

MINUTES OF REGULAR MEETING – MARCH 28, 2005

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by President Miller at 6:00 p.m., March 28, 2005 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None

Also Present: General Manager Jones, Director of Engineering Heiertz, Treasurer Loomis, Assistant General Manager Cook, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Mr. Tom Bishop, and other members of the public and staff.

WRITTEN COMMUNICATIONS: None

ORAL COMMUNICATIONS:

Mrs. Joan Irvine Smith addressed the Board of Directors with respect to the Dyer Road Wellfield. She said that she understood the summer production season ended and that currently Dyer Road Wells 1, 2, 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 15, 16, 17, and 18 are currently not being operated. Wells C-8 and C-9 are operational. This was confirmed by Mr. Jones, General Manager of the District.

With respect to the Orange County Basin Groundwater Conjunctive Use Program being coordinated by Municipal Water District of Orange County (MWDOC) and Orange County Water District (OCWD), the agencies participating are the cities of Anaheim, Westminster, Santa Ana, Buena Park, and Garden Grove, Yorba Linda Water District and Southern California Water Company. Contracts have been awarded by OCWD to Beylik Engineering and Bakersfield Well & Pump, Inc. to construct a total of eight wells. It is anticipated that well drilling will be completed by June of 2005 and it will take an additional 12 to 18 months to complete the wellhead facilities. OCWD is required to have the wells operational by December 2008.

ITEMS TOO LATE TO BE AGENDIZED:

General Manager Jones reported that an item came to staff's attention after the agenda was posted relative to taking a District position on Senate Bill 926 (Florez). On MOTION by Swan, seconded and unanimously carried, IT WAS DETERMINED THAT THERE WAS A NEED TO TAKE IMMEDIATE ACTION TO TAKE A POSITION ON SENATE BILL 926 (FLOREZ) WHICH CAME TO THE ATTENTION OF THE DISTRICT SUBSEQUENT TO THE AGENDA BEING POSTED, AND THIS MATTER WAS ADDED TO THE AGENDA AS ITEM 16A OF THE ACTION CALENDAR (see page 7).

WORKSHOP

General Manager Jones reported that the Water Conservation Business Plan had been reviewed by the Water Resources Policy and Communications Committee. He said that staff will present this Plan to the Board in two parts. He said that in Part 1, foundational information will be presented tonight, with recommendations for specific plan elements, and that resource requirements to be presented at the Board meeting held on April 25, 2005.

Water Resources Manager Tettermer discussed the following topics: the purposes for the Plan; the Mission Statement; why conservation?; current IRWD conservation programs and results; agency performance summary; residential and landscape water usage in IRWD; typical residential water use; conservation plan elements overview; values and incentives; and incentive calculation methodology. Following discussion, staff was asked to make various changes on the slides as well as to research some data.

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 11 WERE APPROVED AS FOLLOWS:

4. STATE LEGISLATIVE UPDATE

Recommendation: That the Board oppose SB 393, Support AB 1234, oppose unless amended SB 820 and support AB 371.

5. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the March 14 and 21, 2005 Board of Directors' meeting be approved as presented.

6. RATIFY BOARD OF DIRECTOR ATTENDANCE AT MEETINGS AND EVENTS

Recommendation: Ratify meetings and events for Mary Aileen Matheis, Doug Reinhart, and Peer Swan.

7. STRATEGIC MEASURES DASHBOARDS

Recommendation: Receive and file.

8. FEBRUARY 2005 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report for February 2005 and approve the February 2005 Summary of Wire Transfers and ACH payments in the total amount of \$2,805,928.97 and the February 2005 Warrants Nos. 257981 through 258715 in the total amount of \$3,902,045.13.

CONSENT CALENDAR (Continued)

9. PLANNING AREA 6 ZONE 4 FLOW CONTROL FACILITY AT OC-72 AND ZONE 3 TO 4 BOOSTER PUMP STATION NEGATIVE DECLARATION

Recommendation: Adopt the proposed negative declaration for Planning Area 6 Zone 4 Flow Control Facility at OC-72 and Zone 3 to 4 booster pump station; direct staff to post and file a Notice of Determination; and direct staff to file a California Department of Fish and Game De Minimis finding.

10. COAST SUPPLY LINE CATHODIC PROTECTION STATION AND ANODE BED REPLACEMENT

Recommendation: Authorize the addition of Project 10874 to the FY 2004/05 Capital Budget for \$48,500 and approve an expenditure authorization for same for the Coast Supply Line Cathodic Protection Station and Anode Bed Replacement Project.

