

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

**January 9, 2012**

**PLEDGE OF ALLEGIANCE**

**CALL TO ORDER**

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

**ROLL CALL**

Directors Reinhart, LaMar, Swan, Withers and President Matheis

**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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**PRESENTATIONS**

**Next Resolution No. 2012-1**

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3. **AQUA DUCK CONTEST WINNER**

Staff will present a certificate to Ms. Britany Long, the winner of IRWD's art contest to redesign the District's water conservation mascot, Aqua Duck.

4. **SHADETREE PARTNERSHIP OVERVIEW**

Mr. Thomas Bonkowski, General Manager of Shadetree Partnership, will provide an overview of 2011 activities.

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**PUBLIC HEARING**

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5. ADOPTION OF REVISED RULES AND REGULATIONS

Recommendation:

1. Open the Hearing.
2. Inquire of the Secretary how the hearing was noticed.
3. Receive and file the affidavit of posting and proof of publication.
4. Inquire of the Secretary if there have been any written communications.
5. Request legal counsel to describe the nature of the proceedings.
6. Request the Executive Director of Water Policy to provide a report.
7. Hear any person who wishes to speak concerning the adoption of revised Rules and Regulations.
8. Board comments/discussion.
9. Close the Hearing, and
10. Adopt a resolution rescinding Resolution No. 2009-4 and establishing revised Rules and Regulations for water, sewer, recycled water and natural treatment system service.

Reso. No. 2012-

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**CONSENT CALENDAR**

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**Items 6-8**

6. MINUTES OF REGULAR BOARD MEETING

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

7. 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, Peer Swan and John Withers.

8. RATIFICATION OF MEMORANDUM RELATIVE TO THE BOARD, COMMITTEE AND OTHER ASSIGNMENTS, AND APPROVAL OF AGENCY AND OUTSIDE ORGANIZATION BOARD REPRESENTATION AT MEETINGS/EVENTS FOR 2012

Recommendation: That the Board ratify the memorandum dated January 9, 2012 entitled Officers of the Board, Committee and Other Assignments, approve attendance for the meetings and events for the Board's representation for calendar year 2012 as outlined and adopt a resolution rescinding Resolution No. 2011-2 and revising the assignment of Directors to Committees of the Board.

Reso. No. 2012-

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**ACTION CALENDAR**

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9. **INTEREST RATE SWAPS BASIS SWAP STRATEGY AND AUTHORIZATION REQUEST**

Recommendation: That the Board approve "Interest Rate Swap Authorization – Term Sheet No. 7" authorizing an interest rate basis swap transaction(s) not to exceed \$100 million notional amount at a minimum tax-exempt/taxable ratio of 96% and for a maximum term of up to 20 years from the transaction date.

10. **ASSET OPTIMIZATION – SAND CANYON MEDICAL OFFICE PROJECT TENANT IMPROVEMENT CONSTRUCTION AWARD**

Recommendation: That the Board authorize the General Manager to execute a construction contract with KPRS Construction in an amount not to exceed \$1,338,399; approve an increase to the 2011/12 Capital Budget in the amount of \$1,455,100 and approve an Expenditure Authorization in the amount of \$1,455,100 for project 1284.

11. **NEWPORT BOULEVARD DOMESTIC WATER MAIN RELOCATION CONSTRUCTION AWARD**

Recommendation: That the Board authorize an increase to the FY 2011-12 Capital Budget for project 10822 (1866) in the amount of \$1,237,200, from \$3,622,300 to \$4,859,500; approve an Expenditure Authorization for project 10822 (1866) in the amount of \$4,152,200; and authorize the General Manager to execute a construction contract with Sully-Miller Contracting Company in the amount of \$3,657,815.54 for the Newport Boulevard Domestic Water Main Relocation project.

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**OTHER BUSINESS**

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

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**OTHER BUSINESS - Continued**

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12. A. General Manager's Report

B. Directors' Comments

1)

2)

3)

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5)

C. Adjourn.

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

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

January 9, 2012

Prepared and

Submitted by: D. Cherney 

Approved by: P. Cook 

## PUBLIC HEARING

### ADOPTION OF REVISED RULES AND REGULATIONS

#### SUMMARY:

The District has compiled a series of proposed changes to its Rules and Regulations for water, sewer, recycled water, and natural treatment system service.

The purpose of this hearing is to allow members of the public and the Board to comment prior to the adoption of the revised Rules and Regulations. The District Secretary has noticed the hearing in accordance with Water Code Section 35423 of the California Government Code. The President will be conducting the hearing.

#### BACKGROUND:

From time to time, the District reviews and proposes changes to its Rules and Regulations. Those proposed changes are included in the redlined document provided as Exhibit "A". In summary, changes have been made to update definitions and promote consistent nomenclature throughout the document. In addition, changes have been made to specific sections as follows:

Section 4: Distinguishes "lower lateral" and "upper lateral" sewer responsibilities and maintenance, repair and reconstruction; Adds provision at 4.13 for reservation of rights to supply potable or non-potable water to the District's recycled water system without adjustment of costs for source of supply, as a conforming change relating to a clarification in the definition of Recycled Water.

Section 7: Removes provisions for grease disposal mitigation; Adds provisions for Fats, Oils and Grease (FOG) permitting process and recordkeeping requirements.

Section 12: Updates payment methods to incorporate electronic forms of billing and payment methods; Updates variance process for rate structure allocations; Updates procedures for revisions to acreage and base indexes; Provides specific time window for application of retroactive adjustments; Specifies some parameters for customer courtesy adjustments to conform to District practices.

#### COMMITTEE STATUS:

The Finance and Personnel Committee has reviewed the revised Rules and Regulations on December 6, 2011, and recommends adoption by the Board of Directors.

ENVIRONMENTAL COMPLIANCE:

The proposed actions qualify under Class 7, and Class 8 Categorical Exemptions (Sections 15307 and 15308 of the State CEQA guidelines). In addition, to the extent this program serves as the basis for the urban water shortage contingency analysis required under Water Code Section 10631 and is incorporated into IRWD’s UWMP, its preparation, adoption and implementation are statutorily exempt from CEQA, as set forth in Water Code Section 10652.

FISCAL IMPACTS:

None.

OUTLINE OF PROCEEDINGS

President: Declare this to be the time and place for the hearing on the adoption of revised Rules and Regulations for water, sewer, recycled water, and natural treatment system service in accordance with Water Code Section 35423, and declare the hearing open.

Request the Secretary to report the manner by which the Notice of Hearing was given.

Secretary: The Notice of this hearing was published in the Orange County Register on December 24 and December 31, 2011. A Notice also posted in the District office on December 16, 2011. The Secretary presents an Affidavit of Posting and the Proof of Publication for the Board to make a motion to receive and file the affidavits.

Board: RECOMMENDATION: RECEIVE AND FILE THE AFFIDAVIT OF POSTING AND THE PROOF OF PUBLICATION PRESENTED BY THE SECRETARY.

President: Inquire of the Secretary whether there have been any written communications.

Secretary: Respond.

President: Request legal counsel to describe the nature of the proceeding.

Counsel: Describe the proceeding.

President: Inquire if the Executive Director of Water Policy would like to give a report.

Ex. Dir.: Respond.

President: Inquire whether there is anyone present who wishes to address the Board concerning the Irvine Ranch Water District’s revised Rules and Regulations for water, sewer, recycled water, and natural treatment system service.

Inquire whether there are any comments or questions from members of the Board of Directors.

Board: RECOMMENDATION: THAT THE HEARING BE CLOSED AND THAT THE FOLLOWING RESOLUTION BE ADOPTED BY TITLE:

RESOLUTION NO. 2012-

RESOLUTION OF THE BOARD OF DIRECTORS OF  
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA  
RESCINDING RESOLUTION NO. 2009-4 AND  
ESTABLISHING REVISED RULES AND REGULATIONS OF  
THE IRVINE RANCH WATER DISTRICT  
FOR WATER, SEWER, RECYCLED WATER,  
AND NATURAL TREATMENT SYSTEM SERVICE  
AND EXHIBIT A THERETO

LIST OF EXHIBITS:

Exhibit “A” – Resolution (with accompanying revised Rules and Regulations)

# EXHIBIT "A"

## RESOLUTION NO. 2012-

### RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA RESCINDING RESOLUTION NO. 2009-4 AND ESTABLISHING REVISED RULES AND REGULATIONS OF THE IRVINE RANCH WATER DISTRICT FOR WATER, SEWER, RECYCLED WATER, AND NATURAL TREATMENT SYSTEM SERVICE AND EXHIBIT "A" THERETO

WHEREAS, Irvine Ranch Water District (IRWD) is a California Water District organized and existing under the California Water District Law, and all of the lands within the boundaries of said District are located in the County of Orange, State of California; and

WHEREAS, Section 35423 of the California Water Code empowers the District to establish, print and distribute equitable Rules and Regulations for the distribution of water; and

WHEREAS, the District is also empowered to exercise or use any of the powers contained in the California Water District Law in carrying out its powers and purposes to furnish sewer service and natural treatment system service, under Sections 35506 and 35539.14, respectively, of said Water Code; and

WHEREAS, California Water Code Section 375 authorizes a water supplier to adopt and enforce a comprehensive water conservation program to reduce water consumption and conserve supplies; and

WHEREAS, by adoption of Resolution No. 2009-4 on February 9, 2009, the Board of Directors adopted revised Rules and Regulations for Water, Sewer, Recycled Water, and Natural Treatment System Service; and

WHEREAS, from time to time, the District reviews and proposes changes to its Rules and Regulations. The proposed changes have been made to update definitions and promote consistent and conforming nomenclature throughout the document. In addition, changes have been made to specific sections as follows:

Section 4: Distinguishes "lower lateral" and "upper lateral" sewer responsibilities and maintenance, repair and reconstruction; Adds provision at 4.13 for reservation of rights to supply potable or non-potable water to the District's recycled water system without adjustment of costs for source of supply, as a conforming change relating to a clarification in the definition of Recycled Water.

Section 7: Removes provisions for grease disposal mitigation; Adds provisions for Fats, Oils and Grease (FOG) permitting process and recordkeeping requirements.

Section 12: Updates payment methods to incorporate electronic forms of billing and payment methods; Updates variance process for rate structure allocations; Updates procedures for revisions to acreage and base indexes; Provides specific time window for



application of retroactive adjustments; Specifies some parameters for customer courtesy adjustments to conform to District practices; and

WHEREAS, a public hearing has been held upon notice duly given of the time and place thereof, and at the time set, all persons interested were given an opportunity to be heard concerning any matters set forth in the proposed changes to its Rules and Regulations; and

WHEREAS, the Board of Directors of IRWD find it to be in the best interest of the District to revise and update said Rules and Regulations.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of IRWD as follows:

Section 1. That Resolution No. 2009-4 be and hereby is rescinded in its entirety.

Section 2. That the Rules and Regulations of the Irvine Ranch Water District for Water, Sewer, Recycled Water, and Natural Treatment System Service, inclusive of Exhibit A thereto but not inclusive of Exhibit B thereto, as more specifically set forth in EXHIBIT "A" to this Resolution, attached hereto and by this reference made a part hereof, be and hereby are approved and adopted.

Section 3. That the provisions of this Resolution shall become effective upon adoption.

Section 4. That said Rules and Regulations, including Exhibit A attached thereto, shall be certified by the Secretary of this District and the Secretary is hereby ordered and directed to publish a summary of the amendments to said Rules and Regulations, together with the internet address and the physical location where the complete text of the amended Rules and Regulations may be viewed, once a week for two weeks in a newspaper of general circulation published in Orange County, California, pursuant to the provisions of Section 35423 of the California Water Code.

ADOPTED, SIGNED and APPROVED this 9th day of January, 2012.


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

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

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

By \_\_\_\_\_

**A COPY OF THE REVISED  
RULES AND  
REGULATIONS IS  
AVAILABLE WITH THE  
DISTRICT SECRETARY**

January 9, 2012  
Prepared and  
Submitted by: L. Bonkowski  
Approved by: P. Cook 

CONSENT CALENDAR

MINUTES OF REGULAR BOARD MEETING

SUMMARY:

Provided are the minutes of the December 12, 2011 Regular Board Meeting for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE REGULAR BOARD MEETING OF DECEMBER 12, 2011  
BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – Minutes of Regular Meeting

## EXHIBIT "A"

### MINUTES OF REGULAR MEETING – DECEMBER 12, 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 December 12, 2011 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Senior Director of Finance Cherney, Senior Director of Operations Pedersen, Director of Engineering Burton, Treasurer Jacobson, Secretary Bonkowski, Legal Counsel Arneson, Director of Water Resources Heiertz, Director of Public Affairs Beeman, Director of Administrative Services Mossbarger, Ms. Kirsten McLaughlin, Mr. Paul Weghorst, Ms. Gretchen Maswadeh, Mr. Malcolm Cortez, Mr. Alex Aguilar, Ms. Shannon Reed, Ms. Cheryl Kelly, Mr. Joe Constantino, Mr. Scott Goldman, Mr. Bob Hill, Mr. Jim Reed, and other members of the public and staff.

