

## MINUTES OF REGULAR MEETING – APRIL 24, 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., April 24, 2006 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None

Also Present: Assistant General Manager Cook, Director of Engineering Heiertz, Treasurer Loomis, Secretary Bonkowski, Legal Counsel Arneson, Mr. Dick Diamond, Mr. Rob Jacobson, Mr. Chuck Borkman, Ms. Beth Beeman, Mr. Ergun Bakall, Mr. Steve Malloy, Dr. Tom Bishop, Mr. Jim Reed, and other members of the public and staff.

WRITTEN COMMUNICATIONS: None

ORAL COMMUNICATIONS:

1) 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 currently the deep aquifer treatment system wells C-8 and C-9 are in operation. On April 11, staff started up wells 1, 2, 4, 5, 7, 10, 11, 12, 13, 14, and 16 for eight hour periods. Wells 15, 17, and 18 are currently undergoing rehabilitation work. Wells 3 and 6 will not be put into production until July 2006. Following is the proposed startup for the summer season; however; the schedule may be revised if Metropolitan Water District continues to offer the in-lieu program and OCWD elects to participate: May 1 – Wells 1, 10, and 5; May 2 – Wells 2, 12, and 15 (if available); May 3 – Wells 4, 14, and 18 (if available); May 4 – Wells 13, 16, and 17 (if available); and May 5 – Wells 7 and 11. This was confirmed by Mr. Cook, Assistant 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 Layne Christensen Company and Bakersfield Well & Pump, Inc. to construct a total of eight wells. Well drilling activities are complete and it will take an additional 18 months to complete the well head 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. Cook.

With respect to the OCWD annexation of certain IRWD lands, OCWD released the Environmental Impact Report (EIR) in early January 2006. The extended comment period for the EIR closed March 17. Staff has been working with OCWD to review comments on the EIR, and anticipates responses to be prepared and an OCWD Board action on the EIR and annexation in May. This was confirmed by Mr. Cook.

2) Mr. Robin Hamers of the Costa Mesa Sanitary District commented on the District's procedures for providing water and sewer plans to affected agencies for potential conflicts with

existing pipelines. Following discussion in which it was learned that the General Manager's office had not been contacted regarding this issue, President Swan referred this item to the Engineering and Operations Committee.

ITEMS TOO LATE TO BE AGENDIZED:

Assistant General Manager Cook reported that an item came to staff's attention after the agenda was posted in regards to presenting awards to local students for their water-related projects entered in the Irvine Unified School District's Science Fair. On MOTION by Swan, seconded and unanimously carried, IT WAS DETERMINED THAT THERE WAS A NEED TO TAKE IMMEDIATE ACTION TO COMMEND STUDENTS FOR THEIR WATER RELATED PROJECTS THIS EVENING, AND THIS MATTER WAS ADDED TO THE AGENDA AS ITEM 3A.

PRESENTATION

WATER RELATED SCIENCE FAIR PROJECTS

Ms. Marilyn Smith presented awards to six students for their water related projects entered in the Irvine Unified School District Science Fair. Following the presentation, President Swan congratulated all of the recipients on their efforts.

CONSENT CALENDAR

In regards to item No. 5, Strategic Measures' Dashboards, Director Miller asked staff to adjust the graphs on the dashboards for continuity. There being no further comments, on MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 10 WERE APPROVED AS FOLLOWS:

3. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the April 3, April 7, and April 10, 2006 Board of Directors' meeting be approved as presented.

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

Recommendation: Approve the meetings and events for Doug Reinhart.

5. STRATEGIC MEASURES' DASHBOARDS

Recommendation: That the Board receive and file the Strategic Measure Dashboard and informational items.

MARCH 2006 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for March 2006; and approve the March

2006 Summary of Wire Transfers and ACH Payments in the total amount of \$3,253,953.05 and the March 2006 Warrants Nos. 268296 through 269241, Worker's Compensation Distributions and voided checks in the total amount of \$10,037,205.62.

7. PA 6 ZONE 4 AND C RESERVOIRS AND ZONE 4-6 AND C-D BOOSTER PUMP STATIONS – CONTRACT CHANGE ORDER NO. 3 AND REDUCTION OF RETENTION

Recommendation: Approve Contract Change Order No. 3 with Gateway Pacific Contractors, Inc. for \$100,330.59 for construction of domestic water and reclaimed water connections on behalf of the Transportation Corridor Agencies; find that satisfactory progress has been made on the contract; authorize the reduction of retention from 10% to 5% of the contract amount; and release funds in excess of 5% of the contract amount from retention currently held for the PA 6 Zone 4 and C Reservoirs and Zone 4-6 and C-D Booster Pump Stations, projects 10551 and 30179.

8. STATE LEGISLATIVE UPDATE

Recommendation: That the Board take a support position on AB 371 (Goldberg) Water Recycling; support if amended position on AB 1881 (Laird) Water Conservation in Landscaping; a support position on AB 2496 (Laird) Low Flush Water Closets; a watch position on AB 2515 (Ruskin) Residential Clothes Washers; an oppose position on SB 1317 (Torlakson) Unitary Property Tax; a neutral position on SB 1640 (Kuehl) "Mega" Water Bill; a watch position on SB 1242 (Lowenthal) Urban Water Suppliers; and a support position on SB 2951 (Goldberg) Capital Facilities Fees.

9. IRWD'S APPROVAL OF FY 2006/2007 SOCWA BUDGET

Recommendation: That the Board approve the FY 2006/2007 SOCWA Budget in the amount of \$186,390.

10. WATER CONSERVATION BUSINESS PLAN TACTICAL INCENTIVES

Recommendation: That the Board authorize an additional \$150,000 in funding for cost-effective Tactical Incentive Commercial Conservation Measures for Fiscal Year 2005/06 using available penalty revenue funds.

ACTION CALENDAR

PLANNING AREAS 1 AND 2 – 16" CAPITAL PIPELINE BUDGET AND EXPENDITURE AUTHORIZATION

The Irvine Community Development Company (ICDC) has begun development of the Orchard Hills area (PA 1 and 2) which is bounded by the Foothill Transportation Corridor SR-241 to the north, Jeffrey Road and PA 6 to the east, Portola Parkway to the south, and the Eastern Transportation Corridor SR-261 to the west.

Director of Engineering Heiertz reported in February 2006, the Board approved a supplemental reimbursement agreement with ICDC to design and construct the District's facilities. Mr. Heiertz said that the first contract was for approximately 11,805 linear feet of 16" CMLC Zone 5 pipeline which is located to the south and parallel to the Allen McCollough Pipeline and Irvine Lake Pipeline. This pipeline, which includes crossings of toll way bridges, is routed through open country and avocado groves.

Mr. Heiertz said that on March 30, 2006, ICDC opened bids from six contractors and that Kennedy Pipeline was the low bidder and 10 percent below the Engineer's estimate. He also said there will be construction management and inspection services performed by District staff and outside consultants for this project. Staff is currently negotiating updated hourly rates with Butier's current on-call construction inspection contract, and provided that the acceptable hourly rates can be negotiated, a variance increase and time extension to the existing on-call construction inspection contract with Butier is recommended.

Vice President Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on April 18, 2006. On MOTION by Reinhart, seconded and unanimously carried, A BUDGET INCREASE TO THE FY 2005/06 CAPITAL BUDGET FOR PROJECT 11612 BY \$2,058,000 WAS AUTHORIZED, FROM \$1,304,100 TO \$3,362,100; AN EXPENDITURE AUTHORIZATION WAS APPROVED FOR \$3,362,100; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONTRACT VARIANCE IN THE AMOUNT OF UP TO \$270,000 WITH BUTIER FOR ON-CALL INSPECTION CONSTRUCTION SERVICES OF THE 16-INCH ZONE 5 CAPITAL PIPELINE.

Director Withers said he unfortunately had another commitment and left at 6:35 p.m.

#### RECLAIMED WATER DECHLORINATION STATIONS, PHASE I CONSULTANT SELECTION, BUDGET AND EXPENDITURE AUTHORIZATION

Assistant General Manager Cook reported that staff solicited proposals to provide consulting engineering services for the evaluation and optimization of chlorination practices at Michelson Water Reclamation Plant (MWRP) under Phase I of Reclaimed Water Dechlorination Stations. Mr. Cook said that chlorine is utilized as a disinfectant at MWRP in order to control coliform levels and to comply with State disinfection requirements for recycled water. He said that chlorine residuals after rapid mixing in the chlorine contact tank (CCT) range from 13 to 15 mg/l and CCT final effluent chlorine residuals range from 8 to 9 ppm. Any significant decrease of the control chlorine residual set point below 14 mg/l has led to increased presumptive and actual coliform levels in the MWRP final effluent, and as a result, staff continues to maintain high chlorine residuals in the CCT to comply with State disinfection requirements.

Mr. Cook said that a more in-depth evaluation and some pilot or full scale testing is necessary to reduce chlorine consumption at MWRP, and that staff has developed a two phase approach to address this problem. Phase I will evaluate and recommend improvements to the existing chlorination process at the MWRP. Phase II will address reclaimed water dechlorination issues and dechlorination stations improvements and upgrades.

Director of Water Quality Hills reported that staff issued Request for Proposals (RFP) for Phase I of this project to three consultants with expertise in this area: Carollo Engineers, CH2M Hill, and

HDR Engineering. Mr. Hills said that based on a comprehensive evaluation of proposals received from CH2M Hill and HDR Engineering, staff recommends awarding the project to HDR Engineering. HDR Engineering suggested an optional task that District staff thought would provide valuable input to this project and future expansion of the MWRP. Staff negotiated with HDR Engineering to add this task to the scope of work at a reduced fee, and requested to reduce the fee originally submitted for the alternatives evaluation task. As a result, HDR Engineering submitted a new reduced total fee of \$125,100, for a total fee reduction of \$7,000.

Vice President Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on April 18, 2006. On MOTION by Reinhart, seconded and unanimously carried, THE BUDGET WAS INCREASED FOR PROJECT 30206 BY \$101,800 FROM \$63,300 TO \$165,100; AN EXPENDITURE AUTHORIZATION FOR \$165,100 WAS APPROVED; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE AN ENGINEERING SERVICE AGREEMENT WITH HDR ENGINEERING FOR \$125,100 FOR THE RECLAIMED WATER DECHLORINATION STATIONS, PHASE I, PROJECT 30206.

### IRVINE DESALTER PROJECT PIPELINES CONTACT CHANGE ORDER NO. 3

Director of Engineering Heiertz reported that in August 2005, the Board approved the IDP Pipelines construction award to E.J. Meyer Company (Meyer). As of March 30, 2006, E. J. Meyer has completed a total of 17,300 feet of 12-inch brine line from the Navy Line to Bake Parkway along Technology Drive, Barranca Parkway and Muirlands Boulevard.

Mr. Heiertz said that a change order (No. 3) for \$111,081.23 was being submitted for approval. The additional costs under this change order consist of extra work tickets, including the credit for open cutting the Alton and Barranca intersection in lieu of the bore/jack method, and material costs for upsizing the steel pipe (20" to 24"). He said that staff has carefully reviewed the costs and negotiated changes with the E.J. Meyer Company for \$111,081.23.

Vice President Reinhart reported that this item was reviewed at the Engineering and Operations Committee on April 18, 2006. He said there were 35 different items on the change order averaging less than \$3,000, and that the items were well founded. On MOTION by Reinhart, seconded and unanimously carried, CONTRACT CHANGE ORDER NO. 3 TO E.J. MEYER COMPANY FOR \$111,081.23 WAS APPROVED FOR WORK PERFORMED ON THE IRVINE DESALTER PROJECT RAW WATER PIPELINES, PRODUCT WATER PIPELINES AND BRINE PIPELINE (IDP) PIPELINES, PROJECTS 10376 AND 30376.

### CONSULTANT SELECTION AND EXPENDITURE AUTHORIZATION FOR RATTLESNAKE AND IRVINE LAKE PIPELINE STRAINERS REPLACEMENT PROJECT

Director of Engineering Heiertz reported that the existing Adams strainers at the Rattlesnake Reservoir Complex are undersized for the current reclaimed water system demands. The existing strainers are also maintenance intensive due to frequent breakdowns caused by excessive utilization and corrosion, especially during the critical summer months.

Mr. Heiertz said that staff evaluated several types of strainers and recommends Hellan Strainers. He said that a pilot 20-inch Hellan Strainer unit was installed on the Rattlesnake line in July

2005, was still in operation, and that over the past 10 months, this unit has performed extremely well without a single breakdown. He said that staff negotiated a \$253,282 price for two 30-inch and one 20-inch strainers with Hellan. Due to the 14 to 16 week lead times required by the manufacturer to custom build and deliver the strainer units, staff plans to pre-purchase the strainers for installation in December. The strainers will be installed at the site by an outside contractor after the facility design is complete.

Mr. Heiertz said that three consulting engineering firms were asked to submit proposals for preparing plans and specifications for a new strainer facility at the Rattlesnake Reservoir Complex. Steven Andrews Engineering (SAE) and TRC Solutions, Inc submitted proposals. He said that staff recommends selection of SAE for the design work since their approach and scope of work are consistent with the project goals.

Vice President Reinhart reported that this item was reviewed by the Engineering and Operations Committee on April 18, 2006. He said that the Committee concurred with staff that the Hellan Strainers would be easier to maintain and be more reliable. Following discussion as to why staff would be replacing the strainers, staff was asked to include a rationale in the staff report. In response to President's Swan's inquiry, Mr. Heiertz said that the existing Adam strainers may be used at the San Joaquin Reservoir. Following discussion relative to the strainers not being used at the Sand Canyon Reservoir facility, staff was asked to determine how to clean up that property for a potential leasing opportunity. There being no further comments, on MOTION by Reinhart, seconded and unanimously carried, **THE BUDGET WAS INCREASED FOR PROJECT 30104 BY \$191,300, FROM \$330,000 TO \$521,300; AN EXPENDITURE AUTHORIZATION FOR \$368,000 WAS APPROVED FOR PROJECT 30104; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE AN ENGINEERING SERVICES AGREEMENT WITH STEVEN ANDREWS ENGINEERING FOR THE DESIGN OF RATTLESNAKE AND ILP STRAINERS REPLACEMENT PROJECT FOR \$49,900, PROJECT 30104.**

#### PROPOSITION 50 RESIDENTIAL SINGLE FAMILY END USE STUDY

Assistant General Manager Cook reported that in November 2005, the Board adopted a resolution to accept Proposition 50 grant funds from the Department of Water Resources (DWR) for the "California Single Family Residential End Use Study" (Study). Mr. Cook said that at that time, staff advised the Board that the final agreement documents with both DWR and our prime consultant (Aquacraft) would be brought to the Board for approval. This report recommends that the Board authorize the General Manager to enter into agreements with DWR and Aquacraft Consulting Inc., to conduct the Study for a total project amount of \$996,667. Although IRWD's funding obligation to the Study is limited to \$15,000 (plus staff time for administration), these agreements also necessitate the addition of a project to the capital budget to fund the full project amount, or \$1,062,300, including contingency and G&A.

The proposed study is designed to focus on existing single-family residences in order to determine detailed information on indoor and outdoor single family water use; current market penetration rates of high efficiency fixtures and appliances; quantify the extent to which water conservation opportunities have been exhausted in single-family residences, and estimate the remaining amount of water that could be conserved from improved single-family efficiency; and provide baseline demand data.

Mr. Cook said that the study will include 780 single-family residences across the State and that each participating agency will have a sub-group of 60 residences randomly selected from its service area. Three of the agencies have requested two study units of 60 single-family homes within their service area, so a total of 12 study units will be analyzed. The homes will be chosen at random in order to be free of selection bias and to be representative of the populations from which they are drawn. The study will be initiated in May 2006 and will run for approximately two years.

Aquacraft, Inc. is the proposed research team prime consultant identified in the Scope of Work submitted to DWR. The agreement with Aquacraft will be for the total project cost of \$996,667 and will obligate Aquacraft and its subcontractors to perform all of the work specified in the proposal and final scope of work agreed to with DWR.

Director Matheis said that he was an alternate at the Water Resources Policy and Communications Committee on April 17, 2006 and that the Committee concurred with the staff recommendation. Vice President Reinhart asked that the Water Resources and Communications Committee examine augmenting the data to increase the sample size and to increase the District's share of the costs for this work. On **MOTION** by Matheis, seconded and unanimously carried, **THE ADDITION OF PROJECT 11071 TO FY 2005/06 CAPITAL BUDGET IN THE AMOUNT OF \$1,062,300 WAS AUTHORIZED; AN EXPENDITURE AUTHORIZATION FOR \$1,062,300 WAS APPROVED; THE GENERAL MANAGER WAS AUTHORIZED TO ENTER INTO AN AGREEMENT WITH: 1) DEPARTMENT OF WATER RESOURCES FOR A TOTAL PROJECT COST OF \$996,667 TO CONDUCT THE CALIFORNIA SINGLE FAMILY RESIDENTIAL END USE STUDY; AND 2) WITH AQUACRAFT, INC. IN AN AMOUNT NOT-TO-EXCEED \$996,667; AND STAFF WAS DIRECTED TO SUBMIT AN ITEM TO THE WATER RESOURCES POLICY AND COMMUNICATIONS COMMITTEE TO DETERMINE IF THE SAMPLE SIZE OF THE STUDY SHOULD BE INCREASED, AND IF SO, INCREASE THE DISTRICT'S SHARE OF THE COSTS.**

#### GENERAL MANAGER'S REPORT

Assistant General Manager Cook reported that the Orange County Water District adopted a new Replenishment Assessment of \$233 per acre-foot, and a new Basin Production Percentage of 69%. He also announced that IRWD again received an award for the CAFR from the California Society of Financial Officers.

#### DIRECTORS' COMMENTS

Director Matheis reported that the District had a booth for Earth Day at the Muth Interpretive Center and heard that the event was well attended and successful. She said that Shadetree Partnership would be holding an event this coming Saturday at its nursery. She said that the District's photo contest was in progress and that the photos would be displayed at the June 12 event at the San Joaquin Wildlife Sanctuary. She reported on the briefing held with Congressman John Doolittle relative to the Irvine Basin Groundwater and Surface Water Improvement Project. Director Miller noted that Mr. Jones was currently in Washington DC meeting with the stakeholders on this issue. She then inquired about the Orange County

Science Foundation, and Mr. Bishop, former Board Member of LAWD, said that they had participated in the past. President Swan asked Director Matheis to obtain additional information relative to this organization.

Vice President Reinhart reported on the meeting held with Congressman Doolittle.

President Swan reported on an upcoming WACO meeting. He said that the meeting with Congressman Doolittle was successful. He reported on an upcoming Dialog Group this Wednesday at MWD. He said that he would be attending CASA this weekend. Dr. Tom Bishop, a consultant for the District, reported on his attendance at the OCWD's Executive Assistant's Day luncheon.

CLOSED SESSION

President Swan said that the Closed Session item, Anticipated litigation, Government Code Section 54956.9(b); significant exposure to litigation (one or more potential cases), would not be held this evening.

There being no further business, President Swan adjourned the meeting at 7:15 p.m. APPROVED and SIGNED this 8th day of May, 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