

**AGENDA
IRVINE RANCH WATER DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING**

February 14, 2011

PLEDGE OF ALLEGIANCE

CALL TO ORDER 5:00 P.M., Board Room, District Office
15600 Sand Canyon Avenue, Irvine, California

ROLL CALL Directors Reinhart, Matheis, Swan, Withers and President LaMar

NOTICE

If you wish to address the Board on any item, including Consent Calendar items, please file your name with the Secretary. Forms are provided on the lobby table. Remarks are limited to five minutes per speaker on each subject. Consent Calendar items will be acted upon by one motion, without discussion, unless a request is made for specific items to be removed from the Calendar for separate action.

COMMUNICATIONS TO THE BOARD

1. A. Written:
- B. Oral: Mrs. Joan Irvine Smith relative to the Dyer Road Wellfield.

2. **ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

Recommendation: Determine that the need to discuss and/or take immediate action on item(s) introduced come to the attention of the District subsequent to the agenda being posted.

<u>CONSENT CALENDAR</u>	<u>Next Resolution No. 2011-2</u>	<u>Items 3-7</u>
3. <u>MINUTES OF REGULAR BOARD MEETING</u> Recommendation: That the minutes of the January 24, 2011 Regular Board Meeting be approved as presented.		
4. <u>RATIFY/APPROVE BOARD OF DIRECTORS' ATTENDANCE AT MEETINGS AND EVENTS</u> Recommendation: That the Board ratify/approve the meetings and events for Steven LaMar, Mary Aileen Matheis, Douglas Reinhart, Peer Swan and John Withers.		

CONSENT CALENDAR - Continued	Next Resolution No. 2011-2	Items 3-7
5.	<p data-bbox="191 310 1203 457"><u>RATIFYING MEMORANDUM OF OFFICERS OF THE BOARD, COMMITTEE, AND OTHER ASSIGNMENTS, APPROVAL OF BOARD OF DIRECTOR ATTENDANCE AT MEETINGS/EVENTS, AND ADOPTION OF REVISED COMMITTEE ASSIGNMENTS</u></p> <p data-bbox="191 499 1203 716">Recommendation: That the Board ratify the memorandum dated January 26, 2011 entitled Officers of the Board, Committee and Other Assignments, approve attendance for the meetings and events for the Board's representation for calendar year 2011 as delineated in the write-up, and that a resolution be adopted rescinding Resolution No. 2009-10 and revising the assignment of Directors to Committees of the Board.</p>	Reso No. 2011-
6.	<p data-bbox="191 751 1203 793"><u>2011 STATE LEGISLATIVE UPDATE</u></p> <p data-bbox="191 825 1203 940">Recommendation: That the Board take an OPPOSE position on AB 134 (Dickenson) and AB 157 (Jeffries) and a WATCH position on AB 148 (Smyth).</p>	
7.	<p data-bbox="191 972 1203 1014"><u>ADMINISTRATIVE CLAIM FOR DAMAGES –VERIZON, CMR, TPA</u></p> <p data-bbox="191 1045 1203 1119">Recommendation: That the Board receive the claim for damages from Verizon, CMR, TPA without action.</p>	

ACTION CALENDAR

8.	<p data-bbox="191 1266 1203 1350"><u>VARIABLE RATE DEBT PORTFOLIO – RESTRUCTURING STRATEGY</u></p> <p data-bbox="191 1381 1203 1780">Recommendation: That the Board approve partially restructuring the variable rate debt portfolio, including refunding the 2008-B variable rate demand bonds and reissuing as Index Tender Notes, approve the retention of Goldman Sachs as lead underwriter and Morgan Stanley as co-underwriter for the refunding and reissuance, extending the existing letters of credit with Bank of America and US Bank on the 1989, 1991, 1993 and 2009-A bonds, replacing the State Street letter of credit on the 1995 bonds and replacing Landesbank Baden-Wurttemberg on the 2008-A bonds with new letters of credit from Sumitomo Mitsui, and replacing the Bank of America letter of credit and JP Morgan as remarketing agent with Barclays Capital as the letter of credit provider and remarketing agent for the 2009-B bonds.</p>
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ACTION CALENDAR - Continued

Next Resolution No. 2011-2

9. ORACLE TECHNOLOGY IMPLEMENTATION VARIANCE

Recommendation: That the Board authorize a budget increase of \$221,200 each for projects 11521 and 21521, approve Expenditure Authorizations for \$221,200 for each project, and authorize the General Manager to execute Variance No. 1 with AST Corporation for an amount of \$401,874.

10. ADDITIONAL CONTRIBUTIONS FOR FISCAL YEAR 2010-11 TO THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Recommendation: That the Board approve an additional contribution of \$362,000 to reduce the District's actuarially-determined unfunded pension liability.

11. EMERGENCY REPAIR OF 39" IRVINE LAKE PIPELINE CONTRACT CHANGE ORDER

Recommendation: That the Board authorize a \$130,000 increase to the Fiscal Year 2010-11 Capital Budget for project 11571, from \$220,000 to \$350,000; approve an Expenditure Authorization for project 11571 in the amount of \$130,000; and authorize the General Manager to execute Contract Change Order No. 1 for project 11571 with Paulus Engineering, Inc. in the amount of \$129,952.

12. DESTRUCTION AND REPLACEMENT OF WELL 78 CONSTRUCTION AWARD

Recommendation: That the Board approve an increase to the FY 2010-11 Capital Budget in the amount of \$619,300 from \$3,066,200 to \$3,685,500; approve an Expenditure Authorization in the amount of \$3,160,500; and authorize the General Manager to execute a construction contract with Gateway Pacific in the amount of \$2,789,913 for the Destruction and Replacement of Well 78, project 30351.

OTHER BUSINESS

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.

OTHER BUSINESS

13. A. General Manager's Report

B. Directors' Comments

1)

2)

3)

4)

5)

C. 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.

February 14, 2011

Prepared and

Submitted by: L. Bonkowski

Approved by: P. Jones



CONSENT CALENDAR

MINUTES OF REGULAR BOARD MEETING

SUMMARY:

Provided are the minutes of the January 24, 2011 Regular Board Meeting for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE REGULAR BOARD MEETING OF JANUARY 24, 2011 BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – January 24, 2011 Regular Board Meeting

EXHIBIT "A"

MINUTES OF REGULAR MEETING – JANUARY 24, 2011

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:00 p.m. by President LaMar on January 24, 2011 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Reinhart, Matheis, LaMar, Swan, and Withers (arrived at 6:12 p.m.)

Directors Absent: None

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Planning/Water Resources Heiertz, Director of Engineering Burton, Director of Finance Cherney, Assistant Treasurer Jacobson, Secretary Bonkowski, Legal Counsel Arneson, Director of Public Affairs Beeman, Director of Operations Pedersen, Mr. Paul Weghorst, Ms. Kirsten McLaughlin, Mr. Hal Furman, Mr. Wayne Clark, Mr. Jim Clark, Mr. Dan Buhrmaster, Mr. Bruce Newell, Mr. Jim Reed, and other members of the public and staff.

WRITTEN COMMUNICATIONS: None.

ORAL COMMUNICATION:

Mrs. Joan Irvine Smith addressed the Board of Directors with respect to the Dyer Road Wellfield. Mrs. Smith said it was her understanding that currently wells C-8 and C-9, 10, 15 and 17 will operate in accordance with the District's annual pumping plan. Wells 2, 4, 5, 6, 7, 11, 12, 16, and 18 will operate a portion of the week. Wells 1, 3, 13 and 14 will be off. The District's currently planned pumping for January is 2,940 AF. This was confirmed by Mr. Jones, General Manager of the District.

With respect to the Orange County Basin Groundwater Conjunctive Use Program being coordinated by Municipal Water District of Orange County (MWDOC) and Orange County Water District (OCWD), a Notice of Completion was approved by the OCWD Board of Directors on March 19, 2009. Metropolitan Water District has given notice to OCWD to extract 22,000 acre feet in fiscal year 2009/10. The extraction is being performed by agencies that constructed conjunctive use wells under this program. IRWD is not a participant. This was confirmed by Mr. Jones.

With respect to the OCWD annexation of certain IRWD lands, on June 5, 2009, IRWD received a letter from OCWD noting that OCWD has completed the formal responses to comments they previously received on the draft program Environmental Impact Report. The letter further noted that with this task completed, OCWD has exercised its right to terminate the 2004 Memorandum of Understanding (MOU) regarding annexation. OCWD also indicated that due to the lack of progress on the annexation issue, the draft program Environmental Impact Report will not be completed. On June 8, 2009, the OCWD completed the Long-Term Facilities Plan which was received and filed by the OCWD Board in July 2009. Staff has been coordinating with the City of Anaheim (Anaheim) and Yorba Linda Water District (YLWD) on their most recent

annexation requests and has reinitiated the annexation process with OCWD. IRWD, YLWD and Anaheim have negotiated a joint MOU with OCWD to process and conduct environmental analysis of the annexation requests. The MOU was approved by the OCWD Board on July 21, 2010. This was confirmed by Mr. Jones.

With respect to the Groundwater Emergency Service Plan, IRWD has an agreement in place with various south Orange County water agencies, MWDOC and OCWD, to produce additional groundwater for use within IRWD and transfer imported water from IRWD to south Orange County in case of emergencies. IRWD has approved the operating agreement with certain south Orange County water agencies to fund the interconnection facilities needed to affect the emergency transfer of water. MWDOC and OCWD have also both approved the operating agreement. This was confirmed by Mr. Jones.

PRESENTATION - FEDERAL ISSUES UPDATE

Mr. Hal Furman, the District's consultant, provided an overview of IRWD's efforts to seek a funding authorization for the Syphon Reservoir with the Corps of Engineers through the Water Resources Development Act. He said that he is hopeful that the project will be authorized in this session of Congress. Director Withers arrived at 6:12 p.m.

WORKSHOP – MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES VARIANCE

Using a PowerPoint presentation, Principle Engineer Malloy provided a summary of the proposed improvements provided in Variance No. 1 to modify the design from conventional-shaped digesters to egg-shaped digesters. Mr. Malloy said that the egg-shaped digesters provide a lower lifecycle cost as well as process performance, maintenance, and aesthetic benefits. As a result of the geometry of the egg-shaped digesters, the site plan will need to be revised to optimize the area available for biosolids treatment which represents \$578,000 of the total variance. He said that the variance also includes designing focused-pulsed equipment to treat the thickened waste activated sludge and designing an increased dryer, from 4,000 kg per hour to 6,000 kg per hour, in order to dry solids from both MWRP and LAW RP. The incremental construction cost resulting from all of these modifications is estimated at \$11,040,000; however, the projected 30-year lifecycle operating cost savings for the egg-shaped digesters is \$27,760,000.

Mr. Malloy reported that SOCWA's Board of Directors signed a Letter of Intent to negotiate hauling digested and dewatered sludge from SOCWA facilities to MWRP for drying which also presents an option for IRWD to truck sludge from LAW RP to MWRP for the same process. This proposal requires that sludge receiving facilities be added to the project along with upsizing the dryer system. Since both SOCWA and LAW RP solids will use the sludge-receiving facilities, the design and construction costs of this component will be shared equally between IRWD and SOCWA. For upsizing the dryer from 6,000 kg per hour to 7,000 kg per hour for the SOCWA sludge, SOCWA will also be charged the full incremental cost of the design and a share of the dryer construction equal to their reserved capacity right in this system. Mr. Malloy said that Variance No. 2 covers the costs for design and construction management of the solids receiving facilities at a cost of \$308,000 of which IRWD will be reimbursed \$154,000 of this

amount from SOCWA. The cost-sharing will be addressed in a project participation agreement between IRWD and SOCWA which is currently being prepared. The incremental construction cost for implementing solids-receiving and upsizing the solids drying facilities for SOCWA and LAWRP is estimated at \$9,810,000 of which SOCWA's share will be \$4,910,000.

Mr. Malloy then reviewed the schedule impact which will require a nine-week schedule extension for completion of final design and construction. The biosolids handling facilities will be operational and allow IRWD to cease diverting biosolids to the Orange County Sanitation District prior to their deadline of 2015.

Mr. Jim Clark and Mr. Buhrmaster of Black & Veatch were introduced to the Board. Following discussion, staff was asked to submit an item to a future Finance and Personnel Committee meeting on the cost of the facility as well as an evaluation of cost allocations for the project. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$1,344,000 AND APPROVED VARIANCES NO. 1 AND NO. 2 IN THE AMOUNTS OF \$783,000 AND \$458,000 WITH BLACK AND VEATCH FOR THE MICHELSON WATER RECYCLING PLANT'S BIOSOLIDS AND ENERGY RECOVERY FACILITIES, PROJECT 20847.

CONSENT CALENDAR

Director Swan asked that Consent Calendar items 8, 13 and 14 be pulled from the calendar for discussion. There being no objection, these items were moved to the Action Calendar. On MOTION by Swan, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5, 6, 7, 9, 10, 11, 12, 15, 16, AND 17 WERE APPROVED AS FOLLOWS:

5. MINUTES OF REGULAR BOARD MEETINGS

Recommendation: That the minutes of the January 10, 2011 Regular Board Meeting, the January 14, 2011 Adjourned Regular Board Meeting, and the January 17, 2011 Regular Board Meeting be approved as presented.

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

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

7. DECEMBER 2010 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for December 2010; approve the December 2010 Summary of Wire Transfers and ACE payments in the total amount of \$14,423,437.64; and approve the December 2010 Warrants Nos. 316193 through 317039, Workers' Compensation distributions and voided checks in the total amount of \$8,574,911.74.

9. CALIFORNIA SPECIAL DISTRICTS' ASSOCIATION CALL FOR NOMINATIONS

Recommendation: That the Board nominate Mary Aileen Matheis as a Region 6 representative to the California Special Districts Association Board of Directors.

10. BAKER WATER TREATMENT PLANT DESIGN VARIANCE NO. 3

Recommendation: That the Board authorize the General Manager to execute Variance No. 3, in the amount of \$95,370, with RBF Consulting for the Baker Water Treatment Plant, project 11218.

11. MICHELSON WATER RECYCLING PLANT CLARIFIER FLIGHTS AND DRIVES REPLACEMENT – FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Michelson Water Recycling Plant Clarifier Flights and Drives replacement, project 20784; authorize the General Manager to file a Notice of Completion; and authorize the release of retention 35 days after the filing of the Notice of Completion.

12. SAN JOAQUIN MARSH CAMPUS PERIMETER WALL IMPROVEMENT - FINAL ACCEPTANCE OF FACILITIES

Recommendation: That the Board accept construction of the San Joaquin Marsh Campus Perimeter Wall Improvements, projects 20542 and 30542; authorize the General Manager to file a Notice of Completion; and authorize the release of retention 35 days after the filing of the Notice of Completion.

15. 2011 SELECTION OF FEDERAL LOBBYIST

Recommendation: That the Board approve a 24-month contract with The Furman Group for \$10,000 per month plus reimbursable direct expenses not to exceed \$276,000.

16. PLANNING AREA 18 NORTH – BUDGET INCREASE AND EXPENDITURE AUTHORIZATION

Recommendation: That the Board authorize an increase to the Fiscal Year 2010/11 Capital Budget for project 30444 in the amount of \$39,700, from \$1,760,000 to \$1,799,700; approve Expenditure Authorizations for project 10444 in the amount of \$495,400 and project 30444 in the amount of \$1,562,300 for Planning Area 18 North, projects 10444 and 30444.

CONSENT CALENDAR (CONTINUED)

17. PLANNING AREA 40 PHASE 1, BUDGET ADDITION, EXPENDITURE AUTHORIZATION AND SUPPLEMENTAL REIMBURSEMENT AGREEMENT

Recommendation: That the Board authorize the addition of project 11563 for \$229,900, project 21563 for \$231,000, and project 31563 for \$194,700 to the Fiscal Year 2010/11 Capital Budget; approve Expenditure Authorizations for project 11563 for \$229,900, project 21563 for \$231,000, and project 31563 for \$194,700; and authorize the General Manager to execute a Supplemental Reimbursement Agreement with the Irvine Community Development Company for the design and construction of the IRWD Facilities within Planning Area 40 Phase I - Cypress Village, projects 11563, 21563 and 31563.