WRITTEN COMMUNICATION: None.

#### ORAL COMMUNICATION:

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

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

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

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

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

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None.

### PRESENTATIONS

#### EL TORO WATER DISTRICT RESOLUTION HONORING IRWD'S 50<sup>TH</sup> ANNIVERSARY

El Toro Water District's Vice President Scott Goldman presented the Board with a resolution honoring IRWD's 50<sup>th</sup> Anniversary.

#### NATIONAL PURCHASING INSTITUTE ACHIEVEMENT OF EXCELLENCE IN PROCUREMENT AWARD

Mr. Alex Aguilar presented the Achievement of Excellence in Procurement Award from the National Purchasing Institute for organizations that demonstrate excellence in procurement by obtaining a high score on a rating of standardized criteria. It was noted that IRWD has received this award for 11 consecutive years.

### CONSENT CALENDAR

Director Swan asked that Item No. 14, Tustin Legacy Well No. 1 Alternative, be moved to the Action Calendar for discussion. There being no objection, Consent Calendar Item No. 14 was moved to the Action Calendar. On MOTION by Swan, seconded and unanimously carried, **CONSENT CALENDAR ITEMS 5 THROUGH 13 AND 15 THROUGH 17 WERE APPROVED AS FOLLOWS:**

5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the November 28, 2011 Regular Board Meeting be approved as presented.

6. NOVEMBER 2011 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for November 2011; approve the November 2011 Disbursement Summary of Warrants Nos. 324666 through 325442, Workers' Compensation distributions, wire transfers, payroll direct deposit ACH

payments, payroll withholding distributions and voided checks in the total amount of \$19,131,106.45.

CONSENT CALENDAR (CONTINUED)

7. PROPOSED 2012 INVESTMENT POLICY

Recommendation: That Board adopt the following resolution by title:

RESOLUTION 2011-51

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
IRVINE RANCH WATER DISTRICT APPROVING INVESTMENT  
POLICY AND AUTHORIZING THE TREASURER AND ASSISTANT  
TREASURER TO INVEST AND REINVEST FUNDS OF THE DISTRICT  
AND OF EACH OF ITS IMPROVEMENT DISTRICTS AND TO SELL AND  
EXCHANGE SECURITIES

8. FISCAL YEAR 2010/11 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Recommendation: That the Board receive and file the fiscal year 2010/11 Comprehensive Annual Financial Report.

9. UNIVERSITY OF CALIFORNIA, IRVINE CAMPUS PLUMBING RETROFIT PROGRAM, PHASE II

Recommendation: That the Board authorize the General Manager to execute an agreement with University of California, Irvine (UCI) to provide \$139,000 from a combination of tactical incentive and supplemental funding for water use efficiency upgrades; direct staff to develop and implement the UCI Campus Plumbing Retrofit Program Phase II; and authorize an increase of \$78,600 to the Fiscal Year 2011-12 Operating Budget from undesignated over-allocation revenues to fund the program.

10. UNIVERSITY OF CALIFORNIA, IRVINE STUDENT HOUSING AMENDMENT TO WATER USE EFFICIENCY PILOT PROGRAM

Recommendation: That the Board authorize the General Manager to execute an amended agreement with University of California, Irvine and Niagara Conservation to remove the specification to conduct the program at Arroyo Vista housing complex, increase the total number of installations by 30 additional high efficiency toilets, showerheads and faucet aerators, and authorize the increase of \$6,000 to the Fiscal Year 2011-12 Operating Budget from undesignated over-allocation revenues.

CONSENT CALENDAR (CONTINUED)

11. SANTIAGO CANYON AREA BOOSTER PUMP STATION PERMANENT GENERATORS PROJECT FINAL INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

Recommendation: That the Board find on the basis of the whole record before it (including the initial study and the comments received), that there is no substantial evidence that the project will have a significant effect on the environment and that the negative declaration reflects IRWD's independent judgment and analysis, adopt the proposed negative declaration for the Santiago Canyon area booster pump station permanent generators project and approve Phase I of the project; direct staff to post and file a Notice of Determination, and submit payment for the California Department of Fish and Game filing fee.

12. JEFFREY ROAD SOUTH RECLAIMED WATER AND DOMESTIC WATER MAINS – FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Jeffrey Road South Reclaimed Water and Domestic Water Mains (Irvine Center Drive to the Meadows), projects 10283 (1073) and 30189 (1592); authorize filing of a Notice of Completion; and authorize release of retention 35 days after the filing of the Notice of Completion.

13. OPERATIONS CENTER FACILITIES EXPANSION PROJECT PHASE I STORAGE BUILDING - FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Operations Center Facilities Expansion Project Phase I Storage Building, projects 11422 (1388), 21422 (1120), and 31422 (1156); authorize the General Manager to file a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

15. LONG-TERM DISABILITY, LIFE, AND DEPENDENT LIFE INSURANCE COVERAGE FOR CALENDAR YEAR 2012

Recommendation: That the Board authorize the General Manager to execute a contract for the calendar year 2012 with Principal Financial for life, dependent life and long-term disability coverage and to terminate the split dollar life insurance program with Pacific Life effective January 1, 2012.

16. TWO-YEAR REIMBURSEMENT AGREEMENT BETWEEN WITH THE CITY OF IRVINE FOR THE ADJUSTMENT/RELOCATION OF MISCELLANEOUS FACILITIES RELATED TO CITY STREET PROJECTS (2012 – 2013)

Recommendation: That the Board authorize the General Manager to execute a Two-Year Reimbursement Agreement with the City of Irvine for the installation of miscellaneous facilities (2012-2013).

## CONSENT CALENDAR (CONTINUED)

### 17. CHANGE ORDER TO REIMBURSEMENT AGREEMENT WITH THE CITY OF IRVINE FOR THE BARRANCA PARKWAY/RED HILL AVENUE DYER ROAD STREET INTERSECTION IMPROVEMENT PROJECT

Recommendation: That the Board authorize an increase to the Fiscal Year 2011-12 Capital Budget in the amount of \$181,500, from \$305,400 to \$486,900; approve an Expenditure Authorization in the amount of \$181,500; and approve Contract Change Order No. 2 in the amount of \$146,509.77 to the Reimbursement Agreement with the City of Irvine for the Barranca Parkway/Red Hill Avenue/Dyer Road Street intersection improvement project 11448 (2816).

## ACTION CALENDAR

### TUSTIN LEGACY WELL NO. 1 (IRWD WELL 52) ALTERNATIVE CONTRACT CHANGE ORDER AND FINAL ACCEPTANCE

Following an inquiry from Director Swan, staff will submit a report on water quality relative to total Trichloroethylene (TCE) for Tustin Legacy Well No. 1 Alternative (IRWD Well No. 52) along with a cost analysis to the Engineering and Operations Committee and the Board in January 2012. ON MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE CONTRACT CHANGE ORDER NO. 1 WITH BAKERSFIELD WELL AND PUMP COMPANY IN THE CREDIT AMOUNT OF \$3,893; ACCEPTED CONSTRUCTION OF TUSTIN LEGACY WELL NO. 1 ALTERNATIVE, PROJECT 11419 (1356); AUTHORIZED THE GENERAL MANAGER TO FILE A NOTICE OF COMPLETION; AND AUTHORIZED THE RELEASE OF RETENTION 35 DAYS AFTER FILING OF THE NOTICE OF COMPLETION.

### SELENIUM AND NITROGEN DISPOSAL SYSTEM CONCEPT STUDY

Director of Water Resources Heiertz reported that five agencies within the Newport Bay watershed, i.e. the California Department of Transportation (Caltrans), TCA, cities of Irvine and Tustin and the County of Orange, are seeking a cost-effective project for the disposal of flows from dewatering facilities that contain high nitrate and selenium concentrations. Mr. Heiertz said that the need for developing such a cost-effective project is due to the expectation that the Regional Water Quality Control Board (RWQCB) will no longer be allowing the discharge of high nitrate and selenium flows to surface waters within the Newport Bay watershed. Recently, these funding partners have proposed a conceptual design study to develop a planning level design and cost estimate for the construction of a pipeline along Peters Canyon Wash and San Diego Creek to Orange County Sanitation District's (OCS) sewer collection system at Main Street (Pipeline Project). By routing the high selenium flows into the OCS sewer, selenium and nitrate could be effectively removed from the San Diego Creek watershed.

Mr. Heiertz said that at the funding partner's request, a document containing a detailed scope of work, project schedule and project budget was prepared by RBF Consulting to perform the conceptual design study. RBF was selected to prepare this document by the funding partners as these agencies have all used RBF to their satisfaction on other projects. The total cost for the



proposed study is \$53,110. IRWD will manage the study while the five agencies will pay an equal share of the project for \$10,622 each. Caltrans and the County of Orange have existing contracts with RBF and will pay their share of the costs directly to RBF. The City of Irvine, City of Tustin and TCA will reimburse IRWD for their share. IRWD will not issue RBF a notice to proceed until the City of Irvine, City of Tustin and TCA have each issued IRWD a purchase order for their share of the project. IRWD will not share in the cost of the RBF study, but will incur costs for staff time to manage the study in the amount of \$5,000 and legal counsel assistance in the amount of \$2,000.

Director Reinhart reported that this item was reviewed by the Engineering and Operations Committee on December 8, 2011. In response to Director Swan's inquiry, Mr. Heiertz said that discussions were not successful with the funding partners to either pursue an alternative of building a reservoir or treating discharged flows from these agencies as this is a more costly alternative. Additionally, Mr. Heiertz said that if the discharge flows directly to the OCSA via the pipeline, staff will be negotiating a rate with this agency. In response to Director Matheis inquiry if the water will be treated prior to flowing to OCSA, Mr. Heiertz said that the water will not be treated. Following discussion, on MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED AN ADDITION TO THE FY 2011-12 CAPITAL BUDGET FOR PROJECT 11631 (3633) IN THE AMOUNT OF \$44,800; APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$44,800 FOR PROJECT 11631 (3633), AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH RBF CONSULTING IN THE AMOUNT OF \$31,866 TO DEVELOP A GROUNDWATER DISPOSAL SYSTEM CONCEPT STUDY (WHICH WILL BE REIMBURSED TO IRWD THROUGH PURCHASE ORDERS ISSUED BY THE CITY OF IRVINE, CITY OF TUSTIN AND TRANSPORTATION CORRIDOR ADMINISTRATION).

#### UTILITY BILLING SOFTWARE REQUIREMENTS ANALYSIS – CONSULTANT SELECTION

General Manager Cook reported that the IRWD Application Strategic Plan finalized earlier this year recommended several steps be taken to better align the District's software applications with its strategic vision, including the implementation of the Oracle Customer Care and Billing (CC&B) system. Mr. Cook said that the Oracle CC&B system will improve the District's ability to effectively manage customer and account relationships, perform complex billing calculations, integrate with the Oracle Financial Management System, and provide enhanced analytics and reporting. He said that the CC&B software application licenses have been procured and the next step in the process is to hire a consultant to assist the District with defining the detailed functional requirements for implementation and prepare a request for proposal for implementation services.

Director of Administration Mossbarger reported staff prepared a Request for Proposal for consulting services to perform Oracle CC&B detailed requirements analysis and assistance with preparation of a request for proposal for implementation services. A Request for Proposal was issued on September 16, 2011 to five pre-selected consultants with experience in conducting detailed requirements analysis and preparing a request for proposal for implementation services for Oracle CC&B including Centric Consulting, EP2M, Five Point Partners, Langham Consulting, and Wagware. He said that three consultants submitted proposals, and following

staff review, Five Point Partners was selected for a follow-up interview which was conducted on October 25, 2011. He said that based on the proposals and interviews, staff believes that Five Point Partners demonstrated the best understanding of the Oracle CC&B Analysis project and has the most extensive experience not only developing detailed requirements for Utility Billing systems, but is the most experienced with Oracle CC&B. He said that in addition to the services in the original proposal response, Five Point Partners submitted an addendum for additional procurement services in the total amount of \$76,540.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on December 6, 2011. On MOTION by Swan, seconded and unanimously carried, THE BOARD APPROVED A BUDGET INCREASE OF \$115,000 EACH AND APPROVED EXPENDITURE AUTHORIZATIONS IN THE AMOUNT OF \$115,000 EACH FOR PROJECTS 11615 AND 21615, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH FIVE POINT PARTNERS, LLC IN THE AMOUNT OF \$196,340 FOR THE UTILITY BILLING SOFTWARE REQUIREMENTS ANALYSIS PROJECT.

### GREEN ACRES PROJECT AGREEMENT

General Manager Cook reported that starting in July 1996, the Irvine Ranch Water District, Orange County Water District (OCWD), Orange County Sanitation District (OCSD), and the City of Newport Beach entered into a series of agreements (GAP Agreements) to convey recycled water from the IRWD Michelson Water Recycling Plant (MWRP) to serve OCWD's Green Acres Project (GAP) customers. The GAP intertie allows IRWD to operate the MWRP on a year-round basis, thus avoiding the need for IRWD to acquire additional wastewater treatment capacity in OCSD treatment facilities at a significant cost.

