violation of such Party's organizational documents.
- (B) CVWD represents and agrees that CVWD has and, at all times during the term of this agreement shall have, insurance coverage for its facilities and operations, including those facilities owned or operated by CVWD and those operations by CVWD involved in the delivery of Exchange Water to the IRWD POD and receipt of Return Water from the CVWD POD.
- (C) CVWD has legally enforceable rights to the Exchange Water and to deliver the Exchange Water to IRWD and to carry out its performance under the terms of this Letter Agreement.
- (D) CVWD represents and warrants that entry into this Letter Agreement does not create or result in the breach of any other agreement to which CVWD is a party or to which CVWD is otherwise subject to or bound.

- (E) CVWD represents and warrants that, to its knowledge at the time CVWD executed this Letter Agreement, there is no pending or threatened litigation involving CVWD that will affect this Letter Agreement.
  - (F) IRWD represents and agrees that IRWD has and, at all times during the term of this Agreement shall have, insurance coverage for its facilities and operations, including those facilities owned or operated by IRWD and those operations by IRWD involved in the receipt of Exchange Water from the IRWD POD and delivery of Return Water to the CVWD POD.
  - (G) IRWD represents and warrants that entry into this Letter Agreement does not create or result in the breach of any other agreement to which IRWD is a party or to which IRWD is otherwise subject to or bound.
  - (H) IRWD has legally enforceable rights to carry out its performance under the terms of this Letter Agreement.
  - (I) IRWD represents and warrants that, to its knowledge at the time IRWD executed this Letter Agreement, there is no pending or threatened litigation involving IRWD that will affect this Letter Agreement.
  - (J) Prior to commencement of the delivery of Exchange Water pursuant hereto, there has been completed an environmental review under CEQA with respect to the Strand Ranch Integrated Banking Project and the use of water therein by IRWD, and the Project EIR was certified on May 27, 2008. To IRWD's knowledge, no actions or proceedings have been initiated attacking the validity of such Project EIR.
  - (K) The Parties have relied on the forgoing representations, warranties, and covenants as a material inducement to execute this Letter Agreement, and should any material representation not be correct or true, it shall constitute a material breach of this Letter Agreement.
5. Increase in Maximum Account Balance; Expansion and Long-Term Agreement: IRWD, at its sole discretion, may offer CVWD the ability to increase the delivery of Exchange Water and the Maximum Account Balance and/or extend the term of this Letter Agreement, including the period during which CVWD may deliver Exchange Water, as specified in the Term Sheet paragraph entitled "Quantity," by giving a written notice to CVWD, without the need for any amendment of this Letter Agreement.
- The Parties may enter into a long-term exchange program agreement based on terms agreeable to both Parties that would provide for the storage and exchange of CVWD State Water Project water supplies using increased storage, recharge and recovery capacity that may become available as IRWD successfully expands its Water Banking programs and facilities in the future.
6. Termination For Breach. Either Party may terminate this Letter Agreement if the other

Party breaches any material obligation under this Letter Agreement and such breach continues for a period of sixty (60) days, or such other period as may be reasonable under the circumstances, after the date on which written notice is issued by the non-breaching Party. The non-breaching Party shall be entitled to seek any and all legal or equitable damages and/or remedies as a result of the breaching Party's breach.

In the event that either IRWD or CVWD is in material default of this Agreement, the non-defaulting Party shall provide written notice to the defaulting Party, identifying with reasonable specificity the nature of the claimed default. If the defaulting Party has not cured the event(s) of material default which is (are) identified in the notice required by this section within twenty (20) business days after receipt of written notification, or such other period as is reasonable under the circumstances, the non-defaulting Party shall be entitled to any and all remedies which may be available to it at law or in equity. This provision is not intended to provide a separate termination right, which is set forth in the first paragraph of this Section.