ACTION CALENDAR

DISTRICT'S STRATEGIC MEASURES DASHBOARD

Director Swan said that relative to Exhibit A-4, the OCSD CORF flows, he asked staff to clarify all areas that are transported to the Orange County Sanitation District. On MOTION by Swan, seconded and unanimously carried, **THE DISTRICT'S STRATEGIC MEASURES DASHBOARD WAS RECEIVED AND FILED.**

HVAC CONTROL SYSTEM REPLACEMENT AT SAND CANYON HEADQUARTERS AND OPERATIONS CENTER - FINAL ACCEPTANCE OF FACILITIES

In response to Director Swan's concern relative to the original contract cost compared to the final contract cost, General Manager Jones provided an overview of the addition of the Operations Center system being included into the original project resulting in a \$333,821 increase to the original project cost. On MOTION by Swan, seconded and unanimously carried, **THE BOARD ACCEPTED THE CONSTRUCTION OF THE HVAC CONTROL SYSTEM REPLACEMENT AT SAND CANYON HEADQUARTERS AND THE OPERATIONS CENTER, PROJECTS 11074, 21074, 31074, 10611, 20611 AND 30611; AUTHORIZED FILING OF A NOTICE OF COMPLETION; AND AUTHORIZED THE PAYMENT OF THE RETENTION 35 DAYS AFTER THE DATE OF RECORDING THE NOTICE OF COMPLETION.**

2011 STATE LEGISLATIVE UPDATE

In response to Director Swan's comment on SB 34 (Simitian) recommending that the Board take an oppose position on the bill, President LaMar suggested submitting this item through a Committee for discussion. In response to Director Swan's comments on AB 19 (Fong) on sub-metering multi-family residences, President LaMar said that this bill is a work in progress and the Board should wait until the first hearing phase until the District takes a position. Relative to SB 52 (Simitian), Director Withers said he agreed with Director Swan's concerns on the bill providing financial assistance to the Sacramento Regional County Sanitation District to offset the rate increases associated with the costs of capital improvements to its regional sewage treatment plan. Following discussion, staff was asked to submit an item to the Board in March on a White Paper

on Public Goods Charges which will include a legal opinion. On MOTION, seconded and carried with LaMar, Withers, Matheis, Reinhart voting aye and Swan voting no (4-1), THE REPORT WAS RECEIVED AND FILED.

WELLS 21 AND 22 WELLHEAD FACILITIES AND PIPELINES – EXPENDITURE AUTHORIZATION AND DESIGN VARIANCE

Staff requested additional design support from RBF Consulting for coordination with City of Tustin, California Department of Public Health (CDPH) and others for the design of the Wellhead Facilities and Pipelines for the Wells 21 and 22 Project.

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$78,800, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 2 IN THE AMOUNT OF \$74,510 WITH RBF CONSULTING FOR ENGINEERING SERVICES FOR THE WELLS 21 AND 22 WELLHEAD FACILITIES AND PIPELINES, PROJECT 10286.

MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION AND FLOOD PROTECTION IMPROVEMENTS

General Manager Jones 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 and that two variances are required, one with HDR Engineering, Inc. for additional engineering support services, and one with DTL&V Systems Engineering for programming services.

Mr. Jones said that relative to the variance with HDR, the contractor had submitted significantly more submittals than had originally been anticipated. Many of the submittals involved were electrical and structural. The original estimate for submittals was 712 for the entire project. As of December 31, 2010, there have been 754 submittals, and an additional 228 submittals are anticipated. This item, at a budget of \$511,860, is for the engineering review of these submittals. Additionally, an arc flash analysis is required by OSHA for protection of personnel from the potential hazards of arc flash (for example, burns from the rapid release of energy due to a short-circuit event) at a cost of \$93,100.

Mr. Jones said that since February 2010, DLT&V Systems Engineering (DLT&V) has been providing SCADA programming for the MWRP Phase 2 Expansion. Variance No. 1, in the amount of \$98,389, includes: 1) converting the existing plant controls to new MWRP SCADA system. This task is budgeted for \$41,750.; 2) converting the new plant equipment to the new MWRP SCADA system. This task is budgeted for \$16,114; 3) programming the new sodium hypochlorite system into the new MWRP SCADA system. Due to phasing, this system had to be programmed in the existing MWRP SCADA system. This item was not included in DLT&V's original contract. This task is budgeted for \$12,208.; 4) write programming code for several treatment systems. The programming areas include the grit washer, MBR feed pumps, MPS-2, ultraviolet disinfection facility, and primary effluent pump station. This task is budgeted for \$12,452; 5) programming the new high rate clarifier/ES-3 vault into the new MWRP SCADA system. This item was not included in DLT&V's original contract. This task is budgeted for

\$15,865. Staff had anticipated that these tasks would be completed as part of the MWRP Phase 2 Expansion, but the items listed above were not included in DLT&V's original scope of work. These added tasks include the requirements as developed in IRWD's new SCADA Standards.

Director Swan asked that when staff prepares change orders to create a listing of the original costs versus the changed costs. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 4 IN THE AMOUNT OF \$604,960 WITH HDR ENGINEERING, INC. FOR ENGINEERING SUPPORT SERVICES DURING CONSTRUCTION FOR THE MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION, PROJECTS 20214 AND 30214; AND EXECUTE VARIANCE NO. 1 IN THE AMOUNT OF \$98,389 WITH DLT&V SYSTEMS ENGINEERING FOR SCADA PROGRAMMING SERVICES FOR MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION, PROJECTS 20214 AND 30214.

DAM MONITORING AND SURVEILLANCE – DESIGN VARIANCE EVALUATION OF SOIL FAILURES AT SYPHON CANYON DAM

On January 4, 2011, staff noticed that erosion and shallow slope sloughing had occurred near the bench on the downstream embankment slope of Syphon Canyon Dam. A field inspection was conducted with IRWD staff, Genterra Consultants, Inc. (IRWD's dam surveillance monitoring consultant), and a Division of Safety of Dams (DSOD) representative to identify the appropriate response measures. Based on the inspection, DSOD requested that IRWD perform a limited subsurface investigation to verify that the damage consists of superficial soil failures and to rule out the potential that internal seepage through the dam contributed to the problem.

On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 2 WITH GENTERRA CONSULTANTS, INC., IN THE AMOUNT OF \$86,240, TO PERFORM A LIMITED SUBSURFACE INVESTIGATION, INTERPRET THE RESULTS OF THE INVESTIGATION, AND PROVIDE RECOMMENDATIONS FOR REPAIR OF SYPHON CANYON DAM.

APPROVAL OF AGREEMENT BETWEEN THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) AND ITS MEMBER AGENCIES ON BUDGET, ACTIVITIES, CHARGES AND OTHER SERVICES

On January 6, 2011, MWDOC distributed the agreement to its member agencies and is requesting approval at this time. After MWDOC determines that a sufficient number of its member agencies have approved the agreement, the agreement will be taken to the MWDOC Board for final approval at which time it will go into effect. IRWD staff and legal counsel have reviewed the final agreement language and staff recommends approval by the IRWD Board and authorization for the President to execute the agreement.

On MOTION by Swan, seconded and unanimously carried, THE BOARD APPROVED AND AUTHORIZED THE PRESIDENT TO EXECUTE THE DECEMBER 10, 2010, AGREEMENT BETWEEN MWDOC AND ITS MEMBER AGENCIES ON BUDGET, ACTIVITIES, CHARGES, AND OTHER ISSUES.

SUPPORT FOR ALTERNATE SPECIAL DISTRICT COMMISSIONER ON THE ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION

General Manager Jones reported that on January 10, 2011, the Board voted to support Charley Wilson as a Commissioner for the Orange County Local Agency Formation Commission (LAFCO) representing Special Districts and deferred consideration of candidates for the Alternate Commissioner representing Special Districts to the January 24, 2011 Board meeting. The position of Commissioner representing Special Districts on the Orange County LAFCO Board is now open and will be filled by election at the Independent Special Districts of Orange County (ISDOC) Special Selection Committee meeting on January 27, 2011.

Mr. Jones said that IRWD received notice that four candidates have filed to run for the Alternate Commissioner position including Cheryl Brothers of Orange County Vector Control District, Joel Rattner of Rossmoor/Los Alamitos Area Sewer District, Bill VanderWerff of East Orange County Water District, and Jim Fisler of Mesa Consolidated Water District. He said staff recommends that the Board consider the candidates for the Alternate Commissioner representing Special Districts on the LAFCO Board and, if warranted, support one of the candidates.

Director Swan recommended that if there is a vacancy for the alternate position, to support Mr. Jim Fisler. Director Withers suggested that the District's representative use his best discretion at the meeting to cast a vote. Following discussion, it was the consensus of the Board to have the District's representative use his discretion at the election when casting a vote.

GENERAL MANAGER'S REPORT

General Manager Jones reported that staff has been meeting with the City of Newport Beach relative to their concerns over the conversion of fire hydrants to reclaimed water, and that he received word last week that it is now acceptable to them.

Mr. Jones reported on his attendance at a meeting last Wednesday with Supervisor Campbell, LAFCO, and Orange Park Acres (OPA) representatives to make sure that the HOA association (in OPA) was taking the lead on the conversion of septic to a sewer system. He said that IRWD will move forward with the process and that an item will be agendized for a Finance and Personnel Committee meeting to discuss the allocation of costs along with a Plan of Works. He said that the OPA association will also be holding several community meetings to determine the level of support. He said that discussion was also held on this area being annexed to the City of Orange; however, it was determined that this would be a very long-term item.

DIRECTORS' COMMENTS

Director Reinhart reported on his attendance at a MWDOC Board meeting and that a discussion was held where they will not be supporting Mr. Charley Wilson for the open Special District seat on the LAFCO Board.

Director Withers reported that he will be attending an OCSD Board meeting this week. He said that Supervisor Campbell has resigned his seat with LAFCO and that Ms. Pat Bates will be taking his seat.

Director Swan reported on his attendance at a CASA conference last week along with Director Withers; an OCWA lunch meeting; a WACO Planning meeting; a San Joaquin Wildlife Sanctuary meeting; and an OCBC Infrastructure meeting. He said that he is planning to attend a Southern California Water Dialogue meeting this week along with a tour of the Encino Plant. He further said that additional water is being transported from the MWD system, and it would be beneficial to work with the OCWD to maximize the amount of replenishment water that can be stored into the Orange County groundwater basin. He said he would like to have a three-party agreement for this arrangement.

Director Matheis reported on her attendance at the 2011 California Water Law Symposium and thanked Mr. Paul Jones and Ms. Fiona Sanchez for providing material for her talk.

Director LaMar reported on his attendance at the Orange County Forum, a MWDOC Board meeting, and a Southern California Water Committee. He said that he will be attending a joint MWDOC/OCWD meeting this week. He thanked past President Doug Reinhart for his two years of service to the District and also thanked his fellow Board members for being elected President for 2011.

ADJOURNMENT

There being no further business, President LaMar adjourned the meeting.

APPROVED and SIGNED this 14th day of February, 2011.

President
IRVINE RANCH WATER DISTRICT

Secretary
IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone

February 14, 2011

Prepared and

Submitted by: N. Savedra

Approved by: P. Jones



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

1/28/11 IRWD Meeting Overview of Finance Related Issues
2/7-8/11 Legislative Meetings in Washington, D.C.
2/10/10 Association of California Cities – Orange County Meeting
2/24/11 MWDOC Water Policy Forum
3/1-3/11 ACWA 2011 Washington D.C. Conference
3/23-25/11 Water Education Founding Executive Briefing, Sacramento, CA

Mary Aileen Matheis

2/03/11 OCBC's 2011 Annual Event
2/08/11 City of Irvine State of the City Address
2/09/11 Lake Forest Chamber of Commerce Anniversary Event
2/10/10 Association of California Cities – Orange County Meeting
2/24/11 MWDOC Water Policy Forum
2/28-3/3/11 ACWA 2011 Washington D.C. Conference
3/23-25/11 Water Education Founding Executive Briefing, Sacramento, CA

Doug Reinhart

2/24/11 MWDOC Water Policy Forum
3/2-3/11 WaterReuse Board of Directors' Meeting, Washington, D.C.
3/20-22/11 WaterReuse California Annual Conference, Dana Point, CA

Peer Swan

2/02/11 IRWD/UCI Collaboration Meeting
2/08/11 OCBC Infrastructure Committee Meeting
2/10/10 Association of California Cities – Orange County Meeting
2/28-3/3/11 ACWA 2011 Washington D.C. Conference

John Withers

2/03/11 OCBC's 2011 Annual Event
2/08/11 City of Irvine State of the City Address
2/10/10 Association of California Cities – Orange County Meeting
2/24/11 MWDOC Water Policy Forum

RECOMMENDATION:

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

LIST OF EXHIBITS:

None

CONSENT CALENDAR

RATIFYING MEMORANDUM OF OFFICERS OF THE BOARD, COMMITTEE AND OTHER ASSIGNMENTS, APPROVAL OF BOARD OF DIRECTOR ATTENDANCE AT MEETINGS/EVENTS, AND ADOPTION OF REVISED COMMITTEE ASSIGNMENTS

SUMMARY:

As a result of changes implemented by President LaMar on Committee and other assignments, the following actions are necessary:

- Ratify the January 28, 2011 memorandum relative to Board, Committee and other Assignments
- Approve attendance for meetings and events for District representation by the Directors for 2011 calendar year
- Adopt a resolution revising the assignment of Directors to Committees of the Board

BACKGROUND:

Directors serve on various standing and established ad hoc committees and represent the District in various other assignments which are periodically reviewed by the Board President. President LaMar has reviewed various committee and other assignments, and has made changes in the Memorandum provided as Exhibit "A" and denoted in bold text. A resolution has also been prepared revising the assignment of Directors to Committees of the Board (as provided in Exhibit "B").

Additionally, pursuant to Resolution 2003-47 adopted on December 15, 2003, approval/ratification of attendance of the following events and meetings are required by the Board of Directors. For those meetings and events shown without specific dates, approval is requested to authorize attendance for calendar year 2011. It should also be noted that based upon the annual assignment of Board members for outside agency representation, attendance at these meetings are considered authorized under the District's policy. Assignments* are summarized below:

Agency Representation:

- | | |
|---|---|
| • Municipal Water District of Orange County | LaMar (Representative), Reinhart (Alternate) |
| • Orange County Sanitation District | Withers (Director), Reinhart (Alternate) |
| • Orange County Water District | Swan (Representative), LaMar (Alternate) |
| • South Orange County Watershed Management Area Executive Committee | LaMar (Representative), Tetteimer (Alternate) |
| • SOCWA | Reinhart (Director), and Jones (Alternate) |
| • Santiago Aqueduct Commission | Reed** (Director), Reinhart and Cook (Alternates) |

* Committee chair name shown first

** Appointed Representative

Consent Calendar – Ratifying Memorandum, Approval of Board Attendance, and Adoption of Revised Committee Assignments

February 14, 2011

Page 2

Organization Representation

- CA Association of San. Agencies (CASA) (Alternate) Swan (Representative) and Withers
- El Toro Restoration Advisory Board Matheis (Representative)
- Independent Special Districts of OC (Alternate) Matheis (Representative) and Withers
- Irvine Chamber of Commerce (Alternate) Matheis (Representative) and LaMar
- National Water Research Institute (NWRI) Withers (Representative), LaMar (Alternate)
- Nature Reserve of Orange County (NCCP) Jones (Representative/President), LaMar (Alternate)
- New Water Supply Coalition LaMar (Representative), Jones (Member)
- Newport Bay Watershed Executive Comm. Swan (Representative), Jones (Alternate)
- Newport Chamber of Commerce Swan (Representative), Matheis (Alternate.)
- Orange County Business Council LaMar (Representative), Withers (Alternate)
- Orange County Council of Governments Matheis (Representative), LaMar (Alternate)
- South County Chamber of Commerce Reed** (Representative), Reinhart (Alternate.)
- Southern California Dialog Group Swan (Representative) and Jones (Alternate)
- Southern California Water Committee LaMar (Representative) and Matheis (Alternate)
- Urban Water Institute Matheis (Representative) and Swan (Alternate)
- WateReuse Association Reinhart (Representative), Jones (Alternate)
- Water Advisory Committee of OC (WACO) All Board members

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item is not submitted for Committee review.

