

MINUTES OF REGULAR MEETING – JANUARY 23, 2006

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by President Swan at 6:00 p.m., January 23, 2006 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None

Also Present: Assistant General Manager Cook, Director of Engineering Heiertz, Treasurer Loomis, Secretary Bonkowski, Legal Counsel Arneson, Ms. Beth Beeman, Mr. Norris Brandt, Ms. Deborah Cherney, Mr. Jeff Smyth, Mr. Wayne Posey, Mr. Rich Mori, Mr. Ergun Bakall, Mr. Jim Reed, Dr. 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. Mrs. Smith said that it was her understanding that all wells are off except C-8 and C-9 at the DATS treatment facility to take advantage of the Metropolitan Water District (MWD) in-lieu program offered through the Orange County Water District (OCWD). 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. The well drilling is complete and it will take an additional 18 months to complete the wellhead facilities. OCWD will be releasing the Environmental Impact report in early January 2006. OCWD is required to have the wells operational by March 2008. Following well construction, each well will be owned by the individual participating agencies. This was confirmed by Mr. Jones.

Mr. Smith commented that she was currently involved with the formation of a nonprofit organization called the San Juan Capistrano Valley Conservancy with the mission of preserving the historical and cultural resources in the Capistrano valley. She noted that an event would be held this summer to benefit this organization.

ITEMS TOO LATE TO BE AGENDIZED – None

PRESENTATION

STATE AND FEDERAL LEGISLATION LOBBYISTS

Mr. Hal Furman, the District's consultant relative to federal issues, reported on the formal request made to Congressman John Campbell last week to seek his assistance in obtaining funding for the three component project that will treat impaired surface water in the San Diego Creek watershed using constructed wetlands, will provide a new potable water supply by constructing a treatment plant to remove salts and nitrates from the groundwater basin, and will cost effectively and safely dispose of removed salts through a new brine disposal pipeline that will connect to an existing ocean outfall. Director Miller noted dates that he would be in Washington DC, and would be available to meet legislators at that time, if necessary.

Mr. Phil Isenberg, the District's consultant on state issues, provided a California budget report. Following discussion, staff was asked to provide the Board a draft copy of AB 1839 that embodies the Governor's proposal. General Manager Jones complimented Ms. Maren O'Haren, who was absent this evening, on her efforts for the District.

CONSENT CALENDAR

In regards to Item No. 9, "Quitclaim of Real Property", President Swan asked staff to accommodate the Board by ensuring that a grease trap is installed at the cafeteria on the former Fluor Corporation/Trammel Crow property in the Irvine Business Complex. There being no further comments, on MOTION by Miller, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 13 WERE APPROVED AS FOLLOWS:

4. APPROVAL OF BOARD OF DIRECTORS' ATTENDANCE AT MEETINGS AND EVENTS

Recommendation: Approve the meetings and events for Mary Aileen Matheis, Darryl Miller, Doug Reinhart, and Peer Swan.

5. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the January 9, 2006 Board of Directors' meeting be approved as presented.

6. STRATEGIC MEASURES DASHBOARDS

Recommendation: That the Board receive and file the Strategic Measure

7. DECEMBER 2005 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for December 2005; and approve the December 2005 Summary of Wire Transfers and ACH Payments in the total amount of \$6,641,346.24 and the December 2005 Warrants Nos. 265978 through 266787, Workers' Compensation Distributions and voided checks in the total amount of \$14,585,606.82

8. 2006 SELECTION OF FEDERAL LOBBYIST

Recommendation: That the Board approve a professional services agreement for a term of twelve months with the Furman Group in the amount of \$7,500 per month retainer plus reimbursable direct expenses for a total not to exceed \$103,500.

9. QUITCLAIM OF REAL PROPERTY

Recommendation: That the Board adopt the following resolution by title approving execution of the quitclaim deed to Maguire Properties-Park Place Master Development, LLC and Maguire Properties-SP Development, LLC.

RESOLUTION NO. 2006 -2

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT APPROVING
EXECUTION OF THE QUITCLAIM DEED TO
MAGUIRE PROPERTIES – PARK PLACE MASTER DEVELOPMENT, LLC
AND MAGUIRE PROPERTIES – SP DEVELOPMENT, LLC

10. QUITCLAIM OF REAL PROPERTY

Recommendation: That the Board adopt the following resolution by title approving execution of the a quitclaim deed to The Abeles Family Trust U/A/T dated March 9, 1992, The Colton Family Trust dated September 17, 1991, and The Integrity Fund II.