7. Governing Law: The Term Sheet and this Letter Agreement shall be construed and enforced in accordance with the laws of the State of California.
8. Amendments: No amendment of the Term Sheet or this Letter Agreement shall be binding upon the Parties unless it is in writing and executed by both of the Parties.
9. Further Action: The Parties agree to and shall take such further action and execute and deliver such additional documents as may be reasonably required to effectuate the Pilot Program, consistent with each and all of the terms and conditions of the Term Sheet and this Letter Agreement.
10. Assignment: No Party shall assign or otherwise transfer its rights or obligations in, under or to the Pilot Program, the Term Sheet, or this Letter Agreement, in whole or in part, without the prior written consent of the other Party. All covenants and agreements contained in the Term Sheet and this Letter Agreement shall bind and inure to the benefit of the Parties' respective successors and permitted assigns.
11. Force Majeure; Change In Law. The respective obligations of each Party hereto shall be suspended while it is prevented from complying by acts of God; war; riots; civil insurrection; acts of civil or military authority; fires; floods; earthquakes; labor accidents or incidents; rules and regulations of any federal, state, or other governmental agency (other than the Parties themselves); changes in law, rules, or regulations of any federal, state or other governmental agency (other than the Parties themselves); or other cause of the same or other character any of which are beyond the reasonable control of such Party (collectively, "Force Majeure"). In the event of a suspension due to the foregoing, the Party whose obligations are suspended shall promptly notify the other Party in writing of such suspension and the cause and estimated duration of such suspension.

The Party providing such notice shall be excused from fulfilling its obligations under this Agreement until such time as the Force Majeure has ceased to prevent performance or other

remedial action is taken, at which time the Party shall promptly notify the other Party of the resumption of its obligations under this Letter Agreement. Any Party rendered unable to fulfill any of its obligations by reason of a Force Majeure shall exercise due diligence to remove such inability with reasonable dispatch within a reasonable time period and mitigate the effects of the Force Majeure. The relief from performance shall be of no greater scope and of no longer duration than is required by the Force Majeure.

12. Joint Drafting and Negotiation: The Term Sheet and this Letter Agreement have been jointly negotiated and drafted. The language of each shall be construed as a whole according to its fair meaning and without regard to or aid of Civil Code Section 1654 or similar judicial rules of construction. Each Party acknowledges that it has had the opportunity to seek the advice of experts and legal counsel prior to executing said documents and that it is fully aware of and understands all of their respective terms and the legal consequences thereof.

13. Headings. Headings used in this Letter Agreement are for reference only and shall not affect the construction of this Letter Agreement.

14. No Third Party Beneficiaries. No third party beneficiaries are intended by the Parties hereto, and no third party shall be entitled to claim or enforce any rights under this Letter Agreement.

15. Severability. In the event that any provision of this Letter Agreement is determined by a court to be invalid, the court shall reform the provision in a manner that is both consistent with the terms of this Letter Agreement taken as a whole and legally valid. The remainder of this Letter Agreement shall not be affected thereby.

16. Successors and Permitted Assigns. All covenants and agreements contained in this Letter Agreement by or on behalf of any of the Parties shall bind and inure to the benefit of their respective successors and permitted assigns under Section 10, whether so expressed or not.

17. Scheduling Limited by Availability of CVC Capacity. The Term Sheet provisions under the heading "Delivery Schedule" are supplemented by adding the following: "The scheduling of the delivery of water through the CVC will be dependent on available CVC capacity as determined by Rosedale and the Kern County Water Agency."

18. No Effect on Short-Term Water Storage Partnership. The Pilot Program governed by this Letter Agreement and the Short-Term Water Storage Partnership governed by the letter agreement and other documents dated March 10, 2008, between the Parties are intended to be entirely independent of one another, and this Letter Agreement shall have no effect upon, and shall not be affected by, the March 10, 2008 agreement.

19. Approval by DWR. The effectiveness of this Letter Agreement shall be contingent upon consent to the herein-described transaction by The Metropolitan Water District of Southern California, as indicated by its signature below, and approval of the herein-described transaction by the California Department of Water Resources. If The Metropolitan Water District of

Southern California does not consent, or the California Department of Water Resources disapproves the transaction described herein, this Letter Agreement shall terminate; provided, the Parties may mutually agree to and make any modifications of this Letter Agreement that they determine are necessary to gain such consent or approval.