RECOMMENDATION:

THAT THE BOARD RATIFY THE MEMORANDUM DATED JANUARY 26, 2011 ENTITLED OFFICERS OF THE BOARD, COMMITTEE AND OTHER ASSIGNMENTS, APPROVE ATTENDANCE FOR THE MEETINGS AND EVENTS FOR THE BOARD'S REPRESENTATION FOR CALENDAR YEAR 2011 AS DELINEATED IN THE WRITE-UP, AND THAT THE FOLLOWING RESOLUTION BE ADOPTED BY TITLE:

RESOLUTION NO. 2011-

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, RESCINDING
RESOLUTION NO. 2009-10 AND REVISING THE
ASSIGNMENT OF DIRECTORS TO COMMITTEES
OF THE BOARD

LIST OF EXHIBITS:

- Exhibit “A” – Memorandum from President Reinhart dated January 28, 2011 entitled:
Officers of the Board, Committee and Other Assignments
Exhibit “B” – Resolution revising the Assignment of Directors to Committees of the Board

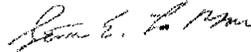
EXHIBIT "A"

MEMORANDUM

TO: Board of Directors

DATE: January 26, 2011
(revisions shown in **bold**)

FROM: Steven LaMar, President



SUBJECT: OFFICERS OF THE BOARD, COMMITTEE AND OTHER ASSIGNMENTS

Board Organization:

- President **Steven LaMar**
- Vice President **Mary Aileen Matheis**
- Directors **Peer Swan, John Withers, and Doug Reinhart**

Other officers of the District:

- Treasurer Rob Jacobson
- Assistant Treasurer Debby Cherney, Tanja Fournier
- Secretary Leslie Bonkowski
- Assistant Secretaries Nancy Savedra, Joan Arneson

Standing Committees*:

- Asset Management Withers, Swan, (Alt. LaMar)
- Finance and Personnel Swan, **LaMar** (Alt. Matheis)
- Engineering and Operations Reinhart, Withers (Alt. Swan)
- Water Resources Policy and Communications Matheis, LaMar (Alt. Withers)

Ad Hoc Committees*:

- Bay Delta LaMar and Swan
- City of Newport Beach Swan and Matheis
- City of Irvine/Great Park LaMar and Matheis
- City of Lake Forest Matheis and Reinhart
- City of Orange/OPA Reinhart and Withers
- City of Tustin **LaMar** and Matheis
- MWDOC **LaMar** and Reinhart
- Orange County Water District Swan and **LaMar**
- Orange Park Acres Advisory **Reinhart**, Davidson, Bryant, Beneck
- San Joaquin Marsh Swan and Matheis
- Serrano Water District Swan and Reinhart
- Technology Swan and Reinhart
- Water Banking Swan and **LaMar**

* Committee chair name shown first

BOARD, COMMITTEE AND OTHER ASSIGNMENTS

Date: January 26, 2011
(revisions shown in **bold**)

Agency Representation:

- Municipal Water District of Orange County **LaMar** (Representative), **Reinhart** (Alternate)
- Orange County Sanitation District Withers (Director), Reinhart (Alternate)
- Orange County Water District Swan (Representative), **LaMar** (Alternate)
- South Orange County Watershed Management Area Executive Committee LaMar (Representative), Tettemer (Alternate)
- SOCWA Reinhart (Director), and **Jones** (Alternate)
- Santiago Aqueduct Commission Reed** (Director), Reinhart and Cook (Alternates)

Organization Representation:

- CA Association of San. Agencies (CASA) Swan (Representative) and **Withers** (Alternate)
- El Toro Restoration Advisory Board Matheis (Representative)
- Independent Special Districts of OC Matheis (Representative) and Withers (Alternate)
- Irvine Chamber of Commerce Matheis (Representative) and **LaMar** (Alternate)
- National Water Research Institute (NWRI) Withers (Representative), LaMar (Alternate)
- Nature Reserve of Orange County (NCCP) Jones (Representative/President), LaMar (Alternate)
- New Water Supply Coalition LaMar (Representative), Jones (Member)
- Newport Bay Watershed Executive Comm. Swan (Representative), Jones (Alternate)
- Newport Chamber of Commerce Swan (Representative). Matheis (Alternate.)
- Orange County Business Council LaMar (Representative), **Withers** (Alternate)
- Orange County Council of Governments Matheis (Representative), LaMar (Alternate)
- South County Chamber of Commerce Reed** (Representative), Reinhart (Alternate.)
- Southern California Dialog Group Swan (Representative) and Jones (Alternate)
- Southern California Water Committee LaMar (Representative) and Matheis (Alternate)
- Urban Water Institute Matheis (Representative) and Swan (Alternate)
- WateReuse Association Reinhart (Representative), Jones (Alternate)
- Water Advisory Committee of OC (WACO) All Board members

Internal Organizations

- Bardeen Partners, Inc. Withers, President
Swan, Vice President
Jacobson, Treasurer
Jones, Assistant Treasurer/Secretary
L. Bonkowski, Secretary
- IRWD Improvement Corporation **Matheis**, President
LaMar, Vice President
Jacobson, Treasurer
L. Bonkowski, Secretary
- Joint Powers Agency Commission Swan, Chairman
Matheis, Vice Chairman
Jacobson, Treasurer
Fournier, Assistant Treasurer
L. Bonkowski, Secretary
- Joint Powers Agency Committee Swan and Reinhart

** Appointed representative.

Internal Organizations (continued)

- IRWD Water Service Corporation
Matheis, President
LaMar, Vice President
L. Bonkowski, Secretary
Jacobson, Treasurer

Supported Organizations

- San Joaquin Wildlife Sanctuary, Inc.
Swan, President
Matheis, Director
L. Bonkowski, Treasurer
L. Bonkowski, Director and Secretary
- Shadetree Partnership, Inc.
Matheis, President
T. Bonkowski, Treasurer
L. Bonkowski, Director and Secretary
Jones, Director

Organization/Committee Staff Representation:

- Association of CA Water Agencies (ACWA) Jones, Cook and Beeman
- California Association of Sanitation Agencies (CASA) Posey, Hills
- **California Municipal Utilities Association** Jones, McLaughlin
- California Special Districts Assoc. (CSDA) Beeman, McLaughlin
- American Water Works Assoc. (AWWA) Cook, Heiertz
- California Water Environmental Assoc. (CWEA) Posey, Hills
- Dyer Road Well Field Cook, Heiertz (Alternate)
- Newport Bay Watershed Mgmt. Comm. **Tetterer (Representative), Jones (Alternate)**
- WaterReuse California Jones (President), Tetterer and McLaughlin
- National Water Research Institute Hills (Representative)

EXHIBIT "B"

RESOLUTION NO. 2011 -

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, RESCINDING RESOLUTION NO. 2009-10 AND REVISING THE ASSIGNMENT OF DIRECTORS TO COMMITTEES OF THE BOARD

WHEREAS, by adoption of Resolution No. 2009-10 on March 23, 2009, the Board of Directors of Irvine Ranch Water District appointed members of the Board of Directors to serve on Committees of the Board; and

WHEREAS, it is the desire of the Board of Directors to revise the assignment of Directors to Board Committees. Additionally, the President has the authority to appoint an additional alternate as appropriate to Committees in the absence of the members and alternate.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of Irvine Ranch Water District as follows:

Section 1. That Resolution No. 2009-10 be and hereby is rescinded.

Section 2. That the following Committee assignments* are hereby made:

- Asset Management Withers, Swan,(Alt. LaMar)
- Finance and Personnel Swan, LaMar (Alt. Matheis)
- Engineering and Operations Reinhart, Withers (Alt. Swan)
- Water Resources Policy and Communications Matheis, LaMar (Alt. Withers)

* Committee Chair name shown first

ADOPTED, SIGNED and APPROVED this 14th day of February, 2011.

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

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

APPROVED AS TO FORM:
BOWIE, ARNESON,
WILES & GIANNONE
Legal Counsel - IRWD

February 14, 2011

Prepared by: K. McLaughlin

Submitted by: B. Beeman

Approved by: Paul Jones

KM
B. Beeman
1.6.11

CONSENT CALENDAR

2011 STATE LEGISLATIVE UPDATE

SUMMARY:

This report provides an update on state legislation of interest to IRWD including IRWD-sponsored legislation. A copy of the 2011 State Legislative Matrix is attached as Exhibit "A."

Staff recommends that the Board consider the following positions:

- AB 134 (Dickenson): Sacramento Regional Sanitation Agency - OPPOSE
- AB 148 (Smyth): Local Government: Ethics Training: Disclosure - WATCH
- AB 157 (Jeffries): Safe, Clean, and Reliable Drinking Water Supply Act – OPPOSE

BACKGROUND:

The bill introduction deadline for the current legislative session is February 18 while the deadlines for bills to be passed through their first policy committees are in early May. As of February 9, only 570 bills have been introduced and many of those are spot bills. Legislators and Legislative Committees have been focused on budget hearings and budget-related policy oversight hearings.

State Budget Update:

Budget hearings and debates continue to dominate the state legislative agenda as Governor Brown pushes for his goal of securing a budget compromise by March. Meeting this deadline would allow time for a June special election ballot allowing Californians to vote on extending the current temporary tax increases another five years. According to Governor Brown's estimates, extending the current tax levels would eliminate approximately \$12 billion of the current estimated \$26 billion deficit. In the Governor's proposal, the remainder is addressed through program cuts and other revenue sources such as federal funding. The Public Policy Institute of California released a poll on January 26 reporting that two-thirds of Californians believe a special election on the Governor's tax and fee proposal is a good idea and a majority of Californians are generally satisfied with the Governor's budget plan. Despite these numbers, the proposed ballot measure faces an uphill climb in the Legislature where it needs a two-thirds majority in order to be placed on a statewide ballot. The Republican Caucus continues to oppose the proposed June ballot measure.

On the spending cut side of the debate, discussions around the Governor's proposal to eliminate redevelopment agencies and the related property tax implications for local government have led the debates. On January 26, the mayors of California's nine biggest cities met with the Governor to urge his reconsideration of redevelopment agency elimination. The meeting reportedly concluded with the mayors announcing they have formed a working group to develop a proposal for cities to bear their fair share of responsibility for the state deficit.

Another budget issue of importance to local governments is the Governor's proposal to suspend payment of non-public safety state mandate payments in the current budget and initiate a sweeping review of all existing state mandate reimbursements for future budgets. Currently, local governments are reimbursed by the state for the costs of programs and services the state requires local governments to provide. There is a wide array of state mandate programs ranging from public transparency requirements to public health initiatives to animal adoption programs. Governor Brown estimates that suspending these mandates could save the state \$230 million.

IRWD-sponsored Legislation:

Sewer Conversion Financing

Staff is working with Assembly Member Huffman to introduce the IRWD "pre-abatement" sewer conversion financing proposal by the February 18 deadline. The Assembly Member is interested in combining our proposal with a larger sewer proposal he is currently considering that would potentially encourage sewer providers to develop 10-year management and operations plans to identify and address weaknesses in their systems, including replacement of private laterals, and provide resources for further reducing the threat of sewer spills. The Assembly Member understands IRWD's concerns about combining the IRWD sewer conversion financing proposal with a larger sewer proposal that is not yet developed and as such, has committed to preserving options for keeping these two proposals separate while continuing to explore the possibility of combining them. In turn, staff has offered to be helpful to his office as they develop the larger sewer proposal. IRWD has received early indications of continued interest from several agencies that were supportive of IRWD-sponsored AB 2182 (Huffman) last year including: Inland Empire Utilities Agency, Eastern Municipal Water District, Western Municipal Water District and El Dorado Irrigation District.

Other 2011 Legislative Introductions:

AB 134 (Dickenson) – Sacramento Regional Sanitation Agency

AB 134 (Dickenson), sponsored by the Sacramento Regional County Sanitation District (SRCSD), would add Water Code Section 1486 to direct the State Water Resources Control Board to grant the SRCSD a permit to appropriate their treated wastewater upon terms and conditions determined by the State Board. This proposed legislation would exempt SRCSD from the required approval and change of use process and allow the agency to sell its treated effluent to downstream priority water right users.

AB 134 has significant precedent setting implications to California water rights law and is predicated on SRCSD's belief that the state and water exporters should be held financially responsible for the required upgrades to the SRCSD treatment process. SRCSD has received feedback from a wide variety of agencies and associations including Metropolitan Water District of Southern California (MWD), WaterReuse Association and the Southern California Water Committee expressing concern and questioning the approach and implications for California Water Rights law. MWD and Eastern Municipal Water District have taken OPPOSE positions and the Association of California Water Agencies is expected to take an OPPOSE position on Friday, February 11. An opposition coalition is expected to emerge as this bill moves forward.

Staff recommends that the Board consider taking an OPPOSE position on AB 134 (Dickenson) to allow IRWD to join the opposition coalition as it develops.

AB 148 (Smyth) - Local Government: Ethics Training: Disclosure

AB 148 (Smyth) is one of many bills expecting introductions related to local government transparency. This bill would require local agencies to post their agencies' required ethics training record on their websites and submit copies of those records to the California Attorney General. Additionally, this bill would require an agency that has written attendance compensation and reimbursement policies to post those policies on the agency's website and submit a copy to the California Controller's Office. Failure to comply with these requirements would result in the Controller withholding funds the agency is otherwise entitled to until that agency complies with the disclosure requirements. Staff is working with the California Special Districts Association to review and provide feedback on public transparency legislative proposals as they develop in the current legislative session. Staff recommends that the Committee consider taking a WATCH position on AB 148 (Smyth) at this time. As these proposals begin to move through the legislative process, staff will provide the Committee with updates and recommended positions as appropriate.

AB 157 (Jeffries) – Safe, Clean, and Reliable Drinking Water Supply Act of 2012

Assembly Member Jeffries introduced AB 157 to reduce the total funds authorized through the Safe, Clean, and Reliable Drinking Water Supply Act bond by 25 percent. The \$11 billion bond is slated to go to a vote of the people in November 2012. Any changes to the bond measure must be passed by two-thirds of the legislature and signed by the Governor. While Jeffries' proposal has generated a significant amount of buzz in the Capitol, the likelihood of AB 157 passing is slim. Any re-opening of the bond debate is expected to result in both proponents and opponents asking for changes, further reducing the ability for proponents of the 25 percent reduction to gain the votes needed for passage.

While water agencies and associations have not yet taken positions at this early juncture in the legislative session, it is expected that the Association of California Water Agencies and many of its member agencies will oppose AB 157 (Jeffries) should it begin moving through the process. ACWA's members from the agricultural community are particularly concerned about re-opening the bond proposal. Many of those members grudgingly supported the policy side of the 2009 legislative water package in exchange for the bond measure as initially approved and view its re-opening as an erosion of those delicate negotiations.

Re-opening the Safe, Clean, and Reliable Drinking Water Supply Act to any changes could result in an onslaught of additional proposed amendments and the potential unraveling of the carefully negotiated legislative package of 2009. Staff recommends that the Committee consider an OPPOSE position on AB 157 (Jeffries).

Regulation Legislation

On January 21, Senate President pro Tem Steinberg announced plans to introduce emergency legislation directing state agencies to review all regulations and identify and recommend changes to duplicative, archaic and inconsistent regulatory rules. By proposing emergency legislation

that could go into effect early in the legislative session, the Governor and legislators could then act on those recommendations quickly through either executive or legislative action. Senate President pro Tem Steinberg has not yet introduced this legislation. Staff will provide an update and recommendations to the Committee as appropriate once this proposal is introduced.

Similarly, IRWD staff has been working with the WateReuse Association to develop a proposal for cleaning up the regulatory and statutory codes and laws governing recycled water in California. These efforts are two-pronged: working with the Department of Public Health to identify and correcting duplicative and contradictory requirements in the California Code of Regulations; and developing legislation for potential introduction in 2012 to clean up current California law related to water recycling including eliminating conflicting definitions and requirements, streamlining project approval processes, and treating recycled water as a water supply. Staff will provide progress updates to the Committee as the efforts of the WateReuse Association develop.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed at the Water Resources, Policy and Communications meeting on February 9, 2011.

RECOMMENDATION:

THAT THE BOARD TAKE AN OPPOSE POSITION ON AB 134 (DICKENSON) AND AB 157 (JEFFRIES) AND A WATCH POSITION ON AB 148 (SMYTH).

LIST OF EXHIBITS:

Exhibit "A" – 2011 IRWD Legislative Matrix

EXHIBIT “A”

**IRWD 2011 LEGISLATIVE MATRIX
January 27, 2011**

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
<u>AB 19</u> Fong (D)	Building Standards: Water Meters: Multiunit Structures		Requires a water purveyor that provides water service to a multiunit residential structure or mixed-use residential and commercial structure to require the installation of a water meter or a submeter. Requires the Department of Housing and Community Development to develop and submit to the commission building standards that require the installation of water meters or submeters in individual dwelling units within a newly constructed multiunit residential structure.	01/24/2011 - To ASSEMBLY Committees on WATER, PARKS AND WILDLIFE and HOUSING AND COMMUNITY DEVELOPMENT.
<u>AB 23</u> Smyth (R)	Local Agency Meetings: Prohibition		Amends the Ralph M. Brown Act which requires each legislative body of a local agency to provide the time and place for holding regular meetings. Prohibits the members of a legislative body, during a meeting of that legislative body, from convening simultaneous or serial order meetings of any other legislative body for which the members of the convened legislative body constitute at least a quorum.	01/24/2011 - To ASSEMBLY Committee on LOCAL GOVERNMENT.
<u>AB 54</u> Solorio (D)	Drinking Water		Allows the Department of Public Health to issue a letter of no prejudice to a public water system that is a lead applicant for a project that may be funded by the Safe Drinking Water Revolving Fund, makes expenditures related to the project reimbursable in specified circumstances. Authorizes a local agency formation commission to review and approve or disapprove the consolidation of territory within a mutual water company into the jurisdiction of a city as a special district that operates a water system.	01/24/2011 - To ASSEMBLY Committees on LOCAL GOVERNMENT and ENVIRONMENTAL SAFETY AND TOXIC MATERIALS.
<u>AB 83</u> Jeffries (R)	Environment: CEQA Exemption: Recycled Water Pipeline		Amends existing law regarding California Environmental Quality Act environmental impact reports. Exempts a project for the installation of a new pipeline for the distribution of recycled water within an improved public street, highway, or right-of-way.	01/05/2011 - INTRODUCED.
<u>AB 134</u> Dickinson (D)	Sacramento Regional County Sanitation District		Authorizes the Sacramento Regional County Sanitation District to file an application for a permit to appropriate a specified amount of water that is based on the volume of treated wastewater that the district discharges into the Sacramento River and recovers for reuse. Requires the State Water Resources Control Board to grant a permit to appropriate that treated wastewater upon terms and conditions determined by the board.	01/12/2011 - INTRODUCED.
<u>AB 148</u> Smyth (R)	Local Government: Ethics Training: Disclosure		Defines the term ethics laws, for purposes of training for officers and employees of a local government, to include compensation setting guidelines	01/14/2011 – INTRODUCED.