RESOLUTION NO. 2006 -3

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT APPROVING EXECUTION
OF THE QUITCLAIM DEED TO THE ABELES FAMILY TRUST U/A/T
DATED MARCH 9, 1992, THE COLTON FAMILY TRUST DATED
SEPTEMBER 17, 1991, AND THE INTEGRITY FUND II

11. NATIONAL INCIDENT MANAGEMENT SYSTEM (NIMS) – EMERGENCY
PLAN REVISION AND TRAINING

Recommendation: That the Board authorize the addition of Projects 11035, 21035, and 31035 to the Fiscal Year 2005-06 Capital Budget for \$23,700 each; and approve expenditure authorizations for the same amount.

12. TITLE CHANGE FOR 2005 BONDS AND APPROVAL OF REIMBURSEMENT
AGREEMENT

Recommendation: That the Board adopt the following resolution by title changing designation of bonds; approving reimbursement agreement and ratifying certain actions.

RESOLUTION NO. 2006-4

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT CHANGING
DESIGNATION OF BONDS, APPROVING REIMBURSEMENT
AGREEMENT AND RATIFYING CERTAIN ACTIONS

13. MWRP 2005 UPGRADES – VALUE ENGINEERING DESIGN
MODIFICATIONS

Recommendation: That the Board authorize the General Manager to execute Variance No. 4 for \$51,960 with CH2M Hill and approve an expenditure authorization for \$54,600 for the MWRP 2005 Upgrades, Project 20276.

ACTION CALENDAR

EXPENDITURE AUTHORIZATION AND CONSULTANT SELECTION FOR THE SEWER
COLLECTION SYSTEM MASTER PLAN FLOW MONITORING STUDY

General Manager Jones reported that as a part of the Sewer Collection System Master Plan (SCSMP), staff is completing an extensive flow monitoring program analyzing the entire sewer system, including the former Los Alisos Water District and the Irvine Business Center. Mr. Jones said that staff is requesting the approval of an additional expenditure authorization for the next task associated with this project, and the award of a flow monitoring contract to Geotivity to complete flow monitoring study for the SCSMP.

Director of Engineering Heiertz reported on four tasks required for the flow monitoring portion of the SCSMP, including: 1) the sewage generation factors monitoring, 2) the hydraulic model monitoring, 3) infiltration/inflow (I/I) monitoring, and 4) permanent monitoring. Mr. Heiertz said that the Board approved an expenditure authorization in July 2005 to complete Task 1 and 2 of the flow monitoring program, and that Task 1 was completed in November 2005, although behind schedule. The delays were predominately caused by monitoring stations having to be relocated because of unsuitable hydraulic conditions in the selected manholes. Task 2 and 3 were to follow Task 1 sequentially with Task 3, the I/I analysis starting in December 2005 at the beginning of the normal rainy season.

Mr. Heiertz said that because of delays in Task 1, Task 2 could not begin until December 2005. In order to keep the overall flow monitoring program on schedule, staff is proceeding with an alternative approach, combining the Task 2 and 3 of the flow monitoring program. The monitoring sites for the combined Tasks 2 and 3 of the flow monitoring program were installed in December 2005. Because the results of the flow monitoring work in Task 2 are required for hydraulic monitoring calibration, the original schedule the completion of the SCSMP has been delayed from March 30, 2006 to June 23, 2006.

Mr. Heiertz said that in addition to expediting the completion of the flow monitoring work, this new approach has additional benefits. The new approach will improve the flow monitoring coverage for the SCSMP. Under the new approach, 31 flow monitoring stations will be installed as opposed to 20 in the original scope. In order to complete the updated approach, staff is requesting an additional expenditure authorization for Task 3 of the flow monitoring program, and for the Board to award a flow monitoring contract to Geotivity to complete flow monitoring study for the combined Task 2 and 3.

Vice President Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on January 17, 2006. On MOTION Reinhart, seconded and unanimously carried, AN EXPENDITURE AUTHORIZATION FOR \$115,500 WAS APPROVED AND THE GENERAL MANAGER WAS AUTHORIZED EXECUTE A NON-PROFESSIONAL SERVICES PURCHASE ORDER CONTRACT WITH GEOTIVITY LIMITED IN THE AMOUNT OF \$154,000 TO COMPLETE PHASES 2 AND 3 OF FLOW MONITORING FOR THE SEWER COLLECTION SYSTEM MASTER PLAN HYDRAULIC MODEL CALIBRATION AND I&I STUDY, PROJECT 20406.

SANTIAGO HILLS II ZONE 6 RESERVOIR DESIGN ENGINEER SELECTION

General Manager Jones reported that staff recommends that the Board approve the addition of a project to the FY 2005/06 Capital Budget, approve an expenditure authorization, and authorize the execution of a professional services agreement with RBF for engineering services.