By its signature hereon, IRWD accepts the Term Sheet as amended and supplemented by the terms and provisions contained in this Letter Agreement. Please indicate the acceptance of CVWD of the Term Sheet, as amended and supplemented by the terms and provisions contained in this Letter Agreement, by signing and returning the enclosed copy. Thank you for your cooperation.

The Parties intend that this Letter Agreement and the Term Sheet are consistent with, and are entered into by IRWD pursuant to, that certain Water Banking and Exchange Program Agreement between Rosedale and IRWD dated as of January 13, 2009.

Sincerely,

IRVINE RANCH WATER DISTRICT

By: \_\_\_\_\_  
General Manager

By: \_\_\_\_\_  
Secretary

READ, APPROVED AND ACCEPTED:

CARPINTERIA VALLEY WATER DISTRICT

By: \_\_\_\_\_  
Title:

By: \_\_\_\_\_  
Secretary

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**CONSENT:**

In accordance with Paragraph 3.2 of that agreement entitled “Coordinated Operating, Water Storage, Exchange and Delivery Agreement,” (the “COA”) dated as of April 21, 2011, by and among The Metropolitan Water District of Southern California (“Metropolitan”), the Municipal Water District of Orange County and the Irvine Ranch Water District, and in accordance with Section 15(d) of Metropolitan’s State Water Project Contract with the California Department of Water Resources, THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA hereby provides its written consent to IRWD’s acquisition of State Water Project Water on Metropolitan’s behalf as described in the Pilot Program defined herein, so long as that water meets the requirements of Section 3.1(a) of the COA.

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

By: \_\_\_\_\_  
Title:

By: \_\_\_\_\_  
Secretary

## EXHIBIT "A"

(10/4/2011)

### **Carpinteria Valley Water District and Irvine Ranch Water District**

#### **Terms of Pilot Exchange Program**

##### **GENERAL TERMS**

- Parties:** Irvine Ranch Water District ("IRWD"); Carpinteria Valley Water District ("CVWD")
- Description:** The IRWD seeks to enter into a Pilot Exchange Program (Pilot Program) with CVWD as described in this Summary of Proposed Terms ("Term Sheet") pursuant to a Pilot Program Agreement (as defined below). The CVWD and IRWD Pilot Program will provide for IRWD to store a portion of CVWD's unused State Water Project (SWP) water in IRWD's Integrated Strand Ranch Banking Project (Water Bank) for the benefit of both agencies. The Pilot Program will provide for storage of up to 1,500 AF of CVWD water on a 2 for 1 basis as described under Pilot Program Terms.
- Effective Date:** November 1, 2011.
- Term:** Six (6) years from the Effective Date or as mutually extended by the Parties.
- IRWD's Strand Ranch:** The IRWD Integrated Strand Ranch Water Banking Project located in Kern County is owned by IRWD and operated by Rosedale-Rio Bravo Water Storage District (Rosedale). IRWD holds the first priority rights to use of the Strand Ranch recharge facilities except for when the Kern River Watermaster offers water to all takers willing to sign a notice/order or the Kern River Watermaster offers Kern River water to the California Aqueduct / Kern River Intertie. Under such conditions, Rosedale has first priority right to the use of the recharge

facilities. IRWD holds first priority rights to use of the Strand Ranch Recovery facilities. IRWD's water banking capacity limitations are as follows:

Recharge Capacity: Approximately 100 cfs and 17,500 acre-feet per year

Recharge Area: 502 acres

Recovery Capacity: Approximately 36 cfs and 17,500 acre-feet per year

Storage Capacity: 50,000 acre-feet

Cross Valley Canal Turnouts: 200 cfs

**Expansions:** IRWD will be making best efforts to expand its water banking capacities. The Pilot Program Agreement shall include language allowing for IRWD and CVWD to jointly agree to enter into a Long-term Program Agreement under terms agreeable to both agencies. This Long-term Program Agreement shall include provisions for IRWD's consideration to increase the storage, recharge, and recovery limits allocated to the Exchange Program with CVWD as IRWD successfully expands the water bank.

**Non-Binding Effect:** This Term Sheet is intended to be a non-binding statement of the terms of the proposed transaction. It is subject to the negotiation, execution and delivery of a Pilot Program Agreement by IRWD and CVWD not inconsistent with the basic terms and conditions set forth herein. CVWD and IRWD will provide usual and customary representations and warranties including: 1) title to Exchange Water as described below; 2) the adequacy of Exchange Water and; 3) authority to transfer unbalanced portions of Exchange Water pursuant to the Pilot Program Agreement to IRWD.

**General Expenses:** Each party shall be responsible for its own fees and expenses arising out of the negotiation and execution of agreements related to this transaction, obtaining necessary approvals, and the like.

- Coordination:** IRWD and CVWD shall jointly coordinate with the California Department of Water Resources (DWR), Metropolitan Water District of Southern California and the Kern County Water Agency in the development of all approvals and agreements necessary to deliver Exchange Water to the Water Bank and to deliver Return Water to CVWD as described below. IRWD and CVWD shall each be responsible for their own costs associated for such coordination.
- CEQA Compliance:** Both parties shall comply with CEQA and cooperate with one another with respect to CEQA compliance that may be required by the California Department of Water Resources for the proposed Pilot Program. IRWD has already conducted environmental review under CEQA for the Water Bank that takes into consideration the delivery of SWP water to the Water Bank. Rosedale and IRWD independently certified and approved the Water Bank Project on May 27, 2008. IRWD and CVWD will share equally any additional costs associated with environmental review deemed necessary for delivering CVWD Exchange Water into storage. Both IRWD and CVWD shall separately be responsible for any other environmental review necessary to implement the Pilot Program within their own respective service areas.
- Permit Costs:** No permits are expected to be required for the Pilot Program; however IRWD and CVWD will share equally any and all regulatory and permitting fees that might come to be required during the implementation of the Pilot Program.
- Water Rights:** It is expressly agreed, understood, and acknowledged by IRWD that any existing or future delivery of Exchange Water to the Water Bank by CVWD will not result in or be considered a sale or transfer of CVWD's contractual rights to SWP Table A water.

Pilot Program

Agreement: Contract language to be incorporated into the pilot exchange program agreement between the Parties.

**PILOT PROGRAM TERMS**

Exchange Water: CVWD will supply SWP Table A water or schedulable Article 21 water to the Water Bank available to CVWD as a result of allocations of Table A water to CVWD under its SWP Contract with DWR (Exchange Water).

Quantity: Up to 1,500 acre-feet of Exchange Water may be delivered to the Water Bank by CVWD within the first year of the execution of the Pilot Program Agreement with a maximum cumulative account balance limited to the lesser of 1,500 acre-feet or the total amount of Exchange Water delivered to the Water Bank within the first year (Maximum Account Balance). In addition, IRWD at its sole discretion may offer CVWD the ability to extend the term of this agreement to allow delivery of Exchange Water to the Water Bank.

Quality: The quality of water delivered to the Water Bank and returned to CVWD will be limited as follows:

If and to the extent that either party delivers water to and into the California Aqueduct, the quality of water shall meet the water quality standards established by DWR for pump-in to the California Aqueduct.

Availability: Although not intended as a project commitment, CVWD presently foresees that it may make Exchange Water available for delivery to the Water Bank if the hydrology of the SWP system results in the California Department of Water Resources declaring allocation levels of \_\_\_\_% or higher. The Exchange Water will be available as per Delivery Schedule below and upon completion of environmental review, agreements and permits for the programs contemplated

by this agreement. The availability of Exchange Water shall be determined in CVWD's sole discretion in accordance with the Quantity limit defined above. The availability of recharge and storage capacity beyond the Quantity limits described above will be determined in IRWD's sole discretion.

**Delivery Points:** CVWD will deliver Exchange Water to the IRWD point of delivery (IRWD POD) which will be the Strand Ranch Turnouts on the Cross Valley Canal or other Rosedale diversion locations as specified by Rosedale, or thereabouts. IRWD will deliver Return Water, as defined below, to the CVWD point of delivery (CVWD POD) which will be Check 28 of the California Aqueduct.