IRWD 2011 LEGISLATIVE MATRIX
January 27, 2011

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
			as established by specified organizations. Requires the local agency to post the ethics training record on the local agency's Internet Web site, if any, and to submit a copy of the record to the Attorney General. Requires a local agency that has adopted a written attendance compensation policy to post the policy on the local agency's Web site.	
<u>AB 157</u> Jeffries (R)	Safe, Clean and Reliable Drinking Water Supply Act		Reduces the total amount of bonds authorized to be issued pursuant to the Safe, Clean and Reliable Drinking Water Supply Act of 2012. Makes conforming reductions to amounts specified to be allocated from these bond funds for certain purposes.	01/19/2011 – INTRODUCED.
<u>SB 27</u> Simitian (D)	Public Retirement: Final Compensation: Computation		Provides for public employee and teacher retirement. Provides that member and employer contributions credited to the Defined Benefit Supplemental Program would include remuneration earnable within a 5-year period in excess of 125% of that member's compensation earnable in the year prior to that 5-year period.	01/20/2011 - To SENATE Committee on PUBLIC EMPLOYMENT AND RETIREMENT.
<u>SB 31</u> Correa (D)	Local Government: Lobbyist Registration		States the intent of the legislature to enact legislation that will require each local government to create a lobbyist registration program as a condition of the local government being eligible to apply for any discretionary grant from any state agency or department.	01/20/2011 - To SENATE Committee on RULES.
<u>SB 34</u> Simitian (D)	Water Infrastructure Projects: Fees		Declares the intent of the Legislature to enact legislation to develop a fee-based system to pay for costs associated with updating and modernizing water infrastructure projects. Expresses legislative intent with respect to the imposition of the fees and use of the fee revenues.	01/20/2011 - To SENATE Committee on RULES.
<u>SB 46</u> Correa (D)	Local Government: Compensation Disclosure		Requires local government filers to annually file a compensation disclosure form. Requires the Secretary of State to develop the form. Requires a county, city, city and county, school district, special district, or joint powers agency that maintains an internet web site to post the information contained on the filed form on that web site. Authorizes a district attorney or any interested person to commence an action by mandamus to enforce these provisions.	01/20/2011 - To SENATE Committee on GOVERNANCE AND FINANCE.
<u>SB 52</u> Steinberg (D)	Water Quality: Sacramento Regional Sanitation District		Appropriates funds to the Department of Water Resources from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 to provide financial assistance to the Sacramento Regional County Sanitation District to offset rate increases associated with the costs of capital improvements to the district's regional sewage treatment plant.	01/20/2011 - To SENATE Committee on ENVIRONMENTAL QUALITY.

IRWD 2011 LEGISLATIVE MATRIX

January 27, 2011

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
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February 14, 2011

Prepared by: Mike Bray

Submitted by: Debby Cherney

Approved by: Paul Jones



CONSENT CALENDAR

ADMINISTRATIVE CLAIM FOR DAMAGES – VERIZON, CMR, TPA

SUMMARY:

A Claim for Damages was filed against the District on December 28, 2010 by Verizon, CMR, TPA (Verizon). The claim states that the District's contractor, Paulus Engineering, Inc. (Paulus) damaged Verizon's buried cable during excavation on behalf of the District. Damages to Verizon's property are \$43,103.96.

BACKGROUND:

The Verizon claim asserts that on July 2, 2010, Paulus damaged Verizon's buried wire cable while performing emergency repairs to the District's Newport Coast Lift Station force main at Newport Coast and Ridge Park. Both District and Paulus staff observed the damage to the Verizon cable. The District has tendered the claim to Paulus, which is interfacing directly with Verizon. The staff does not expect any portion of the claim to be paid by the District.

FISCAL IMPACTS:

Not applicable at this time.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Claims are not submitted for approval by Committee.

RECOMMENDATION:

THAT THE BOARD RECEIVE THE CLAIM FOR DAMAGES FROM VERIZON, CMR, TPA WITHOUT ACTION.

LIST OF EXHIBITS:

Exhibit "A" – Verizon, CMR, TPA Claim

Exhibit "A"



CMR CLAIMS DEPARTMENT
P.O. BOX 60770
OKLAHOMA CITY, OK 73146-0770
1-866-887-4066

*******NOTICE OF CLAIM*******

Date: 12-13-2010

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

To: IRVINE RANCH WATER DISTRICT
BOARD OF DIRECTORS
PO BOX 57000
IRVINE, CA 92619

CERTIFIED MAIL# 91 7113 3376 8270 1253 3419

RE: Damage to Verizon Property

Verizon Claim Num: CAPR100581
Damage/Discovery Date: 07-02-2010
Damage Location: 21244 NEWPORT COAST DR, LAGUNA BEACH, CA
Damage County: ORANGE
Damage Amount: \$ 43,103.96

Dear Sir/Madam:

Please be advised that Verizon Facilities sustained damage as a result of the negligent acts or omissions by employees or agents of IRVINE RANCH WATER DISTRICT .

Investigation has revealed that on or about 07-02-2010 employees or agents of IRVINE RANCH WATER DISTRICT, PAULUS ENGINEERING DAMAGED A 2100 PAIR BURIED VERIZON CABLE AND CONDUIT DURING EXCAVATION TO REPAIR A SEWER BREAK FOR THE IRVINE RANCH WATER DISTRICT in the area of 21244 NEWPORT COAST DR, LAGUNA BEACH, CA.

This letter is the written presentment of Verizon's claim pursuant to California Government Code 910-911 .

REQUEST FOR GOVERNMENTAL NOTICE FORM

If your Governmental Entity requires the completion of its own form to complete proper notice, please forward a copy to the address listed above. Every good faith effort has been made to identify the proper office and address to perfect our notice. Please forward to your attorney, if misdirected, to contact us. Matters herein stated are alleged on information and belief this pleader believes to be true. If there is insurance to cover this matter, kindly advise as to the name of the insurance company, its address and the claim number assigned. If you have any questions, or need additional information, please contact me at 1-800-321-4158 ext 8232.

Sincerely,
Holly Finley

CMR Claims DEPT

NOTARY

Commission Expires

11/28/14





Irvine Ranch Water District
Claim Form

Verizon: CAPR00581
CMR: 891167

RECEIVED

JAN 06 2011

INSTRUCTIONS: Please complete this form and submit with attachments to Risk Manager, Irvine Ranch Water District, 15600 Sand Canyon Avenue, Irvine, CA 92618.

IRVINE RANCH WATER DISTRICT

Name of Claimant: Verizon, CMR, TPA Home Phone: N/A Work: 1-800-321-4158
Home Address of Claimant: 615 N. Classen Blvd. OKL, OK 73106
*Date of Birth: N/A *Social Security #: N/A *CA Driver's License #: N/A

*Required for bodily injury claims only.

- Date and time of incident: 7-2-10
- Location of incident: 21244 Newport Coast Dr + ridge park
- How did this incident occur? Paulus engineering inc damaged a Verizon 2100 pair buried cable with a backhoe while digging a hole.
- Describe the damage that resulted from the incident: a Verizon 2100 pair buried cable

5. What is the approximate amount of damage sustained? \$43,103.96
(Please give the amount claimed as of the date of presentation of the claim, including the estimated amount of any injury, damage or loss, insofar as it may be known at the time of presentation of this claim, together with the basis of computation of the amount claimed, with invoices or estimates, if appropriate.)

- Were the police at the scene? Yes No
- Was a report filed? Yes No (If yes, please attach a copy of the police report if available.)
- Please attach all invoices or estimates related to this incident.

I hereby certify under penalty of perjury that the facts hereinabove set forth are true and correct to the best of my knowledge.

Signature of Claimant or Representative of Claimant: Olivia Stittinger Date: 12-28-10

Irvine Ranch Water District • 15600 Sand Canyon Ave. • Irvine, CA 92618 • (949) 453-5300 • www.irwd.com

Revised March 2003

February 14, 2011

Prepared by: Tanja Fournier/Rob Jacobson

Submitted by: Debby Cherney

Approved by: Paul Jones



ACTION CALENDAR

VARIABLE RATE DEBT PORTFOLIO – RESTRUCTURING STRATEGY

SUMMARY:

Irvine Ranch Water District (IRWD) currently has eight variable rate bond issues totaling \$385.2 million supported by letters of credit (LOCs) expiring between April and June 2011. Staff has been working with various underwriters to evaluate options for restructuring the current outstanding bond issues to provide a lower cost of debt, reduce reliance on bank LOCs, and possibly further diversify the debt portfolio. In December 2010, the District requested LOC proposals and issued a Request for Proposal for underwriting services and recommendations for restructuring the existing variable rate portfolio.

Staff is recommending the District optimize its variable rate portfolio and use its strong credit ratings through the following:

1. Extend and/or replace the LOCs on most of the bond issues, keeping them in either a daily or weekly variable rate demand obligation bond mode;
2. Make appropriate corresponding changes to remarketing agents as may be required by the replacement of the LOC providers;
3. Refund the 2008-B general obligation bond issues and reissue as Index Based Tender Notes (ITNs) in at least two tranches, while maintaining the flexibility to upsize this refunding and reissuance to include the 2008-A general obligation bond issue as ITNs in the event that the LOC bank terms, conditions and/or pricing warrant an alternative approach; and
4. Approve the retention of Goldman Sachs & Co. as lead underwriter and Morgan Stanley as co-underwriter for the ITNs with specific tranches to be determined as LOC negotiations progress.

BACKGROUND:

Expiring Letters of Credit – Spring 2011:

As a result of the collapse of the Auction Rate Securities market in 2008, many issuers including IRWD refunded debt from auction rate mode backed by bond insurance into a variable rate demand obligation bond (VRDO) mode, supported by LOCs or standby bond purchase agreements. At that time, the District refunded approximately \$265 million of auction rate securities to VRDOs backed by three-year LOCs. Since that time, the District has negotiated additional LOCs for its 2009-A and 2009-B bond issues as well as renewed and/or replaced the remaining LOCs. All but \$4.7 million of the District's \$390 million VRDO portfolio have LOCs that expire between April and June 2011. Staff understands that banks are anticipating a significant demand for LOC extensions/renewals in 2011 in a continuing tight

credit market. In anticipation of a congested market in the spring of 2011, staff requested formal pricing and general terms from all current LOC banks, as well as other banks that have indicated interest in providing liquidity facilities to the District. During this process, staff received notice from Landesbank Baden-Wurtemberg that they are exiting the LOC market and therefore will not renew the two LOCs that expire in April on the \$100.4 million 2008-A bonds and \$58.8 million 2008-B bonds.

With the passage of SB 613 (which became effective on January 1, 2011), IRWD now has more flexibility to issue and restructure its bonds into a broader array of debt structures. This provides the District with alternatives to the LOC banks while maintaining variable rate debt exposure. Those alternatives have created and will continue to create leverage for IRWD in the negotiations with LOC banks on both pricing and terms. At this time, IRWD is oversubscribed in LOC proposals, with pricing that is substantially lower than the District has received in nearly three years.

Underwriter Restructuring Proposals:

Staff requested and received proposals from 10 qualified underwriting firms to provide analysis, recommendations and pricing to restructure the variable rate portfolio that would result in a cost effective structure for the District. Staff reviewed all of the proposals and selected four firms that best met the criteria of the Request for Proposal, provided the most thorough analysis and recommendations, and had strong underwriting teams. Bank of America Merrill Lynch (BAML), Goldman Sachs (Goldman), Stone & Youngberg, and Morgan Stanley (Morgan) were invited to participate in an interview to discuss their proposed structures.

All firms interviewed proposed various combinations of LOC-backed variable rate debt and the addition of variations on ITNs to the debt portfolio. ITNs are a short-term variable rate bond structure with rates based on a spread to the SIFMA index, which is the primary short-term municipal index. IRWD's credit rating, rather than a bank LOC, would support a new ITN bond issue, and ITNs would have senior lien (or "parity") status with the District's fixed rate Build America Bonds and Certificates of Participation. Based on the proposals received, recommended debt structures and experience in the ITN market, staff recommends engaging Goldman Sachs as lead underwriter and Morgan Stanley as co-underwriter for the refunding and reissuance of ITNs.

Debt Restructuring:

Staff and underwriters have reviewed a number of options for restructuring the debt portfolio with the following goals and objectives in mind:

- Reduce the District's current dependence on costly LOCs to support its debt issuance;
- Prudently utilize the ability to pledge IRWD's revenues, thereby allowing the District to capitalize on its strong AAA credit ratings with broader financing options at lower costs and risk; and
- Obtain the best pricing and favorable terms from high quality banks, when a LOC is necessary.

Staff and the underwriters recommend extending most of the current LOCs, adding new LOCs on three of the bond issues, and the refunding and subsequent reissuance of the 2008-B bond issue as ITNs. Staff also recommends that the District maintain the flexibility to increase the size of the ITNs to include the 2008-A bond issue in order to maintain leverage with the LOC banks. The ITN issue would add diversity to the portfolio and cost savings through the following structural characteristics:

- ITNs are sold without bank credit support and rely on the underlying credit/liquidity of the District, which is rated AAA/Aa1/AAA by Standard & Poor’s, Moody’s and Fitch, respectively;
- The initial tender period on the bonds is 12 months, but contains a six-month tender option to have flexibility to remarket the bonds when market conditions are favorable;
- Interest rates are set as a spread to SIFMA at the time of remarketing, thus retaining variable rate exposure;
- The bonds are money-market eligible and are purchased by other investors including intermediate-term bond funds and high net worth retail accounts; and
- ITNs carry a lower all-in cost of debt due to avoiding the expense of liquidity support, as well as constrained bank renewal risk.

The following is a summary of the proposed restructuring of the debt portfolio:

Bond Issue	Par Amount	Current LOC	Proposed LOC	Interest Rate Mode	Remarketing Agent	Proposed Remarketing Agent
Series 1989	\$ 9.4MM	BofA	BofA	Daily	BAML	BAML
Series 1991	\$ 7.5MM	BofA	BofA	Weekly	Goldman	Goldman
Series 1993	\$ 37.5MM	BofA	BofA	Daily	BAML	BAML
Series 1995	\$ 21.7MM	State Street	Sumitomo	Weekly	Citigroup	Citigroup
Series 2008-A	\$ 58.8MM	LBBW	Sumitomo	Weekly	BAML	BAML
Series 2008-B	\$ 100.4MM	LBBW	N/A	ITN	Goldman	Goldman/Morgan
Series 2009-A	\$ 75.0MM	US Bank	US Bank	Weekly	Goldman	Goldman
Series 2009-B	\$ 75.0MM	BofA	Barclays	Weekly	JP Morgan	Barclays

Staff has provided a detailed Summary of Proposed Variable Rate Debt Restructuring and a Comparison of Short-Term Debt Structures, which are attached as Exhibits “A” and “B”, respectively.

FISCAL IMPACTS:

Restructuring the debt portfolio will result in approximately \$836,000 in cost of issuance related to the refunding and subsequent reissuance of \$100,355,000 bonds from weekly variable rate demand bonds into Index Tender Notes. The cost of issuance consists of \$268,000 in underwriting fees and expenses, \$200,000 for co-bond counsel related to refunding and LOC replacements, \$110,000 for rating agency fees, \$200,000 for various LOC bank counsel expenses for extending and replacing the LOCs, and \$58,000 in other miscellaneous costs of issuance and expenses. The initial annual savings in LOC and remarketing fees will be approximately \$1,400,000.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on February 1, 2011.

RECOMMENDATION:

THAT THE BOARD APPROVE PARTIALLY RESTRUCTURING THE VARIABLE RATE DEBT PORTFOLIO, INCLUDING REFUNDING THE 2008-B VARIABLE RATE DEMAND BONDS AND REISSUING AS INDEX TENDER NOTES, APPROVE THE RETENTION OF GOLDMAN SACHS AS LEAD UNDERWRITER AND MORGAN STANLEY AS CO-UNDERWRITER FOR THE REFUNDING AND REISSUANCE, EXTENDING THE EXISTING LETTERS OF CREDIT WITH BANK OF AMERICA AND US BANK ON THE 1989, 1991, 1993 AND 2009-A BONDS, REPLACING THE STATE STREET LETTER OF CREDIT ON THE 1995 BONDS AND REPLACING LANDESBANK BADEN-WURTTENBERG ON THE 2008-A BONDS WITH NEW LETTERS OF CREDIT FROM SUMITOMO MITSUI, AND REPLACING THE BANK OF AMERICA LETTER OF CREDIT AND JP MORGAN AS REMARKETING AGENT WITH BARCLAYS CAPITAL AS THE LETTER OF CREDIT PROVIDER AND REMARKETING AGENT FOR THE 2009-B BONDS.