11. "ON CALL" ENVIRONMENTAL SERVICES-CONTRACT VARIANCE BUDGET INCREASE AND EXPENDITURE AUTHORIZATION

Recommendation: Approve Variance No. 3 to the contract with Harmsworth Associates for \$35,000; approve an increase in the FY 2004/05 Capital Budget for Projects 10202, 20202, and 30202 by \$13,200 each, from \$33,000 to \$46,200 for each project; and, approve additional expenditure authorizations for these projects in the amount of \$13,200 each, to a total \$46,200 for each project.

ACTION CALENDAR

AGREEMENT WITH ORANGE COUNTY SANITATION DISTRICT FOR ACCOMMODATION OF WASTEWATER FLOWS FROM THE CITY OF NEWPORT BEACH RECEIVED BY IRWD

General Manager Jones reported that The Orange County Sanitation District (OCSD) previously received wastewater flows through the collection system of the City of Newport Beach (the "City") from the areas tributary to the City's Bison and Jamboree sewer lift stations.

Director of Engineering Heiertz reported that in 1998, IRWD agreed to receive the City's sewage flow from the Bison and Jamboree tributary flow areas into IRWD's south Irvine sewer, thereby enabling the City to abandon those two lift stations. The City paid a one-time lump sum to IRWD to cover our capital and operation and maintenance costs in the District's wastewater facilities that would be used to collect and transport the City's flows to OCSD's Main Street Pump Station.

Mr. Heiertz reported that IRWD is responsible for a percentage of OCSD capital improvement and operation and maintenance costs based on the proportion of wastewater flows from IRWD to the total of all flows to OCSD. When OCSD calculates these costs, the amount of wastewater flow from the Bison and Jamboree Tributary Flow Areas should be subtracted from IRWD's

flows and be added back to the “Consolidated Revenue Area” which includes the City of Newport Beach.

On MOTION by Matheis, seconded and unanimously carried, THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE AN AGREEMENT FOR ACCOMMODATION OF FLOWS FROM THE CITY OF NEWPORT BEACH’S ABANDONED LIFT STATIONS ACCEPTED BY IRVINE RANCH WATER DISTRICT SEWER SYSTEM.

TUSTIN BASE, VESTAR DEVELOPMENT, CAPITAL FACILITIES

General Manager Jones reported that the development of the Tustin Base property is continuing with Vestar Development starting work on the commercial property in the southeast corner of the base. Mr. Jone said that their development will be bounded by Barranca Parkway, Jamboree Road, Warner Avenue and Tustin Ranch Road.

Director of Engineering Heiertz reported that in accordance with the Sub-Area Master Plan (SAMP) prepared for the redevelopment of the Base property, there are several facilities in the streets surrounding the Vestar project. The City of Tustin conditioned Vestar to build these facilities as part of their development. Mr. Heiertz reported that a reimbursement agreement with the City of Tustin has been drafted for design and construction of the water, sewer and reclaimed water facilities required by the SAMP adjacent to their development. Development Resource Consultants, Inc. was hired by Vestar as the design engineer with Mr. Greg Cooke as the Project Manager.

There are two 16-inch water and reclaimed pipelines in Barranca Parkway from Jamboree to Von Karman. Additionally, there are 12-inch water, 15-inch sewer and 6 and 8-inch reclaimed water lines in Tustin Ranch Road and within the South Loop Road.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on March 15, 2005. On MOTION by Reinhart, seconded and unanimously carried, PROJECTS 10871 FOR \$294,300, 30871 FOR \$294,300, 10879 FOR \$393,300, 20879 FOR \$201,900, 30879 FOR \$167,800, 10882 FOR \$354,800, 20882 FOR \$281,100 AND 30882 FOR \$150,200 WERE ADDED TO THE FY 2004/05 CAPITAL BUDGET; EXPENDITURE AUTHORIZATIONS WERE APPROVED FOR PROJECTS 10871 FOR \$38,500, 30871 FOR \$38,500, 10879 FOR \$47,300, 20879 FOR \$23,100, 30879 FOR \$20,900, 10882 FOR \$44,000, 20882 FOR \$31,900 AND 30882 FOR \$19,900; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A REIMBURSEMENT AGREEMENT WITH THE CITY OF TUSTIN FOR DESIGN AND CONSTRUCTION OF THE CAPITAL FACILITIES ASSOCIATED WITH THE VESTAR COMMERCIAL DEVELOPMENT.

PLANNING AREA 6, MARSHBURN WASH SEWER AND GRADING FOR ZONE 3 - 4 BOOSTER PUMP STATION

General Manager Jones reported that the Board previously approved a Supplemental Reimbursement Agreement (SRA) between Irvine Community Development Company (ICDC) and IRWD to design and construct the IRWD facilities for Planning Area (PA) 6. Mr. Jones said that ICDC designed and bid the continuation of the capital sewer, including a bore under the SR-133 toll road and sewer parallel to the SR-133 between Portola Parkway and Irvine Boulevard. He said that there will also be a paved road constructed above the sewer to provide access to the manholes for maintenance.