**Return Water:** Water that IRWD delivers to CVWD (Return Water) will occur by either (i) an exchange of banked water for SWP water or other water already in the California Aqueduct, or (ii) recovery of water from the Water Bank wells with subsequent delivery through the Cross Valley Canal to the California Aqueduct.

**Delivery Schedule:** CVWD may deliver Exchange Water within the first year of the execution of the Pilot Program Agreement. IRWD shall provide Return Water at a time when requested by CVWD at an annual rate of no more than one-third of the portion of the Maximum Account Balance due to be returned to CVWD after losses. For example, if the CVWD portion of the Maximum Account Balance after losses were 638 acre-feet, then Return Water would be provided at a rate not to exceed 213 acre-feet per year. The construction of IRWD's Strand Ranch Integrated Banking Project recovery facilities is not yet completed, and IRWD estimates the recovery facilities will be available for use by December 2012. IRWD shall use its best reasonable efforts to complete construction of such recovery facilities on or before such time. To the extent IRWD is unable to provide requested Return Water to CVWD because Strand Ranch Integrated Banking Project recovery facilities are not completed, the time during which CVWD may schedule return of the water shall be adjusted by mutual agreement.

- Consideration: IRWD will remit Return Water equal to one-half of the Exchange Water placed into storage less applicable losses (as described below) by the end of the 5th full calendar year after the associated recharge event. The other one-half of the Exchange Water placed into storage less applicable losses shall be deemed transferred to IRWD. CVWD's share of the Exchange Water less applicable losses may not remain in storage beyond the end of the 5<sup>th</sup> full calendar year after completion of the associated recharge event.
- Losses: Exchange Water stored will be subject to the loss provisions of any applicable "Memorandum of Understanding" between Rosedale and adjoining entities applicable to or affecting the Pilot Program. Losses for banking operations currently are fifteen percent (15%) for evaporation, migration and out-of county use. IRWD and CVWD agree that all losses will be shared equally.
- Costs: Costs associated with the Pilot Program will be paid as follows:
- (i) IRWD will pay all variable costs actually incurred by CVWD associated with making the Exchange Water available for recharge at the IRWD POD in Kern County and charges assessed by Rosedale for the recharge of the water at the Water Bank. These costs are currently estimated at \$30.00 per acre-foot and are comprised of the current \$27 Unit Variable OMP&R Component of Transportation Charge in the State Water Project in Reach 13-b of the California Aqueduct and an administrative charge assessed by Rosedale that will be about \$3 per AF consistent with that certain Water Banking and Exchange Program Agreement (Banking Agreement) between Rosedale and IRWD dated as of January 13, 2009. CVWD will reimburse IRWD for 50 percent of these costs paid by IRWD upon IRWD's delivery of Return Water to CVWD.

- (ii) CVWD will pay all fixed costs associated with making all Exchange Water available for recharge, including water that will be allocated to both CVWD and IRWD.
- (iii) IRWD will pay all variable costs associated with delivery of the Exchange Water through the Cross Valley Canal (CVC) and into the recharge basins. These costs are for use of two pumping plants on the CVC and are currently estimated at \$7.00 per acre-foot. CVWD will reimburse IRWD for 50 percent of these variable costs paid by IRWD upon IRWD's delivery of Return Water to CVWD.
- (iv) CVWD will reimburse IRWD for all costs incurred by IRWD in the recovery and/or exchange of Return Water from Storage at the Water Bank. Recovery costs associated with extraction are estimated at \$65 per acre-foot and are comprised of current groundwater pumping costs of \$62 per acre-foot and an administrative charge assessed by Rosedale that will be about \$3 per AF consistent with the Banking Agreement. The actual groundwater pumping cost will be dependent on water surface elevations and may be less if recovered via an exchange through Rosedale or another agency. CVWD will pay all conveyance and canal pumping costs associated with the delivery of Return Water to the CVWD POD and to its service area.
- (v) IRWD will pay all costs associated with the recovery and/or exchange of its share of water from storage at the Water Bank including all conveyance costs and pumping costs to its respective service area.