LIST OF EXHIBITS:

Exhibit “A” – Summary of Variable Rate Debt Restructuring

Exhibit “B” – Comparison of Short-term Debt Structures

EXHIBIT "A"

IRVINE RANCH WATER DISTRICT
SUMMARY OF PROPOSED VARIABLE RATE DEBT RESTRUCTURING

CURRENT STRUCTURE

WEEKLY		CURRENT LETTER OF CREDIT INFORMATION					REMARKETING	
DAILY								
GENERAL BOND INFORMATION								
VARIABLE RATE ISSUE	REMAINING PRINCIPAL	LOC	LOC Rating		EXPIRATION DATE	LOC FEE	Agent	Fee
SERIES 1989	\$9,400,000	B of A	Aaa/P-1	AA+/A-1+	05/05/11	0.8500%	BAML	0.0500%
SERIES 1991	\$7,500,000	B of A	Aaa/P-1	AA+/A-1+	05/05/11	0.8500%	Goldman	0.0800%
SERIES 1993	\$37,500,000	B of A	Aa2/P-1	A+/A-1	05/01/11	1.2500%	BAML	0.1350%
SERIES 1995	\$21,700,000	STATE STREET	Aa2/P-1	AA-/A-1+	05/02/11	1.2500%	CG	0.0750%
SERIES 2008-A Refunding	\$58,800,000	LBBW	Aa2 (*)	A+ (*)	04/24/11	0.3800%	BAML	0.1250%
SERIES 2008-B Refunding	\$100,355,000	LBBW	Aa2 (*)	A+ (*)	04/24/11	0.3800%	Goldman	0.0800%
SERIES 2009 - A	\$75,000,000	US BANK	Aa1/VMIG 1	AA+/A-1+	06/03/11	1.2500%	Goldman	0.1000%
SERIES 2009 - B	\$75,000,000	B of A	Aa3/VMIG 1	A+/A-1	06/03/11	1.2500%	JP Morgan	0.1200%
Total	\$385,255,000				Weighted Average	0.8730%		0.1029%
					Annual LOC Exp.	\$3,363,439		\$396,384

PROPOSED STRUCTURE

WEEKLY		PROPOSED CHANGES TO VARIABLE RATE STRUCTURE					REMARKETING	
ITN								
DAILY								
GENERAL BOND INFORMATION								
VARIABLE RATE ISSUE	REMAINING PRINCIPAL	LOC	LOC Rating		EXPIRATION	LOC ESTIMATED	Agent	Fee
SERIES 1989	\$9,400,000	(5) B of A	Aa3/P-1	A+/A-1	4-Year	0.8000%	BAML	0.0500%
SERIES 1991	\$7,500,000	(5) B of A	Aa3/P-1	A+/A-1	5-Year	0.8500%	Goldman	0.0800%
SERIES 1993	\$37,500,000	B of A	Aa3/P-1	A+/A-1	2.5-Year	0.6500%	BAML	0.1350%
SERIES 1995	\$21,700,000	(1)(3) Sumitomo	Aa2/P-1	A+/A-1	3-Year	0.6500%	CG	0.0750%
SERIES 2008-A Refunding	\$58,800,000	(1)(3) Sumitomo	Aa2/P-2	A+/A-2	3-Year	0.6500%	BAML	0.1250%
SERIES 2008-B Refunding	\$100,355,000	N/A	Aa1	AAA	N/A	N/A	(2) Goldman/Morgan	0.1250% (4)
SERIES 2009 - A	\$75,000,000	US BANK	Aa1/P-1	AA-/A-1+	2.5 Year	0.6500%	Goldman	0.1000%
SERIES 2009 - B	\$75,000,000	(1)(3) Barclays	Aa3/P-1	Aa-/A-1	1-Year	0.4500%	(2) Barclays	0.0700%
Total All Issues	\$385,255,000				Weighted Avg.	0.6076%		0.1418%
Total Issues backed by LOC	\$284,900,000				Annual Expense	\$1,730,950		\$546,367
					Increase/(Decrease)	(\$1,632,489)		\$149,983
					Total Annual Savings			(\$1,482,506)

(1) Bank Change
 (2) Remarketing Agent Change
 (3) Must Convert to Weekly Mode
 (4) Remarketing Fee will be 0.25% the first year and 0.1250% thereafter
 (5) Expiration matched to maturity
 Note: Should document negotiations with new LOC banks falter, U.S. Bank, Bank of America and Union Bank have expressed interest in extending additional credit to the District or additional issues may be refunded into ITN.

EXHIBIT "A"

Comparison of Short-term Debt Structures

Comparative Cost and Risk Profile			
	Index Tender Notes (1-year)	SIFMA FRNs (3-year)	Weekly VRDBs (3-year)
Index	SIFMA	SIFMA	SIFMA
Additional Spread	Flat (0 bp)	40 bp ¹	-5 bp
Liquidity Fees	n/a	n/a	60 bp ²
Takedown/Remarketing Fees	25 bp ³	13 bp ⁴	10 bp
Total Financing Cost	SIFMA + 25 bp	SIFMA + 58 bp	SIFMA + 65 bp

Summary of Risks

Interest Rate Risk	✓	✓	✓
Credit Risk		-	✓
Counterparty Risk			-
Put Risk		-	✓
Rollover/Market Access Risk	✓	✓	✓

¹ Pricing is based on FRNs with a hard maturity.

² Assumed cost of new 3 year LOC from a highly rated liquidity provider.

³ Based on a remarketing takedown of \$1.25 / bond twice a year. Initial takedown of \$1.75 / bond not assumed for ongoing cost.

⁴ Based on takedown of \$3.75 / bond every three years, respectively.

February 14, 2011

Prepared and

Submitted by: T. Mossbarger/D. Cherney

Approved by: Paul Jones



ACTION CALENDAR

ORACLE TECHNOLOGY IMPLEMENTATION VARIANCE

SUMMARY:

In May 2010, the Board authorized the purchase of the Oracle E-Business Suite R12 to replace IRWD's existing financial management and human resources management systems. In November 2010, the Board authorized the purchase of technology licenses that will provide for the minimum number of technology and database licenses needed for a fully-redundant, high-performance technology architecture. Staff subsequently requested a proposal from the District's certified Oracle system implementation consultant, AST Corporation, to perform the implementation services required for this technology architecture. Staff recommends that the Board authorize a budget increase for a total of \$442,200, approve expenditure authorizations for \$221,100 for each project, and authorize the General Manager to execute Variance No. 1 with AST Corporation for an amount of \$401,874.

BACKGROUND:

In 2009 staff began the process to procure and implement a commercial Enterprise Resource Planning (ERP) solution. The key benefits to IRWD of implementing an ERP system include:

- Improved management visibility and accountability, including more accurate and timely financial statements, through easy access to reliable real-time data and information;
- Better planning and visibility into funding needs through improved budget-to-actual reporting;
- Increased operational efficiencies utilizing up-to-date project accounting;
- Improved administrative labor efficiencies by minimizing staff time spent extracting and reformatting data;
- Audit compliance through reliable data and robust, flexible reporting capabilities; and
- Enhanced security through improved audit trails.

In May 2010, IRWD purchased a base level of Oracle technology licenses and the necessary Oracle financial management and human resources application licenses through DLT Solutions. The balance of the technology licenses could not be purchased at that time because the design of the system architecture, which drives the number of licenses required for purchase, had not been developed yet. When these Oracle licenses were purchased, Oracle also provided deep discounts and incentives to purchase the software and provided price holds for a variety of other applications that the District is considering for phases beyond the current implementation.

In August 2010, IRWD selected AST Corporation as the Oracle systems implementation consultant. AST's proposal included the implementation of a basic Oracle technology architecture that was not considered fully-redundant or high-performance technology. At that time, staff advised the Board that it would work with AST and Oracle to develop the appropriate solution to meet the needs of IRWD.

Purchase of Oracle Technology Licenses:

Staff worked with AST to develop recommendations for the Oracle system architecture. In November 2010 the Board approved the purchase of the additional Oracle technology licenses needed to support a system architecture capable of ensuring high-availability and performance for these critical applications. These additional technology licenses, purchased in November 2010, included the Oracle Database Enterprise Edition, Oracle Real Application Clusters, Oracle Active Data Guard, Oracle Business Intelligence EE and certain Enterprise Management Packs that will streamline and simplify ongoing system maintenance.

IRWD continues to develop its Application Strategic Plan, which includes analyses of a number of applications including the Oracle Enterprise Asset Management, Customer Relationship Management, and Utility Billing. These applications, currently on a pre-negotiated price hold with Oracle, allow IRWD to purchase these applications up to 18 months from contract effective dates. Recognizing that the choice to implement these applications would require the purchase of additional technology licenses, staff pre-negotiated pricing to convert the “Step One” licenses to an Unlimited License Agreement (ULA) with Oracle. The “Step Two” decision does not need to be made until after the conclusion of the Application Strategic Plan, which will be brought to the Committee in March 2011.

Implementation of Required Technology for the Oracle System:

When IRWD selected AST as the Oracle system implementation partner, the proposal from AST did not include implementing high-availability system architecture. Staff has worked with AST to develop options for implementing the high-availability architecture that utilizes the Oracle Real Application Cluster (RAC) and Active Data Guard technology (ADG). RAC ensures high-availability of the ERP system so that system users would not be impacted by a computer failure. ADG is a comprehensive data protection, data availability, and disaster recovery solution for the Oracle Database. It provides a flexible and easy-to-manage framework that addresses both planned and unplanned outages.

AST proposed two alternative solutions in its assessment, which is attached as Exhibit “A”. The primary difference between the two alternatives, summarized below is the timing of the work:

- *Alternative 1:* Move forward with installing the underlying technical architecture in Wave 1 (financials and basic human resources functions, as well as associated business intelligence tools); Wave 1 would be scheduled to go-live in May 2011; or
- *Alternative 2:* Delay installing this technical architecture until Wave 2 (advanced benefits, payroll, time and labor, and associated business intelligence tools); Wave 2 is scheduled to go-live in October 2011.

Staff has worked with AST to determine the risks and benefits of implementing RAC and ADG in the alternative waves, and recommends that the District move forward with the work immediately as part of Wave 1. This schedule will meet the District’s technology architecture objectives, reduce the risk associated additional testing and rework in Wave 2, and offers high-availability protection and data protection from the first go-live dates.

Staff sought proposals not only from AST from but from other firms to do the RAC and ADG work in conjunction with AST. Based on those proposals and an assessment of project risks and benefits, staff negotiated a contract variance with AST. AST is already on-site and has experience in implementing RAC and ADG for public sector clients. Potential project risks will be mitigated by having only one firm be responsible for certifying the platform and applications at the conclusion of each project wave.

Variance No. 1 to the AST Professional Services Agreement, which is attached as Exhibit “B”, breaks down the number of hours, fees and associated expenses, totaling \$401,874. The following table illustrates the breakdown between the original AST contract and the additive areas from Variance No. 1:

AST Consulting Scope of Work	Original Contract	Variance	New Total
Wave I Implementation (Financials, HR, Projects, Business Intelligence)	\$ 1,714,840	\$ 267,680	\$ 1,982,520
Wave II Implementation (Benefits, Time and Labor, HR Analytics)	1,190,360	33,600	1,223,960
Flexible Use Hours (800 hours) and Contingency	112,000	36,534	148,534
Estimated Travel and Expense	390,240	64,060	454,300
Total:	\$ 3,425,440	\$ 401,874	\$ 3,809,314

FISCAL IMPACTS:

Authorize the following increases to the FY 2010-11 Capital Budget to fund the projects from the IRWD Replacement Funds as summarized in the table below:

Project No.	Current Budget	Addition <Reduction>	Total Budget	Existing EA	This EA Request	Total EA Request
11521	\$2,940,000	\$221,100	\$3,161,100	\$2,940,000	\$221,100	\$3,161,100
21521	\$2,940,000	\$221,100	\$3,161,100	\$2,940,000	\$221,100	\$3,161,100
Total	\$5,880,000	\$442,200	\$6,322,200	\$5,880,000	\$442,200	\$6,322,200

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on February 1, 2011.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE A BUDGET INCREASE OF \$221,200 EACH FOR PROJECTS 11521 AND 21521, APPROVE EXPENDITURE AUTHORIZATIONS FOR \$221,200 FOR EACH PROJECT, AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 1 WITH AST CORPORATION FOR AN AMOUNT OF \$401,874.

LIST OF EXHIBITS:

Exhibit "A" – AST Assessment of RAC Install Options

Exhibit "B" – Professional Services Variance

Exhibit "C" – Expenditure Authorizations

Assessment of RAC Install Options

Background:

The District wishes to convert the current Oracle EBS & OBIEE application installations from a single node to a multi node RAC environment, with active data guard. The District desires to explore the feasibility of various options with the RAC installation. To drive this process, the district has requested AST to identify the implementation options, the associated impact to schedule, and the overall risk to the project.

Solution Options:

AST has identified 2 options for IRWD to decide which of the two makes the most "Business Sense" for them and this project. AST will be responsible for installation, application configuration changes, and testing of the EBS solution under the RAC environment.

Additional RAC Related Tasks:

- i. RAC installation of EBS instances, OBIEE and Active Data Guard setup
- ii. Changes to Backup and Recovery configuration for EBS and OBIEE
- iii. Changes to Application Cloning process
- iv. Reconfiguring functional setups on RAC environment
- v. Additional technical, functional, and Unit test on RAC environment
- vi. Apply the additional patches and configurations related to RAC environment

The following are implementation options:

1. Install RAC with Wave 1 Application Modules

Advantages

- ✓ Meets the Districts' technology objectives
- ✓ Conforms to traditional Architecture design approach
- ✓ Eliminates the need for repeating any testing cycle

Disadvantages

- ✓ Impacts the Wave 1 Go Live Schedule & Budget
- ✓ Relatively aggressive testing schedule for applications
- ✓ Potential for un-anticipated EBS/RAC issues

Estimated Schedule Impact

One month delay in the Wave 1 schedule based on a 1 month install cycle. If application issues are discovered during testing, there is a potential for additional delays.

Estimated Cost Impact - \$401,874

Wave One

- Approximately 400 Hours: Estimated for install, configuration, and cloning of RAC/DataGuard - \$56,000
- Additional Testing and Configuration of the Functional System - 1512 Hrs (9 Resources for 1 month) for Wave 1 - \$211,680
- District will be billed directly for necessary travel and expenses in accordance with District travel policies. Estimated costs - \$56,860

Wave Two

- Additional Testing and Configuration of the Functional System for Wave two – 240 Hrs \$33,600
- District will be billed directly for necessary travel and expenses in accordance with District travel policies. Estimated costs - \$7,200
- Additional Contingency of 10% - \$36,534

2. Install RAC with Wave 2 Application Modules

Advantages

- ✓ Wave1 go live schedule and budget are not impacted
- ✓ Wave 2 schedule are not impacted
- ✓ Reduced risk of schedule delays as additional time is available for resolving application issues related to RAC
- ✓ An on-time on-budget implementation “Win” for the district prior to embarking on the RAC project

Disadvantages

- ✓ Delay in meeting the District’s technology objective
- ✓ Additional testing of Wave 1 modules are required

Schedule Impact

None expected, unless issues come up during testing

Estimated Cost Impact - \$386,804

- Approximately 400 Hours: Estimated for install, configuration, and cloning of RAC/DataGuard - \$56,000
- Approximately 1512 Hrs for Financials Functional Testing and Post Support - \$211,680
- Estimate 40 additional hours per month ongoing RAC/DataGuard support through the Post Production Support (6 months) - \$5,600/month (\$33,600)
- District will be billed directly for necessary travel and expenses in accordance with District travel policies. Estimated costs – \$50,360
- Additional Contingency of 10% - \$35,164

Additional Discussions needed to Firm up Estimates

AST needs to have addition discussions with the District to finalize the scope and estimates.

Additional Considerations

The following additional factors were considered as part of the assessment:

TESTING EBS APPLICATION IN A RAC INSTALLATION.

Our past experience suggests that the RAC install impacts the configuration and performance of the Oracle EBS applications and could take time to resolve issues and certify for user testing. The stabilization period has varied with EBS RAC customers. The estimates schedule impact is based on best estimates and can change if issues are identified during testing and certification.

Additional Risks to be monitored with a RAC installation

The following is a list of additional risks, which were observed at other installations, and need to be monitored during the project:

Risk Area	Risk Background	Risk Description	Probability	Risk Impact
Configuration	Processes, job streams, workflows, and report configurations may not work as initially setup	Job failures,, workflow failures	High	High
Performance	Standard Oracle EBS processes may require specific configuration due to RAC configuration to get the performance gains.	Slow performance of jobs batched jobs	High	High
Operational	Peak processing periods will create unique job sequencing situations that must be tested in the RAC environment	Job sequencing issues that could create a situation and scheduled batch jobs are not completed	Medium	Medium

Assessment of RAC Install Options

Compatibility	Only specific hardware/OS configurations are certified by Oracle for use in RAC to RAC clones	As of Oct 2010, beside ASM and OCFS2, only NetApp branded devices (certified NFS clustered file systems) have been confirmed to work when performing a RAC to RAC clone. While other certified clustered file systems should work, they are not guaranteed to work.	Medium	Medium
rd 3 rd Party Software Integration	Integration issues with 3 rd party software and peripherals (credit card processing, Bar Code readers, Tax software)	Failed interfaces between eBusiness and 3 rd Party tools and peripherals	Medium	Medium
Support	The Infrastructure maintenance is more complex with RAC	District staff will have steep learning curve and more complex tasks for support	Medium	Medium

Exhibit "B"

IRVINE RANCH WATER DISTRICT
PROFESSIONAL SERVICES VARIANCE

Project Title: Accounting System Implem. Phase 1
Oracle EBS R12 Implementation

File No.: _____

Date: January 25, 2011

Variance No.: 1

Project No. 11521/21521

Purchase Order No.: 126631

Originator: IRWD ENGINEER/CONSULTANT Other (Explain) _____

Description of Variance (attach any back-up material):

The District wishes to convert the current Oracle EBS & OBIEE application installations from a single node to a multi node RAC environment, with active data guard. The following are the anticipated additional RAC related tasks:

- i. RAC installation of EBS instances, OBIEE and Active Data Guard setup*
- ii. Changes to Backup and Recovery configuration for EBS and OBIEE*
- iii. Changes to Application Cloning process*
- iv. Review/Reconfigure functional setups impacted by RAC environment*
- v. Additional technical, functional, and Unit test on RAC environment*
- vi. Apply the additional application patches and configurations related to RAC environment*

AST will work with IRWD to provide the installation support for RAC. AST will be responsible for the any application configuration changes and testing of the EBS solution under the RAC environment.

Engineering & Management Cost Impact:

Classification	Manhours	Billing Rate	Labor	Direct Costs		Total
Installation	400	\$140	\$56,000	\$11,500		\$67,500
Additional Testing/ Configuration	1,512	\$140	\$211,680	\$45,360		\$257,040
Wave 1 Total	1,912		\$267,680	\$56,860		\$324,540
Additional Testing/ Configuration	240	\$140	\$33,600	\$7,200		\$40,800
Wave 2 Total	240		\$33,600	\$7,200		\$40,800
Contingency (10%)						\$36,534
					Total	\$401,874

Schedule Impact:

The estimated schedule impact is a one month delay in the Wave 1 go-live, based on a 1 month install cycle. If application issues are discovered during installation or testing, there is a potential for additional delays and subsequently additional costs to the District.

Task No.	Task Description	Original Schedule	Schedule Variance	New Schedule
1.	Wave 1 Go-Live	04/04/11	1 Month	05/02/11

Required Approval Determination:

Total Original Contract	\$3,425,440	<input type="checkbox"/> General Manager: Single Variance less than or equal to \$30,000. <input type="checkbox"/> Committee: Single Variance greater than \$30,000, and less than or equal to \$60,000. <input checked="" type="checkbox"/> Board: Single Variance greater than \$60,000. <input type="checkbox"/> Board: Cumulative total of Variances greater than \$60,000, or 30% of the original contract, whichever is higher.
Previous Variances	\$0	
This Variance	\$401,874	
Total Sum of Variances	\$401,874	
New Contract Amount	\$3,827,314	
Percentage of Total Variances to Original Contract	10.5%	

ENGINEER/CONSULTANT: **AST CORPORATION**
Company Name

IRVINE RANCH WATER DISTRICT

Project Engineer/Manager Date

Department Director Date

Engineer's/Consultant's Management Date

General Manager/Comm./Board Date

IRVINE RANCH WATER DISTRICT

Exhibit "C"

Expenditure Authorization

Project Name: ACCOUNTING SYSTEM IMPLEMENTATION - PHASE 1
 Project No: 11521 EA No: 5
 Project Manager: CHERNEY, DEBORAH
 Project Engineer: SMITHSON, CHRISTOPHER
 Request Date: January 26, 2011

ID Split: Miscellaneous

Improvement District (ID) Allocations

ID No.	Allocation %	Source of Funds
101	100.0	REPLACEMENT FUND**
Total	100.0%	

Summary of Direct Cost Authorizations

Previously Approved EA Requests:	\$2,940,000
This Request:	\$221,100
Total EA Requests:	\$3,161,100
Previously Approved Budget:	\$2,940,000
Budget Adjustment Requested this EA:	\$221,100
Updated Budget:	\$3,161,100
Budget Remaining After This EA	\$0

Comments:

Phase	This EA Request	Previous EA Requests	EA Requests to Date	This Budget Request	Previous Budget	Updated Budget	Start	Finish
ENGINEERING - PLANNING IRWD	0	493,900	493,900	0	493,900	493,900	4/10	7/11
ENGINEERING - PLANNING OUTSIDE	201,000	2,095,800	2,296,800	201,000	2,095,800	2,296,800	4/10	7/11
ENGINEERING DESIGN - IRWD	0	0	0	0	0	0	9/10	7/11
ENGINEERING - CA&I OUTSIDE	0	78,000	78,000	0	78,000	78,000	4/10	7/11
CONSTRUCTION	0	0	0	0	0	0	5/10	7/11
LEGAL	0	5,000	5,000	0	5,000	5,000	4/10	7/11
Contingency - 10.00% Subtotal	\$20,100	\$267,300	\$287,400	\$20,100	\$267,300	\$287,400		
Subtotal (Direct Costs)	\$221,100	\$2,940,000	\$3,161,100	\$221,100	\$2,940,000	\$3,161,100		
Estimated G/A - 195.00% of direct labor*	\$0	\$963,100	\$963,100	\$0	\$963,100	\$963,100		
Total	\$221,100	\$3,903,100	\$4,124,200	\$221,100	\$3,903,100	\$4,124,200		
Direct Labor	\$0	\$493,900	\$493,900	\$0	\$493,900	\$493,900		

*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: _____

Department Director: _____

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 \$4,207,000. 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.

February 14, 2011

Prepared and

Submitted by: Debby Cherney

Approved by: Paul Jones

ACTION CALENDAR

ADDITIONAL CONTRIBUTIONS FOR FISCAL YEAR 2010-11 TO THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM

SUMMARY:

Staff presented a proposal to the Finance and Personnel Committee to prepay the CALPERS employer liability for Fiscal Year (FY) 2010-11 and make an additional contribution to reduce the District's unfunded liability. A discussion surrounding the current status of the economy resulted in the following modified recommendation:

- Make semi-monthly payments to CALPERS to meet the payroll liability rather than making one lump sum payment;
- Make an additional contribution of \$120,000 in July to reduce the unfunded liability; and
- Consider additional contributions throughout the fiscal year to continue to reduce the unfunded liability.

In its February meeting, the Committee requested that staff make the balance of the budgeted additional contributions of approximately \$362,000 to CalPERS for FY 2010-11.

BACKGROUND:

CalPERS employer contributions can be made in two ways: (a) a lump sum payment option made between July 1 and July 15 of the beginning of the new fiscal year, or (b) making payments based on each semi-monthly payroll total based on a payroll percentage established annually by CalPERS actuaries. In FY 2009-10, the District elected to utilize the lump sum payment option because it benefited from the assumed actuarial interest rate of 7.75%.

The District's approved operating budget for FY 2010-11 included \$3,498,000 for the CalPERS employer contribution rate. It anticipated using the lump sum payment option as well as making an additional contribution of approximately \$482,000 to reduce the District's unfunded liability.

In July 2010, when staff recommended that the District make its lump sum payment and the budgeted additional contribution, the Committee raised concerns centered around the unstable economy and that a loss in PERS investments could potentially negate the Board strategy to reduce the District's actuarially-determined unfunded pension liability. The safer approach was to make the semi-monthly payroll contributions and consider additional contributions throughout the year to reduce the unfunded liability.

At its February 1, 2011 meeting, the Committee requested that staff make the balance of the budgeted additional contributions to CalPERS. After application of the July 2010 payment of \$120,000, the balance is approximately \$362,000.

The additional contribution is consistent with the District's policy principles to strategically reduce the District's actuarially-determined unfunded pension liability. For FY 2008-09, the District made additional contributions in excess of its annual required contribution to CalPERS of \$3 million; in FY 2009-10, the District has made additional contributions in excess of its annual required contribution to CalPERS in the total amount of \$1.8 million, and an additional contribution in FY 2010-11 of \$120,000 in July 2010. The most recent valuation from CalPERS reflects an unfunded actuarial liability as of June 30, 2009 of \$38.9 million; this valuation will be presented and discussed at the Special Finance and Personnel Committee meeting on February 17, 2011.

FISCAL IMPACTS:

The payment to the California Public Employees Retirement System is consistent with the impacts identified in setting rates for FY 2010-11.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on July 6, 2010 and February 1, 2011.

RECOMMENDATION:

THAT THE BOARD APPROVE AN ADDITIONAL CONTRIBUTION OF \$362,000 TO REDUCE THE DISTRICT'S ACTUARIALLY-DETERMINED UNFUNDED PENSION LIABILITY.

LIST OF EXHIBITS:

None.

February 14, 2011

Prepared and

Submitted by: D. Pedersen

Approved by: Paul Jones

ACTION CALENDAR

EMERGENCY REPAIR OF 39-INCH IRVINE LAKE PIPELINE CONTRACT CHANGE ORDER

SUMMARY:

Approximately 200 feet of the 39-inch Irvine Lake Pipeline (ILP) washed out in Santiago Creek at Irvine Park during the severe December 2010 storm events. An emergency construction contract for the repairs was awarded to Paulus Engineering, Inc., in the amount of \$172,101.17. The scope of work included the repair of approximately 200 feet of the ILP and protection of the pipeline with imported backfill and one ton rip-rap. A Contract Change Order is needed for protection of an additional 325 feet of the pipeline that that was exposed during the storms and vulnerable to future storm damage. The cost share for construction and support work for the project is 75 percent IRWD and 25 percent SWD per the 1928 Agreement.

Staff recommends that the Board:

- Authorize a \$130,000 increase to the Fiscal Year 2010-11 Capital Budget for Project 11571, from \$220,000 to \$350,000;
- Approve an Expenditure Authorization for Project 11571 in the amount of \$130,000; and
- Authorize the General Manager to execute Contract Change Order No. 1 for Project 11571 with Paulus Engineering, Inc. in the amount of \$129,952.

BACKGROUND:

The intense rainstorms that swept through Orange County from December 20 through December 22, 2010, caused Irvine Lake to spill and erode the banks of Santiago Creek downstream of the dam. Approximately 200 feet of the 39-inch ILP washed out in Santiago Creek downstream of the Fremont Diversion. One entire segment of the pipeline was washed a short distance downstream. The broken portion of the ILP was isolated at the master meter. Photographs of the damage to the ILP are attached as Exhibit "A".

Award of the Emergency Repair Contract:

On December 28, 2010, the Irvine Ranch Water District (IRWD) and Serrano Water District (SWD) staff discussed the damages to the ILP and mutually agreed that IRWD would take the lead to administer an emergency repair contract. IRWD staff secured two bids for the emergency repair work: one from Paulus Engineering, Inc. for \$172,101.17 and the other from J. R. Filanc Construction Company, Inc, for \$209,450. On January 4, 2011, the General Manager authorized the low bidder, Paulus Engineering, Inc., to begin the emergency repair work; the Board ratified the General Manager's execution of an emergency repair contract with Paulus Engineering on January 10, 2011.

Contract Change Order:

Following the diversion of water in Santiago Creek to allow for the repair work, it was discovered that a larger than originally estimated segment of the ILP had been exposed during the storms and was vulnerable to future storm damage. A cost proposal was requested from Paulus Engineering for the additional work, which consisted of importing backfill and installing one ton rip-rap for an additional 325 feet of the ILP. IRWD reviewed Paulus Engineering’s cost proposal, which is attached as Exhibit “B”, and negotiated changes to ensure that the unit prices for the work were the same as those included in the original bid. Paulus Engineering was authorized to complete the additional work prior to demobilizing from the site on January 21, 2011.

FISCAL IMPACTS:

Project 11571 was added to Fiscal Year 2010-11 Capital Budget on January 10, 2011. Staff requests a budget increase and Expenditure Authorization as shown in the table below and attached as Exhibit “C”. The project is funded from the replacement fund.

Project No.	Current Budget	Addition <Reduction>	Total Budget	Existing EA	This EA Request	Total EA Request
11571	220,000	\$130,000	\$350,000	\$220,000	\$130,000	\$350,000

In accordance with the February 6, 1928 Agreement and its amendments, the cost share for construction and support work for the ILP is 75 percent IRWD and 25 percent SWD. Reimbursement for a portion of the project cost may be available from Cal EMA and FEMA. Staff will pursue reimbursement funding for the project and funds received will be applied pro-rata to IRWD and SWD.

ENVIRONMENTAL COMPLIANCE:

This activity is categorically exempt from the California Environmental Quality Act (CEQA) as authorized under the California Code of Regulations, Title 14, Chapter 3, Sections 15301 and 15302, replacement or reconstruction of existing structures.

COMMITTEE STATUS:

This item was approved by the IRWD/SWD Ad Hoc Committee on January 26, 2011.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE A \$130,000 INCREASE TO THE FISCAL YEAR 2010-11 CAPITAL BUDGET FOR PROJECT 11571, FROM \$220,000 TO \$350,000; APPROVE AN EXPENDITURE AUTHORIZATION FOR PROJECT 11571 IN THE AMOUNT OF \$130,000; AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE CONTRACT CHANGE ORDER NO. 1 FOR PROJECT 11571 WITH PAULUS ENGINEERING, INC. IN THE AMOUNT OF \$129,952.

LIST OF EXHIBITS:

- Exhibit “A” – Photographs of Damaged Portion of 39-inch ILP at Irvine Park
- Exhibit “B” – Cost Proposal for Contract Change Order
- Exhibit “C” – Expenditure Authorization

EXHIBIT "A"

PHOTOGRAPHS OF DAMAGED PORTION OF 39-INCH ILP AT IRVINE PARK



Exposed and Damaged Portion of 39-inch ILP at Irvine Park



Exposed and Damaged Portion of 39-inch ILP at Irvine Park

EXHIBIT "B"

Paulus Engineering, Inc.

20-Jan-11

IRWD
Irvine Park 39"



BID ITEM	DESCRIPTION	QUANTITY	TOTAL BID	
			UNIT	TOTAL
	Additional Quantities Per IRWD Direction			
	1 This is the additional dirt placement to date. The additional quantity is due to the conditions exposed once the water was diverted and all damage could be seen. IRWD directed us to extend the proposed in width depth and a new length of 525' from the 200' included in our proposal This is based on load and yardage count from trucks 481 loads @ 11 yards Delivered less our 2700 C.Y. on original proposal			
	Dirt Import	2591 CY		
		2591 CY	\$11.85	\$30,703.35
	Labor & Equipment to Install	2591 CY	\$12.59	\$32,620.69
	2 This is the total Additional Rip Rap to Complete all the 2 to 1 slope that is prepared at this time 15 foot slope w/ a 3' embed for 525 L.F. =9450 S.F. less the original bid of 3000 S.F.			
		6450 SF	\$10.33	\$66,628.50

Subtotal Water	\$129,952.54
-----------------------	---------------------

\$10.33

All work per the original inclusions and exclusions

IRVINE RANCH WATER DISTRICT EXHIBIT "C"

Expenditure Authorization

Project Name: ILP REPAIR AT IRVINE PARK
 Project No: 11571 EA No: 2
 Project Manager: PEDERSEN, DAVID
 Project Engineer: PEDERSEN, DAVID
 Request Date: February 9, 2011

ID Split: Miscellaneous

Improvement District (ID) Allocations

ID No.	Allocation %	Source of Funds
101	100.0	REPLACEMENT FUND**
Total	100.0%	

Summary of Direct Cost Authorizations

Previously Approved EA Requests:	\$220,000
This Request:	\$130,000
Total EA Requests:	\$350,000
Previously Approved Budget:	\$220,000
Budget Adjustment Requested this EA:	\$130,000
Updated Budget:	\$350,000
Budget Remaining After This EA	\$0

Comments:

Phase	This EA Request	Previous EA Requests	EA Requests to Date	This Budget Request	Previous Budget	Updated Budget	Start	Finish
ENGINEERING - CA&I IRWD	0	10,000	10,000	0	10,000	10,000	1/11	2/11
ENGINEERING - CA&I OUTSIDE	0	15,000	15,000	0	15,000	15,000	1/11	2/11
CONSTRUCTION	118,200	175,000	293,200	118,200	175,000	293,200	1/11	2/11
Contingency - 10.00% Subtotal	\$11,800	\$20,000	\$31,800	\$11,800	\$20,000	\$31,800		
Subtotal (Direct Costs)	\$130,000	\$220,000	\$350,000	\$130,000	\$220,000	\$350,000		
Estimated G/A - 195.00% of direct labor*	\$0	\$19,500	\$19,500	\$0	\$19,500	\$19,500		
Total	\$130,000	\$239,500	\$369,500	\$130,000	\$239,500	\$369,500		
Direct Labor	\$0	\$10,000	\$10,000	\$0	\$10,000	\$10,000		

*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: _____

Department Director: _____

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 \$377,000. 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.

February 14, 2011
Prepared by: J. Moeder/C Spangenberg
Submitted by: K. Burton
Approved by: Paul Jones

ACTION CALENDAR

DESTRUCTION AND REPLACEMENT OF WELL 78 CONSTRUCTION AWARD

SUMMARY:

Well 78 was constructed in 1993 and is nearing the end of its useful life. Bids were received from four contractors for destruction and replacement of Well 78 on the same site. Staff recommends that the Board:

- Approve an increase to the FY 2010-11 Capital Budget for Project 30351 in the amount of \$619,300, from \$3,066,200 to \$3,685,500;
- Approve an Expenditure Authorization in the amount of \$3,160,500 for Project 30351; and
- Authorize the General Manager to execute a construction contract with Gateway Pacific Contractors, Inc. in the amount of \$2,789,913 for destruction and replacement of Well 78.

BACKGROUND:

Past operations and practices at the Former Marine Corp Air Station (MCAS) El Toro have contributed to soil and groundwater Volatile Organic Compounds (VOC) contamination. The Final Record of Decision (ROD) was prepared in compliance with the Comprehensive Environmental Response and Compensation and Liability Act (CERCLA) and its related amendments to outline the remedial action. As part of the ROD, Well 78 is required to produce 800 gallons per minute (gpm) for 10 months out of the year. Production capacity of Well 78 has continued to decline and is currently producing approximately 300 gpm.

Based on the technical memorandum prepared by the Geohydrologist, Richard C. Slade, it is anticipated that the new well will produce over 800 gallons per minute. The non potable water will provide water to the Zone A system and can fill Zone A North and Zone A South Reservoirs.

Staff has been coordinating the replacement of Well 78 with the Department of Navy (DON) and DON has been coordinating with the regulatory agencies. The DON is aware that no water will be pumped at the Well 78 site during the destruction of the existing well and during construction of the new well. It is anticipated that pumping will cease in April 2011 and the new well will be operational by March 2012.

Construction Award:

The design for the destruction and replacement of the well was completed in January 2011 and the project was advertised to eight select contractors. The invited bidders were ARB, Caliagua, F.T. Ziebarth, Gateway Pacific, Schuler Engineering, Pacific Hydrotech, Pascal & Ludwig, and SS Mechanical.

Although eight general contractors were invited to bid on the project, only four bids were received. The Bid Summary is attached as Exhibit "A". Staff recommends that Gateway Pacific be awarded the contract for destruction and replacement of Well 78 with an apparent low bid of \$2,789,913 compared to the engineer's estimate of \$ 2,819,530. Staff has been satisfied with their past performance on other IRWD projects.

Richard C. Slade (Geohydrologist) will provide well destruction and drilling field inspection services with engineering and construction inspection assistance from Tetra Tech and IRWD staff.

FISCAL IMPACTS:

Project 30351 is included in the FY 2010-11 Capital Budget. An increase in the budget and Expenditure Authorization are requested for construction services, staff time, and construction as shown in the table below and in Exhibit "B".

Project No.	Current Budget	Addition <Reduction>	Total Budget	Existing EA	This EA Request	Total EA Request
30351	\$3,066,200	\$619,300	\$3,685,500	\$483,000	\$3,160,500	\$3,643,500

Per the settlement agreement this project meets the requirements for "Conditional Payments". Based on Section IV.B.9 of the ROD the CERCLA Component of the Modified IDP (CCMI) Repair/Replacement costs for this project can be reimbursed. From June 2002 to June 2013, \$1,750,000 was available in the Contingency Fund Account for CCMI repair/replacement. Part of this available money in the Contingency Fund has been used to pay for Pollution Insurance. A summary of the requests made to the United States Department of Justice and remaining funds are outlined in the table below.

Date Requested	Amount Requested	Date Paid	Amount Paid
8/13/2006	\$451,281.26	10/20/2006	\$ 451,281.26
1/02/2009	\$225,319.00	12/03/2009	\$ 225,319.00
Total Amount Invoiced to Department of Justice			\$ 676,600.26
Amount Remaining in Contingency Fund			\$1,073,399.74

The \$1,073,399.74 in the Contingency Fund will be applied towards the replacement of Well 78; the remaining \$1,716,513 of the construction cost will be borne by IRWD. Since the replacement of Well 78 will be using the remaining amount in the Contingency Fund Account allotted for CCMI repair/replacement for this period, future pollution insurance expenses between now and June 2013 will be borne by IRWD.

ENVIRONMENTAL COMPLIANCE:

This project is subject to the California Environmental Quality Act (CEQA) and in conformance with Section 15164 of the State CEQA Guidelines, Addendum 4 to the Irvine Desalter Project (IDP) Environmental Impact Report (EIR) was prepared. Section 15164 of the State CEQA Guidelines provides for the preparation of an addendum to a previously certified EIR by a lead

agency or a responsible agency if some changes or additions to the project are necessary but none of the conditions described in CEQA calling for preparation of a subsequent EIR have occurred. A Notice of Declaration was filed on December 16, 2010 for Addendum No. 4 to the IDP EIR. Addendum No. 4 includes Well 78 destruction and replacement.

RECOMMENDATION:

THAT THE BOARD APPROVE AN INCREASE TO THE FY 2010-11 CAPITAL BUDGET IN THE AMOUNT OF \$619,300 FROM \$3,066,200 TO \$3,685,500; APPROVE AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$3,160,500; AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH GATEWAY PACIFIC IN THE AMOUNT OF \$2,789,913 FOR THE DESTRUCTION AND REPLACEMENT OF WELL 78, PROJECT 30351.

LIST OF EXHIBITS:

Exhibit "A" – Bid Summary

Exhibit "B" – Expenditure Authorization

Irvine Ranch Water District Bid Summary For
Well 78 Replacement
Well Drilling and Equipment
PR 30351

Exhibit "A"

A-1

Item No.	Description	Qty	Unit	Engineer's Estimate		1 Gateway Pacific Sacramento, CA		2 Schuler Engineering Corona, CA		3 Pacific Hydrotech Perris, CA		4 Pascal & Ludwig Ontario, CA	
				Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount
Well Drilling													
1	Mobilization/Demobilization of drill rig	1	LS	\$80,000.00	\$80,000.00	\$233,750.00	\$233,750.00	\$245,000.00	\$245,000.00	\$225,500.00	\$225,500.00	\$207,375.00	\$207,375.00
2	Furnish, install and maintain noise control equipment	400	LF	\$75.00	\$30,000.00	\$200.00	\$80,000.00	\$115.00	\$46,000.00	\$109.00	\$43,600.00	\$100.00	\$40,000.00
3	Furnish, install, and cement 36-inch outside diameter (OD) by 5/16-inch thick (minimum) low carbon steel conductor casing in 42-inch diameter hole from ground surface to a depth of approximately 50 ft	50	LF	\$350.00	\$17,500.00	\$715.00	\$35,750.00	\$785.00	\$39,250.00	\$743.00	\$37,150.00	\$683.00	\$34,150.00
4	Drill by reverse circulation method a pilot hole from 50 to 1000 ft bgs. Including an Eastman Drift Survey every 100 ft in pilot hole	950	LF	\$50.00	\$47,500.00	\$93.50	\$88,825.00	\$103.00	\$97,850.00	\$97.00	\$92,150.00	\$90.00	\$85,500.00
5	Conduct downhole geophysical surveys in the pilot hole consisting of a spontaneous potential survey, long-normal, and short-normal resistivity surveys, a focused resistivity (guard) survey, a natural gamma ray survey and a sonic variable density survey	1	LS	\$5,000.00	\$5,000.00	\$8,250.00	\$8,250.00	\$9,050.00	\$9,050.00	\$8,600.00	\$8,600.00	\$7,875.00	\$7,875.00
6	Conduct isolated aquifer zone testing from 200 to 1000 ft. including installation of temporary casing, gravel pack and seals, airlifting and submersible pumping to obtain and collect groundwater samples	6	Zone	\$9,000.00	\$54,000.00	\$19,250.00	\$115,500.00	\$21,115.00	\$126,690.00	\$19,985.00	\$119,910.00	\$18,375.00	\$110,250.00
7	Retain a laboratory and collect, store, and transport the collected samples to the laboratory for analysis of by the laboratory	6	EA	\$2,000.00	\$12,000.00	\$2,750.00	\$16,500.00	\$3,000.00	\$18,000.00	\$2,855.00	\$17,130.00	\$2,625.00	\$15,750.00
8	Ream by reverse circulation method, a 32-inch diameter borehole from 50 ft to 240 ft bgs	190	LF	\$55.00	\$10,450.00	\$104.50	\$19,855.00	\$115.00	\$21,850.00	\$109.00	\$20,710.00	\$100.00	\$19,000.00
9	Ream by reverse circulation method, a 30-inch diameter borehole from 240 ft. to 1000 ft bgs	760	LS	\$50.00	\$38,000.00	\$104.50	\$79,420.00	\$114.00	\$86,640.00	\$109.00	\$82,840.00	\$100.00	\$76,000.00
10	Conduct caliper survey of entire borehole to a depth of 1020 ft bgs	1	LS	\$2,500.00	\$2,500.00	\$2,750.00	\$2,750.00	\$3,016.00	\$3,016.00	\$2,900.00	\$2,900.00	\$2,625.00	\$2,625.00
11	Furnish and install 18-inch ID by 5/16-inch thick Type 316L stainless steel blank well casing, interspersed with louvered well casing, to a depth of 960 ft with 2 ft of stickup above ground surface	562	LF	\$590.00	\$331,580.00	\$522.50	\$293,645.00	\$573.00	\$322,026.00	\$543.00	\$305,166.00	\$499.00	\$280,438.00
12	Furnish and install 400 ft of 18-inch ID by 5/16-inch thick Type 316L stainless steel louvered well casing, interspersed with blank well casing, between a depth of 240 ft and 960 ft bgs	400	LF	\$680.00	\$272,000.00	\$643.50	\$257,400.00	\$706.00	\$282,400.00	\$669.00	\$267,600.00	\$615.00	\$246,000.00
13	Furnish and install 18-inch ID by 5/16-inch thick blank Type 316L stainless steel casing cellar pipe with welded end cap between 960 ft and 980 ft bgs	20	LF	\$600.00	\$12,000.00	\$522.50	\$10,450.00	\$573.00	\$11,460.00	\$543.00	\$10,860.00	\$499.00	\$9,980.00
14	Furnish and install 3-inch ID Type 316L stainless steel gravel feed tube with welded cover plate to a depth of 190 ft bgs with 2 ft of stickup	192	LF	\$30.00	\$5,760.00	\$44.00	\$8,448.00	\$48.00	\$9,216.00	\$46.00	\$8,832.00	\$42.00	\$8,064.00
15	Furnish and install 4-inch ID Type 316L stainless steel sounding/camera tube with 7-foot long port and welded cover plate to a depth of 235 ft bgs with 2 ft of stickup	237	LF	\$30.00	\$7,110.00	\$104.00	\$24,648.00	\$115.00	\$27,255.00	\$109.00	\$25,833.00	\$100.00	\$23,700.00
16	(Optional) Furnish and install a 30-foot to 50-foot bottom bentonite seal, as needed	50	LF	\$35.00	\$1,750.00	\$71.50	\$3,575.00	\$79.00	\$3,950.00	\$74.00	\$3,700.00	\$68.00	\$3,400.00
17	Furnish and install 8x16 gradation gravel pack in annulus between 170 ft and 1000 ft bgs	830	LF	\$90.00	\$74,700.00	\$118.80	\$98,604.00	\$130.00	\$107,900.00	\$123.00	\$102,090.00	\$114.00	\$94,620.00
18	Furnish and install cement grout annular seal in the annular space of the well from 5 ft to 17 ft bgs	135	LF	\$47.00	\$7,285.00	\$88.00	\$13,640.00	\$97.00	\$15,035.00	\$91.00	\$14,105.00	\$84.00	\$13,020.00
19	Conduct alignment testing (straightness and plumbness), via dummy and gyroscopic methods, of the completed well to the total depth of the well	1	LS	\$2,000.00	\$2,000.00	\$2,750.00	\$2,750.00	\$3,000.00	\$3,000.00	\$2,900.00	\$2,900.00	\$2,625.00	\$2,625.00
20	Conduct well development by mechanical procedures using airlifting and swabbing methods (with drill rig)	70	Hrs	\$325.00	\$22,750.00	\$495.00	\$34,650.00	\$543.00	\$38,010.00	\$514.00	\$35,980.00	\$473.00	\$33,110.00
21	Conduct well development by mechanical procedures via line swabbing methods (with a "walking" beam cable tool drill rig).	50	Hrs	\$1,400.00	\$70,000.00	\$495.00	\$24,750.00	\$543.00	\$27,150.00	\$514.00	\$25,700.00	\$473.00	\$23,650.00

Irvine Ranch Water District Bid Summary For
Well 78 Replacement
Well Drilling and Equipment
PR 30351

A-2

Item No.	Description	Engineer's Estimate		1 Gateway Pacific Sacramento, CA		2 Schuler Engineering Corona, CA		3 Pacific Hydrotech Perris, CA		4 Pascal & Ludwig Ontario, CA			
		Qty	Unit	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount		
22	Conduct chemical development of the well during initial stages of mechanical development using a 12½% solution of chlorine.	200	gal	\$8.00	\$1,600.00	\$4.40	\$880.00	\$5.00	\$1,000.00	\$5.00	\$1,000.00	\$5.00	\$1,000.00
23	Conduct chemical development of the well during initial stages of mechanical development using a polymer dispersant agent (NW-220, Aqua Clear PFD or equivalent)	20	gal	\$75.00	\$1,500.00	\$82.50	\$1,650.00	\$91.00	\$1,820.00	\$86.00	\$1,720.00	\$79.00	\$1,580.00
24	Furnish, install, and demobilize pump equipment for well development and test pumping. Set pump to a depth of 280 ft bgs	1	LS	\$18,000.00	\$18,000.00	\$18,150.00	\$18,150.00	\$20,000.00	\$20,000.00	\$18,900.00	\$18,900.00	\$17,325.00	\$17,325.00
25	Set the pump at a different depth, as directed by IRWD, or the Geologist	1	LS	\$5,000.00	\$5,000.00	\$2,750.00	\$2,750.00	\$3,016.00	\$3,016.00	\$2,900.00	\$2,900.00	\$2,625.00	\$2,625.00
26	Conduct well development by pumping procedures	60	hrs	\$250.00	\$15,000.00	\$385.00	\$23,100.00	\$422.00	\$25,320.00	\$400.00	\$24,000.00	\$368.00	\$22,080.00
27	Conduct step drawdown test	12	hrs	\$250.00	\$3,000.00	\$385.00	\$4,620.00	\$422.00	\$5,064.00	\$400.00	\$4,800.00	\$368.00	\$4,416.00
28	Conduct constant rate pumping test (aquifer test).	72	hrs	\$250.00	\$18,000.00	\$385.00	\$27,720.00	\$422.00	\$30,384.00	\$400.00	\$28,800.00	\$368.00	\$26,496.00
29	Conduct flow meter (spinner) survey during constant rate pumping test	1	LS	\$5,000.00	\$5,000.00	\$4,950.00	\$4,950.00	\$5,500.00	\$5,500.00	\$5,100.00	\$5,100.00	\$4,725.00	\$4,725.00
30	Conduct downwell flow profiling via BESST, Inc., Dyetracer method during constant rate pumping test	1	LS	\$8,000.00	\$8,000.00	\$16,500.00	\$16,500.00	\$18,100.00	\$18,100.00	\$17,100.00	\$17,100.00	\$15,750.00	\$15,750.00
31	Conduct downhole depth specific water sampling during the constant rate pumping test using the BESST, Inc. Hydrobooster sampling method	5	ea	\$2,000.00	\$10,000.00	\$1,100.00	\$5,500.00	\$1,207.00	\$6,035.00	\$1,142.00	\$5,710.00	\$1,050.00	\$5,250.00
32	Conduct video log survey of entire well	1	LS	\$1,500.00	\$1,500.00	\$2,750.00	\$2,750.00	\$3,020.00	\$3,020.00	\$2,900.00	\$2,900.00	\$2,625.00	\$2,625.00
33	Disinfect well using chlorine powder and cap well with welded plate	1	LS	\$2,500.00	\$2,500.00	\$8,250.00	\$8,250.00	\$9,050.00	\$9,050.00	\$8,600.00	\$8,600.00	\$7,875.00	\$7,875.00
34	Existing Well 78 destruction	1	LS	\$50,000.00	\$50,000.00	\$27,500.00	\$27,500.00	\$30,165.00	\$30,165.00	\$28,600.00	\$28,600.00	\$26,250.00	\$26,250.00
35	Standby time with active rig and crew as directed by IRWD in special circumstances	40	hrs	\$350.00	\$14,000.00	\$165.00	\$6,600.00	\$181.00	\$7,240.00	\$171.00	\$6,840.00	\$158.00	\$6,320.00
36	Standby time with inactive rig and crew ("water watch") as directed by IRWD in special circumstances	40	hrs	\$200.00	\$8,000.00	\$110.00	\$4,400.00	\$121.00	\$4,840.00	\$114.00	\$4,560.00	\$105.00	\$4,200.00
Well Equipping													
37	Furnish and install submersible pump, motor and well pump base	1	LS	#####	\$250,000.00	\$148,500.00	\$148,500.00	\$165,000.00	\$165,000.00	\$161,200.00	\$161,200.00	\$160,000.00	\$160,000.00
38	Furnish and install mechanical piping, valves, and appurtenances	1	LS	#####	\$110,000.00	\$60,000.00	\$60,000.00	\$106,000.00	\$106,000.00	\$36,400.00	\$36,400.00	\$134,400.00	\$134,400.00
39	Furnish and install yard piping, appurtenances and manhole	1	LS	\$45,000.00	\$45,000.00	\$70,000.00	\$70,000.00	\$28,000.00	\$28,000.00	\$130,600.00	\$130,600.00	\$40,000.00	\$40,000.00
40	Furnish and install subgrade preparation and vault backfill	1	LS	#####	\$100,000.00	\$100,000.00	\$100,000.00	\$23,000.00	\$23,000.00	\$95,500.00	\$95,500.00	\$72,000.00	\$72,000.00
41	Furnish and install concrete vault and appurtenances	1	LS	#####	\$250,000.00	\$161,783.00	\$161,783.00	\$152,000.00	\$152,000.00	\$147,900.00	\$147,900.00	\$149,000.00	\$149,000.00
42	Furnish and install electrical and instrumentation equipment and facilities	1	LS	#####	\$290,000.00	\$230,000.00	\$230,000.00	\$272,000.00	\$272,000.00	\$251,200.00	\$251,200.00	\$344,000.00	\$344,000.00
43	Temporary construction fencing to enclose work area	1	LS	\$10,000.00	\$10,000.00	\$20,000.00	\$20,000.00	\$3,400.00	\$3,400.00	\$5,500.00	\$5,500.00	\$4,000.00	\$4,000.00
General Items of Work													
44	Mobilization, demobilization and clean-up	1	LS	#####	\$100,000.00	\$100,000.00	\$100,000.00	\$136,500.00	\$136,500.00	\$162,900.00	\$162,900.00	\$140,000.00	\$140,000.00
45	Perform demolition of existing Well 78 vault and watermeter vault	1	LS	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$34,300.00	\$34,300.00	\$13,800.00	\$13,800.00	\$37,000.00	\$37,000.00
46	Maintain pedestrian throughout the construction duration	1	LS	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$4,000.00	\$4,000.00	\$5,700.00	\$5,700.00	\$15,000.00	\$15,000.00
47	City of Irvine Police Department (Allowance)	1	LS	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
48	Traffic Control	1	LS	\$10,000.00	\$10,000.00	\$23,100.00	\$23,100.00	\$34,000.00	\$34,000.00	\$25,800.00	\$25,800.00	\$35,000.00	\$35,000.00
49	Restore sidewalk, Westpark sign, lighting, grassed paved area, landscaping and existing irrigation facilities	1	LS	#####	\$130,000.00	\$100,000.00	\$100,000.00	\$318,000.00	\$318,000.00	\$246,200.00	\$246,200.00	\$414,600.00	\$414,600.00
50	Remove, salvage, maintain and re-plant existing palm trees	1	LS	\$60,000.00	\$60,000.00	\$50,000.00	\$50,000.00	\$41,000.00	\$41,000.00	\$40,700.00	\$40,700.00	\$43,000.00	\$43,000.00
51	Start-up testing and training	1	LS	\$15,000.00	\$15,000.00	\$6,050.00	\$6,050.00	\$6,600.00	\$6,600.00	\$7,500.00	\$7,500.00	\$8,000.00	\$8,000.00
52	Prepare Operation & Maintenance manuals	1	LS	\$10,000.00	\$10,000.00	\$2,000.00	\$2,000.00	\$604.00	\$604.00	\$500.00	\$500.00	\$1,000.00	\$1,000.00
53	Prepare Record Drawings	1	LS	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
54	Furnish and install erosion control measures	1	LS	\$30,000.00	\$30,000.00	\$10,000.00	\$10,000.00	\$4,300.00	\$4,300.00	\$5,500.00	\$5,500.00	\$20,000.00	\$20,000.00
55	Procure and conform to NPDES permit from CRWQCB, Santa Ana Region	1	LS	\$25,000.00	\$25,000.00	\$5,000.00	\$5,000.00	\$3,000.00	\$3,000.00	\$2,900.00	\$2,900.00	\$4,929.00	\$4,929.00
56	Sheeting, shoring and bracing	1	LS	\$29,545.00	\$29,545.00	\$5,000.00	\$5,000.00	\$43,000.00	\$43,000.00	\$74,500.00	\$74,500.00	\$85,000.00	\$85,000.00
Subtotal, Base Bid Items 1 thru 56					\$2,819,530.00		\$2,789,913.00		\$3,116,006.00		\$3,059,086.00		\$3,222,578.00
Adjustment (+ or -)					\$0.00		\$0.00		-\$62,200.00		\$0.00		\$0.00
Total Amount of Bid					\$2,819,530.00		\$2,789,913.00		\$3,053,806.00		\$3,059,086.00		\$3,222,578.00

Irvine Ranch Water District Bid Summary For
Well 78 Replacement
Well Drilling and Equipment
PR 30351

Item No.	Description	Engineer's Estimate		1 Gateway Pacific Sacramento, CA		2 Schuler Engineering Corona, CA		3 Pacific Hydrotech Perris, CA		4 Pascal & Ludwig Ontario, CA	
		Qty	Unit	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount
						Item Delivery Dates:	Item Delivery Dates:	Item Delivery Dates:	Item Delivery Dates:		
						Stainless Steel Blank Casing: 20 days	Stainless Steel Blank Casing: 35 days	Stainless Steel Blank Casing: 5 days	Stainless Steel Blank Casing: 5 days		
						Stainless Steel Louvered Casing: 20 days	Stainless Steel Louvered Casing: 35 days	Stainless Steel Louvered Casing: 5 days	Stainless Steel Louvered Casing: 5 days		
						Gravel Pack: 5 days	Gravel Pack: 35 days	Gravel Pack: 5 days	Gravel Pack: 5 days		
						Noise Attenuation Barrier: 5 days	Noise Attenuation Barrier: 35 days	Noise Attenuation Barrier: 14 days	Noise Attenuation Barrier: 0 days		
						Submersible Pump and Motor: 180 days	Submersible Pump and Motor: 154 days	Submersible Pump and Motor: 154 days	Submersible Pump and Motor: 22 weeks		
						Steel Column Pipe: 25 days	Steel Column Pipe: 105 days	Steel Column Pipe: 15 days	Steel Column Pipe: 15 days		
						Silent Check Valve: 180 days	Silent Check Valve: 70 days	Silent Check Valve: 28 days	Silent Check Valve: 7 weeks		
						Magnetic Flow Meter: 180 days	Magnetic Flow Meter: 112 days	Magnetic Flow Meter: 56 days	Magnetic Flow Meter: 7 weeks		
						Pressure Relief & Pressure Reducing/Sustaining: 180 days	Pressure Relief & Pressure Reducing/Sustaining: 42 days	Pressure Relief & Pressure Reducing/Sustaining: 42 days	Pressure Relief & Pressure Reducing/Sustaining: 7 weeks		
						Butterfly Valve (EPDM): 180 days	Butterfly Valve (EPDM): 112 days	Butterfly Valve (EPDM): 112 days	Butterfly Valve (EPDM): 17 weeks		
						Ball Valve: 180 days	Ball Valve: 160 days	Ball Valve: 154 days	Ball Valve: 23 weeks		
						Electric Actuator: 180 days	Electric Actuator: 160 days	Electric Actuator: 154 days	Electric Actuator: 23 weeks		
						CML Steel Pipe and Fittings: 180 days	CML Steel Pipe and Fittings: 45 days	CML Steel Pipe and Fittings: 56 days	CML Steel Pipe and Fittings: 10 weeks		
						Sump Pump: 120 days	Sump Pump: 10 days	Sump Pump: 21 days	Sump Pump: 7 weeks		
						Electrical Equipment Enclosures: 180 days	Electrical Equipment Enclosures: 42 days	Electrical Equipment Enclosures: 112 days	Electrical Equipment Enclosures: 20 weeks		
						Programmable Logic Control: 180 days	Programmable Logic Control: 42 days	Programmable Logic Control: 112 days	Programmable Logic Control: 20 weeks		
						Solid State Motor Controller: 180 days	Solid State Motor Controller: 42 days	Solid State Motor Controller: 112 days	Solid State Motor Controller: 20 weeks		
						Manufacturers:	Manufacturers:	Manufacturers:	Manufacturers:		
						Stainless Steel Blank Casing: Roscoe Moss	Stainless Steel Blank Casing: Roscoe Moss	Stainless Steel Blank Casing: Roscoe Moss	Stainless Steel Blank Casing: Roscoe Moss		
						Stainless Steel Louvered Casing: Roscoe Moss	Stainless Steel Louvered Casing: Roscoe Moss	Stainless Steel Louvered Casing: Roscoe Moss	Stainless Steel Louvered Casing: Roscoe Moss		
						Gravel Pack: ESSI	Gravel Pack: CSSI	Gravel Pack: CSSI	Gravel Pack: CSSI		
						Noise Attenuation Barrier: Best	Noise Attenuation Barrier: Noise Blankets	Noise Attenuation Barrier: Noise Blankets	Noise Attenuation Barrier: Noise Blankets		
						Submersible Pump and Motor: Byron Jackson	Jackson/Flowserv	Submersible Pump and Motor: Byron Johnson	Submersible Pump and Motor: Byron Jackson		
						Steel Column Pipe: Custom Pipe	Steel Column Pipe: Custom Pipe	Steel Column Pipe: Custom Pipe	Steel Column Pipe: Custom Pipe		
						Silent Check Valve: APCO	Silent Check Valve: Valmatic	Silent Check Valve: Tital	Silent Check Valve: Valmatic		
						Magnetic Flow Meter: ABB	Magnetic Flow Meter: ABB	Magnetic Flow Meter: ABB	Magnetic Flow Meter: ABB		
						Pressure Relief & Pressure Reducing/Sustaining: ClayVal	Pressure Relief & Pressure Reducing/Sustaining: ABB	Pressure Relief & Pressure Reducing/Sustaining: Cla-Val	Pressure Relief & Pressure Reducing/Sustaining: Cla-Val		
						Butterfly Valve (EPDM): Pratt	Butterfly Valve (EPDM): Cla-Val	Butterfly Valve (EPDM): Pratt	Butterfly Valve (EPDM): Pratt		
						Ball Valve: Pratt	Ball Valve: Duzoric and Valmatic	Ball Valve: Pratt	Ball Valve: Pratt		
						Electric Actuator: Limtorque	Electric Actuator: Pratt	Electric Actuator: Rotork	Electric Actuator: Rotork		
						CML Steel Pipe and Fittings: Kelly Pipe	CML Steel Pipe and Fittings: Rotork and Limitorque	CML Steel Pipe and Fittings: Southland Pipe	CML Steel Pipe and Fittings: Leveco		
						Sump Pump: Zoeller	Sump Pump: Zoeller	Sump Pump: Zoeller	Sump Pump: Zoeller		
						Electrical Equipment Enclosures: Tesco	Electrical Equipment Enclosures: One Source	Electrical Equipment Enclosures: One Source	Electrical Equipment Enclosures: Hoffman		
						Programmable Logic Control: Tesco	Programmable Logic Control: Tesco	Programmable Logic Control: Tesco	Programmable Logic Control: Modicon		
						Solid State Motor Controller: Allen Bradley	Solid State Motor Controller: One Source	Solid State Motor Controller: Allen Bradley	Solid State Motor Controller: Allen Bradley		
						Subcontractors:	Subcontractors:	Subcontractors:	Subcontractors:		
						Best Drilling: Well Driller	Western Industrial Electric: Electrical	Sapphire Electric: Electrical	Best Drilling: Well Drilling		
						Marina Landscape: Landscape	Amor Steel: Reinforcing Steel	Costa Verde landscape: Landscaping	Marina Landscape: Landscaping		
						Amber Steel: Rebar	ReyArt: Landscaping	Best Drilling: Drilling	Amber Steel: Rebar		
						Frank Smith: Masonary	Best Drilling: Drilling	Amor Steel: Rebar	Pointe Const.: Masonry		
						Sapphire Electric: Electrical	MSL: Masonry		Mark Co.: Sidewalks		
							DM: Site Concrete		A&B Electric: Electric & Instr.		

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IRVINE RANCH WATER DISTRICT

Exhibit "B"

Expenditure Authorization

Project Name: DESTRUCTION AND REPLACEMENT OF IRWD WELL 78

Project No: 30351 EA No: 2

ID Split: Regional Reclaimed Water Splits (11/08)

Improvement District (ID) Allocations

Project Manager: UEMATSU, PATRICIA

Project Engineer: MOEDER, JACOB

Request Date: February 9, 2011

ID No. Allocation % Source of Funds

ID No.	Allocation %	Source of Funds
211	2.3	CAPITAL FUND
212	14.3	BONDS YET TO BE SOLD**
213	5.2	BONDS YET TO BE SOLD**
215	.8	CAPITAL FUND
221	14.3	BONDS YET TO BE SOLD**
230	10.4	BONDS YET TO BE SOLD**
240	8.4	BONDS YET TO BE SOLD**
250	34.4	BONDS YET TO BE SOLD**
261	9.9	BONDS YET TO BE SOLD**

Total 100.0%

Summary of Direct Cost Authorizations

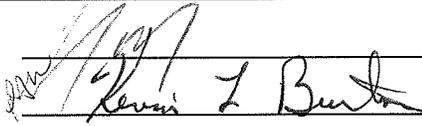
Previously Approved EA Requests:	\$483,000
This Request:	\$3,160,500
Total EA Requests:	\$3,643,500
Previously Approved Budget:	\$3,066,200
Budget Adjustment Requested this EA:	\$619,300
Updated Budget:	\$3,685,500
Budget Remaining After This EA	\$42,000

Comments: The Department of the Navy has agreed to allow the use of the Settlement Agreement's Contingency F to the extent available

Phase	This EA Request	Previous EA Requests	EA Requests to Date	This Budget Request	Previous Budget	Updated Budget	Start	Finish
ENGINEERING - PLANNING IRWD	10,000	0	10,000	(15,000)	25,000	10,000	9/10	11/10
ENGINEERING DESIGN - IRWD	0	100,000	100,000	0	100,000	100,000	9/10	5/11
ENGINEERING DESIGN - OUTSIDE	0	360,000	360,000	0	400,000	400,000	9/10	5/11
ENGINEERING - CA&I IRWD	50,000	0	50,000	0	50,000	50,000	7/11	9/11
ENGINEERING - CA&I OUTSIDE	100,000	0	100,000	25,000	75,000	100,000	7/11	12/12
CONSTRUCTION FIELD SUPPORT	10,000	0	10,000	0	10,000	10,000	7/11	12/12
CONSTRUCTION	2,800,000	0	2,800,000	800,000	2,000,000	2,800,000	7/11	12/12
LEGAL	10,000	0	10,000	0	10,000	10,000	9/10	12/12
LAND	0	0	0	(200,000)	200,000	0	7/11	12/12
WATER QUALITY	10,000	0	10,000	(15,000)	25,000	10,000	7/11	12/12
ENGINEERING ENVIRONMENTAL-OUTS	20,000	0	20,000	(5,000)	25,000	20,000	9/10	3/11
Contingency - 5.00% Subtotal	\$150,500	\$23,000	\$173,500	\$29,300	\$146,200	\$175,500		
Subtotal (Direct Costs)	\$3,160,500	\$483,000	\$3,643,500	\$619,300	\$3,066,200	\$3,685,500		
Estimated G/A - 195.00% of direct labor*	\$156,000	\$195,000	\$351,000	(\$58,600)	\$409,600	\$351,000		
Total	\$3,316,500	\$678,000	\$3,994,500	\$560,700	\$3,475,800	\$4,036,500		
Direct Labor	\$80,000	\$100,000	\$180,000	(\$30,000)	\$210,000	\$180,000		

*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: _____ 2/9/11

Department Director:  _____ 2/9/11

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 \$4,118,000. 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.