Mr. Cook said that as the GAP Agreements will expire on January 15, 2012, staff has negotiated a replacement agreement that includes a 15-year extension and slightly modified terms.

Director of Water Resources Heiertz said the agreement is similar to the other agreement, and provided an overview of the terms as follows: 1) IRWD agrees to assume ownership of an additional 1,300 feet of 24-inch diameter pipeline in University Drive; 2) IRWD will be permitted to discharge up to eight million gallons per day (MGD) through the intertie for use by GAP, GWRS, or through the OCSD outfall. IRWD will not be entitled to any compensation for the discharge of recycled water to the intertie, except when specifically requested by OCWD to meet GAP or GWRS supply needs; 3) OCWD will not be entitled to any compensation for treating or disposing of recycled water delivered through the intertie. IRWD will compensate OCSD for the operation and maintenance of the ocean outfall at their actual cost for any water discharged to the outfall through the intertie; 4) Intentional discharges of recycled water to San Diego Creek and Newport Bay are prohibited; and 5) IRWD will be responsible for the quality and suitability of recycled water delivered through the intertie for use by the GAP and GWRS.

In response to Director Swan's inquiry, Mr. Heiertz said that IRWD is responsible for the outfall operational costs only, and not CORF payments. Director Swan indicated concern with the proposed agreement's mechanism for determining when IRWD's water is considered to be delivered to GWRS and not discharged to the outfall. Mr. Heiertz said the negotiations had

fully considered this. Director Swan requested a copy of the agreement for the operation and maintenance of the groundwater replenishment system and the GAP agreement with OCSD and OCWD.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on December 8, 2011. Following discussion, on MOTION by Reinhart, seconded and carried (4-1) (Matheis, Reinhart, LaMar and Withers voting aye, and Swan voting no), THE BOARD AUTHORIZED THE PRESIDENT TO EXECUTE THE AGREEMENT ENTITLED "AGREEMENT FOR IRVINE RANCH WATER DISTRICT INTERTIES TO ORANGE COUNTY WATER DISTRICT GREEN ACRES PROJECT AND GROUNDWATER REPLENISHMENT SYSTEM AND ORANGE COUNTY SANITATION DISTRICT OUTFALL" SUBJECT TO NON-SUBSTANTIVE CHANGES BY THE GENERAL MANAGER AND LEGAL COUNSEL.

#### STORAGE OPTION WITH ANTELOPE VALLEY-EAST KERN WATER AGENCY AND KERN COUNTY WATER AGENCY FEES

General Manager Cook reported in June 2011, IRWD executed a letter agreement for a Pilot Exchange Program with Antelope Valley-East Kern Water Agency (AVEK) that allows AVEK to store a portion of AVEK's unused State Water Project (SWP) Table A water in IRWD's Strand Ranch Integrated Banking Project (Water Bank) on an unbalanced exchange basis. The letter agreement provides AVEK the ability to store up to 5,000 AF of Table A water.

Principle Water Resources Manager Weghorst reported that AVEK has requested to exercise an option in the agreement which allows, at IRWD's sole discretion, to increase AVEK deliveries up to 10,000 AF. Mr. Weghorst said that in addition, Kern County Water Agency (KCWA) has implemented an administration fee for third party non-member transactions which will require an amendment to the agreements for the Pilot Exchange Programs with both AVEK and Carpinteria Valley Water District (CVWD).

Mr. Weghorst said that in September 2009, the Kern County Water Agency (KCWA) Board approved a third party wheeling fee for transactions involving non-member units which has not been implemented for any non-member transactions. He said that KCWA has informed staff that its Board will not approve the transaction request for delivery of water from either of IRWD's Pilot Exchange Programs with AVEK or CVWD until the associated third party administration fees are paid. The requested fee is based on \$5 per acre-foot with a minimum fee of \$7,500 and a maximum fee of \$75,000 per transaction. Staff has been inquiring with the KCWA to obtain clarification for the basis of the fee.

Mr. Weghorst said that the administrative fee for the CVWD Pilot Exchange Program for 1,500 AF is \$7,500. CVWD requested that IRWD pay the entire fee of \$7,500 for the transaction and that they will sign (subject to CVWD Board approval) an amendment to the letter agreement with IRWD requiring them to reimburse IRWD for half of the fee at the time that they take delivery of their share of the water upon recovery from the Water Bank. In order not to delay the delivery of CVWD's water into storage, the administrative fee in the amount of \$7,500 was submitted to KCWA on December 6, 2011 under the authority of the General Manager.

Mr. Weghorst said that the KCWA administrative fee for the AVEK Pilot Exchange Program will be \$50,000 for 10,000 AF of water. Mr. Weghorst reported that a phone meeting has been held where KCWA staff answered questions related to the Administrative fees. AVEK was also in attendance at the meeting. Subsequent to this meeting, AVEK reviewed the fee structure with their Water Resources Committee. This Committee asked AVEK staff to convey to IRWD that AVEK will not pay any share of the KCWA Administrative fees and that they will not agree to an amendment to the Agreement with IRWD.

Following discussion, Director Swan asked staff to submit an item to the Water Banking Committee relative to the: 1) recent third party administration fees for AVEK; and 2) cost of water to be received and delivered to IRWD's service areas from the Strand Ranch project. He further asked staff to discuss the AVEK fees with the District's project partners. On MOTION by Swan, seconded and unanimously carried, THE AVEK TRANSACTION AND ADMINISTRATIVE FEE AMENDMENT WERE DEFERRED TO THE WATER BANKING AD HOC COMMITTEE, THE GENERAL MANAGER WAS AUTHORIZED TO EXERCISE THE OPTION IN THE PILOT EXCHANGE PROGRAM AGREEMENT WITH AVEK TO INCREASE THE AMOUNT OF WATER TO BE DELIVERED FROM 5,000 AF TO UP TO 10,000 AF, AND THE GENERAL MANAGER WAS AUTHORIZED TO PREPARE, IN CONSULTATION WITH LEGAL COUNSEL, AND EXECUTE AN AMENDMENT TO THE PILOT EXCHANGE PROGRAM AGREEMENT WITH CVWD FOR PAYMENT AND REIMBURSEMENT OF HALF OF THE KCWA THIRD PARTY ADMINISTRATIVE FEE.

MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION AND FLOOD PROTECTION IMPROVEMENTS CONTRACT CHANGE ORDER AND EXPENDITURE AUTHORIZATION

The Michelson Water Recycling Plant (MWRP) Phase 2 Expansion and Flood Protection Improvements are currently being constructed by J. R. Filanc Construction Company (Filanc). CCO No. 52 includes the construction of the 36-inch HDPE pipeline and the associated headwall. Staff has reviewed the change request, negotiated changes with Filanc, and recommends approval. On MOTION by Reinhart, seconded and unanimously carried, AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$334,300 FOR MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES, PROJECT 20847 (1617) WAS APPROVED; AND CONTRACT CHANGE ORDER NO. 52 WAS APPROVED TO INSTALL A 36-INCH STORMWATER PIPELINE FOR THE MWRP BIOSOLIDS AND ENERGY RECOVERY FACILITIES PROJECT IN AN AMOUNT OF \$284,442, WITH J. R. FILANC CONSTRUCTION COMPANY FOR THE MWRP PHASE 2 EXPANSION PROJECT 20214 (1599) AND 30214 (1706).

BAKE PARKWAY AND LAKE FOREST DRIVE DOMESTIC AND RECYCLED WATER PIPELINES REIMBURSEMENT AGREEMENT WITH IRVINE COMMUNITY DEVELOPMENT COMPANY FOR PLANNING AREA 39

The Bake Parkway and Lake Forest Drive projects will install IRWD capital facilities consisting of approximately 4,440 linear feet (LF) of 12-inch Zone 3 pipeline, 860 LF of 6-inch Zone B recycled water distribution pipelines, 2,025 LF of 24-inch Zone B recycled water transmission main, and 1,200 LF of 24-inch temporary aboveground Zone B transmission main. The capital facilities are

being constructed by Irvine Community Development Company (ICDC) under the terms of a Reimbursement Agreement for Planning Area 39 approved on July 25, 2011.

On MOTION by Reinhart, seconded and unanimously carried, THE ADDITION OF PROJECT 11622 (3585) AND 30372 (3529) TO THE FY 2011-12 CAPITAL BUDGET IN THE AMOUNT OF \$470,800 AND \$1,052,300 WAS AUTHORIZED; EXPENDITURE AUTHORIZATIONS FOR PROJECTS 10445 (1632), 11622 (3585), 30372 (3529), AND 30445 (1056) IN THE AMOUNTS OF \$581,900, \$470,800, \$1,052,300, AND \$156,200 WERE APPROVED; A POTENTIAL CHANGE OF WORK IN THE AMOUNT OF \$275,000 TO THE REIMBURSEMENT AGREEMENT WITH THE IRVINE COMMUNITY DEVELOPMENT COMPANY FOR PLANNING AREA 39 TO CONSTRUCT THE BAKE PARKWAY 12-INCH ZONE 3 DOMESTIC WATER PIPELINE, PROJECT 11622 (3585) WAS APPROVED; AND A CONSTRUCTION CONTRACT TO THE REIMBURSEMENT AGREEMENT WITH IRVINE COMMUNITY DEVELOPMENT COMPANY FOR PLANNING AREA 39 FOR \$282,800 AND \$552,951.47 FOR THE LAKE FOREST DRIVE IRWD CAPITAL FACILITIES, PROJECTS 10445 (1632) AND 30372 (3529) WAS APPROVED.

#### ANNUAL BOARD OF DIRECTORS' FEES

General Manager Cook reported that pursuant to Ordinance 1989-1, the Board's meeting compensation increases on January 1 of each year by 5% subject to the approval of the Board. The current compensation for the Board of Directors is \$237.00 per meeting, not to exceed 10 meetings per month. If the Board accepts the increase, the resulting per meeting fee would be \$249 (rounded to the nearest dollar). Mr. Cook said that the Finance and Personnel Committee reviewed the fees on December 6 with the recommendation to have the full Board make a recommendation at tonight's Board meeting.

Director Swan commented on the merits for increasing the Director fees this year. Other Board members said it was not a good time to accept an increase. On MOTION by Withers, seconded and unanimously carried, THE BOARD DECLINED THE 5% SCHEDULED COMPENSATION INCREASE FOR CALENDAR YEAR 2012.

#### ELECTION OF OFFICERS

President LaMar thanked the Board for the opportunity to serve as President in 2011. General Manager Cook acted as temporary Chair and called for nominations for President. Director Withers nominated Director Matheis to the position of President as he said he is impressed with her energy, class, and humility. There being no other nominations, the nominations were closed. On MOTION by Swan, seconded by Reinhart, and unanimously carried, MARY AILEEN MATHEIS WAS ELECTED PRESIDENT. President Matheis asked for nominations for Vice President. Director LaMar nominated Director Withers as Vice President and said he believed he would do an excellent job in this position as a long-standing Board member. There being no other nominations, the nominations were closed. On MOTION by Swan, seconded and unanimously carried, JOHN WITHERS WAS ELECTED VICE PRESIDENT. President Matheis said that she was very pleased to be elected President, and was looking forward to serving in 2012. Individual Board members expressed their thanks and appreciation to Director LaMar for his service as President.

## GENERAL MANAGER'S COMMENTS

General Manger Cook thanked Director LaMar for his service as President, particularly during his time as Interim General Manager.

## DIRECTORS' COMMENTS

Director Reinhart reported on his attendance at an ACWA fall conference and a SOCWA Board meeting with a discussion on biosolids processing with the Santa Margarita Water District. He said that he did not attend WACO or MWDOC's Board meeting. He said that he will be attending the Colorado River Water Users Association Conference (CRWUA) this week in Las Vegas.

Director Withers reported that he will be attending the City of Irvine's 40<sup>th</sup> anniversary celebration tomorrow, and on Wednesday, LAFCO's Commission meeting.

Director Swan reported that he did not attend the MWDOC Board meeting; however, he attended a meeting at West Basin relative to a long-term financing Plan for MWD. He said that he attended ACWA's Board meeting along with an ACWA Delta Task Force meeting, and that he will also be attending a CRWUA conference this week.

Director LaMar reported on his attendance at a OCBC Infrastructure Committee meeting and said he will be attending NWRI's Committee meeting as well as NROC's Board meeting on Thursday.

Director Matheis reported on her attendance at an ACWA conference, an ISDOC Executive Committee meeting, a WACO meeting, and a memorial service for former City of Lake Forest Councilman Richard Dixon. She said that she will also be attending the CRWUA conference this week.

## CLOSED SESSION

President Matheis said that the following Closed Session would be held:

CLOSED SESSION – Relative to PUBLIC EMPLOYEE APPOINTMENT/EMPLOYMENT/ PERFORMANCE EVALUATION (Government Code Section 54957). Title: Staff position title changes.

## OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors Swan, LaMar, Reinhart, Withers, and Matheis present. No action was reported from the Closed Session. On MOTION by Swan, seconded and unanimously carried, THE FOLLOWING POSITION CHANGES WERE ADDED TO THE FY 2011-12 OPERATING BUDGET, THE SALARY GRADE SCHEDULE CHANGES WERE APPROVED EFFECTIVE JANUARY 1, 2012, AND THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

1. Change the Position Title and Salary Grade of the Senior Director of Finance and Administration (Salary Grade (SG) 29) to the Executive Director of Finance (SG 30);
2. Change the Position Title and Salary Grade of the Director of Engineering and Construction (SG 27) to the Executive Director of Engineering and Planning (SG 30);
3. Change the Position Title and Salary Grade of the Director of Planning and Water Resources (SG 27) to the Executive Director of Water Policy (SG 30);
4. Change the Position Title and Salary Grade of the Senior Director of Water Operations and Water Quality (SG 29) to the Executive Director of Operations (SG 30);
5. Change the Position Title of Treasurer to Treasurer / Assistant Director of Finance (no change in salary grade);
6. Change the Position Title of the Principal Water Resources Manager (SG 24) to Director of Water Resources (SG 27);
7. Change the Position Title of the Water Use Efficiency Manager (SG 19) to Assistant Director of Water Policy (SG 23);
8. Change the Position Title of the Senior Governmental Affairs Specialist (SG 15) to Manager of Government Relations (SG 17)
9. Downgrade a vacant Operator Supervisor position in the Water Operations Department (SG XXXV) to an Operations Coordinator (SG XXXIII); and
10. Establish the position of Superintendent of Maintenance and Reliability (SG 19).

RESOLUTION NO. 2011-52

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE IRVINE RANCH WATER DISTRICT RESCINDING  
RESOLUTION NO. 2011-49 AND ESTABLISHING  
A REVISED SCHEDULE OF POSITIONS AND SALARY  
RATE RANGES

ADJOURNMENT

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

APPROVED and SIGNED this 12th day of December, 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

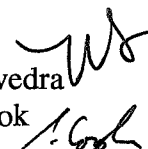


January 9, 2012

Prepared and

Submitted by: N. Savedra

Approved by: P. Cook



CONSENT CALENDAR

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

SUMMARY:

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

Events/Meetings

Steven LaMar

12/08/11 Orange County Coastkeepers Garden Meeting  
12/12/11 Meeting with OCWD Director Stephen Sheldon regarding Water Issues  
12/20/11 City of Lake Forest 20<sup>th</sup> Anniversary Event  
01/12/12 IRWD Long-term Financing Plan Meeting

Mary Aileen Matheis

12/20/11 City of Lake Forest 20<sup>th</sup> Anniversary Event  
12/27/11 Monthly meeting with Paul Cook regarding District activities  
01/12/12 IRWD Long-term Financing Plan Meeting

Peer Swan

12/07/11 ACWA Delta Task Force Committee Meeting  
12/20/11 ACWA Delta Task Force Committee Meeting  
01/05/12 ACWA Board of Directors Meeting  
1/18-20/12 CASA Mid-Year Conference, Palm Desert, CA  
1/25-27/12 ACWA Board of Directors Meeting

John Withers


12/20/11 City of Lake Forest 20<sup>th</sup> Anniversary Event  
12/22/11 City of Lake Forest Planning Commission Hearing re: Serrano Summit

RECOMMENDATION:

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

LIST OF EXHIBITS:

None

January 9, 2012  
Submitted and  
Approved by: Paul Cook 

## CONSENT CALENDAR

### RATIFICATION OF MEMORANDUM RELATIVE TO THE BOARD, COMMITTEE AND OTHER ASSIGNMENTS, AND APPROVAL OF AGENCY AND OUTSIDE ORGANIZATION BOARD REPRESENTATION AT MEETINGS/EVENTS FOR 2012

#### SUMMARY:

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

- Ratify the January 9, 2012 memorandum relative to Board, Committees and Other Assignments;
- Approve attendance for meetings and events for District representation by the Directors for 2012 calendar year; and
- Adopt a resolution revising the assignment of Directors to Committees of the Board.

#### BACKGROUND:

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

#### Standing Committees Changes

- LaMar as chair of the Water Resources Policy and Communications committee; Reinhart as member (Matheis as alternate).

#### Ad Hoc Committees Changes

- Matheis as chair of the City of Irvine/Great Park Ad Hoc Committee.
- Matheis as chair of the City of Tustin Ad Hoc Committee.
- Reinhart as chair of the MWDOC Ad Hoc Committee.
- Reinhart as member of the OCWD Ad Hoc Committee.
- Terminate the Orange Park Acres Advisory Committee; defer discussion of issues to the Orange/OPA Ad Hoc Committee, as needed.
- Establish Board member participation in the OCWD/MWDOC Joint Planning meeting: Reinhart and Swan.
- Matheis as member of the Water Banking Ad Hoc Committee.

Agencies Representation Changes

- Reinhart as IRWD’s representative to Municipal Water District of Orange County; LaMar as alternate.
- Reinhart as IRWD’s alternate representative to Orange County Water District.

Organizations Representation Changes

- New Water Supply Coalition has been deleted.
- LaMar appointed IRWD representative to NROC; Cook as alternate.
- Matheis as IRWD representative for the South Orange County Watershed Management Area Executive Committee; LaMar as alternate.
- Added Matheis as the representative for the CSDA Education Committee and the Water Education Foundation.

Internal Organizations Changes

- The Assistant Treasurer position in Bardeen is now vacant, but staff will recommend this position be filled by Tanya Fournier at the next Bardeen Partners meeting (scheduled for January 23, 2012).
- IRWD Improvement Corporation bylaws stipulate that the IRWD Board Vice President serves as the IRWD Improvement Corporation President, and the IRWD Board President serves as the IRWD Improvement Corporation Vice President with Withers is President and Matheis is Vice President.
- The Joint Powers Agency Commission changed the name of its committee to the Joint Powers Agency Finance Committee and stipulated, by resolution, that the members of the Committee would consist of the current members of the IRWD Finance and Personnel Committee (Swan and LaMar; Matheis as alternate).

Additionally, pursuant to Resolution 2003-47 adopted on December 15, 2003, approval/ratification of attendance of events and meetings is required by the Board of Directors. For those meetings and events shown without specific dates, approval is requested to authorize attendance for calendar year 2012. It should also be noted that based upon the annual assignment of Board members for outside agency representation, attendance at these meetings are considered authorized under the District’s policy. Assignments are summarized below:

Agencies Representation

- |   |  |
|---|--|
| • Municipal Water District of Orange County | Reinhart (Representative), LaMar (Alternate)         |
| • Orange County Sanitation District         | Withers (Director), Reinhart (Alternate)             |
| • Orange County Water District              | Swan (Representative),<br>Reinhart (Alternate)       |
| • So OC Wastewater Authority (SOCWA)        | Reinhart (Director), Cook (Alternate)                |
| • Santiago Aqueduct Commission              | Reed** (Director),<br>Reinhart and Cook (Alternates) |

Organizations Representation

- CA Association of San. Agencies (CASA) Swan (Representative),  
Withers (Alternate)
- CA Special Districts Association (CSDA) Matheis (Representative)  
Education Committee
- El Toro Restoration Advisory Board Matheis (Representative)
- Independent Special Districts of OC (ISDOC) Matheis (Representative),  
Withers (Alternate)
- Irvine Chamber of Commerce Matheis (Representative),  
LaMar (Alternate)
- National Water Research Institute (NWRI) Withers (Representative),  
LaMar (Alternate)
- Nature Reserve of Orange County (NROC) LaMar (Representative),  
Cook (Alternate)
- Newport Bay Watershed Executive Comm. Swan (Representative), Cook (Alternate)
- Newport Chamber of Commerce Swan (Representative),  
Matheis (Alternate)
- Orange County Business Council LaMar (Representative),  
Withers (Alternate)
- Orange County Council of Governments Matheis (Representative),  
LaMar (Alternate)
- South County Chamber of Commerce Reed\*\* (Representative),  
Reinhart (Alternate.)
- South Orange County Watershed Management Area Executive Committee Matheis (Representative),  
LaMar (Alternate)
- Southern California Dialogue Group Swan (Representative), Cook (Alternate)
- So. California Water Committee (SCWC) LaMar (Representative),  
Matheis (Alternate)
- Urban Water Institute (UWI) Matheis (Representative),  
Swan (Alternate)
- WaterReuse Association Reinhart (Representative),  
Cook (Alternate)
- Water Advisory Committee of OC (WACO) All Board Members
- Water Education Foundation Matheis (Representative)

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was not submitted for Committee review.

RECOMMENDATION:

THAT THE BOARD RATIFY THE MEMORANDUM DATED JANUARY 9, 2012 ENTITLED OFFICERS OF THE BOARD, COMMITTEES AND OTHER ASSIGNMENTS; APPROVE ATTENDANCE FOR THE MEETINGS AND EVENTS FOR THE BOARD'S REPRESENTATION FOR CALENDAR YEAR 2012 AS DELINEATED IN THE WRITE-UP; AND THAT THE FOLLOWING RESOLUTION BE ADOPTED BY TITLE:

RESOLUTION NO. 2012-

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, RESCINDING RESOLUTION NO. 2011-2 AND REVISING THE ASSIGNMENT OF DIRECTORS TO COMMITTEES OF THE BOARD

LIST OF EXHIBITS:

- Exhibit "A" – Memorandum from President Matheis dated January 9, 2012 entitled Officers of the Board, Committee and Other Assignments
- Exhibit "B" – Resolution Revising the Assignment of Directors to Committees of the Board

MEMORANDUM

DATE: January 9, 2012 (revisions shown in **bold**)  
TO: Board of Directors  
FROM: Mary Aileen Matheis, President  
SUBJECT: OFFICERS OF THE BOARD, COMMITTEES, AND OTHER ASSIGNMENTS

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District Board of Directors:

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

Other Officers of the District:

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

Standing Committees\*:

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

Ad Hoc Committees\*:

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

\* Committee chair name shown first

Agencies Representation:

- Municipal Water District of Orange County     **Reinhart (Representative), LaMar (Alternate)**
- Orange County Sanitation District             Withers (Director), Reinhart (Alternate)
- Orange County Water District                 Swan (Representative), **Reinhart (Alternate)**
- So OC Wastewater Authority (SOCWA)         Reinhart (Director), **Cook (Alternate)**
- Santiago Aqueduct Commission                 Reed\*\* (Director), Reinhart and Cook (Alternates)

Organizations Representation:

- CA Association of San. Agencies (CASA)         Swan (Representative), Withers (Alternate)
- **CA Special Districts Association (CSDA)**     **Matheis (Representative)**
- **Education Committee**
- El Toro Restoration Advisory Board             Matheis (Representative)
- Independent Special Districts of OC (ISDOC)     Matheis (Representative), Withers (Alternate)
- Irvine Chamber of Commerce                     Matheis (Representative), LaMar (Alternate)
- National Water Research Institute (NWRI)         Withers (Representative), LaMar (Alternate)
- Nature Reserve of Orange County (NROC)         **LaMar (Representative), Cook (Alternate)**
- ~~New Water Supply Coalition~~                 ~~LaMar (Representative), Cook (Member)~~
- Newport Bay Watershed Executive Comm.         Swan (Representative), **Cook (Alternate)**
- Newport Chamber of Commerce                 Swan (Representative), Matheis (Alternate)
- Orange County Business Council                 LaMar (Representative), Withers (Alternate)
- Orange County Council of Governments         Matheis (Representative), LaMar (Alternate)
- South County Chamber of Commerce             Reed\*\* (Representative), Reinhart (Alternate.)
- **South Orange County Watershed**                 **Matheis (Representative), LaMar (Alternate)**
- **Management Area Executive Committee**
- Southern California Dialogue Group             Swan (Representative), **Cook (Alternate)**
- So. California Water Committee (SCWC)         LaMar (Representative), Matheis (Alternate)
- Urban Water Institute (UWI)                     Matheis (Representative), Swan (Alternate)
- WaterReuse Association                         Reinhart (Representative), **Cook (Alternate)**
- Water Advisory Committee of OC (WACO)         All Board Members
- **Water Education Foundation**                 **Matheis (Representative)**

Internal Organizations:

- Bardeen Partners, Inc.                             Withers, President  
Swan, Vice President  
LaMar, Matheis and Reinhart, Members  
Jacobson, Treasurer  
**Vacant**, Assistant Treasurer  
L. Bonkowski, Secretary
- IRWD Improvement Corporation                 **Withers**, President  
**Matheis**, Vice President  
LaMar, Reinhart, Swan, Members  
Jacobson, Treasurer  
L. Bonkowski, Secretary

\*\* Appointed representative

Internal Organizations (continued):

- **Joint Powers Agency Commission** Swan, Chairman  
Matheis, Vice Chairman  
LaMar, Reinhart and Withers, Members  
Jacobson, Treasurer  
Fournier, Assistant Treasurer  
L. Bonkowski, Secretary
- **Joint Powers Agency Finance Committee** **Swan and LaMar (Alt. Matheis)**
- **IRWD Water Service Corporation** Matheis, President  
LaMar, Vice President  
Swan, Reinhart and Withers, Members  
Jacobson, Treasurer  
L. Bonkowski, Secretary

Supported Organizations:

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

Organization / Committee Staff Representation and Support:

- **Association of CA Water Agencies (ACWA)** Cook, Beeman, McLaughlin
- **California Association of Sanitation Agencies (CASA)** Posey, **Pedersen**
- **California Municipal Utilities Assoc. (CMUA)** **Cook**, McLaughlin
- **California Special Districts Assoc. (CSDA)** Beeman, McLaughlin
- **American Water Works Assoc. (AWWA)** Cook, Heiertz
- **California Water Environmental Assoc. (CWEA)** Posey, **Pedersen**
- **Dyer Road Well Field** Cook (Representative), Heiertz (Alternate)
- **Newport Bay Watershed Mgmt. Comm.** Tettermer (Representative), **Cook** (Alternate)
- **South Orange County Watershed Management Area Executive Committee** **Tettermer**
- **WaterReuse California** **Cook**, Tettermer and McLaughlin
- **National Water Research Institute (NWRI)** **Pedersen**



**EXHIBIT "B"**  
RESOLUTION NO. 2012 -

RESOLUTION OF THE BOARD OF DIRECTORS OF  
IRVINE RANCH WATER DISTRICT, RESCINDING  
RESOLUTION NO. 2011-2 AND REVISING THE ASSIGNMENT  
OF DIRECTORS TO COMMITTEES OF THE BOARD

WHEREAS, by adoption of Resolution No. 2011-2 on February 14, 2011, the Board of Directors of Irvine Ranch Water District appointed members of the Board of Directors to serve on Committees of the Board; and

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

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

Section 1. That Resolution No. 2011-2 be and hereby is rescinded.

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

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

\* Committee Chair name shown first

ADOPTED, SIGNED and APPROVED this 9th day of January, 2012.

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

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


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

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January 9, 2012

Prepared by: Rob Jacobson

Submitted by: Debby Cherney 

Approved by: Paul Cook 

## ACTION CALENDAR

### INTEREST RATE SWAPS BASIS SWAP STRATEGY AND AUTHORIZATION REQUEST

#### SUMMARY:

Staff and the District's interest rate swap financial advisor, Swap Financial Group, will present an overview of interest rate basis swap fundamentals including potential transaction scenarios, current market rates/ratios and potential cash flow and market value implications to the District. The Finance and Personnel Committee requested that staff evaluate the tax-exempt/taxable ratio levels that occurred in late 2008 to determine if a long-term basis swap(s) executed in a similar interest rate environment would be a prudent and effective strategy for the District. Based on this evaluation, staff will provide recommended parameters that will allow for execution of an interest rate basis swap(s) should similar market conditions occur in the future.

#### BACKGROUND:

An interest rate basis swap is the exchange of payments based on two variable interest rate indices – typically a tax-exempt index (e.g. SIFMA) and a taxable index (e.g. one-month LIBOR). In low interest rate environments, the ratio between these indices can at times be well above historical levels. Other factors that can significantly affect the ratio include the supply and perceived credit risk of long-term municipal bonds in the market and uncertainty about future tax rates and tax laws.

For a short period in late 2008 during the financial crisis, the ratio of tax-exempt / taxable interest rates reached historically high levels as taxable rates decreased significantly due to a “flight to safety” as investors moved funds into U.S. Treasury securities. At the same time, concerns about credit quality and liquidity in the municipal market moved tax-exempt interest rates higher. The resulting scenario was an inverted ratio with tax-exempt interest rates actually higher than taxable interest rates for a short time period, providing potential opportunities in the basis swap market. For perspective, the tax-exempt / taxable ratio for a 20-year basis swap has averaged about 83% over the past five-year period, and about 81% for the 10-year period, and reached a ratio of 106% for a short period in late 2008. Charts depicting historical ratios for a 20-year basis swap during the past five- and 10-year periods are attached as Exhibit “A”.

The Finance and Personnel Committee expressed an interest in establishing certain market criteria that would provide the District with the ability to enter into a basis swap transaction should similar market conditions and ratios occur. Specifically, staff and the Committee discussed convening, with the ability to evaluate market conditions and promptly execute a basis swap transaction, if the tax-exempt / taxable interest rate ratio for a 20-year basis swap were to reach or exceed 100%. Assuming that laws regarding the tax-exempt status for municipal debt remain in place and historical tax-exempt / taxable ratios continue, a basis swap transaction under this scenario would have minimal long-term cash flow and market value risk, with a high probability of consistent positive cash flow to the District. Staff also requested Swap Financial

Group to provide cash flow and market value scenarios for a 20-year basis swap assuming trade executions at tax-exempt/taxable ratios of 96% and 98%. Potential market implications for trades executed at these levels will be provided at the meeting.

Financial Analyst Selection:

Based on recent legislation, financial institutions now require swap counterparties to utilize a financial advisor (FA) to assist with the evaluation of potential swap strategies, as well as completion of required swap counterparty documentation and trade execution services. Staff evaluated multiple FAs with significant interest rate swap experience and selected Swap Financial Group to provide advisory services for the basis swap evaluation at a cost not to exceed \$10,500. If the District proceeds with counterparty selection, swap documentation, and trade execution services, additional fees will be required at that time. The scope of work for the initial evaluation services included:

- Evaluating the appropriateness of a basis swap(s) while considering the District's current fixed payer swap exposure, fixed / variable rate debt structure, fixed income investment portfolio, and other salient financial exposures including future capital financing needs;
- Evaluating suggested basis swap criteria given current and historic market conditions, the District's current interest rate swap exposures, and potential changes to future tax-exempt interest treatment of municipal debt, as well as other risks that may affect the economics of basis swaps. Specifically, a basis swap transaction if taxable / tax-exempt ratios increase to a 98% threshold, as well as a 100% threshold (for a 20-year basis swap); and
- Advising as to potential rating agency implications to be considered by the District if a basis swap transaction is executed, including rating agency perceptions of basis swap transactions, and the methodology/rationale used by the FA if it is determined that a basis swap transaction would be appropriate.

Swap Authorization:

In order to provide for the ability to execute a basis swap promptly should similar market conditions occur in the future and consistent with the District's *Interest Rate Swap Policy* (Policy), the general parameters of a swap transaction including swap type, maximum notional amount and maximum duration require Board approval. Based on analysis provided by Swap Financial Group and discussions with the Finance and Personnel Committee, staff recommends that a meeting of the Finance and Personnel Committee be convened to consider executing a basis swap(s) should the tax-exempt / taxable ratio of a 20-year basis swap reach or exceed 96%. Based on cash flow scenarios, staff recommends executing a basis swap at a ratio of 98% or greater. Considering the District's current swap exposures and the remaining variable rate debt available to hedge, staff also recommends a total notional amount not to exceed \$100 million.

Consistent with the Policy, a Term Sheet detailing the swap parameters for Board consideration is attached as Exhibit "B". Should the Board approve the proposed parameters, the Policy also requires the Finance and Personnel Committee to approve additional specific parameters

including the number and term of transactions, counterparty selection, indices to use and form of counterparty agreement. Finally, the Treasurer, with the concurrence of the Committee, would then have authorization to execute a swap transaction(s) within these parameters. Assuming Board approval of the recommended general parameters, staff will proceed with the next steps.

FISCAL IMPACTS:

Unable to determine at this time; future market conditions will control any fiscal impacts.

ENVIRONMENTAL COMPLIANCE:

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

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee at its meetings on August 19, 2011 and December 6, 2011.

RECOMMENDATION:

THAT THE BOARD APPROVE "INTEREST RATE SWAP AUTHORIZATION – TERM SHEET NO. 7" AUTHORIZING AN INTEREST RATE BASIS SWAP TRANSACTION(S) NOT TO EXCEED \$100 MILLION NOTIONAL AMOUNT AT A MINIMUM TAX-EXEMPT/TAXABLE RATIO OF 96% AND FOR A MAXIMUM TERM OF UP TO 20 YEARS FROM THE TRANSACTION DATE.

LIST OF EXHIBITS:

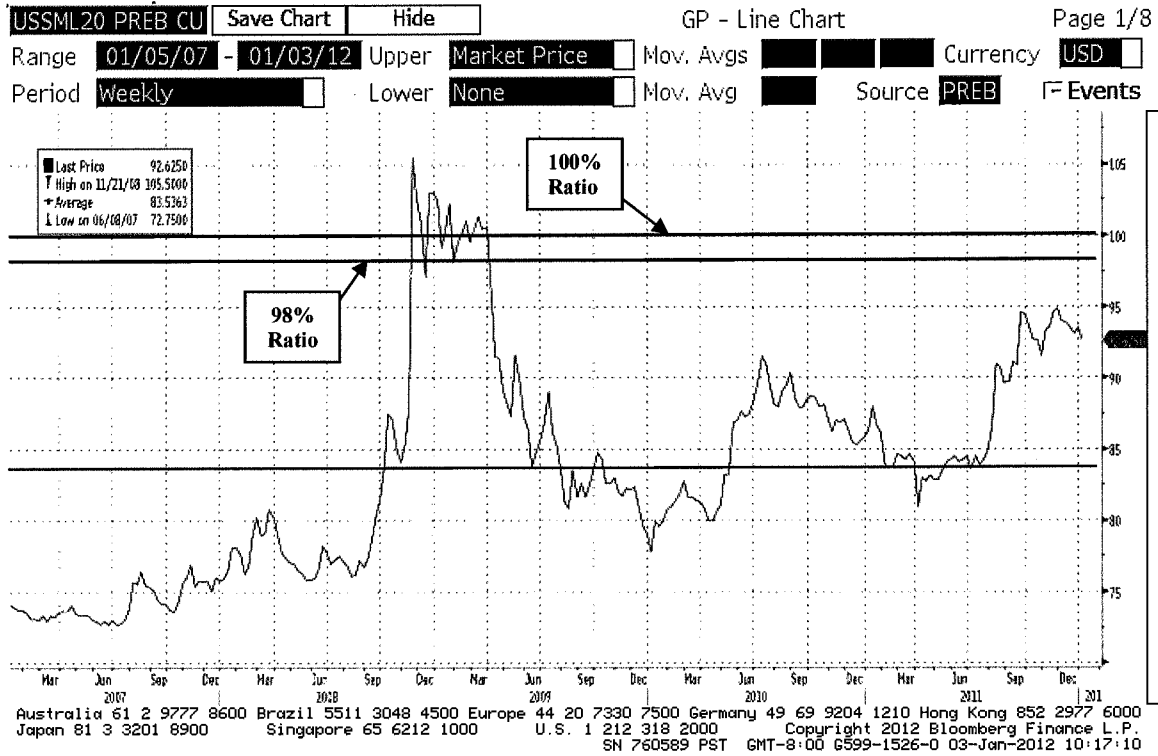
Exhibit "A" – 20-year Basis Swap Ratio History

Exhibit "B" – Interest Rate Swap Authorization – Term Sheet No. 7

# Exhibit "A"

## 20-Year Interest Rate Basis Swap – Historical Rates

### Tax-Exempt/Taxable Ratio (Jan '07 – Jan '12)



### Tax-Exempt/Taxable Ratio (Jan '02 – Jan '12)

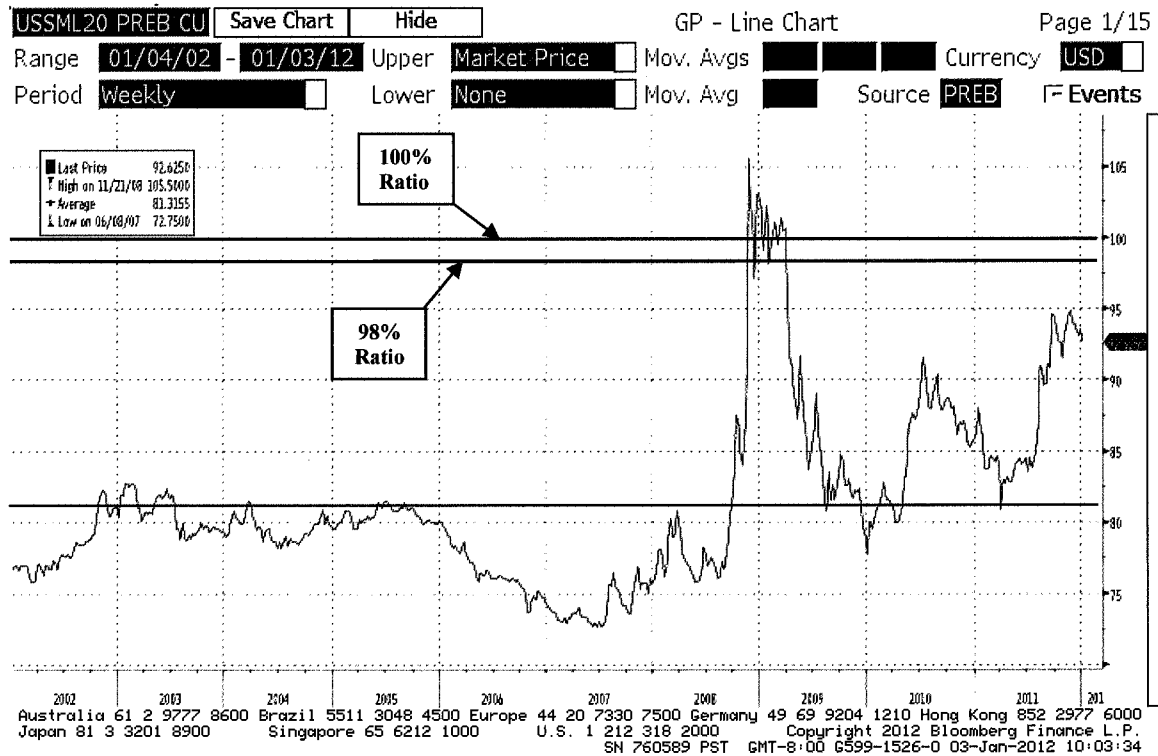


Exhibit "B"

INTEREST RATE SWAP AUTHORIZATION

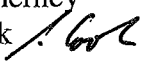
TERM SHEET NO. 7

Board Approval Date:	_____
Previously Authorized Notional Amounts Outstanding:	\$ -0-
Requested Notional Amount:	<u>\$ 100,000,000</u>
New Authorized Notional Amounts:	\$ 100,000,000
Type of Interest Rate Swap:	LIBOR/SIFMA Basis Swap
Maximum Duration:	Twenty (20) years
Timing of Transaction:	On or before December 31, 2012
Other Terms and Conditions:	Minimum LIBOR/SIFMA ratio of 96%

January 9, 2012

Prepared by: Rob Jacobson

Submitted by: Debby Cherney

Approved by: Paul Cook 

## ACTION CALENDAR

### ASSET OPTIMIZATION – SAND CANYON MEDICAL OFFICE PROJECT TENANT IMPROVEMENT CONSTRUCTION AWARD

#### SUMMARY:

Staff and the project manager for the Sand Canyon Medical Office project (Project 1284), Newport Real Estate Services (NRES), received three general contractor proposals for construction services related to tenant improvements (TI) for Coastal Fertility Medical Center/Reproductive Specialty Laboratories (Coastal). Based on the proposals received, staff recommends that the Board authorize the General Manager to execute a construction contract with KPRS Construction, Inc. in the amount of \$1,338,399. Staff also recommends approval of an increase to the 2011/12 Capital Budget and Expenditure Authorization in the amount of \$1,455,100 for Project 1284.

#### BACKGROUND:

In February 2008, the Board approved Phase I of the Sand Canyon Office Project on land adjacent to the Sand Canyon headquarters site. Phase I includes construction of a 16,300 square foot medical office building, a separate 2,380 square foot 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 March 2011, the Board approved a 10-year lease agreement with Coastal to lease 12,031 square feet of the planned medical office building, resulting in occupancy of approximately 73% of the space in the new building. The approved lease agreement includes a TI allowance in order to design and construct Coastal's new facilities. At the time the lease was approved by the Board, staff noted that the future TI costs would result in an increase to the project budget when final cost estimates were completed.

#### Coastal Fertility Tenant Improvements:

Included in the lease agreement with Coastal is a TI allowance of up to \$100.00 per useable square foot (10,583 useable SF), or a total of \$1,058,300. The lease terms also include a provision for the District to finance additional TIs, if required, up to \$25.00 per useable square foot, or up to an additional \$264,575, at an interest rate of 8.00% per year. Lease terms provide for the additional amount to be amortized and included in the tenant's monthly lease payments over the term. Any improvements in excess of this amount are the sole responsibility of Coastal.

Based on bids received for Coastal's TI construction, as well as design and project management expenses incurred to date, Coastal anticipates it will likely require the maximum amount allowed in the lease agreement of \$125.00 per square foot, or a total of \$1,322,875. Accordingly, staff is recommending an increase to the 2011/12 Capital Budget of \$1,455,100 and an Expense



Authorization for \$1,455,100, representing the stated TI budget plus contingencies. A copy of the TI plans for Coastal is attached as Exhibit “A”.

Construction Award:

NRES distributed completed TI plans and bid specifications to three pre-qualified general contractors on October 31, 2011, and all proposals were received by the November 30, 2011 deadline. The general contractors submitting proposals included KPRS Construction (KPRS), Driver SPG (CW Driver) and Swinerton Builders. The cost variance of the submitted proposals ranged from \$1,338,399 to \$1,418,889. A complete bid summary of the general contractor proposals is attached as Exhibit “B”.

Based on its competitive bid proposal of \$1,338,399, its experience with similar medical office tenant improvement projects, as well as its performance as general contractor for the building shell construction, staff is recommending KPRS Construction to provide general contractor services for the TIs.

The TI architect, Coastal and NRES, are currently evaluating value-engineering options in an effort to reduce costs. All expenses incurred on behalf of Coastal in excess of its maximum TI allowance will be paid directly by Coastal to the contractor or reimbursed to the District per the terms of the lease agreement.

Construction Schedule:

Construction of tenant improvements is expected to begin in January 2012, concurrent with completion of building shell construction, and final completion is expected in April 2012. Building shell and site improvements are expected to be complete in March 2012.

FISCAL IMPACTS:

The current approved Capital Budget amount for Project 284, Asset Optimization – Sand Canyon Property Development is \$6,277,600. Stabilized net operating income in Year-three for the medical office building assuming full occupancy is projected to be 7.08% based on an initial lease rate of \$3.15 per square foot and including TI costs.

Based on total cost estimates provided for TI design and construction, staff is requesting an increase to the project budget of \$1,455,100 for a total project budget of \$7,732,700, and an Expenditure Authorization, which is attached as (Exhibit “C”, for \$1,455,100. The requested Expenditure Authorization is related specifically to tenant improvement design and construction costs. The table below provides the related budget and Expenditure Authorization details:

Project No.	Current Budget	Addition <Reduction>	Total Budget	Existing EA	This EA Request	Total EA Request
1284	\$6,277,600	\$1,455,100	\$ 7,732,700	\$6,277,600	\$ 1,455,100	\$ 7,732,700

ENVIRONMENTAL COMPLIANCE:

This project is subject to the California Environmental Quality Act (CEQA). In conformance with the California Code of Regulations Title 14, Chapter 3, Section 15004, the appropriate environmental document will be prepared when meaningful information becomes available.

COMMITTEE STATUS:

This item was reviewed by the Asset Management Committee at meetings in June 2010, September 2010 and January 2011. The lease agreement and TI budget were approved by the Committee and recommended for Board approval at the January 2011 meeting.

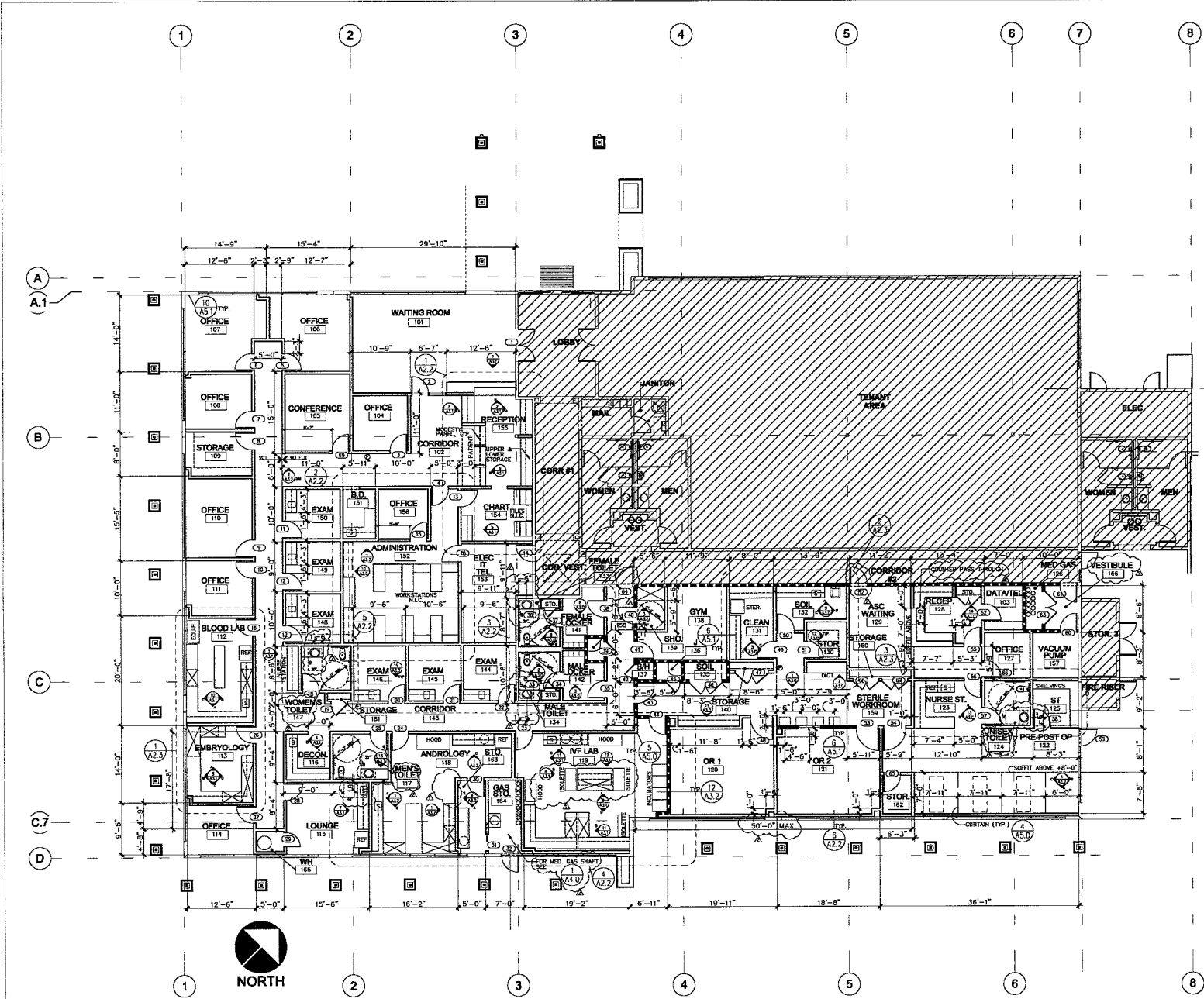
RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH KPRS CONSTRUCTION IN AN AMOUNT NOT TO EXCEED \$1,338,399; APPROVE AN INCREASE TO THE 2011/12 CAPITAL BUDGET IN THE AMOUNT OF \$1,455,100 AND APPROVE AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$1,455,100 FOR PROJECT 1284.

LIST OF EXHIBITS:

Exhibit "A" – Coastal Fertility Tenant Improvement Plans  
Exhibit "B" – General Contractor Bid Proposal Summary  
Exhibit "C" – Expenditure Authorization

# Exhibit "A"



### LEGEND

- NOT A PART OF THIS PROJECT UNLESS OTHERWISE NOTED
- NEW WALL SEE (A3.1)
- EXISTING WALL TO REMAIN
- EXISTING WALL TO BE DEMOLISHED
- NEW 1-HOUR WALL SEE (A3.2)
- 16 GA 3-5/8" STUDS @ 16" O.C.
- FURNITURE, FLOOR, OUTRIGGER, O'S LOCATION SEE (A2.3)

**NORMAN LAZERINE ASSOCIATES**  
 11111 - 1  
 1687 WILSHIRE BLVD., SUITE 210  
 LOS ANGELES, CA 90024  
 TEL 323.537.4474  
 FAX 323.537.4451

REVISIONS	
DATE	BY
11/13/2011	ALM
11/13/2011	ALM

**COASTAL FERTILITY MEDICAL CENTER**  
11111 - 1

**FLOOR PLAN LEGEND**

ISSUED FOR  
**2ND PLAN CHECK**  
 DATE OF ISSUE  
 12/16/2011  
**A2.0**

**BID FORM**

Exhibit "B"



**Coastal Fertility Medical Center  
15500 Sand Canyon Ave.  
Irvine, Ca.**

January 3, 2012

	DESCRIPTION	Driver SPG	KPRS	Swinerton
	Demolition	6,307.00	7,780.00	11,980.00
	Concrete	9,390.00	7,700.00	14,995.00
	Rough Carpentry	14,520.00	4,772.00	700.00
	Millwork	112,727.00	120,585.00	108,610.00
	Insulation	6,500.00	inc	9,913.00
	Roof Patching	23,230.00	21,930.00	21,930.00
	Doors, Frames & Hardware	55,196.00	55,077.00	52,127.00
	Glass & Glazing	18,451.00	10,585.00	13,713.00
	Drywall	104,694.00	110,950.00	111,982.00
	Ceramic Tile	3,579.00	5,460.00	4,990.00
	FRP	inc	0.00	inc
	Acoustical Ceilings	40,030.00	34,300.00	38,644.00
	Floor Covering	50,371.00	64,809.00	53,611.00
	Painting and Wallcovering	25,416.00	19,355.00	17,225.00
	Toilet Partitions & Accessories	2,032.00	4,559.00	2,895.00
	Specailities (Corner Guards)	0.00	5,270.00	5,080.00
	Window Coverings	6,989.00	2,700.00	800.00
	Fire Extinguishers	1,230.00	1,000.00	585.00
	Fire Sprinklers	28,000.00	24,000.00	28,000.00
	Plumbing	205,835.00	116,000.00	128,000.00
	HVAC	279,011.00	266,636.00	290,000.00
	Electrical	251,047.00	257,025.00	245,660.00
	Signage	inc	1,500.00	inc
	Medical Gas	inc	59,726.00	64,565.00
	Final Clean-up	13,674.00	18,544.50	9,000.00
	Fire Alarms	inc	8,887.00	8,137.00
	Steel Supports at Surgical Lights	inc	4,500.00	5,250.00
	<b>Subtotal</b>	<b>1,258,229.00</b>	<b>1,233,650.50</b>	<b>1,248,392.00</b>
	Insurance	11,911.00	12,734.94	27,127.00
	General Conditions	41,740.00	39,843.75	81,344.00
	Fee	39,624.39	38,586.88	51,285.00
	Bond	8,933.42	13,583.38	10,741.00
	<b>TOTAL</b>	<b>\$ 1,360,437.81</b>	<b>\$ 1,338,399.45</b>	<b>\$ 1,418,889.00</b>
<b>Additional Information</b>				
	Cost Per Square Foot	\$ 124.83	\$ 122.81	\$ 130.20
	Total of GC's, Fee and Insurance	\$ 93,275.39	\$ 91,165.57	\$ 159,756.00
<b>ALTERNATES (incl. fee &amp; ins.)</b>				
	<b>Subtotal</b>		\$ -	
	<b>GRAND TOTAL</b>			

# IRVINE RANCH WATER DISTRICT

## Expenditure Authorization

Project Name: ASSET OPTIMIZATION - SAND CANYON DEVELOPMENT  
 Project No: 11118 EA No: 4  
 Project Manager: JACOBSON, ROBERT  
 Project Engineer: FOURNIER, TANJA  
 Request Date: January 4, 2012

ID Split: Miscellaneous

**Improvement District (ID) Allocations**

ID No.	Allocation %	Source of Funds
101	100.0	REPLACEMENT FUND
<b>Total</b>	<b>100.0%</b>	

**Summary of Direct Cost Authorizations**

Previously Approved EA Requests:	\$6,277,600
This Request:	\$1,455,100
<b>Total EA Requests:</b>	<b>\$7,732,700</b>
Previously Approved Budget:	\$6,277,600
Budget Adjustment Requested this EA:	\$1,455,100
<b>Updated Budget:</b>	<b>\$7,732,700</b>
<b>Budget Remaining After This EA</b>	<b>\$0</b>

Comments: IRWD Planning & Design (Staff Time) \$75,000 Planning Outside (Soil Studies, Fees  
 & Permits) \$710,000 Design Outside (Architect/Eng) \$500,000 Legal \$2

Phase	This EA Request	Previous EA Requests	EA Requests to Date	This Budget Request	Previous Budget	Updated Budget	Start	Finish
ENGINEERING - PLANNING IRWD	0	50,000	50,000	0	50,000	50,000	7/06	12/07
ENGINEERING - PLANNING OUTSIDE	0	735,800	735,800	0	735,800	735,800	7/06	12/07
ENGINEERING DESIGN - IRWD	0	25,000	25,000	0	25,000	25,000	12/07	12/08
ENGINEERING DESIGN - OUTSIDE	85,000	585,000	670,000	85,000	585,000	670,000	12/07	12/09
ENGINEERING - CA&I IRWD	0	35,000	35,000	0	35,000	35,000	7/11	12/13
ENGINEERING - CA&I OUTSIDE	0	291,500	291,500	0	291,500	291,500	7/11	12/13
CONSTRUCTION FIELD SUPPORT	0	5,000	5,000	0	5,000	5,000	7/11	12/13
CONSTRUCTION	1,237,900	3,954,500	5,192,400	1,237,900	3,954,500	5,192,400	7/11	12/13
LEGAL	0	25,000	25,000	0	25,000	25,000	7/11	12/13
Contingency - 10.00% Subtotal	\$132,200	\$570,800	\$703,000	\$132,200	\$570,800	\$703,000		
<b>Subtotal (Direct Costs)</b>	<b>\$1,455,100</b>	<b>\$6,277,600</b>	<b>\$7,732,700</b>	<b>\$1,455,100</b>	<b>\$6,277,600</b>	<b>\$7,732,700</b>		
Estimated G/A - 180.00% of direct labor*	(\$17,400)	\$224,400	\$207,000	\$0	\$207,000	\$207,000		
<b>Total</b>	<b>\$1,437,700</b>	<b>\$6,502,000</b>	<b>\$7,939,700</b>	<b>\$1,455,100</b>	<b>\$6,484,600</b>	<b>\$7,939,700</b>		
Direct Labor	\$0	\$115,000	\$115,000	\$0	\$115,000	\$115,000		

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

EA Originator: \_\_\_\_\_ 1/4/12  
 Department Director: \_\_\_\_\_  
 Finance: \_\_\_\_\_  
 Board/General Manager: \_\_\_\_\_

\*\* IRWD hereby declares that it reasonably expects those expenditures marked with two asterisks to be reimbursed with proceeds of future debt to be incurred by IRWD in a maximum principal amount of \$8,099,000. The above-captioned project is further described in the attached staff report and additional documents, if any, which are hereby incorporated by reference. This declaration of official intent to reimburse costs of the above-captioned project is made under Treasury Regulation Section 1.150-2.

January 9, 2012

Prepared by: M. Cortez

Submitted by: K. Burton 

Approved by: Paul Cook 

## ACTION CALENDAR

### NEWPORT BOULEVARD DOMESTIC WATER MAIN RELOCATION CONSTRUCTION AWARD

#### SUMMARY:

The Newport Boulevard Domestic Water Main Relocation project will replace approximately 5,000 linear feet of 12-inch asbestos cement water main located in Santa Ana Heights which provides drinking water, irrigation, fire services, and fire hydrants to approximately 73 customers. The 12-inch replacement pipeline will be installed in Newport Boulevard. Staff recommends that the Board:

- Authorize an increase to the FY 2011-12 Capital Budget for Project 10822 in the amount of \$1,237,200, from \$3,622,300 to \$4,859,500;
- Approve an Expenditure Authorization for Project 10822 in the amount of \$4,152,200; and
- Authorize the General Manager to execute a construction contract with Sully-Miller Contracting Co. in the amount of \$3,657,815.54 for the Newport Boulevard Domestic Water Main Relocation Project.

#### BACKGROUND:

An existing 12-inch asbestos cement domestic water main runs parallel to the rear property line of properties facing either Newport Boulevard or Elden Avenue, from Wilson Street to Mesa Drive as shown in Exhibit "A". Since the water main is "landlocked", repairing leaks and performing routine maintenance requires IRWD to enter private property. Aside from the costs to repair or maintain the pipeline, there are additional costs should IRWD damage any private improvement. This project will construct a replacement 12-inch water main in Newport Boulevard. All existing pipeline appurtenances and service connections will be relocated to the new pipeline and reconnected to private on-site plumbing outside the buildings. The existing water main will be filled with slurry and abandoned in place and the existing water meters will be removed.

#### Construction Award:

This project was advertised on November 21, 2011 to a select bid list of nine pipeline contractors: Steve Bubalo Construction Co., Doty Brothers Construction Co., RC Foster Corporation, GCI Construction, Inc., Kennedy Pipeline Company, L&S Construction, Inc., Leatherwood Construction, Inc., Paulus Engineering, Inc., and Sully-Miller Contracting Co. The bid opening was held on December 19, 2011, with bids received from four of the nine contractors. Sully-Miller Contracting Co. was the apparent low bidder with a bid amount of \$3,657,815.54. The engineer's estimate was \$4,897,000. A Bid Summary is attached as Exhibit "B".

Of the five other contractors that declined to bid, Steve Bubalo Construction and Doty Brothers Construction cited their manpower deficiencies to complete the project within the proposed construction period. The amount of on-site plumbing work on private properties may also have been a contributing factor to the non-submittal of bids from the other contractors.

**FISCAL IMPACTS:**

Project 10822 (1866) is included in the FY 2011-12 Capital Budget. Staff requests a budget increase and Expenditure Authorization to fund the construction as shown in the table below and in Exhibit "C".

Project No.	Current Budget	Addition <Reduction>	Total Budget	Existing EA	This EA Request	Total EA Request
10822 (1866)	\$3,622,300	\$1,237,200	\$4,859,500	\$707,300	\$4,152,200	\$4,859,500

**ENVIRONMENTAL COMPLIANCE:**

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

**COMMITTEE STATUS:**

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

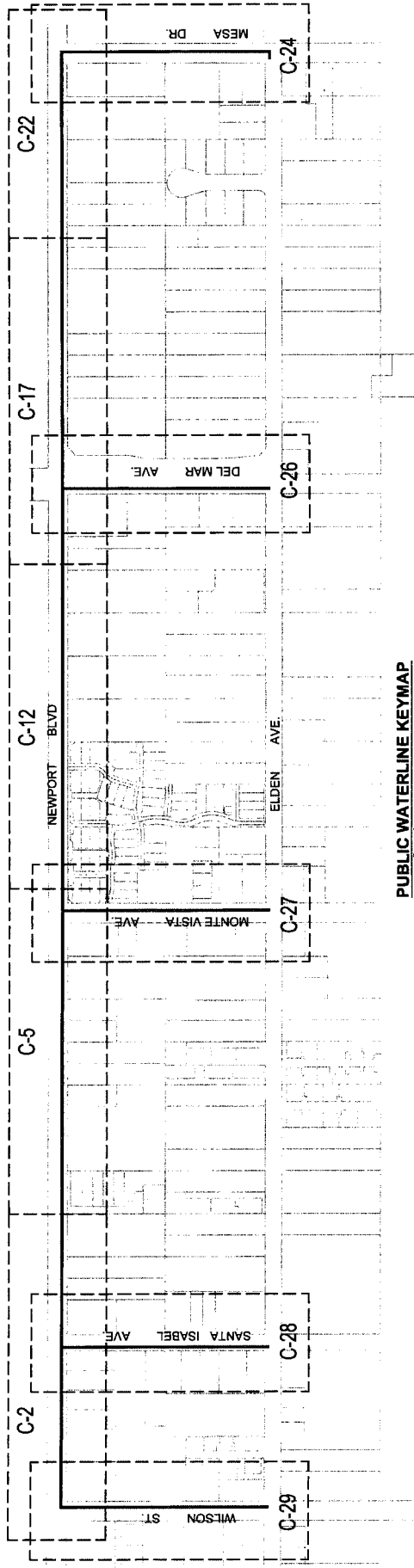
**RECOMMENDATION:**

THAT THE BOARD AUTHORIZE AN INCREASE TO THE FY 2011-12 CAPITAL BUDGET FOR PROJECT 10822 (1866) IN THE AMOUNT OF \$1,237,200, FROM \$3,622,300 TO \$4,859,500; APPROVE AN EXPENDITURE AUTHORIZATION FOR PROJECT 10822 (1866) IN THE AMOUNT OF \$4,152,200; AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH SULLY-MILLER CONTRACTING COMPANY IN THE AMOUNT OF \$3,657,815.54 FOR THE NEWPORT BOULEVARD DOMESTIC WATER MAIN RELOCATION PROJECT.

**LIST OF EXHIBITS:**

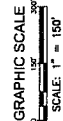
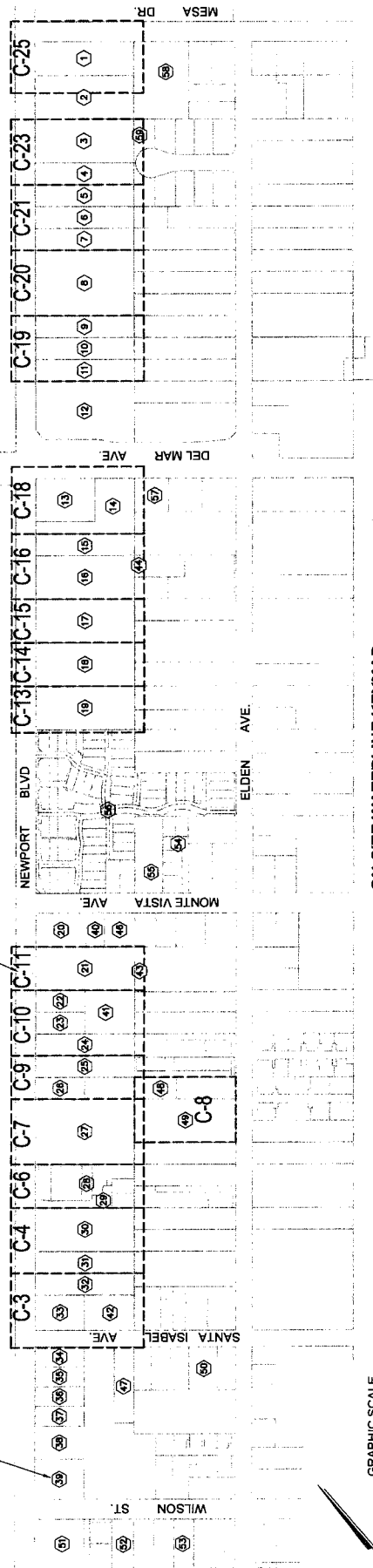
- Exhibit "A" – Location Map
- Exhibit "B" – Bid Summary
- Exhibit "C" – Expenditure Authorization

# EXHIBIT "A"



PROPERTY ID.  
NUMBER (TYP)

DRAWING  
NUMBER (TYP)



NO. DATE	APPROVED		DESIGN	DATE
	RS, RH	PC, PK, PV	PC, PK, PV	DATE
REVISIONS		CHECK	DATE	DATE
		RS, RH	PC, PK, PV	DATE
		RS, RH	PC, PK, PV	DATE

**DUDEK**  
3188 CAMINO CHRISTIANO, SUITE 300  
SAN JOSE, CA 95135  
914-430-2333

**IRVINE RANCH WATER DISTRICT**  
NEWPORT BLVD. DOMESTIC WATER MAIN  
RELOCATION PROJECT  
PROJECT NUMBER 10822

**PUBLIC AND ON-SITE  
WATERLINE KEY MAPS**

DRAWING  
C-1  
6 OF 53  
SHEETS

DATE: 10/1/11  
DESIGNER: MALCOLM GARCIA, P.E.  
CHECKER: MALCOLM GARCIA, P.E.  
PROJECT MANAGER: MALCOLM GARCIA, P.E.  
DATE: 10/1/11  
DESIGNER: MALCOLM GARCIA, P.E.  
CHECKER: MALCOLM GARCIA, P.E.  
PROJECT MANAGER: MALCOLM GARCIA, P.E.





Item No.	Description	Qty	Unit	Engineer's Estimate		Sully Miller Contracting Brea, CA		Paulus Engineering, Inc. Anaheim, CA		L&S Construction Orange, CA		Leatherwood Construction Fountain Valley, CA	
				Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount
53	Private on-site improvements for Property 24 (2460 Newport Blvd.)	1	LS	\$13,000.00	\$13,000.00	\$22,000.00	\$22,000.00	\$27,400.00	\$27,400.00	\$18,350.00	\$18,350.00	\$23,800.00	\$23,800.00
54	Private on-site improvements for Property 25 (2458 Newport Blvd.)	1	LS	\$123,150.00	\$123,150.00	\$24,000.00	\$24,000.00	\$66,000.00	\$66,000.00	\$31,500.00	\$31,500.00	\$52,500.00	\$52,500.00
55	Private on-site improvements for Property 26 (2454 Newport Blvd.)	1	LS	\$750.00	\$750.00	\$1,300.00	\$1,300.00	\$6,500.00	\$6,500.00	\$6,300.00	\$6,300.00	\$11,200.00	\$11,200.00
56	Private on-site improvements for Property 27 (2450 Newport Blvd.)	1	LS	\$4,000.00	\$4,000.00	\$21,500.00	\$21,500.00	\$75,000.00	\$75,000.00	\$7,100.00	\$7,100.00	\$8,500.00	\$8,500.00
57	Public on-site improvements for Properties 27 & 49 (2450 Newport Blvd. & 2447 Elden Ave.)	1	LS	\$78,900.00	\$78,900.00	\$40,000.00	\$40,000.00	\$32,000.00	\$32,000.00	\$38,250.00	\$38,250.00	\$91,400.00	\$91,400.00
58	Private on-site improvements for Properties 28 & 29 (2448 Newport Blvd.)	1	LS	\$2,500.00	\$2,500.00	\$8,300.00	\$8,300.00	\$15,700.00	\$15,700.00	\$7,950.00	\$7,950.00	\$22,200.00	\$22,200.00
59	Private on-site improvements for Property 30 (2430 Newport Blvd.)	1	LS	\$17,362.00	\$17,362.00	\$19,500.00	\$19,500.00	\$30,000.00	\$30,000.00	\$22,200.00	\$22,200.00	\$40,500.00	\$40,500.00
60	Private on-site improvements for Property 31 (2428 Newport Blvd.)	1	LS	\$17,394.00	\$17,394.00	\$12,700.00	\$12,700.00	\$28,000.00	\$28,000.00	\$17,700.00	\$17,700.00	\$28,400.00	\$28,400.00
61	Private on-site improvements for Property 32A & 32B (2424 Newport Blvd. & 2426 Newport Blvd.)	1	LS	\$32,550.00	\$32,550.00	\$23,000.00	\$23,000.00	\$43,000.00	\$43,000.00	\$25,900.00	\$25,900.00	\$54,700.00	\$54,700.00
62	Private on-site improvements for Property 41 (2472 Newport Blvd.)	1	LS	\$18,840.00	\$18,840.00	\$9,600.00	\$9,600.00	\$20,000.00	\$20,000.00	\$19,100.00	\$19,100.00	\$27,200.00	\$27,200.00
63	Private on-site improvements for Property 48 (2451-1/2 Elden Ave.)	1	LS	\$19,552.00	\$19,552.00	\$13,000.00	\$13,000.00	\$27,000.00	\$27,000.00	\$19,800.00	\$19,800.00	\$27,600.00	\$27,600.00
64	Newport Blvd (Grind (2" Deep) and Overlay 2" with ARHM Cap for entire lane(s) width)	73,593	SF	\$3.50	\$257,575.50	\$1.50	\$110,389.50	\$1.50	\$110,389.50	\$1.80	\$132,467.40	\$1.90	\$139,826.70
65	Mesa Drive (Grind (1" Deep) and Overlay 2" with AC Cap for entire street width)	26,918	SF	\$2.50	\$67,295.00	\$1.50	\$40,377.00	\$1.25	\$33,647.50	\$1.55	\$41,722.90	\$1.70	\$45,760.60
66	Del Mar Avenue (Grind (1" Deep) and Overlay 2" with AC Cap for entire street width)	63,749	SF	\$2.50	\$159,372.50	\$1.50	\$95,623.50	\$1.25	\$79,686.25	\$1.55	\$98,810.95	\$1.60	\$101,998.40
67	Monte Vista Avenue (Grind (1" Deep) and Overlay 2" with AC Cap for entire street width)	28,834	SF	\$2.50	\$72,085.00	\$1.50	\$43,251.00	\$1.25	\$36,042.50	\$1.55	\$44,692.70	\$1.65	\$47,576.10
68	Santa Isabel Avenue (Grind (1" Deep) and Overlay 2" with AC Cap for entire street width)	28,641	SF	\$2.50	\$71,602.50	\$1.50	\$42,961.50	\$1.25	\$35,801.25	\$1.55	\$44,393.55	\$1.70	\$48,689.70
69	Wilson Street (Grind (1" Deep) and Overlay 2" with AC Cap for entire street width)	28,138	SF	\$2.50	\$70,345.00	\$1.50	\$42,207.00	\$1.25	\$35,172.50	\$1.55	\$43,613.90	\$1.70	\$47,834.60
70	Removal and Replacement of Cross Gutters	1	LS	\$25,000.00	\$25,000.00	\$10,000.00	\$10,000.00	\$7,500.00	\$7,500.00	\$16,410.00	\$16,410.00	\$7,400.00	\$7,400.00
71	Abandonment of 4" Pipe	377	LF	\$18.00	\$6,786.00	\$8.25	\$3,110.25	\$4.00	\$1,508.00	\$15.00	\$5,655.00	\$6.00	\$2,262.00
72	Abandonment of 6" Pipe	3,850	LF	\$20.00	\$77,000.00	\$13.80	\$53,130.00	\$4.50	\$17,325.00	\$4.00	\$15,400.00	\$7.00	\$26,950.00
73	Abandonment of 12" Pipe	4,495	LF	\$25.00	\$112,375.00	\$11.65	\$52,366.75	\$6.00	\$26,970.00	\$10.00	\$44,950.00	\$10.00	\$44,950.00
74	Traffic Control	1	LS	\$50,000.00	\$50,000.00	\$27,000.00	\$27,000.00	\$18,000.00	\$18,000.00	\$97,000.00	\$97,000.00	\$20,000.00	\$20,000.00
75	Final Record Drawings	1	LS	\$10,000.00	\$10,000.00	\$1,800.00	\$1,800.00	\$1,500.00	\$1,500.00	\$8,350.00	\$8,350.00	\$2,500.00	\$2,500.00
76	Furnish and install Excavation Safety Measures	1	LS	\$30,000.00	\$30,000.00	\$13,000.00	\$13,000.00	\$2,000.00	\$2,000.00	\$84,300.00	\$84,300.00	\$15,000.00	\$15,000.00
	Sub-Total, Bid Items 1 thru 76			\$4,854,646.19	\$4,854,646.19	\$3,657,815.54	\$3,657,815.54	\$3,973,365.04	\$3,973,365.04	\$4,099,680.05	\$4,099,680.05	\$4,887,786.70	\$4,887,786.70
	Adjustment (+ or -)			\$0.00	\$0.00	\$0.00	\$0.00	\$210,000.00	\$210,000.00	\$175,000.00	\$175,000.00	\$0.00	\$0.00
	Total Amount of Bid			\$4,854,646.19	\$4,854,646.19	\$3,657,815.54	\$3,657,815.54	\$4,183,365.04	\$4,183,365.04	\$4,274,680.05	\$4,274,680.05	\$4,887,786.70	\$4,887,786.70



**IRVINE RANCH WATER DISTRICT**  
**Expenditure Authorization**

**Exhibit "C"**

**Project Name:** NEWPORT BLVD WATER MAIN REPLACEMENT  
**Project No:** 10822 **EA No:** 3  
**Project Manager:** CORTEZ, MALCOLM  
**Project Engineer:** BONKOWSKI, THOMAS  
**Request Date:** December 19, 2011

**ID Split:** Miscellaneous

**Improvement District (ID) Allocations**

ID No.	Allocation %	Source of Funds
101	100.0	REPLACEMENT FUND**
<b>Total</b>	<b>100.0%</b>	

**Summary of Direct Cost Authorizations**

<b>Previously Approved EA Requests:</b>	\$707,300
<b>This Request:</b>	\$4,152,200
<b>Total EA Requests:</b>	\$4,859,500
<b>Previously Approved Budget:</b>	\$3,622,300
<b>Budget Adjustment Requested this EA:</b>	\$1,237,200
<b>Updated Budget:</b>	\$4,859,500
<b>Budget Remaining After This EA</b>	\$0

**Comments:** Oracle ~~1866~~ 1866

Phase	This EA Request	Previous EA Requests	EA Requests to Date	This Budget Request	Previous Budget	Updated Budget	Start	Finish
ENGINEERING DESIGN - IRWD	10,000	70,000	80,000	10,000	70,000	80,000	4/08	12/11
ENGINEERING DESIGN - OUTSIDE	5,000	550,000	555,000	5,000	550,000	555,000	2/10	12/11
DESIGN STAFF FIELD SUPPORT	0	20,000	20,000	0	20,000	20,000	2/10	12/11
ENGINEERING - CA&I IRWD	100,000	0	100,000	20,000	80,000	100,000	7/11	8/12
ENGINEERING - CA&I OUTSIDE	150,000	0	150,000	0	150,000	150,000	8/11	8/12
CONSTRUCTION FIELD SUPPORT	20,000	0	20,000	0	20,000	20,000	1/12	8/12
CONSTRUCTION	3,700,000	0	3,700,000	1,300,000	2,400,000	3,700,000	1/12	8/12
LEGAL	0	3,000	3,000	0	3,000	3,000	2/10	8/12
Contingency - 5.00% Subtotal	\$167,200	\$64,300	\$231,500	(\$97,800)	\$329,300	\$231,500		
<b>Subtotal (Direct Costs)</b>	<b>\$4,152,200</b>	<b>\$707,300</b>	<b>\$4,859,500</b>	<b>\$1,237,200</b>	<b>\$3,622,300</b>	<b>\$4,859,500</b>		
Estimated G/A - 180.00% of direct labor*	\$229,500	\$166,500	\$396,000	\$54,000	\$342,000	\$396,000		
<b>Total</b>	<b>\$4,381,700</b>	<b>\$873,800</b>	<b>\$5,255,500</b>	<b>\$1,291,200</b>	<b>\$3,964,300</b>	<b>\$5,255,500</b>		
Direct Labor	\$130,000	\$90,000	\$220,000	\$30,000	\$190,000	\$220,000		

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

**EA Originator:** Malcolm Cortez 12/20/11  
**Department Director:** Kevin L Burton 12/27/11  
**Finance:** \_\_\_\_\_  
**Board/General Manager:** \_\_\_\_\_

\*\* IRWD hereby declares that it reasonably expects those expenditures marked with two asterisks to be reimbursed with proceeds of future debt to be incurred by IRWD in a maximum principal amount of \$5,361,000. The above-captioned project is further described in the attached staff report and additional documents, if any, which are hereby incorporated by reference. This declaration of official intent to reimburse costs of the above-captioned project is made under Treasury Regulation Section 1.150-2.