Mr. Jones said that the Santiago Hills II development is located along Santiago Canyon Road east of Jamboree Road on both sides of State Routes 241 and 261 in the City of Orange. The initial two phases of the development will be in the Zone 6 Domestic Water system and served by a Zone 5-6 Booster Pump Station and a Zone 6 Reservoir. The Zone 5-6 Booster Pump Station is currently under design and is required to be operational by June 1, 2007 to provide fire flow for the development's lumber delivery. The Zone 6 Reservoir is required to be operational by February 11, 2008 to provide fire flow and operational storage for first occupancy of the development.

Director of Engineering Heiertz reported that proposals were received for the design of the Santiago Hills II Zone 6 Reservoir from Black & Veatch, Boyle Engineering, RBF Consulting, and TRC. Mr. Heiertz said that staff recommends that RBF Consulting be awarded the professional services agreement since their design approach, schedule, and man-hours are consistent with the project goals. He said that RBF Consulting has previously performed the siting study for the reservoir and is currently preparing the mass grading drawings of the reservoir site.

Vice President Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on January 17, 2006. In response to President Swan's inquiry, staff was asked to investigate the East Orange Reservoir usage versus building the Zone 6 reservoir.

On MOTION by Reinhart, seconded and unanimously carried, THE ADDITION OF PROJECT 12319 TO THE FY 2005/06 CAPITAL BUDGET FOR \$1,769,400 WAS AUTHORIZED; AN EXPENDITURE AUTHORIZATION FOR \$291,400 FOR PROJECT 12319 WAS APPROVED; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH RBF CONSULTING FOR \$293,089 FOR ENGINEERING SERVICES FOR SANTIAGO HILLS II ZONE 6 RESERVOIR, PROJECT 12319.

INTERIM RECHARGE PROGRAM WITH ROSEDALE-RIO BRAVO WSD

Director of Water Resources Diamond reported that at the Water Banking Ad Hoc Committee meeting of December 20, 2005, the Committee directed staff to continue discussions with Rosedale-Rio Bravo WSD relative to a short term/interim water banking proposal involving the Strand Ranch. Staff worked with Rosedale to prepare several iterations of terms for this potential program. The draft interim program terms were reviewed by the Rosedale Board on January 10, and they requested several additional changes which the staff and Committee believe are acceptable.

Mr. Diamond reviewed that the key terms of the interim recharge program as follows: 1) The interim program will be in effect for two years; 2) Up to 200 acres of the 611 acre Strand Ranch property will be used for the interim program although the actual area is expected to be closer to 150 acres. IRWD will also have rights to use all other Rosedale facilities; 3) Under non high-flow Kern River conditions, IRWD and Rosedale will share recharge capacity on a 1:2 basis (1 acre foot for IRWD: 2 acre feet for Rosedale); 4) Under high-flow Kern River conditions, Rosedale will have priority access to recharge capacity, but IRWD will receive 20% of all water recharged (i.e., 1:4 basis); 5) IRWD and Rosedale will be responsible for acquiring water for recharge. Additionally, Rosedale will provide water to IRWD under high-flow Kern River conditions and may provide other supplies; 6) Rosedale will dedicate the first 800 acre feet per year of water recharged on the Strand Ranch to correct overdraft associated with farming activities that will continue on the portion of the Ranch not used for recharge; 7) Rosedale will hold water recharged by and for IRWD, and will exchange, deliver, transfer, or purchase this water at IRWD's discretion; 8) Rosedale will be responsible for and pay all costs associated with environmental compliance, construction of interim facilities, operations, and restoration of the site upon expiration of the interim program; and 9) IRWD will be responsible for a pro-rata share of operations costs, costs associated with 50% (400 acre feet per year) of the water dedicated to overdraft correction, and the costs associated with the acquisition of water supplies. IRWD will not pay put or take fees to move water into or out of storage.

Mr. Diamond said that staff estimates IRWD's costs for the interim recharge program to be approximately \$58,000, including two years of forgone lease revenue and purchases of water supply for overdraft correction for 2006. IRWD will incur additional currently unknown costs for the purchase and conveyance of water either independently or through Rosedale, a pro-rata share of recharge and recovery costs, and would be responsible for the payment of wheeling costs to the Metropolitan Water District when stored water is conveyed to IRWD for use.

Director Withers said that this item was reviewed and approved by the Water Banking Ad Hoc Committee on January 16, 2006. Director Miller complimented Mr. Jones, Mr. Diamond, and President Swan on their efforts. Following discussion, on MOTION by Withers, seconded and unanimously carried, THE FINAL DRAFT TERMS FOR THE PROPOSED INTERIM RECHARGE PROJECT WITH ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT WAS APPROVED SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY THE GENERAL MANAGER AND LEGAL COUNSEL, STAFF WAS DIRECTED TO COMPLETE A LETTER AGREEMENT CODIFYING THESE TERMS, AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE THE LETTER AGREEMENT WITH ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT FOR THIS PROJECT.

SANTIAGO COUNTY WATER DISTRICT AND IRVINE RANCH WATER DISTRICT CONSOLIDATION

General Manager Jones reported that earlier this month, the Board of Directors for the Santiago County Water District (SCWD) and the Irvine Ranch Water District (IRWD) each took actions to consolidate the districts. These actions included the approval of a consolidation agreement by each agency, and the adoption by SCWD of a resolution of application to the Local Agency Formation Commission (LAFCO) for the consolidation of SCWD and IRWD (resolution of application). Mr. Jones said that staff is recommending that the IRWD Board continue the process and take a conforming action to adopt the recommended resolution of application. He said that staff has retained the services of a consultant, Planning Solutions Inc. (Sara Anderson), to assist in preparing the document and application package. The general themes of the justification report will be maintaining equity, reducing costs, and enhancing levels of service for the SCWD customers, with no financial impacts to the existing IRWD customer base. Planning Solutions has indicated that this document will be complete by February 2006 along with the balance of the application package. Based upon discussions with LAFCO staff, it is anticipated that processing and Commission approval of the application will be completed in spring, and the consolidation will become effective on July 1, 2006.

Mr. Jones said that as part of providing sewage collection and treatment service for SCWD's Improvement District No. 1 (which will become new IRWD Improvement District 253), it will be necessary to pursue the annexation of ID 253 into OCSD's Revenue Area 14. IRWD staff has conferred with OCSD and the currently proposed approach is for ID 253 to pay CORF charges for associated increases in tributary sewage flows, in-lieu of OCSD new connection fees typically paid by annexing areas. The expansion of treatment capacity at the Michelson Water Reclamation Plant (MWRP) and the diversion of Harvard Avenue Trunk Sewer (HATS) flows into the MWRP may result in no net increases in CORF flows from IRWD. ID 253 would still be obligated to pay for the area's proportion of needed sewage collection and treatment capacity. Staff will proceed with the OCSD annexation on a parallel track with the consolidation of SCWD and IRWD, and intends to include the OCSD annexation action as part of the overall LAFCO approval process.

Director Miller reported that the proposed action to submit an application for consolidation of IRWD and SCWD was discussed at the SCWD/IRWD Ad Hoc Committee on January 5, 2006. Vice President Reinhart suggested that a community barbecue be scheduled this spring. On MOTION by Miller, seconded and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2006 -5

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT MAKING
APPLICATION TO THE LOCAL AGENCY FORMATION
COMMISSION FOR THE CONSOLIDATION OF SANTIAGO COUNTY
WATER DISTRICT AND IRVINE RANCH WATER DISTRICT

GENERAL MANAGER'S REPORT

General Manager Jones reported on an upcoming MWDOC/OCWD Joint Planning Committee meeting on January 25, 2006 relative to water bonds. MWDOC Director Ergun Bakall asked IRWD to send a letter of support for MWDOC relocate to a more central location. Mr. Jones reported on correspondence received from Santiago Elementary School thanking IRWD for sponsoring a science club. He said as reported in his weekly report to the Board, that staff was preparing a response letter to a homeowner association in Tustin relative to fire flow charges. He reported on his attendance at his first ACWA Federal Affairs Committee meeting.

DIRECTORS' COMMENTS

Director Miller asked that a potential location change for MWDOC be discussed at a strategic planning meeting.

Director Withers reported on his attendance at a Orange County Leadership Symposium and a NWRI Board meeting.

Director Matheis reported that she and President Swan attended the Leadership Symposium as well. She reported on her attendance at the Sycamore Canyon Apartment's Open House. She further reported on her attendance at a Southern California Water Committee meeting.

President Swan reported on his attendance at a MWDOC PAMO Committee meeting, a ACWA Urban Water Caucus, a MWDOC Board meeting, a meeting with Congressman Campbell, a CASA conference, a WACO Planning meeting, a OCBC infrastructure meeting, and a SOCWA briefing. In regards to a potential composting site at Irvine Lake, Director Miller said he was meeting on this matter tomorrow. Mr. Swan asked that the District provide sponsorship for the upcoming SCAG conference being held at MWD.

Director Miller reported on his attendance at the OCWD Board meeting, OCSD and WRA symposium.

ADJOURNMENT

There being no further business, President Swan adjourned the meeting at 8:20 p.m.

APPROVED and SIGNED this 13th day of February, 2006.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone