

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

**April 11, 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.

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**COMMUNICATIONS TO THE BOARD**

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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.

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**PRESENTATION**

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3.     **PARTNER COMMENDATION**

In celebration of the District's 50<sup>th</sup> anniversary, the IRWD Board of Directors will recognize key "Partners in Service". This evening the Board will present a Certificate of Commendation to representatives of Municipal Water District of Orange County (MWDOC).

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**WORKSHOP**

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4. PROPOSED OPERATING BUDGET AND RATES AND CHARGES FOR  
FY 2011-12

Recommendation: That staff will present to the Board and public the Proposed Operating Budget for Fiscal Year 2011-12. The budget is scheduled for adoption following a second workshop to be held at the April 25, 2011 Board meeting. Rates for FY 2011-12 are scheduled to be adopted on June 27, 2011, following notice to customers.

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**CONSENT CALENDAR****Next Resolution No. 2011-12****Items 5-9**

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5. MINUTES OF REGULAR BOARD MEETINGS

Recommendation: That the minutes of the March 28, 2011 Regular Board Meeting and the March 29, 2011 Adjourned Regular 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. REIMBURSEMENT TO BOARD MEMBER FOR  
CONFERENCE/TRAVEL/BUSINESS EXPENSES

Recommendation: That the Board approve the January 2009 through December 2010 expense reports submitted for reimbursement of Board of Directors' conference, travel and business expenses incurred by Director Swan in the total amount of \$13,656.43 of which the District advanced \$5,432.20, for a net sum due Director Swan of \$8,224.23.

8. 2011 STATE LEGISLATIVE UPDATE

Recommendation: That the Board take a WATCH position on AB 249 (Berryhill) and an OPPOSE position on AB 246 (Weickowski), AB 550 (Huber), AB 1354 (Huber), SB 34 (Simitian), and SB 200 (Wolk).

CONSENT CALENDAR - Continued	Next Resolution No. 2011-12	Items 5-9
<p>9. <u>RECLAIMED WATER DECHLORINATION STATIONS REDUCTION OF RETENTION</u></p> <p>Recommendation: That the Board find that satisfactory progress is being made on the District's contract with F.T. Ziebarth; authorize the reduction of retention from 10% to 5% of the contract amount; and release funds in excess of 5% of the contract amount from retention currently held for Reclaimed Water Dechlorination Stations, project 30206.</p>		

<b>ACTION CALENDAR</b>		
<p>10. <u>LOS ALISOS WATER RECYCLING PLANT LANDSCAPE IMPROVEMENTS CONSTRUCTION AWARD</u></p> <p>Recommendation: That the Board authorize the General Manager to execute a construction contract with Tropical Plaza Nursery, Inc. in the amount of \$138,271 for the Los Alisos Water Recycling Plant, Landscape Improvements, projects 20243 and 30134.</p>		

**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

11. A. General Manager's Report

B. Directors' Comments

1)

2)

3)

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**OTHER BUSINESS - Continued**

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11. B. Directors' Comments

4)

5)

C. CLOSED SESSIONS with 1) legal counsel relative to anticipated litigation; Government Code Section 54956.9(b); significant exposure to litigation (one potential case), and 2) existing litigation; Gov. Code 54956.9(a) - SEMA Construction v. City of Tustin vs. IRWD.

D. Adjourn

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

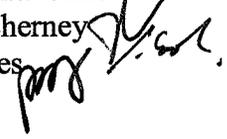
The Irvine Ranch Water District Board Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the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

April 11, 2011

Prepared by: Christopher Smithson

Submitted by: Debby Cherney

Approved by: Paul Jones



## WORKSHOP

### PROPOSED OPERATING BUDGET AND RATES AND CHARGES FOR FY 2011-12

#### SUMMARY:

The Proposed Fiscal Year (FY) 2011-12 Operating Budget is \$107.5 million, representing a decrease of \$0.7 million or 0.61% from the FY 2010-11 Operating Budget. As part of the budgeting process, staff has reduced operating expenses wherever possible without compromising the District's current high level of service. The goals of the operating expense reductions were to improve operating efficiencies, address the changing staffing needs of the District, and reduce the District's exposure to additional pension and other benefit expenses. Staff has worked to accomplish these objectives by identifying strategic opportunities to reduce costs, outsource certain functions, and make use of current technologies. The Proposed Operating Budget reflects resulting expected revenue and expenses, quantifies the financial impact of expected staffing changes, and provides for the planned increased contributions to the capital replacement and enhancement funds from user rates and charges.

Based on the Proposed Operating Budget and planned capital contributions from user rates and charges, the average Irvine Ranch rate area residential customer's combined monthly water and sewer bill is proposed to increase by \$1.00 (2.3%) over FY 2010-11. The proposed rate increase includes:

- An increase of \$0.01 per ccf of water on the base commodity rate as a result of pass-through increases on the cost of imported water and the groundwater Replenishment Assessment; and
- Increases on the fixed water service charge of \$0.75 per month, and an increase on the fixed sewer service charge of \$0.25 per month. The net increases on the fixed service charges are primarily related to the planned increase of contributions to the capital replacement and enhancement funds from user rates and charges.

The Board is anticipated to review the Proposed Operating Budget at workshops on April 11 and 25. A more detailed schedule for adoption of the Proposed Operating Budget and the rates and charges for FY 2011-12 is provided later in this write-up.

#### BACKGROUND:

The Staff Report attached as Exhibit "A" includes the following:

- Projected revenues and expenses, along with the resulting net position in each rate area by system;
- Changes to current rates and charges necessary to meet each operating system's revenue requirements;

- An update of the correlation between the District's rate tiers and their attendant costs, in order to maintain alignment with Proposition 218 requirements.

The Proposed Operating Budget is attached as Exhibit "B". Exhibit "C" identifies the effects of the proposed rate increases on typical residential customers within the Irvine Ranch, Los Alisos, and Orange Park Acres Rate Areas. In the Orange Park Acres Rate Area, the increase in the water rates and fixed service charges for these customers is indexed to the changes in the Irvine Ranch Rate Area, as required in the Acquisition and Annexation Agreement.

Schedule for Budget and Rate Adoption:

April 11, 2011	First Board Workshop on Proposed Operating Budget and Proposed Rates and Charges for FY 2011-12
April 25, 2011	Second Board Workshop on Proposed Operating Budget and Proposed Rates and Charges for FY 2011-12; Adopt Proposed Operating Budget; Approval of Proposition 218 Notices for Customers
May 10, 2011	Proposition 218 Notices are mailed
June 27, 2011	Adopt Rates and Charges for FY 2011-12

FISCAL IMPACTS:

Planned operating expenses in the Proposed Operating Budget reflect a decrease of \$0.7 million from the adopted Operating Budget for FY 2010-11. The proposed rate increases will result in a contribution to the replacement and enhancement capital funds of approximately \$2.2 million and \$10.7 million for water and sewer, respectively. The treated water and sewer/recycled systems are planned to break even during FY 2011-12 and the untreated water system is planned to have a net operating surplus of approximately \$740,000.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on April 5, 2011. The Committee previously reviewed the Budget assumptions and certain personnel matters in a Special Finance and Personnel Committee meeting on February 17, 2011.

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.

RECOMMENDATION:

THAT STAFF WILL PRESENT TO THE BOARD AND PUBLIC THE PROPOSED OPERATING BUDGET FOR FISCAL YEAR 2011-12. THE BUDGET IS SCHEDULED FOR ADOPTION FOLLOWING A SECOND WORKSHOP TO BE HELD AT THE APRIL 25, 2011 BOARD MEETING. RATES FOR FY 2011-12 ARE SCHEDULED TO BE ADOPTED ON JUNE 27, 2011, FOLLOWING NOTICE TO CUSTOMERS.

LIST OF EXHIBITS:

Exhibit "A" – Staff Report

Exhibit "B" – Proposed Operating Budget Draft for Fiscal Year 2011-12

Exhibit "C" – Selected Comparison of Current and Proposed Rates FY 2011-12



## EXHIBIT "A"

### STAFF REPORT

This staff report provides a discussion of the following areas in support of the District's Proposed Operating Budget for FY 2011-12:

- Projected revenues and expenses and resulting net position in each rate area by system;
- Proposed increases to current rates and charges necessary to meet each operating system's revenue requirements, as well as projected funding from rates and charges for both the Replacement Fund and Enhancement Fund; and
- An analysis correlating the upper tiers of the District's rate structure and their attendant costs, as required by Proposition 218 requirements.

### PROPOSED OPERATING BUDGET

During the February 17, 2011 Special Finance and Personnel Committee meeting, the Committee discussed assumptions and factors that will impact the District's cost of operations, and provided staff with comments on the assumptions used in the Proposed Budget. The Committee reviewed the Proposed Budget again on April 5, 2011. All of the Committee's comments have been incorporated into the Proposed Operating Budget in Exhibit "B".

#### Projected Revenue:

Estimated potable, untreated, sewer, and recycled water system revenues are projected to be \$105.5 million for FY 2011-12, prior to any potential rate adjustments that may be implemented by the Board. This represents a \$0.3 million decrease from FY 2010-11 operating budget revenues, reflecting a small reduction in commodity water sales. These reduced commodity water sales are offset by even greater reductions in water purchase expenses, attributable primarily to increased water conservation and lower water sales.

To date in FY 2010-11, commodity water sales are under budget by approximately 5% in part due to the challenging economic times and in part due to increased conservation efforts by the District's customers. Staff expects this trend to continue and has based commodity sales projections on actual usage and then applied the projected revenue on a monthly basis using a four year-average for each customer user type. While taking a four-year average may slightly overestimate total commodity sales, it is a more conservative approach to do so in order to ensure that the blended base rate for water is set at a sufficient level to capture the melded cost of water between the various water supply sources of the District.

#### *Growth Estimates:*

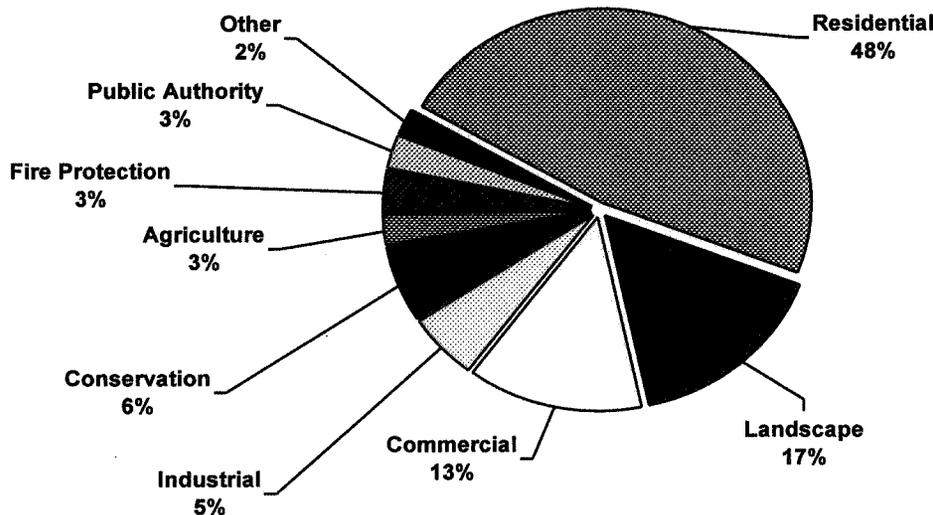
Residential development growth was considered primarily in the apartment sector and is based on the most current projections received from the major developers in the service area. Current apartment estimates identify approximately 1,700 additional units in FY 2011-12. Just over 800 additional units are included in current projections although 500 of those units are part of the redevelopment estimate for which the developers have not met previous projections. As a result, the growth factor for residential development was estimated at 1% for FY 2011-12.

Commercial volume has been flat which is consistent with commercial vacancy factors. Although a small decrease in vacancy factors has occurred in the last four quarters, the average is still much higher

than it was two years ago. Current development projections for the commercial/industrial sector identify nearly 35 acres of development occurring in FY 2011-12 as well as 21 acres developing in the current fiscal year. The higher than average vacancy factors do not support meeting these development targets. Staff recommends no assumed growth rate for commercial and industrial development for FY 2011-12.

*Operating Revenue Sources, by Customer Type*

**Projected Operating Revenue Source: FY 2011-12**



Projected Expenses:

The Proposed Operating Budget totals \$107.5 million, which represents a \$0.7 million or 0.61% decrease from the prior year's \$108.1 million operating budget (Exhibit "B" page 1). Of the total expenses, approximately \$94 million is allocated to the operating systems while the balance is allocated to capital projects and capital fund contributions. For purposes of this staff report, the total expenses are examined rather than only those allocated to the operating systems.

The most significant changes to the expenses include the following and are discussed in detail below:

Expense Category	Change from FY 2010-11 Budget	% Change
Water Purchases	(\$943,200)	(3.5%)
Chemicals	(\$677,350)	(18.7%)
Repairs and Maintenance – Other Agencies	(\$522,700)	(4.7%)
Repairs and Maintenance – IRWD	(\$85,710)	(1.3%)
Labor	\$28,400	0.1%
Temporary and Contract Labor	\$230,500	24.0%
Employee Benefits (retirement, healthcare)	\$1,119,025	9.4%

*Water Purchases:*

Water purchases have been reduced by \$943,200 from the FY 2010-11 budget. The greatest factor in the category is the management of the untreated water system's cost of water. The heavy rain in FY 2010-11 resulted in over 5,000 acre feet of purchased untreated water spilling over the Irvine Lake dam. The cost of this water has been included in the current fiscal year and the stored rainwater will be used at no cost to the District until the purchased water has been offset. Further demands for the untreated water system will be met with native water at a Board approved rate.

Other factors influencing the cost of water include a \$6 per acre foot increase (2.4%) to the Replenishment Assessment from the Orange County Water District (OCWD) for pumped water and the Metropolitan Water District of Southern California (MWD) has announced it will likely increase its rates by 7.0% on January 1, 2012, increasing the blended cost of potable water. This identified rate increase will most directly affect the Los Alisos Rate Area because this is the only water source for this rate area. An overall reduction in demands for the potable, untreated, and recycled water systems result in reduced MWD purchases.

*Chemicals:*

Decreases in costs associated with chemicals account for \$677,350, and represent an 18.7% decrease in total chemical costs from the FY 2010-11 Operating Budget. While there are decreases in many different types of chemicals, two main areas contribute to the majority of the decrease. In FY 2010-11, the District negotiated new contracts for bulk purchase of sodium hypochlorite and implemented process efficiencies that results in savings of \$384,000 per year. In addition, in FY 2011-12, the District will put a new high-rate clarifier into service that will reduce costs for ferric chloride by over \$110,000 per year.

*Repairs & Maintenance:*

Decreases in costs associated with Repairs and Maintenance – Other Agencies, account for \$522,700 of the overall decrease. The most significant factor in this category is a reduction in sewage treatment costs at the Orange County Sanitation District. Decreases in costs associated with Repairs and Maintenance – IRWD, account for \$85,710 of the overall decrease.

*Labor:*

Salaries are essentially flat from FY 2010-11 regular salaries and wages. Each year during the process of developing the operating budget, staff analyzes the budgeted positions in the current fiscal year to determine the necessary staffing levels and skill base needed to provide the level of service expected by the District's customers in the coming fiscal year and beyond. As part of this analysis, staff also evaluates employee salaries and benefits to ensure that IRWD continues to provide a competitive compensation package within the water industry at a reasonable cost. Management also researches and identifies opportunities to increase staffing efficiencies and contain costs through technology, outsourcing and other means. This year, the District is implementing a reorganization and staffing reduction plan, including position eliminations for FY 2011-12. At the same time, the District is making sure that it has the appropriate levels of staffing for the operations of the expanded Michelson Water Recycling Plant and the ongoing support and development of the District's strategic investments in the Oracle Enterprise Resource Planning solutions.

The labor budget changes are discussed in more detail in the Assumptions section of Exhibit "B". The current expected financial impact of the staffing changes has been included in the Proposed Operating Budget, as well as increases in the employees' contribution for their pension benefits.

*Temporary and Contract Labor:*

The increase to Temporary and Contract Labor is \$230,500. Included in this increase are planned outsourcing costs as a result of the staffing reorganization previously reviewed by the Board, including \$115,000 for automation consulting and \$91,000 for facilities services including painting functions. In addition, there are multiple temporary positions in wastewater operations, electrical and mechanical maintenance to serve the District's needs arising out of the expansion of the Michelson Water Recycling Plant and other additional District facilities.

*Employee Benefits:*

The increase to Benefits is \$1,119,025, which is a 9.4% increase over FY 2010-11 budget. The increase is primarily due to the employer's portion of the PERS contribution and the Board's direction to increase the contribution, an increase in workers' compensation costs, and an increase in healthcare costs. The increases are offset substantially by the reduction in deferred compensation benefits and the increase in the amounts District employees will contribute to PERS.

The District will eliminate its direct contributions to deferred compensation and will only contribute a matching contribution up to 3% of salary. Commencing July 1, 2011, the employee contribution rate to PERS will increase from 1 to 3% and senior staff will increase their contributions to either 4 or 5% of pay. These increases reflect the first additional contributions in a multi-year transition to have all employees pay for 100% of the employee portion of PERS. These collective benefits adjustments are expected to result in District savings in FY 2011-12 of approximately \$1.2 million, and offset more than half of the benefits cost increase that would have resulted had there been no change to the employee benefits.

The employer portion of the PERS contribution has been included in the budget in three separate line items. First, the employer contribution rate has been established by PERS at 17.757%, which is an increase of nearly \$1.3 million. In addition, the Finance and Personnel Committee directed staff to increase the PERS employer contribution rate from the Annual Required Contribution (ARC) of 17.757% to 20.0% for FY 2011-12. The difference between those are made up of two separate line items in the benefits budget: a contribution in excess of ARC and beginning repayment of prior year contributions in excess of ARC made as a loan from the replacement fund. This is consistent with the approach the Board has taken, making additional contributions of more than \$11.3 million in excess of ARCs since FY 2008-09 to reduce the overall unfunded PERS liability. The difference in the 17.47% ARC and the 20.0% payment will result in a payment of \$310,400 in additional contribution in excess of ARC in order to continue to reduce the District's unfunded liability, reduce future ARC payments and increase the District's percent funded ratio reported in the notes to the District's financial statements. Approximately \$250,000 or one percent of the contribution rate will be used to begin repayment to the replacement fund.

Healthcare and dental premiums are budgeted to increase by \$432,200, or approximately 13% and the District's costs for its self-insured workers' compensation program and claims reserve has increased by approximately \$225,000.

## **PROPOSED RATES AND CHARGES**

Staff has prepared a proposed rate change to meet revenue requirements while including increases for replacement and enhancement capital project funding. Exhibit "C" identifies the impact to rates for the Irvine Ranch, Los Alisos, and Orange Park Acres Rate Areas.

### **Treated Water System:**

#### *Irvine Ranch Rate Area*

The Irvine Ranch Rate Area treated system experienced an increase in the cost of purchased water from MWD and OCWD, an increase in funds set aside to build enhancement and replacement capital, and an increase in the allocation of Dyer Road well field labor. In FY 2010-11, 75% of the labor associated with the Dyer Road Well Field (DRWF) was funded through the commodity rate as opposed to the fixed service charge. Until the last few years, labor associated with operating and maintaining the DRWF had not traditionally been included in the cost of water. In contrast, labor associated with the Deep Aquifer Treatment System (DATS) and the Irvine Desalter has been included as a component in the collective cost of operating those facilities. Staff has now phased in 100% of appropriate labor expenses to the cost of water for FY 2011-12. This action does not bring additional expense; it simply moves this "variable" expense from the fixed service charge to the commodity rate.

The significant reductions in many areas helped to substantially eliminate the potential impact to commodity rates. Staff recommends an increase of \$0.01 per hundred cubic feet (ccf) of water, reflecting additional costs derived from an expected 7% rate increase for imported water and a \$6.00 per acre-foot increase in the groundwater Replenishment Assessment. The fixed service charge includes a \$0.75 per month increase, primarily to fund the planned increases on user rates and charges to fund replacement and enhancement capital needs.

The recommended increases in the Irvine Ranch Rate Area will result in an overall percentage rate increase to the average residential customer of \$1.00 or 2.3%.

#### *Los Alisos Rate Area*

The Los Alisos Rate Area experienced substantial cost increases in water since all source water used in this rate area is imported water purchased from the Metropolitan Water District of Southern California through the Municipal Water District of Orange County. Offsetting these expense increases requires a commodity rate increase (\$0.05 per ccf) to offset water cost increases, an additional commodity rate increase (\$0.03 per ccf) to offset a portion of operating expenses, and a fixed service charge increase of 19.5% for meters larger than one-inch in diameter. This is consistent with the approach the Board took in FY 2010-11 to gradually escalate the Los Alisos Rate Area's larger meter fixed charges to bring them closer to the Irvine Ranch fixed service charges. As the meter rates come in line with the Irvine Ranch rates, they are being adjusted to match the District's rate. The full 19.5% increase will only affect meters that are below the District's rate by more than that; the District intends to continue applying rate increases to the meter charges until such time as the Los Alisos and Irvine Ranch area rates are at parity.

Coupled with the recommended commodity rates for the Los Alisos Rate Area, the recommended increase to the fixed service charges will result in an overall percentage rate increase to the average residential customer of \$1.25 or 2.2%.

*Orange Park Acres Rate Area*

In FY 2007-08, the District consolidated with the Orange Park Acres Mutual Water Company. The agreement provided that rates within the new Orange Park Acres (OPA) Rate Area will be changed by the amount necessary to maintain constant the dollar amounts of the difference between commodity and fixed charges in relation to the overall District. In other words, increases applied to the overall District will be applied to OPA rather than matching a percentage increase. Exhibit "C" shows the indexed changes to the OPA rates, based upon the proposed changes to the Irvine Ranch Rate Area.

The following table summarizes the current and proposed water rates for the different rate areas within IRWD:

<u>Revenue Source</u>	<u>Rate Area</u>	<u>Current</u>	<u>Proposed</u>
Base commodity rate	Irvine Ranch	\$ 1.21/ccf	\$ 1.22/ccf
Base commodity rate	Los Alisos	\$ 1.97/ccf	\$ 2.05/ccf
Base commodity rate	OPA	\$ 1.73/ccf	\$ 1.74/ccf
Residential Service rate	Irvine Ranch	\$ 8.00/meter	\$ 8.75/meter
Residential Service rate	Los Alisos	\$ 9.60/meter	\$ 9.60/meter
Residential Service rate	OPA	\$16.50/meter	\$17.10/meter

Untreated Water System:

The untreated water system demands have decreased each year over the last six years and this trend is expected to continue as more customers are converted to using recycled water. The trend of reduced system demands will eventually lead to water needs being met solely by native water. Setting the untreated water rate based exclusively on native water costs would result in a rate below recycled water, and would eliminate the financial incentive for converting to the recycled water system.

In FY 2010-11 storm runoff ("native water") from a wetter-than-average winter caused 5,856 acre feet of purchased water spilled over the Irvine Lake dam. The 1928 Irvine Lake Agreement makes this system unique in that purchased or inventoried water can provide several years of inventory and accounting resolution does not generally occur annually. The District will account for this rainwater at no cost in place of the purchased water and this will continue through seven months of FY 2011-12. This action results in the untreated water system operating in a positive position for FY 2011-12. Native water will supply the difference between the rainwater and total demand at a recommended internal rate of \$240 per acre foot.

Staff recommends no change to the untreated water rate, which is slightly higher than the recycled water rate of \$470.50 per acre foot or \$1.09 per ccf. Setting the rate at \$479.25 per acre foot or \$1.10 per ccf will help to promote conversion from the untreated water system to the recycled water system and it will provide a reasonable cost of water for those customers on the system with no alternative.

Sewer / Recycled Water System:

The consolidated sewer system has significant replacement capital needs over the coming years based on the District's Replacement Planning Model. As a result, the District will continue to implement planned increases in the monthly service charges. No portion of the sewer rate increase is related to any operating expense changes. The proposed fixed service charge is \$0.25 per month.

**TIERED RATE STRUCTURE COST ALLOCATION**

In the FY 2010-11 Operating Budget, staff provided the detailed methodology for allocating costs to the tiered rates consistent with Proposition 218 requirements. Provided herein is an analysis and recommendation for FY 2011-12 of the cost allocation for each tier consistent with this methodology.

*Irvine Ranch Rate Area*

The District moved to an allocation-based rate structure in 1991 and established the excessive use tiers with the rates doubling from tier to tier to incentivize water conservation. This approach immediately resulted in a decrease of water consumption that exceeded 10% and it provided the foundation for the efficient use of water by IRWD customers that is firmly established today. The excessive use tiers provide funding for many programs that are geared toward preserving the water conservation approach established years ago including funding:

- The difference between the Base Rate and the Low Volume (LV) rate
- Conservation programs and incentives
- Conservation outreach efforts that includes identifying and working with Excessive and Wasteful tier users and providing education on conservation for all users
- Maintenance and management of Natural Treatment System (NTS) sites

The methodology utilizes the five tiers beginning with a low volume tier and three conservation tiers. The allocation of costs associated with the tiers follow:

IRVINE RANCH RATE AREA METHODOLOGY	
Tiers	Proposed
Low Volume	Melded cost of pumped water (DATS, DRWF, & IDP)
Base Rate	Melded cost of budgeted sales
Inefficient	MET Tier 1 rate + 33% x (LV differential, Conservation, NTS, and Recycled Water Conversions) / Inefficient usage
Excessive	MET Tier 2 rate + 33% x (LV differential, Conservation, NTS, and Recycled Water Conversions) / Excessive usage
Wasteful	MWDOC Penalty + 33% x (LV differential, Conservation, NTS, and Recycled Water Conversions) / Wasteful usage

When this approach is applied to the budgeted expenses and sales within each tier, the resulting proposed rates for the Irvine Ranch Rate Area for FY 2011-12 follows in the table below:

Tiers	Current Rate (FY 10-11) (per ccf)	Proposed Rate (FY 11-12) (per ccf)	Difference	Description
Low Volume	\$0.91	\$0.91	\$0.00	Pumped water melded cost (Dyer Road Well, DAT, IDP)
Base Rate	\$1.21	\$1.22	\$0.01	All sources melded cost of budgeted water
Inefficient	\$2.50	\$2.50	\$0.00	All-in Met Tier 1 (\$1.94) + 33% of various conservation programs (\$0.56)
Excessive	\$4.32	\$4.32	\$0.00	All-in Met Tier 2 (\$2.40) + 33% of various conservation programs (\$1.92)
Wasteful	\$9.48	\$9.48	\$0.00	MWDOC Penalty Tier (\$5.19) + 33% of various conservation programs (\$4.29)

*Los Alisos Rate Area*

The Los Alisos Rate Area converted to a tiered rate structure for commodity sales in FY 2010-11. The methodology used for the Los Alisos Rate Area differs from the one identified for Irvine Ranch in the Low Volume, Base Rate, and first excessive use tier. This is due primarily to the difference in source water for these rate areas. The proposal continues to utilize five tiers beginning with a low volume tier and three excessive use tiers. The allocation of costs associated with the tiers follow:

LOS ALISOS RATE AREA METHODOLOGY	
Tiers	Proposed
Low Volume	80% of the all-in cost for MWDOC - MWDOC Water
Base Rate	Melded cost of budgeted sales
Inefficient	120% of MWDOC Water + 33% x (LV differential, Cons., NTS, and Recycled Water Conversions) / Inefficient usage
Excessive	MET Tier 2 rate + 33% x (LV differential, Conservation, NTS, and Recycled Water Conversions) / Excessive usage
Wasteful	MWDOC Penalty Tier + 33% x (LV differential, Cons., NTS, and Recycled Water Conversions) / Wasteful usage

This structure establishes the necessary nexus for rate-setting according to Proposition 218, while still providing the motivation for water conservation by the District's customers.

The proposed rate structure for the Los Alisos Rate Area follows:

Tiers	Current Rate (FY 10-11) (per ccf)	Proposed Rate (FY 11-12) (per ccf)	Difference	Description
Low Volume	\$1.40	\$1.54	\$0.14	MWDOC x 80%
Base Rate	\$1.97	\$2.05	\$0.08	MWDOC x 100% + \$0.03 operating component (\$2.05)
Inefficient	\$2.75	\$2.98	\$0.23	MWDOC x 120% (\$2.42) + 33% of various conservation programs (\$0.56)
Excessive	\$4.32	\$4.49	\$0.17	MWDOC Tier 2 (\$2.67) + 33% of various conservation programs (\$1.92)
Wasteful	\$9.48	\$9.84	\$0.36	MWDOC Penalty Tier (\$5.55) + 33% of various conservation programs (\$4.29)



**Exhibit "B"**

**A complete copy of the  
Proposed Operating Budget for FY 2011-12  
is available with the District Secretary**





**Selected Comparison of Current and Proposed Rates**

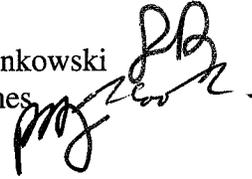
	(in thousands)		
	Irvine Ranch	Los Alisos	Orange Park Acres
<b>Current Residential Rates:</b>			
Commodity Rate	\$1.21	\$1.97	\$1.73
Residential Service	\$8.00	\$9.60	\$16.50 \$2.07
Operations	\$7.50	\$9.10	\$12.35
Replacements	\$0.20	\$0.20	\$4.00
Enhancements	\$0.30	\$0.30	\$0.30
Total Service Charge	\$8.00	\$9.60	\$16.35
Comm. Based on 18ccf	\$19.38	\$30.90	\$33.86
Current Monthly	\$44.03	\$57.15	\$50.21

<b>Proposed Residential Rate Adjustment:</b>			
Base Commodity Rate	\$1.22	\$2.05 <sup>(1)</sup>	\$1.74 \$2.08
Operations	\$7.65	\$9.10 <sup>(1)</sup>	\$11.90
Replacements	\$0.60	\$0.35	\$4.50
Enhancements	\$0.50	\$0.35	\$0.50
Total Service Charge	\$8.75	\$9.80	\$16.90
Comm. Based on 18ccf	\$19.38	\$31.70	\$17.10
Proposed Monthly	\$45.03	\$58.40	\$34.04 \$51.14
Current Monthly	\$44.03	\$57.15	\$50.21
Difference	\$1.00	\$1.25	\$0.93
Change %	2.3%	2.2%	1.9%

(1) The larger meter service charge in the Los Alisos rate area are much lower than equivalent meters in the Irvine Ranch rate area. In anticipation of establishing a uniform rate, the larger meters are being increased by a greater percentage. Meters larger than 1" will have a service charge increase of 19.5% and commodity is carrying an additional \$.08.



April 11, 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 March 28 2011 Regular Board Meeting and the March 29, 2011 Adjourned Regular Meeting for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE MARCH 28, 2011 REGULAR BOARD MEETING AND THE MARCH 29, 2011 ADJOURNED REGULAR MEETING BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – March 28, 2011 Regular Board Meeting  
Exhibit "B" – March 29, 2011 Regular Board Meeting



## EXHIBIT "A"

### MINUTES OF REGULAR MEETING – MARCH 28, 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 March 28, 2011 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Planning/Water Resources Heiertz, Director of Engineering Burton, Treasurer Jacobson, Secretary Bonkowski, Legal Counsel Arneson, Director of Public Affairs Beeman, Director of Operations Pedersen, Director of Wastewater Operations Posey, Mr. Sat Tamaribuchi, Mr. Dean Kirk, Mr. Dan Miller, Mr. Christian Kessler, Mr. Mike Hoolihan, Mr. A. T. Kilani, Ms. Cheryl Carter, Mr. John Dayer, Mr. Henry Solis, Mr. Doug Lawson, Ms. Jaimie Davis, Mr. Glen Allen, Mr. Tony Vaccaro, Mr. Brian Probolsky, Mr. Jim Reed, Mr. Bruce Newell, and other members of the public and staff.

#### WRITTEN COMMUNICATION:

Secretary Bonkowski said that a letter had been received this evening from Ms. Jamie Davis relative to Action Item No. 13 (see pages 7 and 8).

#### 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, C-9, 10, 11, 12, 15, 16, 17 and 18 will operate in accordance with the District's annual pumping plan. Wells 1, 2, 3, 4, 5, 6, 7, 13 and 14 will be off. The District's currently planned pumping for February 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.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED – None.

#### PRESENTATIONS

#### PARTNER COMMENDATION

In celebration of the District's 50<sup>th</sup> anniversary, the IRWD Board of Directors recognizes key "Partners in Service" at each Board meeting. For this evening, General Manager Paul Jones presented a Certificate of Commendation to Mr. Dan Miller, Mr. Sat Tamaribuchi, and Mr. Dean Kirk of the Irvine Company.

#### CAL STATE FULLERTON PUBLIC SECTOR LEADERSHIP

Using a PowerPoint presentation, Ms. Sally Starr, Director, Corporate Relations and Workplace Solutions, provided a presentation on their series entitled "Leadership Development for Public Agencies". Ms. Cheryl Carter, Mr. John Dayer and Mr. Henry Solis were honored for being the first three employees to complete the program and identified as the future leaders of the District.

#### PUBLIC HEARING

#### 2011 GENERAL OBLIGATION REFUNDING BOND ISSUANCE

General Manager Jones said that pursuant to the California Water Code, the Irvine Ranch Water District is required to hold a public hearing and make findings pertaining to the issuance of each series of consolidated Improvement District bonds, including findings related to the issuance of the bonds.

President LaMar declared this to be the time and place for a hearing of the Board of Directors of the Irvine Ranch Water District regarding the proposed Resolution of Issuance of Consolidated Refunding Bonds for Improvement District Nos. 105, 113, 213, and 250, and declared the hearing open. He asked the District Secretary how the hearing was noticed.

Secretary Bonkowski said that Resolution No. 2011-4, declaring the Board's intention to issue bonds, was published for two successive weeks in the Orange County Register on March 14, 2011 and March 21, 2011 and posted at the District office on March 14, 2011. She said that additionally, on March 5, 2011 Resolution No. 2011-4 was posted in three public places within each Improvement District. She presented the Proof of Publication and Affidavit of Posting to be received and filed.

On MOTION by Matheis, seconded and unanimously carried, THE PROOF OF PUBLICATION AND AFFIDAVIT OF POSTING WERE RECEIVED AND FILED.

President LaMar requested Legal Counsel to describe the nature of the proceedings.

Legal Counsel Arneson said that the public hearing would provide an opportunity for all persons interested, including any persons owning land in the Included Improvement Districts, and any persons otherwise interested in the Bonds, to be heard concerning any matters set forth in Resolution No. 2011-4 and the proposed resolution of issuance or any matters material thereto, including the question of whether the burden on the lands of any of the Included Improvement Districts would be increased over the burden that would be borne by such Included Improvement District were its refunding bonds sold separately. Ms. Arneson said that she had made certain minor changes in the form of resolution of issuance and presented the revised form. She also noted that in addition to the matters of which findings are recommended pursuant to the hearing, the Board will be considering the criteria ("SB 613") it had previously adopted in regard to the pledging of District revenues with respect to the Bonds.

President LaMar asked the Treasurer to provide a summary of the proposed bond issue and requested findings. Treasurer Jacobson that that Series 2011A bonds are being issued to refund the existing 2008B Variable Rate issue currently supported by a Letter of Credit from Landesbank Baden-Wurttemberg. The new bonds are being issued as Index Tender Notes and are sold as variable rate bonds with the rate based on a spread to the seven-day municipal index with a mandatory tender in 12 months. With the passage of SB 613, the new issue will provide a *double-barrel pledge* as both Ad Valorem taxes and the net revenues of the District, and as such, will carry a rating reflecting the strength of the District. The new issuance will also reduce the District's dependence on Letter of Credit providers as well as associated fees, saving approximately \$500,000 per year. The lead manager for the new issue is Goldman Sacs, and the co-manager is Morgan Stanley. Pricing for the new issue is expected for April 12, 2011.

Mr. Jacobson said that as stated in the resolution, the Series 2011-A bonds are a consolidated issue and will not increase the cost that included Improvement Districts would pay had the bonds been issued separately, and using a negotiated sale with the features stated, will not increase the cost any included Improvement District will pay over what it would pay if the bonds were sold separately. Based on the criteria approved by the Board in November 2010 for the use of the District's revenue pledge, the planned issuance meets all four criteria with the requirement of at least one being met.

President LaMar inquired of the Secretary whether there have been any written communications. Secretary Bonkowski said that there were none.

President LaMar inquired whether there is anyone present who wishes to address the Board concerning the matter. There were none.

President LaMar inquired whether there are any comments or questions from members of the Board. There were none. He said that the hearing will be closed, and asked for a recommendation to close the hearing and adopt the resolutions. On MOTION by Matheis, seconded and unanimously carried, THE HEARING WAS CLOSED AND THE FOLLOWING RESOLUTIONS WERE ADOPTED BY TITLE:

RESOLUTION NO. 2011-9

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
IRVINE RANCH WATER DISTRICT MAKING FINDINGS  
RELATIVE TO CONSOLIDATED REFUNDING BONDS  
(REFUNDING SERIES 2011A-1 AND 2011A-2)

RESOLUTION NO. 2011- 10

RESOLUTION OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER  
DISTRICT PROVIDING FOR THE ISSUANCE OF CONSOLIDATED BONDS OF SAID  
DISTRICT, APPROVING DOCUMENTS AND AUTHORIZING AND RATIFYING  
CERTAIN ACTIONS (CONSOLIDATED REFUNDING SERIES 2011A-1 AND 2011A-2)

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 6 THROUGH 10 WERE APPROVED AS FOLLOWS:

6. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the March 14, 2011 Regular Board Meeting be approved as presented.

7. FEBRUARY 2011 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for February 2011; approve the February 2011 Summary of Wire Transfers and ACE payments in the total amount of \$14,185,778.03; and approve the February 2011 Warrants Nos. 317699 through 318354, Workers' Compensation distributions and voided checks in the total amount of \$9,906,092.35.

8. STRATEGIC MEASURES DASHBOARD

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

9. MODIFICATION OF “APPLICATION FOR SERVICE AND AGREEMENT”

Recommendation: That the Board adopt the following resolution by title rescinding Resolution No. 2006-8 and revising the form of standard Application for Service and Agreement with the District subject to non-substantive changes.

RESOLUTION NO. 2011 - 11

RESOLUTION OF THE BOARD OF DIRECTORS OF  
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY,  
CALIFORNIA, RESCINDING RESOLUTION NO. 2006-8  
AND REVISING THE FORM OF STANDARD APPLICATION  
FOR SERVICE AND AGREEMENT WITH THE DISTRICT

10. SANTIAGO CANYON AREA BOOSTER PUMP STATION PERMANENT  
GENERATORS – EXPENDITURE AUTHORIZATION

Recommendation: That the Board approve an Expenditure Authorization in the amount of \$49,500 for project 11476 to complete the CEQA documentation for the Santiago Permanent Generators.

ACTION CALENDAR

SAND CANYON AVENUE GRADE SEPARATION BUDGET ADDITION, EXPENDITURE  
AUTHORIZATIONS, AND DESIGN VARIANCE

The Sand Canyon Grade Separation Project will realign and lower the road below the railroad tracks between Burt Road and Laguna Canyon Road and widen Sand Canyon Avenue from four to six lanes. The project includes the installation of a recycled water pipeline along with domestic and sewer pipeline relocations. The cost for this work will be shared with the City of Irvine (the City) due to prior rights, in accordance with the June 2010 Reimbursement Agreement between IRWD and the City. The Orange County Transportation Authority (OCTA), representing the City, will be contracting with CC Meyers to construct the road improvements, railroad work and pipeline relocations. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE ADDITION OF PROJECT 30366 IN THE AMOUNT OF \$731,500 TO THE FISCAL YEAR 2010-11 CAPITAL BUDGET; AUTHORIZED BUDGET INCREASES IN THE AMOUNT OF \$15,800, FROM \$1,743,100 TO \$1,758,900, FOR PROJECT 11455 AND IN THE AMOUNT OF \$5,500, FROM \$847,000 TO \$852,500, FOR PROJECT 21455; APPROVED EXPENDITURE AUTHORIZATIONS FOR PROJECT 11455 IN THE AMOUNT OF \$15,800, FOR PROJECT 21455 IN THE AMOUNT OF \$5,500, AND FOR PROJECT 30366 IN THE AMOUNT OF \$731,500; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 2 IN THE AMOUNT OF \$285,000 WITH TETRA TECH, INC. FOR ADDITIONAL DESIGN AND CONSTRUCTION PHASE SERVICES FOR THE IRWD UTILITY RELOCATIONS PROJECT FOR THE SAND CANYON GRADE SEPARATION, PROJECTS 11455, 21455, AND 30366.

## AUTOMATION SUPPORT CONSULTANT SERVICES

Director of Engineering Burton reported that the District's automation staff consists of a small group of instrumentation and controls engineers, field technicians, and specialists who are responsible for keeping the hardware and software automation systems fully operational on a continuous basis, allowing the District to operate its water and wastewater facilities remotely and with minimal support off-hours. Mr. Burton said that this group is also responsible for the design and construction support for the automation systems required for all IRWD capital projects.

Mr. Burton said that the District is currently implementing an unprecedented number of large and complex capital projects, including: 1) the Michelson Water Recycling Plant (MWRP) Phase 2 expansion which includes a state-of-the-art membrane bioreactor treatment process and a full plant automation upgrade; 2) the Michelson Biosolids and Energy Recovery Facilities Project which will add advanced solids treatment and drying along with energy recovery processes to the MWRP; 3) the Well 21 and 22 Desalting Facility which is a design/build project that will desalt groundwater in the Tustin area utilizing reverse osmosis membranes; 4) the Baker Water Treatment Plant which is a large surface water treatment project using a microfiltration process that will require integration with the other participating agencies and Metropolitan Water District; and 5) various well projects including Well 78, Irvine Desalter Project Well 107, Lake Forest Wells 2, Well 21 and 22, and a new Orange Park Acres (OPA) well and chloramination facility. He said that all of these projects are schedule-driven for a number of reasons, including grant funding requirements, contractual renewal time limits in the Orange County Sanitation District solids handling contract, and commitments to IRWD's project partners. The automation staff will have critical involvement in the design, construction, system integration, and commissioning/startup of these facilities over the next 18 months. Based on the proposed project schedules, additional man-hours for the electrical and automation engineering disciplines are needed to keep pace with these project schedules.

Mr. Burton said that staff evaluated several engineering consulting firms and selected key individuals from these firms to engage as automation consultants. Staff identified individuals at three consulting firms as being highly qualified for performing the requested tasks on the current and upcoming capital projects. He said that the scope of work for the firms is defined as on-call services and that tasks will be assigned to individuals by IRWD staff on an as-needed basis. He said that that staff was able to negotiate very favorable hourly rates for the selected individuals, averaging \$93 per hour with a range of \$67 per hour to \$130 per hour. Staff recommends awarding on-call Professional Services Agreements with HDR Engineering, Inc. in the amount of \$536,200, EI&C Engineering in the amount of \$152,000, and Malcolm Pirnie in the amount of \$154,300.

Director Reinhart said that the Engineering and Operations Committee met on March 15, 2011 and concurs with the staff recommendation. Director Swan asked that staff submit quarterly reports on tasks and funding spent to the Engineering and Operations Committee. On MOTION by Reinhart, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE ON-CALL PROFESSIONAL SERVICE AGREEMENTS WITH HDR ENGINEERING, INC. IN THE AMOUNT OF \$536,200, EI&C**

ENGINEERING IN THE AMOUNT OF \$152,000, AND MALCOLM PIRNIE IN THE AMOUNT OF \$154,300, FOR AUTOMATION SUPPORT CONSULTANT SERVICES.

### WILLIAMS CANYON STORM DAMAGE REPAIR UPDATE

Director of Engineering Burton reported that District staff and Paulus Engineering completed emergency repairs and restored water service to all residents by December 29, 2010. The emergency repairs consisted of installing a buried permanent 200-foot segment of 12-inch PVC pipeline around Area "A" and installing a 500-foot segment of 6-inch temporary above-ground HDPE pipeline around Area "B". Additionally, a new gravel access road was constructed by the District through the washed-out portions of the roadway. This access road is passable with a passenger vehicle and remains the sole means of access for residents in the upper reaches of Williams Canyon. Permanent repair to the 8-inch PVC pipeline segment cannot be completed until the repair of the washed-out segments of the roadway are resolved.

Mr. Burton said that District and Orange County Public Works (OCPW) staff met with the Williams Canyon Residents Association on January 3, 2011 and agreed to work jointly to develop a plan and cost-sharing arrangement to repair the washed-out sections of roadway and to construct rock protection improvements along the Williams Canyon Creek to prevent future storm damage. OCPW indicated its willingness to participate with the District and the residents in the repair of the two sections of the washed-out roadway. He said that the District retained Hunsaker and Associates to survey the damaged areas, prepare preliminary design plans for the new pipeline and roadway, recommend rock protection improvements, and prepare a preliminary cost estimate.

Mr. Burton said that the estimated design and construction cost for the pipeline and roadway repairs, and rock protection improvements in accordance with the District's plan is \$269,100. The District proposed a cost-sharing arrangement where all pipeline and roadway repairs required to restore the facilities to a pre-flood damage condition would be covered 100% by the District and all rock protection improvements to prevent future damage to the pipeline and roadway would be divided evenly between OCPW and the residents. The District's portion of the cost is estimated at \$176,500 and the OCPW and residents' share is estimated at \$45,000 each. He said that staff met with Federal Emergency Management Agency (FEMA) and California Emergency Management Agency (CAL EMA) staff on March 2, 2011 and determined the District may be able to recover up to \$167,906 in reimbursement.

The District and OCPW staff met with the Williams Canyon Residents Association again on March 4, 2011 to present the District's plans for the pipeline, roadway and rock protection improvements along with the proposed cost-sharing arrangement. The District's pipeline and roadway repair plan was very well received, but OCPW and the residents could not commit to provide funds for the rock protection improvements. The District informed OCPW and the residents that the District was not going to participate in the final rock protection design or construction and that they should continue to work together to ensure the rock protection is installed. The District agreed to continue to support the residents in their effort to have OCPW fund the rock protection improvements.

Mr. Burton said that staff recommends the District proceed with the pipeline and roadway repairs based on the proposed cost-sharing, continue to work with FEMA and CAL EMA for reimbursement, and continue to help the residents coordinate with OCPW for the construction of the rock protection improvements. Construction of the Area "A" repairs was expedited and completed on March 10 to allow removal of the temporary access road from private property.

Mr. Doug Lawson, Acting President of the Williams Canyon Residents Association, thanked the District for its work to repair the pipeline as well as providing a gravel access road. He also asked staff to continue assisting with meeting with the OCPW to have the rock protection work done. Additionally, he said that second problem was the uncertainty around the easement and a lack of clarity on it.

Ms. Jaimie Davis, a resident of Williams Canyon, said that she had submitted a letter to the Board relative to the water main on her property which she stated was located outside of the easement. She said that she has plans to build an RV garage and the District's pipeline would hinder any ability to build on this flat area of her property, and requested that it be relocated. She thanked Mr. A.T. Kilani and crews for all of their efforts during the December flooding period as they were very helpful to the residents. Mr. Paul Jones said that the District's right-of-way agent is currently reviewing the matter and that staff would provide her with a response within two weeks. He further said that staff will continue to coordinate with the OCPW on the permanent road and rip-rap work.

Director Reinhart said that this item was reviewed at the Engineering and Operations Committee on March 15, 2011. He said that the District took the lead on this project as it was an emergency situation; however, he said that the District needs to be careful how we proceed and to not overstep our boundaries. Also, he said he recommends that the District eventually relocate the pipe from the road and the creek. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE IN THE AMOUNT OF \$170,500, FROM \$165,000 TO \$335,500 AND APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$170,500 FOR THE WILLIAMS CANYON STORM DAMAGE REPAIR, PROJECT 11570.

#### PILOT EXCHANGE PROGRAM AGREEMENT WITH ANTELOPE VALLEY-EAST KERN WATER AGENCY

Water Resources Manager Weghorst reported that staff, in consultation with the Water Banking Ad Hoc Committee, has negotiated terms for a Pilot Exchange Program with the Antelope Valley-East Kern Water Agency (AVEK). Mr. Weghorst said that the proposed program would allow Irvine Ranch Water District (IRWD) to store up to 5,000 AF of AVEK's unused State Water Project (SWP) Table A water in IRWD's Strand Ranch Integrated Banking Project in Kern County on an unbalanced exchange basis.

Mr. Jones said that the consent of Metropolitan is required for IRWD to secure State Water Project water as specified in the Coordinated Operating, Water Storage, Exchange and Delivery Agreement (Metropolitan Agreement) between IRWD, Metropolitan and Municipal Water District of Orange County. Metropolitan has indicated that it intends to consent to the program if both the IRWD and AVEK Boards approve the Pilot Program. AVEK has expressed an interest in storing additional water up to a total amount of 10,000 AF. If Metropolitan decides to deliver half of the AVEK Exchange Water to its southern California reservoirs, IRWD will have the

option to expand the Pilot Program from 5,000 AF to 10,000 AF and still maintain storage capacity in the Water Bank for water from IRWD's exchange program with Buena Vista Water Storage District and IRWD's Jackson Ranch Water Supply Project.

Director Swan said that he would like to meet the AVEK Board, and asked staff to schedule an introductory meeting for him and any other interested Board members. On MOTION by Swan, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE LETTER AGREEMENT FOR A PILOT EXCHANGE PROGRAM WITH ANTELOPE VALLEY-EAST KERN WATER AGENCY SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY THE GENERAL MANAGER AND LEGAL COUNSEL.**

#### ASSET OPTIMIZATION – SAND CANYON OFFICE DEVELOPMENT MEDICAL OFFICE LEASE AGREEMENT

Treasurer Jacobson reported that in February 2008, the Board approved proceeding with Phase I of the Sand Canyon Office Project on IRWD's property adjacent to the Sand Canyon Headquarters Building. Phase I includes construction of a 16,700 square foot medical office building, a community meeting facility and the reconfiguration of the majority of the existing Sand Canyon Headquarters parking area. The master plan for the site also assumes the eventual construction of approximately 70,000 square feet of professional office space on the property in subsequent phases. Due to a weak office lease/sale market in the Irvine area and specifically with other medical office space in the immediate market area at that time, the Asset Management Committee agreed that the District should proceed with processing the building plan for the project; however, construction should be deferred until market conditions improved or a large tenant could be secured.

Mr. Jacobson said that in May 2010, staff and Voit began discussions with Coastal Fertility regarding their preliminary interest in leasing a portion of the planned medical office building as they have outgrown their existing facility in Irvine and had been searching for a new location. He said that in September 2010, the Asset Management Committee approved the recommended terms and conditions under which a Letter of Intent (LOI) for the office space could be negotiated. At the January 2011 Committee meeting, staff reported that Coastal Fertility had agreed to the District's proposed lease terms, and that a LOI to lease 12,031 square feet (approximately 74%) of the planned medical office building had been executed. Since that time, legal counsel for the District (Rutan & Tucker) and Coastal Fertility drafted lease documents based on terms included in the LOI.

Mr. Jacobson said that while detailed lease terms are included in the Lease Agreement, Build-to-Suit Work Letter and Guaranty, the key terms of the transaction are as follows: 1) space is a total of 12,031 square feet; 2) the 10-year lease commences upon completion of construction/issuance of the Certificate of Occupancy (projected for the summer of 2012); 3) the lease rate is \$3.15 per square foot (\$37,898) per month; rate increases will be 2.5% per year, months one and two abated; 4) the tenant improvement allowance will not exceed \$100 per square foot (additional improvements up to \$125 per square foot could be financed by IRWD at an interest rate of 8.00%); 5) a security deposit of \$110,000 will be held for the lease term. In addition to the security deposit, a Personal Guaranty from Dr. Lawrence Werlin and Dr. Werlin's Trust will

secure the lease for a minimum of the first five years of the lease term; and 6) the lease provides for life and disability insurance policies naming the District as beneficiary with premiums paid by IRWD. Based on the District's estimated project costs (including land cost) and projected lease income, assuming a fully-leased building at a starting lease rate of \$3.15 per square foot, the pro forma rate of return for the project during the first full year of the lease is 7.08%.

Mr. Jacobson said that the District's project manager for the Sand Canyon Office Development, Newport Real Estate Services (NRES), has prepared a bid package for construction of the Phase I building and site improvements and has identified a list of pre-qualified general contractors. Also, concurrent with the bidding process, staff and NRES will work with Coastal Fertility's architect to finalize tenant improvement design and construction costs. Staff will also continue to work with real estate brokers to market the remaining space in the Phase I medical office building during the construction process. Mr. Jacobson said that Mr. Glen Allen and Mr. Tony Vaccaro were in the audience if there were any questions from the Board. There were none.

Director Withers reported that this item was reviewed and approved by the Asset Management Committee meeting. Director Swan asked that additional tenant improvements be added to the insurance policy with Dr. Werlin. On MOTION by Withers, seconded and unanimously carried, **THE BOARD APPROVED THE AIR STANDARD MULTI-TENANT LEASE AGREEMENT AND ADDENDUM TO LEASE INCLUDING THE RELATED BUILD-TO-SUIT WORK LETTER AND GUARANTY IN SUBSTANTIALLY THE FORM PROVIDED IN THE WRITE-UP, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE ALL RELATED LEASE DOCUMENTS.**

#### GENERAL MANAGER'S REPORT

General Manager Jones reported that he attended a MWDOC Manager's meeting last week where it was noted that to date, 16 of the 27 member agencies have approved the agreement relative to budget, activities, charges and other issues. He said that seven additional agencies will be submitting this item to their Boards within the next 30 days. He said that if the agreement is approved by the majority of member agencies, a meeting will be scheduled with a Board member and General Manager from each agency in late April or May.

Mr. Jones said that relative to Item No. 15 on the agenda, he and Mr. Rob Jacobson met with representatives from Snyder Langston and Hoag Hospital today as they are interested in the IRWD Sand Canyon property for assisted living and nursing care for a 220,000 sq. ft. three-story facility. He said that a follow-up meeting will be scheduled with them.

Mr. Jones said that April 4<sup>th</sup> will be the first official Orange Park Acres Community meeting relative to the sewer system and financing plan.

Mr. Jones placed before each Board member a memorandum relative to the Local Government Realignment proposals which includes a summary from California Forward along with exhibits from CSDA.

## DIRECTORS' COMMENTS

Director Reinhart reported on his attendance at a WateReuse Conference last week and thanked Mr. Jones and staff for their efforts in making it a successful event.

Director Withers reported on his attendance at the Children's Water Education Festival and presented to the Board several certificates of recognition for the District's support over the past 15 years.

Director Swan reported on today's meeting at SAWPA relative to the PPIC report. He said that tomorrow he will be attending ACWA's Region X meeting. He said he attended an OCWD/MWDOC meeting, an ACWA meeting, a Southern California Water Dialogue meeting relative to salt management, a MWDOC workshop on regulatory streamlining, and a Sea and Sage dinner event. He also said that he celebrated St. Patrick's Day with the Mayor of Costa Mesa at his establishment.

Director LaMar thanked Mr. Brian Probolsky, Board member of Moulton Niguel Water District, for attending our Board meeting.

Director Matheis reported on her attendance at a Water Education briefing and noted that during a silent auction, she won a lunch with Mr. Lester Snow. She suggested that he be invited to IRWD for a lunch meeting with her and staff.

Director LaMar reported on his attendance on a conference call relative to AB 403 for a new standard for Chromium 6, a MWDOC Board meeting, a MWDOC regulatory reform session, and a City of Irvine Council meeting with Mr. Jones where IRWD received a 40<sup>th</sup> anniversary Certificate of Recognition.

Director Swan asked that the Board meeting be adjourned in memory of Ms. Susan Trager and said that she will be missed.

## ADJOURNMENT

Director LaMar adjourned the Board meeting to March 29, 2011 at 11:00 a.m. in the District's Board and Multi-purpose Rooms to hold a workshop relative to Business Outreach and also in memory of Susan Trager.

APPROVED and SIGNED this 11th day of April, 2011.

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President, IRVINE RANCH WATER DISTRICT

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Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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Legal Counsel - Bowie, Arneson, Wiles & Giannone

## EXHIBIT "B"

### MINUTES OF ADJOURNED REGULAR MEETING – MARCH 29, 2011

The Adjourned Regular Meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by Vice President Matheis at 11:00 a.m., March 29, 2011 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Matheis, Withers, and Reinhart

Directors Absent: Swan and LaMar

Also Present: General Manager Jones, Assistant General Manager Cook, Purchasing Manager Aguilar, Director of Public Affairs Beeman, Director of Finance Cherney, Principal Engineer Cortez, Director of Planning and Water Resources Heiertz, Director of Water Quality Hills, Principal Engineer Hoolihan, Construction Inspection Manager Jack, Principal Engineer Malloy, Senior Engineer Mori, Director of Administrative Services Mossbarger, Legislative Affairs Specialist McLaughlin, Director of Water Operations Pedersen, Director of Wastewater Operations Posey, Senior Purchasing Coordinator Ramirez, Senior Engineer Stewart, Senior Office Specialist Squyres, Principal Engineer Uematsu, Director of Human Resources Wells, and members of the public.

COMMUNICATIONS TO THE BOARD - None

#### WORKSHOP

Vice President Matheis introduced the Board members present. General Manager Jones introduced staff. Using a PowerPoint presentation, Ms. Uematsu provided an overview of the District's upcoming Capital projects to the vendors and suppliers in the audience. Staff asked if there were any questions. There were none. The District's consultant, Adam Probolsky, provided an overview of the District's Business Outreach program.

#### ADJOURNMENT

There being no further business, Vice President Matheis adjourned the meeting.

APPROVED and SIGNED this 11th day of April, 2011.

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President, IRVINE RANCH WATER DISTRICT

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Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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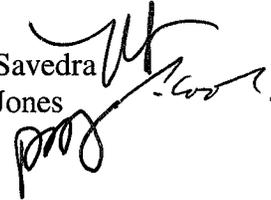
Legal Counsel - Bowie, Arneson, Wiles & Giannone

April 11, 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

3/15/11 NWRI Operations Committee Meeting  
3/31/11 Monthly meeting with Paul Jones regarding District activities  
4/12/11 Meeting with OCWD Board President Steve Sheldon  
4/14/11 Southern California Water Committee Quarterly Meeting

Mary Aileen Matheis

4/01/11 IRWD Resident Tour  
4/09/11 IRWD Resident Tour  
4/18-20/11 Urban Water Institute Conference – Bridging the Gap-The Need for New Water  
4/27/11 2011 SAWPA's OWOW Conference

Doug Reinhart

4/18-20/11 Urban Water Institute Conference – Bridging the Gap-The Need for New Water  
4/29/11 IRWD Resident Tour

Peer Swan

3/19/11 MWDOC Regulatory Streamlining Workshop  
3/23/11 Southern California Water Dialogue Meeting  
3/28/11 SAWPA PPIC Workshop  
4/13/11 IRWD/UCI Coordination Meeting  
4/19/11 WACO Planning Committee Meeting

John Withers

3/24/11 OCWD Children's Water Education Event  
4/18-20/11 Urban Water Institute Conference – Bridging the Gap-The Need for New Water  
4/27/11 2011 SAWPA's OWOW Conference

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

Board Mtgs Events.doc

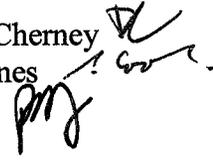


April 11, 2011

Prepared and

Submitted by: Debby Cherney

Approved by: Paul Jones



CONSENT CALENDAR

REIMBURSEMENT TO BOARD MEMBER FOR  
CONFERENCE/TRAVEL/BUSINESS EXPENSES

SUMMARY:

Pursuant to the District Policy regarding business expense reimbursement, travel, meeting compensation and representation, expense reports submitted for reimbursement by members of the Board are subject to approval by two other Board members if submitted to the report reviewer within 60 days after the expenses were paid or incurred. Expense reports submitted outside of this period require approval by the full Board of Directors in order to receive reimbursement. Staff recently received expense reports (including supplemental expense reports) from Director Swan for the period from January 2009 through December 2010. The expense reports have been reviewed and found to be in compliance with the District's adopted policy and require approval of the full Board before staff may issue any reimbursement.

BACKGROUND:

Director Swan has submitted the following expense reports for approval and reimbursement:

<b>Time Period and Purpose</b>	<b>Total Expense Requested</b>	<b>Amount Advanced by IRWD</b>	<b>Balance Due</b>
January 2009 - <i>Monthly Expenses (mileage, toll fees)</i>	\$246.15	\$0.00	\$246.15
February 2009 - <i>Monthly Expenses (mileage, toll fees)</i>	\$243.30	\$0.00	\$243.30
March 2009 - <i>Monthly Expenses (mileage, toll fees)</i>	\$152.45	\$0.00	\$152.45
April 2009 - <i>Monthly Expenses (mileage, toll fees)</i>	\$116.30	\$0.00	\$116.30
May 2009 - <i>Monthly Expenses (mileage, toll fees)</i>	\$67.70	\$0.00	\$67.70
June 2009 - <i>Monthly Expenses (mileage, toll fees)</i>	\$117.40	\$0.00	\$117.40
July 2009 - <i>Monthly Expenses (mileage, toll fees)</i>	\$282.50	\$0.00	\$282.50
August 2009 - <i>Monthly Expenses (mileage, toll fees); San Bernardino County Water Seminar - Ontario, CA</i>	\$246.70	\$125.00	\$121.70
September 2009 - <i>Monthly Expenses (mileage, toll fees)</i>	\$141.45	\$0.00	\$141.45
October 2009 - <i>Monthly Expenses (mileage, toll fees)</i>	\$207.60	\$0.00	\$207.60
October 2009 - <i>Supplemental Expense Report for ACWA Water Management meeting - Sacramento, CA</i>	\$344.75	\$332.20	\$12.55
November 2009 - <i>Monthly Expenses (mileage, toll fees)</i>	\$218.55	\$0.00	\$218.55

<b>Time Period and Purpose</b>	<b>Total Expense Requested</b>	<b>Amount Advanced by IRWD</b>	<b>Balance Due</b>
November 2009 - ACWA Board meeting - Sacramento, CA	\$347.00	\$338.20	\$8.80
December 2009 - Monthly Expenses (mileage, toll fees)	\$54.00	\$0.00	\$54.00
December 2009 - ACWA Conference - San Diego, CA, Colorado River Water Users Association - Las Vegas, NV	\$2,348.45	\$1,389.80	\$958.65
January 2010 - Rating Agency Presentation Meeting - San Francisco, CA, CASA Mid-year Conference - Palm Desert, CA, ACWA Board meeting- Sacramento, CA	\$2,060.76	\$961.80	\$1,098.96
January 2010 - Monthly Expenses (mileage, toll fees)	\$135.00	\$0.00	\$135.00
February 2010 - ACWA Water Management meeting - Sacramento, CA, ACWA Conference - Washington, DC	\$2,565.31	\$918.40	\$1,646.91
February 2010 - Monthly Expenses (mileage, toll fees)	\$80.00	\$0.00	\$80.00
March 2010 - MWDOC Water Policy Forum - Newport Beach, CA, ACWA Board meeting - Sacramento, CA	\$418.96	\$255.40	\$163.56
March 2010 - Monthly Expenses (mileage, toll fees)	\$167.75	\$0.00	\$167.75
April 2010 - ACWA Task Force meeting - Sacramento, CA, CASA Spring Conference - Newport Beach, CA	\$739.40	\$716.40	\$23.00
April 2010 - Monthly Expenses (mileage, toll fees)	\$173.00	\$0.00	\$173.00
May 2010 - Monthly Expenses (mileage, toll fees)	\$117.75	\$0.00	\$117.75
June 2010 - Monthly Expenses (mileage, toll fees)	\$132.00	\$0.00	\$132.00
July 2010 - Monthly Expenses (mileage, toll fees)	\$316.50	\$0.00	\$316.50
August 2010 - Monthly Expenses (mileage, toll fees)	\$192.25	\$0.00	\$192.25
September 2010 - Monthly Expenses (mileage, toll fees)	\$174.75	\$0.00	\$174.75
October 2010 - Bakersfield Business Conference - Bakersfield, CA	\$674.88	\$395.00	\$279.88
October 2010 - Monthly Expenses (mileage, toll fees)	\$289.75	\$0.00	\$289.75
November 2010 - Monthly Expenses (mileage, toll fees)	\$231.75	\$0.00	\$231.75
December 2010 - Supplemental Report for Bond Pricing - New York, NY	\$52.32	\$0.00	\$52.32
<b>TOTAL</b>	<b>\$13,656.43</b>	<b>\$5,432.20</b>	<b>\$8,224.23</b>

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.

FISCAL IMPACTS:

Approval is required of expenses in the amount of \$13,656.43, of which the District advanced \$5,432.20. If approved, Director Swan will receive reimbursement of conference, travel and other District-related expenses for the period January 2009 through December 2010 in the amount of \$8,224.23.

COMMITTEE STATUS:

This item was not reviewed by a committee. Typically, Director expense reports are submitted to two Board members for approval pursuant to the policy.

RECOMMENDATION:

THAT THE BOARD APPROVE THE JANUARY 2009 THROUGH DECEMBER 2010 EXPENSE REPORTS SUBMITTED FOR REIMBURSEMENT OF BOARD OF DIRECTORS' CONFERENCE, TRAVEL AND BUSINESS EXPENSES INCURRED BY DIRECTOR SWAN IN THE TOTAL AMOUNT OF \$13,656.43 OF WHICH THE DISTRICT ADVANCED \$5,432.20, FOR A NET SUM DUE DIRECTOR SWAN OF \$8,224.23.

LIST OF EXHIBITS:

Exhibit "A" – Expense Reports for January 2009 through December 2010 (limited distribution)

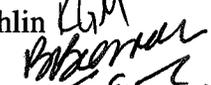


A copy of  
Exhibit “A” can be  
obtained from the  
District Secretary.



April 11, 2011

Prepared by: K. McLaughlin 

Submitted by: B. Beeman 

Approved by: Paul Jones 

## 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 246 (Wieckowski): Water quality enforcement – OPPOSE
- AB 249 (Berryhill): Unlicensed contractors – WATCH
- AB 550 (Huber): Peripheral canal – OPPOSE
- AB 1354 (Huber): Retentions – OPPOSE
- SB 34 (Simitian): California Water Investment Act of 2011 – OPPOSE
- SB 200 (Wolk): Delta conveyance facility – OPPOSE

#### BACKGROUND:

Legislative policy committee hearings are well underway for the 2011 legislative session. Fiscal bills must be passed by their first policy committee hearing by May 6 and non-fiscal bills must be passed by their first policy committee hearing by May 13 in order to continue to move forward this year. Spot bills must be amended with enough time to be heard in and voted upon a policy committee prior to the deadlines.

#### State Budget Update:

Governor Brown signed approximately \$14 billion in budget cuts into law on March 24, leaving a budget deficit of approximately \$15.4 billion to be negotiated. On Tuesday, March 29, Governor Brown announced that he had ended budget negotiations with Republican Legislators. The Governor characterized Republicans as obstructionist after their list of demands in exchange for supporting the tax extension ballot measure in June grew to 53. In response, Republicans accused the Governor and Democrats of being too beholden to the labor unions and trial lawyers to reach a compromise that could be supported by Republican lawmakers. With the breakdown of negotiations and the Senate Democrats announcing they will not pursue a majority-vote route for a June election, it remains unclear how the Governor and the Legislature will proceed to bridge the remaining \$15.4 billion deficit.

#### IRWD-sponsored Legislation:

*AB 741 (Huffman): Sewer Improvement Financing*

IRWD-sponsored AB 741 (Huffman), which would expand existing law to allow property owners to voluntarily enter into agreements with local wastewater agencies to finance needed

sewer improvements, is scheduled to be heard in the Assembly Local Government Committee on April 27.

To date AB 741 (Huffman) has received wide support including the Association of California Water Agencies, California Special Districts Association, California Municipal Utilities Association, California Association of Sanitation Agencies, and Southern California Water Committee. There is no registered opposition to the bill.

Other 2011 Legislation:

*AB 246 (Wieckowski): Water Quality: enforcement*

AB 246 (Weickowski) would authorize the Regional Water Quality Control Boards to delegate the judicial enforcement authority of their executive officers to the Attorney General, district attorney, or city attorney. By expanding the number of agencies charged with the ability to file civil prosecutions for violations of the water quality act, and by reducing the oversight of the ability of a Regional Board to seek such enforcement, this bill has the potential to increase judicial enforcement actions against water suppliers for water quality act violations.

WaterReuse Association and the Association of California Water Agencies, among others, are opposed to this bill. Staff recommends that the Board consider an OPPOSE position on AB 246 (Wieckowski).

*AB 550 (Huber): Peripheral Canal*

AB 550, a reintroduction of AB 1594 (Huber) from 2010, would prohibit the construction of a peripheral canal that conveys water to a location south of the Delta unless expressly authorized by the Legislature. This bill poses a direct threat to achieving the co-equal goals of ecosystem restoration and reliable water supplies in the Delta and undermines water supply reliability throughout the state. Last year, AB 1594 was held in the Assembly Water, Parks and Wildlife Committee.

AB 550 has not yet been referred to a committee or set for hearing. IRWD took an oppose position on AB 1594 (Huber) in 2010 and staff recommends that the Board consider an OPPOSE position on AB 550 (Huber).

*SB 34 (Simitian): Public Goods Charge*

SB 34 (Simitian) was amended on March 23 to include a detailed public goods charge proposal. As amended, SB 34 would enact the California Water Resources Investment Act of 2011 and impose an annual volumetric charge on water retailers for nonagricultural use and an annual charge based on irrigated acreage for agricultural use. Fifty percent of the revenues collected would go to the California Water Resources Investment Fund for continuous appropriation for specified programs proposed by the California Water Commission including statewide water resources projects, financing the operating expenses of the Delta Stewardship Council and the Delta Plan, projects that reduce the impacts of mercury contamination in the Delta and specified scientific studies and assessments. The other 50% would be continuously appropriated to the

Integrated Regional Water Management Plan funding regions for regional projects including water storage, conservation, conveyance, desalination, recycling, levee improvements, safe drinking water, flood plain management, and the restoration of fish and wildlife consistent with the Integrated Regional Water Management Plan.

AB 34 faces an uphill battle as it would need a 2/3 vote for passage under Proposition 26 passed in November. Senator Simitian is planning to hold stakeholder meetings on SB 34 beginning in April to determine if a consensus bill can be developed. This is expected to be a formidable task with many in the water industry already opposing the bill, including the Association of California Water Agencies.

The Committee and Board have discussed advocating for an exemption for agencies that utilize an allocation-based conservation rate structure as defined in IRWD-sponsored AB 2882 (Wolk) enacted in 2008, an idea some of our water industry colleagues are also interested in. However, it is unclear whether the author would accept such a change and as written, SB 34 is contrary to IRWD's "Water Resources Funding Policy Principles" as adopted in May 2007, which state:

A "user-fee" or "beneficiary pays" program should never be a statewide program. If such a fee is necessary, it should only be regionally administered, collected and distributed. Any such fee should be equitably and proportionally based on the project benefits from derived by those who are subject to the fee and "beneficiary" must be clearly defined.

Staff recommends that the Board consider an OPPOSE position on SB 34 (Simitian).

#### *SB 200 (Wolk): Delta Conveyance Facility*

SB 200 (Wolk) would prohibit the construction of a new Delta conveyance facility unless a laundry list of specified conditions are met including the advancement of 12 unrelated water supply facilities authorized in SB 200 (Ayala) in 1980 and vague, unworkable mandates. Further, SB 200 would essentially give in-Delta water agencies veto power over any Delta conveyance improvement.

SB 200 would effectively replace the 2009 Delta/water legislative package and create a variety of obstacles to conveyance improvements. A significant opposition coalition has developed led by the Metropolitan Water District of Southern California. Staff recommends that the Board consider an OPPOSE position on SB 200 (Wolk).

#### *Public Contracting Legislation*

Three bills related to public contracting were introduced this year, sponsored by the Engineering Contractor's Association: AB 249 (Berryhill) related to unlicensed contractors, AB 457 (Wagner) related to the public contract bidding processes, and AB 1354 (Huber) related to retentions. Staff has been working through the California Special Districts Association to respond to these bills. CSDA has taken positions of opposition on all three bills.

Current law allows for the recovery of compensation paid for services rendered by an unlicensed contractor through a court action. AB 249 (Berryhill) would limit this recovery of compensation to only the timeframe during which the contractor was unlicensed. For example, if the contractor's license lapsed for a week in the middle of a year-long project, costs could only be recovered for that week of work, not for the entire project. The existing law is designed to encourage contractors to keep their licenses current; however, the sponsors argue that it is being used by unscrupulous contractors as a legal excuse to not pay subcontractors. The sponsors state that AB 249 will discourage this practice while continuing to maintain consumer protections against unlicensed contractors. The bill was recently amended to exclude residential properties.

AB 457 (Wagner) would have allowed a bidder who successfully challenges the award of a public works contract determined to be invalid due to errors or omissions of the public entity to recover costs and attorney's fees incurred in pursuing the challenge. Due to the highly effective efforts of the opposition coalition, the author and sponsor have pulled AB 457 and do not plan to move forward with it this year.

Current law allows public entities to withhold at least 5% and up to 10% from payments to a general contractor, pending satisfactory completion of the project. AB 1354 (Huber) would eliminate the ability of a public agency to retaining any portion of payment on a contract. Payment retention is an effective method of keeping contractors on the job until it is fully complete. Withheld funds are a financial loss to contractors if a project is abandoned, and the retained funds can help the agency pay for the cost to finish the work. Withholding money from payments to a contractor is a traditional practice in managing construction projects, both in the public and private sectors. AB 1354 would weaken an important tool needed for safeguarding public money and ensuring that public works projects are completed in a timely and satisfactory manner.

Staff recommends that the Board consider a WATCH position on AB 249 (Berryhill) and an OPPOSE position on AB 1354 (Huber).

#### *Local Government Transparency/Reform Proposals*

More than 30 bills related to local government transparency and reform have been introduced in the 2011 legislative session on topics including compensation reporting, audits and financial reports, meetings, and financial interests. Many continue to be spot or intent bills and there are many vehicles for each topic. Staff has been working with the California Special Districts Association to review these bills and subsequent amendments and determine the impact they will have on the special district community and develop strategies for working with the Legislature on these topics. The Assembly Local Government Committee will be hearing Assembly bills on this topic on April 27. Staff will continue working with the local government community and will provide the Committee with updates and recommendations as appropriate on these bills as they take shape.

#### FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed at the Water Resources Policy and Communications Committee on April 7, 2011.

RECOMMENDATION:

THAT THE BOARD TAKE A WATCH POSITION ON AB 249 (BERRYHILL) AND AN OPPOSE POSITION ON AB 246 (WEICKOWSKI), AB 550 (HUBER), AB 1354 (HUBER), SB 34 (SIMITIAN), AND SB 200 (WOLK).

LIST OF EXHIBITS:

Exhibit "A" – 2011 IRWD Legislative Matrix



**EXHIBIT "A"**

**IRWD 2011 LEGISLATIVE MATRIX  
March 30, 2011**

<b>Bill No. Author</b>	<b>Title</b>	<b>IRWD Position</b>	<b>Summary/Effects</b>	<b>Status</b>
<b>AB 19</b> Fong (D)	Building Standards: Water Meters: Multiunit Structures		Requires a water purveyor providing water service to a newly constructed multiunit residential structure or mixed-use residential and commercial structure that submits an application for a water connection, to either adopt a general policy to require the installation of either a water meter or a submeter to measure water supplied to each individual unit, or to inform the applicant whether a meter is required to be installed for each unit. Requires the structure owner to ensure meters comply with standards.	03/23/2011 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on HOUSING AND COMMUNITY DEVELOPMENT.
<b>AB 23</b> 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.
<b>AB 54</b> Solorio (D)	Drinking Water		Requires a mutual water company to submit a service boundary map. Relates to service boundary expansion. 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. Authorizes a local agency formation commission to review and approve or disapprove the consolidation of territory within a mutual water company.	03/29/2011 - From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.;03/29/2011 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.
<b>AB 83</b> 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.	01/27/2011 - To ASSEMBLY Committee on NATURAL RESOURCES.

**IRWD 2011 LEGISLATIVE MATRIX**  
**March 30, 2011**

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
<b>AB 134</b> Dickinson (D)	Sacramento Regional County Sanitation District	Oppose	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. Authorizes the State Water Resources Control Board to grant a permit to appropriate that treated wastewater upon terms and conditions determined by the board.	03/23/2011 - From ASSEMBLY Committee on WATER, PARKS AND WILDLIFE with author's amendments.;03/23/2011 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on WATER, PARKS AND WILDLIFE.
<b>AB 148</b> Smyth (R)	Local Government: Ethics Training: Disclosure	Watch	Defines the term ethics laws, for purposes of training for officers and employees of a local government, to include compensation setting guidelines 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 Controller. Requires a local agency that has adopted a written attendance compensation policy to post the policy on the local agency's Web site.	03/16/2011 - From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.;03/16/2011 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.
<b>AB 157</b> Jeffries (R)	Safe, Clean and Reliable Drinking Water Supply Act	Oppose	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.	02/24/2011 - To ASSEMBLY Committees on WATER, PARKS AND WILDLIFE and ENVIRONMENTAL SAFETY AND TOXIC MATERIALS.

**IRWD 2011 LEGISLATIVE MATRIX**

March 30, 2011

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
<b>AB 246</b> Wieckowski (D)	Water Quality: Enforcement		Authorizes a regional water quality control board to delegate to its executive officer the authority to apply for judicial enforcement to the Attorney General, a district attorney, a city attorney of a city with a population that exceeds 750,000, or a city attorney for a city and county. Authorizes a district attorney, a city attorney of a city with a specified population to bring civil actions under the Porter-Cologne Water Quality Act and only upon approval of the Attorney General.	03/29/2011 - From ASSEMBLY Committee on JUDICIARY with author's amendments;03/29/2011 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on JUDICIARY.
<b>AB 249</b> Berryhill B (R)	Contractors		Limits the action for recovery of compensation paid to services for the construction or improvement of residential property. Authorizes a person who utilizes the services of an unlicensed contractor for the construction or improvement of property other than specified residential property to bring an action in any court of competent jurisdiction in this state to recover all compensation paid to the contractor for performance of any act or contract during the time the contractor was not properly licensed.	03/15/2011 - From ASSEMBLY Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION with author's amendments;03/15/2011 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION.
<b>AB 262</b> Harkey (R)	California Regional Water Quality Control Boards	Watch	Revises the description of the boundaries of the Santa Ana Regional Water Quality Control Board and the San Diego Regional Water Quality Control Board.	02/18/2011 - To ASSEMBLY Committee on ENVIRONMENTAL SAFETY AND TOXIC MATERIALS.

**IRWD 2011 LEGISLATIVE MATRIX**

March 30, 2011

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
<u><b>AB 275</b></u> Solorio (D)	Rainwater Capture Act of 2011		Enacts the Rainwater Capture Act of 2011. Authorizes residential, commercial, and governmental landowners to install, maintain, and operate rain barrel systems and rainwater capture systems for specified purposes, provided that the systems comply with specified requirements. Authorizes a landscape contractor to enter into a prime contract for the construction of a rainwater capture system if the system is used for landscape irrigation. Authorizes certain contractors to design and install all exterior parts.	03/25/2011 - From ASSEMBLY Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION with author's amendments.;03/25/2011 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION.
<u><b>AB 392</b></u> Alejo (D)	Ralph M. Brown Act: Posting Agendas		Requires the legislative body of a local agency, at least 72 hours before a regular meeting of that body, to post the writings that relate to an agenda item for the open session of that regular meeting. Requires the legislative body to post the agenda and the writings on its internet web site.	03/03/2011 - To ASSEMBLY Committees on LOCAL GOVERNMENT and GOVERNMENTAL ORGANIZATION.
<u><b>AB 403</b></u> Campos (D)	Public Drinking Water Standards: Hexavalent Chromium	Watch	Requires the Department of Public Health to establish a primary drinking water standard for hexavalent chromium on or before a specified date. Provides that if a standard is not adopted by that date, the public health goal set by the Office of Environmental Health Hazard Assessment shall be the applicable standard.	02/24/2011 - To ASSEMBLY Committee on ENVIRONMENTAL SAFETY AND TOXIC MATERIALS.
<u><b>AB 457</b></u> Wagner (R)	Public Works Contracts: Relief for Bidders		Entitles a bidder who successfully challenges the award of a public works contract determined to be invalid due to errors or omissions of the public entity to recover costs and attorney's fees incurred in pursuing the challenge.	03/22/2011 - In ASSEMBLY Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION: Not heard.

**IRWD 2011 LEGISLATIVE MATRIX**

**March 30, 2011**

<b>Bill No. Author</b>	<b>Title</b>	<b>IRWD Position</b>	<b>Summary/Effects</b>	<b>Status</b>
<b>AB 550</b> Huber (D)	Sacramento-San Joaquin Delta: Peripheral Canal		Prohibits the construction of a peripheral canal that conveys water from a diversion point in the Sacramento River to a location south of the Sacramento-San Joaquin Delta, unless expressly authorized by the Legislature. Requires the Legislative Analyst's Office to complete an economic feasibility analysis prior to the enactment of a statute authorizing the construction of a peripheral canal. Prohibits the construction and operation of a peripheral canal from diminishing water quality.	03/25/2011 - To ASSEMBLY Committees on WATER, PARKS AND WILDLIFE and APPROPRIATIONS.
<b>AB 576</b> Dickinson (D)	Delta Plan: Financing		Requires the Delta Stewardship Council to develop a long-term finance plan to pay for the costs of implementing the Delta Plan by a specified date. Prohibits the council from adopting new fees for these purposes unless authorized by statute. Authorizes the council, before adopting and collecting long-term revenue sources, to seek to obtain early funding contributions from entities that may benefit from implementation of the Plan and to track those contributions.	03/31/2011 - From ASSEMBLY Committee on WATER, PARKS AND WILDLIFE with author's amendments.;03/31/2011 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on WATER, PARKS AND WILDLIFE.
<b>AB 741</b> Huffman (D)	Onsite Wastewater Disposal Conversion	Sponsor	Amends an existing law authorizing an owner of property included within an assessment district for construction of a main trunkline or collector sewer lines to request the governing board to construct plumbing to connect his or her property to the adjoining public sewer system. Authorize defined entities, to use this provision for the purpose of converting properties from onsite septic systems and connecting them to the sewer system and for replacing existing sewer laterals connecting sewer pipes.	03/14/2011 - From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.;03/14/2011 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.

**IRWD 2011 LEGISLATIVE MATRIX**

March 30, 2011

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
<b>AB 938</b> Perez V (D)	Public Water Systems		Amends existing law that establishes the Safe Drinking Water State Revolving Fund and requires total funding of a single project, to be determined by an assessment of affordability. Adds environmental documentation to the costs of a single project that the department is required to determine by an assessment of affordability. Requires that written public notice given by a public water system be in various languages.	03/10/2011 - To ASSEMBLY Committees on ENVIRONMENTAL SAFETY AND TOXIC MATERIALS and WATER, PARKS AND WILDLIFE.
<b>AB 964</b> Huffman (D)	State Water Pollution Fund: Onsite Sewer Projects	Watch	Requires financial assistance provided from the State Water Pollution Control Revolving Fund to be provided only for projects for which a public agency has adopted a sewer system management plan that includes a prescribed plan for sewer upgrades. Requires a public agency receiving assistance from the fund for that purpose to report to the State Water Resources Board on its progress with respect to developing and implementing the plan.	03/17/2011 - From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.;03/17/2011 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.
<b>AB 1048</b> Harkey (R)	Water Quality: Recycled Water and Wastewater: Fluoride		Requires the State Water Resources Control Board to adopt a statewide policy establishing standards for levels of fluoride in recycled water and wastewater.	03/16/2011 - Withdrawn from ASSEMBLY Committee on WATER, PARKS AND WILDLIFE.;03/16/2011 - Re-referred to ASSEMBLY Committee on ENVIRONMENTAL SAFETY AND TOXIC MATERIALS.

**IRWD 2011 LEGISLATIVE MATRIX**  
**March 30, 2011**

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
<b>AB 1184</b> Gatto (D)	Public Employees' Retirement Benefits		Amends the Public Employees' Retirement Law. Provides that the obligations for retirement benefits that are attributable to excess compensation earned by a nonrepresented employee who was employed by one or more public agencies shall be the sole obligation of the subsequent contracting agency that paid the excess compensation.	03/17/2011 - To ASSEMBLY Committee on PUBLIC EMPLOYEES, RETIREMENT AND SOCIAL SECURITY.
<b>AB 1283</b> Berryhill B (R)	Safe, Clean, and Reliable Drinking Water Supply Act		Declares the intent of the Legislature to enact legislation relating to the Safe, Clean, and Reliable Drinking Water Supply Act of 2012.	02/18/2011 - INTRODUCED.
<b>AB 1299</b> Huffman (D)	Marine Fisheries: Forage Species		Enacts the Forage Species Conservation and Management Act of 2011. States the policy of the state with regard to forage species. Requires fishery management plans that significantly affect a forage species to be consistent with policy. Requires the Fish and Game Commission to restrict the development of and emerging fishery or the expansion of an established fishery where forage species are a significant component of the catch, unless it makes specified findings.	03/23/2011 - From ASSEMBLY Committee on WATER, PARKS AND WILDLIFE with author's amendments.;03/23/2011 - In ASSEMBLY. Read second time and amended. Re-referred to Committee on WATER, PARKS AND WILDLIFE.
<b>AB 1354</b> Huber (D)	Public Works: Payments: Retention		Relates to retentions of public works payments. Prohibits the retention of any amount with respect to all contracts entered into on or after January 1, 2012, between a public entity and an original contractor, between an original contractor and a subcontractor, and between all subcontractors.	03/21/2011 - To ASSEMBLY Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION.
<b>SB 27</b> Simittian (D)	Public Retirement: Final Compensation: Computation		Amends the state Teachers' Retirement Law to include the creditable compensation definition under the Defined Benefit Supplement Program, a lump sum payment under the program, to apply to certain retirees a provision that permits a retired member of the system to perform specified duties as independent contractor with no service credit and limits or prohibits compensation, and the Cash Balance Benefit Program. Relates to service compensation reporting under the Public Employees' Retirement Law.	03/21/2011 - From SENATE Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on APPROPRIATIONS.

**IRWD 2011 LEGISLATIVE MATRIX**

March 30, 2011

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
<b>SB 31</b> Correa (D)	Local Government: Lobbyist Registration		Enacts a comprehensive scheme to regulate lobbying entities that lobby local government agencies, including requirements to register and make periodic reports regarding certain lobbying activities. Requires each agency to create a commission to implement and enforce these provisions. Provides that any person who knowingly or willingly violates a provision, or knowingly or willfully aides and abets any person in violation of any provision is guilty of a misdemeanor.	03/31/2011 - Re-referred to SENATE Committee on ELECTIONS AND CONSTITUTIONAL AMENDMENTS.
<b>SB 34</b> Simitian (D)	Water Resources Investment Act of 2011		Requires revenues and charges collected under the Water Resources Investment Program to be deposited in the state Water Resources Investment Program and regional investment accounts within the fund. Requires the moneys in the regional accounts to be appropriated for regional water-related requirements. Requires the money in the state account to be appropriated for specified statewide water-related programs. Requires audits of these funds and annual submission to the Governor and Legislature.	03/31/2011 - Re-referred to SENATE Committees on NATURAL RESOURCES AND WATER and GOVERNANCE AND FINANCE.
<b>SB 46</b> Correa (D)	Local Government: Compensation Disclosure		Requires each public official required to file a statement of public interest to file a compensation disclosure form. Provides the form would be open to public inspection. Requires each public agency post the information contained on the filed form on its Internet Web site. Requires the Controller to adopt governing regulations including a format for the form. Authorizes a district attorney or any interested person to commence an action by mandamus to enforce these provisions.	03/16/2011 - In SENATE Committee on GOVERNANCE AND FINANCE: Not heard.
<b>SB 52</b> 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**  
**March 30, 2011**

Bill No. Author	Title	IRWD Position	Summary/Effects	Status
<u><b>SB 186</b></u> Kehoe (D)	The Controller		Authorizes the Controller to exercise discretionary authority to perform an audit or investigation of any county, city, special district, joint powers authority, or redevelopment agency, if the Controller possesses documentation that results in reason to believe that the local agency is not complying with state law, grant agreements, local ordinances, to determine fiscal viability and to prepare a report of the results of the audit or investigation and to file a copy with the local legislative body.  Increases the maximum amount that a legislative body may transfer of unclaimed money from a special fund to the general fund. Authorizes local entities to invest in certificates of deposit of a federally licensed branch of a foreign bank. Relates to community service district boards. Relates to local general plan public meetings. Amends the Subdivision Map Act relating to conveyances of land. Relates to blighted areas and wartime housing projects. Relates to local construction contracts.	03/22/2011 - In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.
<u><b>SB 194</b></u> Governance and Finance Cmt	Local Government: Omnibus Bill		Amends the Delta Reform Act of 2009 that requires the Delta Stewardship Council to consider the Bay Delta Conservation Plan (BDCP) for inclusion in a specified Delta Plan and the authorizes the incorporation of the plan into the Delta Plan if the BDCP meets certain requirements. Requires any state agency that is responsible for authorizing or implementing any action of the BDCP to ensure the action is consistent with specified requirements prescribed by these provisions.	02/17/2011 - To SENATE Committee on GOVERNANCE AND FINANCE.
<u><b>SB 200</b></u> Wolk (D)	Sacramento-San Joaquin Delta: Bay Delta Conservation		Deletes that repeal of existing law that generally prohibits a person from possessing, importing, shipping, or transporting in the state, or from placing, planting, or causing to be placed or planted in any water within the state, dreissenid mussels, and authorizes the Director of Fish and Game or his or her designee to engage in various enforcement activities. Provides that a person who violates or resists, delays, obstructs, or interferes with the implementation of these provision is subject to a penalty.	03/24/2011 - From SENATE Committee on NATURAL RESOURCES AND WATER with author's amendments;03/24/2011 - In SENATE. Read second time and amended. Re-referred to Committee on NATURAL RESOURCES AND WATER.
<u><b>SB 215</b></u> Huff (R)	Invasive Aquatic Species: Mussels	Support		02/17/2011 - To SENATE Committee on NATURAL RESOURCES AND WATER.

**IRWD 2011 LEGISLATIVE MATRIX**

March 30, 2011

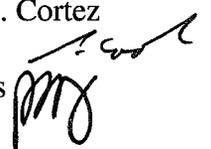
Bill No. Author	Title	IRWD Position	Summary/Effects	Status
<u>SB 449</u> Pavley (D)	Controller: Local Agency Financial Review		Authorizes the Controller to conduct a preliminary review to determine the existence of a local agency financial problem, and perform an audit upon completion of that review. Requires the Controller to convene a local agency financial review committee and authorize the committee to recommend a financial recovery plan for a local agency requesting assistance.	03/30/2011 - From SENATE Committee on GOVERNANCE AND FINANCE with author's amendments.;03/30/2011 - In SENATE. Read second time and amended. Re-referred to Committee on GOVERNANCE AND FINANCE.
<u>SB 571</u> Wolk (D)	Water Commission: Financing and Developing Resources		Requires the Water Commission to develop a master plan for financing and developing water resources in the state, including specified assessments and recommendations. Requires the commission to annually review and audit the award of state funds for water resources projects and programs and to develop a prioritized list of projects and programs related to water supply, water quality, water conservation, water use efficiency, and ecosystem and watershed restoration.	03/03/2011 - To SENATE Committee on NATURAL RESOURCES AND WATER.
<u>SB 607</u> Walters (R)	Water Resources Board: Brackish Groundwater Treatment		Requires the Water Resources Control Board to adopt a statewide policy establishing water quality standards applicable to the discharge of wastewater resulting from treatment of brackish groundwater for potable use. Requires the board to comply with various requirements related to brackish groundwater treatment, including a requirement to establish waste discharge permit requirements applicable to such groundwater treatment projects.	03/31/2011 - Re-referred to SENATE Committee on ENVIRONMENTAL QUALITY.
<u>SB 834</u> Wolk (D)	Integrated Regional Water Management Plans: Contents		Requires an integrated regional water management plan to demonstrate the manner in which the plan complies with a specified state policy concerning reducing reliance on the Sacramento-San Joaquin Delta for water supply and improving regional self-reliance for water.	03/10/2011 - To SENATE Committee on NATURAL RESOURCES AND WATER.

April 11, 2011

Prepared by: H. Cho/M. Cortez

Submitted by: K. Burton

Approved by: Paul Jones



## CONSENT CALENDAR

### RECLAIMED WATER DECHLORINATION STATIONS REDUCTION OF RETENTION

#### SUMMARY:

Construction of the Reclaimed Water Dechlorination Stations is 99% completed. The contractor, F.T. Ziebarth, requests that retention withheld from payments be reduced from 10% to 5% of the contract amount. Staff is recommending reduction of retention for Project 30206, Reclaimed Water Dechlorination Stations.

#### BACKGROUND:

This project consists of the construction of permanent dechlorination stations at the Rattlesnake Reservoir and Sand Canyon Reservoir to dechlorinate the recycled water released into both reservoirs to satisfy the terms of IRWD's National Pollution Discharge Elimination System (NPDES) permit for the Michelson Water Recycling Plant (MWRP).

On November 23, 2009, F.T. Ziebarth was awarded the construction contract for this project in the amount of \$627,700. The project is 99% completed, and the final item for construction completion is to test the new dechlorination chemical pumps and water quality instruments. In order to test the equipment, recycled water will need to be pumped into Sand Canyon Reservoir. Due to the wet winter, the Sand Canyon Reservoir is currently full. Pumping recycled water into the reservoir will overflow the reservoir, which is a violation the terms of the District's NPDES permit. After a period of dry and warm weather, staff anticipates that the reservoir will be drafted down sufficiently to allow the pumping of recycled water necessary for the testing of the dechlorination system to take place. Given the current weather patterns, it may be four to six weeks before the testing of the dechlorination system can take place.

The contractor has formally requested that the project retention be reduced pursuant to the project manual. According to General Provisions Section 11.4.3 "At any time after fifty percent of the work has been satisfactorily completed and if DISTRICT determines that aggressive progress will continue to a timely completion of the Work, DISTRICT may pay any of the remaining progress payments in full for actual work completed."

Staff has reviewed the contractor's request and verified that they are currently working at a pace to complete the contract work prior to the contract completion date. F.T. Ziebarth has consistently maintained good construction progress throughout the project duration.

#### FISCAL IMPACTS:

Approval of the request to reduce the retention from 10% to 5% of the contract amount will not impact the project budget.

ENVIRONMENTAL COMPLIANCE:

This project is exempt from the California Environmental Quality Act (CEQA) as authorized under the California Code of Regulations, Title 14, Chapter 3, Sections 15301 and 15302. A Notice of Exemption was filed with the County of Orange on April 14, 2009.

COMMITTEE STATUS:

This item was not reviewed by a Committee.

RECOMMENDATION:

THAT THE BOARD FIND THAT SATISFACTORY PROGRESS IS BEING MADE ON THE DISTRICT'S CONTRACT WITH F.T. ZIEBARTH; AUTHORIZE THE REDUCTION OF RETENTION FROM 10% TO 5% OF THE CONTRACT AMOUNT; AND RELEASE FUNDS IN EXCESS OF 5% OF THE CONTRACT AMOUNT FROM RETENTION CURRENTLY HELD FOR RECLAIMED WATER DECHLORINATION STATIONS, PROJECT 30206.

LIST OF EXHIBITS:

None.

April 11, 2011

Prepared by: T. Bonkowski/M. Cortez

Submitted by: K. Burton

Approved by: Paul Jones

*[Handwritten signatures and initials: T. Bonkowski, M. Cortez, K. Burton, Paul Jones, and a circled 'M']*

**ACTION CALENDAR**

**LOS ALISOS WATER RECYCLING PLANT  
LANDSCAPE IMPROVEMENTS CONSTRUCTION AWARD**

**SUMMARY:**

The Los Alisos Water Recycling Plant (LAWRP) landscaping and irrigation system improvements enhance the area surrounding Ponds 1 and 2 and along Muirlands, Burroughs, Whatney and McLaren. Staff recommends that the Board authorize the General Manager to execute a construction contract with Tropical Plaza Nursery, Inc. in the amount of \$138,271 for the LAWRP Landscape Improvements.

**BACKGROUND:**

The recently completed upgrades of the LAWRP included improvements to the headworks, disinfection chemical feed facilities, chlorine contact tank, SCADA and recycled water pumping facilities. These improvements were completed in April 2009. During the construction, Ridge Landscape Architects (Ridge) was selected to design the landscaping and irrigation, for the project. Ridge completed the design in December 2010; the Location Map is attached as Exhibit "A". Plants were selected to complement LAWRP's existing plant palette, and coordinated with Shadetree Partnership, Inc. (Shadetree). With the goal of reducing the project costs, Shadetree will provide the majority of the trees, shrubs and plant material, including 73 24-inch box trees and 3,757 one- and five- gallon shrubs and groundcover.

**Construction Award:**

The project was advertised to four select contractors: Bemus Landscape, Inc., Marina Landscape, Inc. (Marina), Pinnacle Landcare, and Tropical Plaza Nursery, Inc. (Tropical). The bid opening was held on March 23, 2011; only Marina and Tropical submitted bids. The apparent low bidder is Tropical with a bid of \$138,271; Marina submitted a bid of \$254,000. The engineer's estimate is \$197,000, which includes Shadetree's plant material cost of approximately \$50,000. The Bid Summary is attached as Exhibit "B". Tropical has successfully completed several recent landscaping projects, namely the San Joaquin Marsh Campus, University Lift Station and PA6 Zones 6 and D Reservoirs. Tropical completed these projects on-time and on schedule, and is currently performing the landscape maintenance for several District facilities.

**FISCAL IMPACTS:**

Projects 20243 and 30134 were previously budgeted and approved in the FY 2008-09 Capital Budget. The existing Expenditure Authorizations are sufficient to fund the cost of this construction project.

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 (b) and 15302 (c). A Notice of Exemption was filed with the County of Orange on May 25, 2005.

COMMITTEE STATUS:

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

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH TROPICAL PLAZA NURSERY, INC. IN THE AMOUNT OF \$138,271 FOR THE LOS ALISOS WATER RECYCLING PLANT, LANDSCAPE IMPROVEMENTS, PROJECTS 20243 AND 30134.

LIST OF EXHIBITS:

Exhibit "A" – Location Map  
Exhibit "B" – Bid Summary

**EXHIBIT "A"**

City of Irvine

City of Lake Forest

**MUIRLANDS**

**BAKE PKWY**

**LAWRIP**

**SOCWA PS**