Director of Engineering Heiertz reported that ICDC will also grade the Zone 3 to 4 Booster Pump Station (BPS) site, on the south side of Portola Parkway just east of the SR-133 toll road. The cost for the grading was also included in the contract for the sewer project.

Mr. Heiertz reported that Sukut Construction's bid to ICDC was the lowest of five received. The cost for the sewer is \$1,608,012 and cost for the Zone 3 to 4 BPS grading is \$222,629.50, for a total of \$1,830,641.50. A concurrence letter from IRWD was sent to ICDC authorizing the award of the contract to Sukut Construction and also approving costs for survey, geotechnical and other monitoring services in accordance with proposals submitted by the ICDC consultants. Additional sewer design costs for \$22,400.00 were approved in the Potential Change of Work # 3 to the ICDC's contract with Tettermer & Associates.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on March 15, 2005. On MOTION by Reinhart, seconded and unanimously carried, PROJECT 20386 WAS ADDED TO THE FY 2004/05 CAPITAL BUDGET FOR \$1,956,400; AN EXPENDITURE AUTHORIZATION WAS APPROVED FOR PROJECT 20386 FOR \$1,956,400 FOR THE DESIGN AND CONSTRUCTION OF THE SEWER ACROSS THE SR-133 TOLL ROAD AND PARALLEL TO THE SR -133 TOLL ROAD FROM PORTOLA PARKWAY TO IRVINE BOULEVARD; AND AN EXPENDITURE AUTHORIZATION FOR PROJECT 13001 FOR \$303,600 WAS APPROVED FOR GRADING OF THE ZONE 3 TO 4 BPS SITE.

RECYCLED WATER SUPPLY EXPANSION PROJECT ENVIRONMENTAL CONSULTANT SELECTION

General Manager Jones reported that the Water Resources Master Plan (WRMP) identifies ultimate demands for the nonpotable water system of approximately 33,000 acre feet per year (AFY), with about 80% of these demands anticipated to be met from recycled water. In order for IRWD's reclamation plants to meet these demands, additional wastewater treatment capacity is necessary.

In early 2004, IRWD completed a Wastewater Treatment Master Plan (WTMP) which identified a preferred alternative from several scenarios to expand wastewater treatment capacity. The initial Phase 1 upgrades called for in the WTMP for both the MWRP and LAWRP were determined to be categorically exempt from CEQA and design of these upgrades is ongoing. It

is expected that final design for the Phase 2 and 3 expansion work at the MWRP will be initiated in early 2006. The proposed contract provides for the completion of environmental documentation for this expansion.

Director Reinhart reported that this item was reviewed at the Engineering and Operations Committee on March 15, 2005, and following discussion relative to the disparity of the proposals, concurred with the staff recommendation. On MOTION by Reinhart, seconded and unanimously carried, AN INCREASE IN THE FY CAPITAL BUDGET FOR PROJECT 20347 BY \$55,000, FROM \$143,000 TO \$198,000, AND PROJECT 30347 BY \$55,000, FROM \$143,000 TO \$198,000, WAS APPROVED; AN EXPENDITURE AUTHORIZATIONS FOR PROJECT 20347 FOR \$198,000 AND PROJECT 30347 FOR \$198,000 WAS APPROVED; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A PROFESSIONAL SERVICES CONTRACT WITH DUDEK AND ASSOCIATES, INC. IN AN AMOUNT NOT-TO-EXCEED \$299,769 FOR THE PREPARATION OF ENVIRONMENTAL DOCUMENTATION FOR THE RECYCLED WATER SUPPLY PROJECT.

SAN JOAQUIN RESERVOIR CONVERSION BUDGET INCREASE, EXPENDITURE AUTHORIZATION

General Manager Jones reported that the conversion of San Joaquin Reservoir for reclaimed water storage was being accomplished by three major construction contracts. Mr. Jones said that a contract was awarded to Chino Grading to regrade, repair and place a new liner within the reservoir. Pascal & Ludwig was awarded a contract to construct a new flow control facility, including a new pump station and disinfection facility. Mladen Buntich Construction Company was awarded a contract to construct a new Zone B Pumping Station and pipeline, modify the Coastal Zone D Pump Station and construct the 36-inch Chambord pipeline. A Construction Program Management Contract was awarded to Butier Engineering, Inc.

Director of Engineering Heiertz reported that several change orders and consultant variances have been approved throughout the course of construction. He said that this evening a variance approval is required for Lee and Ro related to additional services for Fire department permitting, start-up training, preparation of plans for DSOD requesting items along with necessary updates to the overflow vault structure, including venting, ladders, and fall restraints. Additionally, a various variance approval is required with Butier in order to extend the contract through May 2005.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on March 15, 2005. Following discussion relative to the access road, staff was asked to continue looking at the drainage problem. On MOTION by Reinhart, seconded and unanimously carried, PROJECT 30015 WAS INCREASED BY \$134,400, FROM \$7,908,600 TO \$8,043,000, AND FOR PROJECT 30071 BY \$96,800, FROM \$1,729,200 TO \$1,826,000, AND FOR PROJECT 30107 BY \$47,100, FROM \$ 3,621,700 TO \$3,668,800, AND FOR PROJECT 30108 BY \$23,000, FROM \$294,100 TO \$317,100; EXPENDITURE AUTHORIZATIONS FOR PROJECT 30015 FOR \$461,500, PROJECT 30070 FOR \$299,200, PROJECT 30071 FOR \$438,900, PROJECT 30107 FOR \$269,500, AND PROJECT 30108 FOR \$23,000 WERE APPROVED; VARIANCE NO. 5 WAS APPROVED FOR LEE & RO FOR

\$44,291; VARIANCE NO. 1 WITH BUTIER ENGINEERING WAS APPROVED FOR \$133,620; AND STAFF WAS AUTHORIZED TO RELEASE FUNDS IN EXCESS OF 5% OF THE CONTRACT AMOUNT FROM RETENTION CURRENTLY HELD FOR THE SAN JOAQUIN RESERVOIR FLOW CONTROL FACILITIES, PROJECT 30107.

LEGISLATIVE UPDATE –SB 926

General Manager Jones reported that the purpose of this item was to inform the Board on SB 926 and obtain direction regarding the District's position on this bill. Mr. Jones reported that as introduced, Senate Bill 926 (Florez) would require all public wastewater treatment agencies to manage 75% of the biosolids processed via beneficial uses by 2010 and would prohibit a public wastewater treatment agency from exporting biosolids processed by that agency to any other county unless an exception is granted by the Regional Water Quality Control Board. He said that next week the bill will be amended to eliminate the beneficial use and exception provisions, and the bill will now only deal with the exportation prohibition.

Mr. Jones said that the bill would prevent the transportation of biosolids out of Orange County and would have an impact on the ability of IRWD to dispose of biosolids from LAWRP. Additionally, this bill would affect OCSD and biosolids that are produced from the IRWD's sewer flows. Currently Orange County has no biosolids treatment facilities

Following discussion, on MOTION by Withers, seconded and unanimously carried, THE BOARD APPROVED TAKING A "WATCH" POSITION ON SB 926.

GENERAL MANAGER'S REPORT

General Manager Jones reported on a reclaimed water pipeline leak located in two locations along Newport Coast Drive. Staff was asked to investigate the pipeline coating and submit an item to the Engineering and Operations Committee.

DIRECTORS' COMMENTS

Director Reinhart said that he, along with Directors Matheis and Swan, attended the dedication of the Big Canyon Reservoir last week.

Vice President Matheis reported on her attendance at the Water Education briefing. She also said that she would be attending the ACWA Legislative meeting tomorrow.

President Miller noted some changes to Committee assignments.

CLOSED SESSION

President Miller said that the following closed session item would be held this evening:

CONFERENCE WITH LABOR NEGOTIATOR pursuant to Government Code Section 54957.6. Agency Designated Representative: Darryl Miller; and Unrepresented Employee: Paul D. Jones II

OPEN SESSION

The meeting was reconvened with Reinhart, Withers, Swan, Miller, and Matheis present. President Miller reported that in Closed Session the Board reviewed its position and instructed Designated Representative Miller concerning the General Manager's compensation and noted that his performance exceeded expectations since March 2004. On MOTION by Swan, seconded and unanimously carried, THE GENERAL MANAGER WAS GRANTED A 6.15% INCREASE TO HIS BASE SALARY EFFECTIVE MARCH 1, 2005, THE BOARD ALSO CONTRIBUTED 11.90% OF THE MAXIMUM ALLOWABLE CONTRIBUTION UNDER SECTION 5.4.A OF THE IRWD EXECUTIVES' PROFIT SHARING PLAN AND TRUST IN RECOGNITION OF HIS PERFORMANCE, AND THE BOARD GRANTED A PERFORMANCE AWARD EQUAL TO 10.26% OF HIS BASE SALARY.

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

APPROVED and SIGNED this 11th day of April, 2005.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone