

## MINUTES OF REGULAR MEETING – MARCH 13, 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., March 13, 2006 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Matheis, Reinhart, and Swan

Directors Absent: Miller and Withers

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering Heiertz, Treasurer Loomis, Secretary Bonkowski, Legal Counsel Arneson, Ms. Beth Beeman, Mr. Wayne Clark, Mr. Karl Seckel, Dr. Tom Bishop, and other members of the public and staff.

WRITTEN COMMUNICATIONS: None

ORAL COMMUNICATIONS:

Mr. Karl Seckel, Assistant General Manager of the Municipal Water District of Orange County, provided a brief overview of the recent Diemer shutdown, and also thanked the District for its efforts.

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 MWD has terminated the in-lieu program offered through the Orange County Water District. Due to the MWD shutdown this week, wells 2, 5, C-8, C-9, 10, 12, and 18 are in operation. On March 14, based upon demand, staff will put into operation wells 1, 4, 13, and 16. Well 3, 6, 7, 11, 14, 15, and 17 will remain off-line. 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 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.

In response to an inquiry by Mrs. Smith relative to the OCWD annexation of certain IRWD lands, Mr. Jones indicated that OCWD released the Environmental Impact Report (EIR) in early January 2006. The extended comment period for the EIR closed last week. Staff will review these comments, and we anticipate responses prepared, accompanied by a Board action in early May. This was confirmed by Mr. Jones.

ITEMS TOO LATE TO BE AGENDIZED – None

CONSENT CALENDAR

General Manager Jones placed before each Director a revised write-up for Item No. 4, APPROVAL OF BOARD OF DIRECTORS' ATTENDANCE AT MEETINGS AND EVENTS. Director Matheis asked that a meeting be added for her as she would like to attend the March 17 Community Leaders' Breakfast sponsored by Assemblyman Devore. On MOTION by Reinhart, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 5 WERE APPROVED AS AMENDED.

3. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the February 27, 2006 Board of Directors' meeting be approved as presented.

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

Recommendation: Ratify/approve the meetings and events for Mary Aileen Matheis, Doug Reinhart, Darryl Miller, Peer Swan and John Withers.

5. SAN JOAQUIN RESERVOIR FLOW CONTROL FACILITIES – APPROVAL OF CONTRACT CHANGE ORDERS AND FINAL ACCEPTANCE

Recommendation: Authorize the General Manager to execute Contract Change Order No. 12 for the deductive amounts of <\$47,819.76> and Change Order No. 13 for \$6,555.14 with Pascal & Ludwig Constructors, Inc.; accept the construction of the San Joaquin Reservoir flow control facilities, Project 30107; authorize the General Manager to file a Notice of Completion, and authorize the payment of retention 35 days after the date of recording the Notice of Completion.

ACTION CALENDAR

OPPORTUNITIES STUDY – ADDITIONAL FUNDING

General Manager Jones reported that the City of Lake Forest has requested the six landowners participating in Phase 3 of the City's Opportunities Study to contribute an additional \$478,309 to fund increased costs of the study. Mr. Jones reported that staff have prepared an increase to the 2005-06 Capital Budget and an expenditure authorization to cover IRWD's pro-rata share of the City's request of \$73,600 and \$26,400 for staff time being spent on the project.

Treasurer Loomis reported that in May 2004, the Board approved a Memorandum of Understanding (MOU) with the City of Lake Forest (City) for Phase 3 of its Opportunities Study. During this phase, the key tasks to be completed by the City were: Mixed use/residential general plan amendment and zone change; Environmental Impact Report (EIR) and other CEQA documents; City-wide traffic model and mitigation plan; Affordable housing policy and

program; Development agreement template; Site selection and schematic design for public facilities; and documents to form a financing mechanism for the construction of certain facilities and infrastructure. He said that the original budget for these tasks was estimated at \$1.5 million and IRWD's pro-rata share (15.4%) was \$229,000. Mr. Loomis said that the complexity and time delays of this phase of the Opportunities Study are cited as the primary reasons for the increased costs. The most notable increases relate to the EIR, legal counsel, land and fiscal consultants, and project management.

On MOTION by Matheis, seconded and unanimously carried, A BUDGET INCREASE TO THE FY 2005-06 CAPITAL BUDGET FOR PROJECT 10821 BY \$100,000, FROM \$320,000 TO \$420,000 WAS APPROVED; AN EXPENDITURE AUTHORIZATION FOR PROJECT 10821 FOR \$420,000 WAS APPROVED; AND THE ADDITIONAL PAYMENT OF \$73,579 TO THE CITY OF LAKE FOREST RELATED TO PHASE 3 OF THE OPPORTUNITIES STUDY WAS AUTHORIZED.

#### PHASE I EMERGENCY SERVICE PROGRAM WITH SOUTH ORANGE COUNTY AGENCIES

General Manager Jones reported that staff has worked with the south Orange County agencies and the two regional agencies, the Orange County Water District (OCWD) and the Municipal Water District of Orange County (MWDOC), to develop terms and conditions for an agreement under which IRWD will provide an alternative source of water when they are experiencing short-term interruptions to this service. He said that once this agreement is approved by all parties, a more detailed Operations Agreement will be drafted to address issues relating to construction of facilities, operations and program costs.

Mr. Jones said that the purpose of the program is to improve the water system reliability for south Orange County agencies in short term emergency outages or planned shutdowns when normal water deliveries are curtailed or unavailable. Phase 1 of the program is limited to short-term (less than 30-day) outages; Phase 2 will consider methods under which emergency service could be provided to agencies in south Orange County.

Mr. Jones said that an Advisory Committee of management from the affected agencies was formed to draft the General Terms and Conditions of the Emergency Service Program Agreement for Phase 1. The program is structured so that IRWD will recover all of its costs incurred while providing emergency water supplies to water agencies in south Orange County. The second agreement necessary for implementing Phase 1 of the Emergency Service Program is the Operations Agreement. The Operations Agreement will address the details on the costs, cost-sharing, capacity, facilities to be constructed, and an operational plan of how much water can be delivered under the program in various months (based on IRWD's demands and system capabilities). He said that the agreement will be for 25 years and have a 15 year renewal option. Each participating agency will need to decide how much capacity they would like to purchase to back-up their system. Mr. Wayne Clark, MWDOC Director, complimented the Board and staff for their efforts. He said it was an excellent program and looks forward to the ability to respond to short term outages and shutdowns.

President Swan thanked Mr. Karl Seckel and MWDOC for his efforts on this project. Director Matheis said that the agreement shows a great deal of support to the south county agencies and that it was extremely important to be a part of this project. Mr. Karl Seckel said that the Board has been very appreciative of the District, and has prepared a recognition certificate to be presented at an upcoming event on Thursday evening. On MOTION by Swan, seconded and unanimously carried, SUBJECT TO NON-SUBSTANTIVE CHANGES BY LEGAL COUNSEL AND THE GENERAL MANAGER, THE BOARD AUTHORIZED EXECUTION OF THE EMERGENCY STORAGE PROGRAM GENERAL TERMS AND CONDITIONS AGREEMENT WITH THE ORANGE COUNTY WATER DISTRICT, MUNICIPAL WATER DISTRICT OF ORANGE COUNTY AND SOUTH ORANGE COUNTY AGENCIES THAT PARTICIPATE IN THE PROGRAM.

#### GENERAL MANAGER'S REPORT

General Manager Jones reported that the application package for the IRWD/SCWD consolidation was submitted to LAFCO today thereby allowing for a hearing date in April 2006, followed by a July 1, 2006 effective date. He said the District will also be annexing Improvement District No. 1 into the Orange County Sanitation District which staff will be submitting to the Board on March 27, 2006. He said this annexation will not be a part of the same application to LAFCO, however, will become effective on the same date. He reported on his productive trip to Washington, DC last week with President Swan. He reported on the failure of the infrastructure bond (AB 134), which he said the Republicans did not support. He said that a revised bill will be resubmitted to the Assembly in the near future. He reminded the Board of the MWDOC dinner scheduled for March 16, 2006.

#### DIRECTORS' COMMENTS

Director Matheis reported on her recent trip to Washington DC on February 27 and 28, 2006 to attend the ACWA Legislative Conference. She reported on her attendance at a Water Environmental Federation US/Mexican border water issues tour and said that the Yuma Desalter is ready for production.

Vice President Reinhart reported on his attendance at WACO as well as a Community Leaders' Water Forum.

President Swan reported on his visit to Washington, DC to discuss federal funding for a District project. He reported on his attendance at a SCAG Energy Conference. He also reported on his attendance at the WEF US/Mexican border tour. He said that at the last IRWD/SWD Ad Hoc Committee meeting, that progress was made on Irvine Lake matters.

CLOSED SESSION

President Swan reported that the following Closed Sessions would be held with legal counsel: 1) Relative to anticipated litigation (Government Code Section 54956.9(b)); Significant exposure to litigation (one potential case); and 2) Relative to initiation of litigation (Government Code Section 54956.9(c)) involving one potential case in regards to Armstrong trunk sewer.

OPEN SESSION

President Swan reconvened the meeting with Reinhart and Matheis present (Withers and Miller absent). President Swan stated that there was no action to report.

ADJOURNMENT

There being no further business, President Swan adjourned the meeting at 7:10 p.m.

APPROVED and SIGNED this 27th day of March, 2006.

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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