

MINUTES OF REGULAR MEETING – OCTOBER 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., October 23, 2006 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering Heiertz, Treasurer Loomis, Secretary Bonkowski, Legal Counsel Arneson, Mr. Bruce Newell, Mr. Jim Carter, Ms. Maryann Brown, Mr. Chuck Borkman, Mr. Dick Diamond, Mr. Norris Brandt, Ms. Beth Beeman, Ms. Nancy Savedra, Mr. Wayne Posey, Mr. Steve Malloy, Jim Reed, and other members of the public and staff.

CONSENT CALENDAR

Relative to item No. 5, STRATEGIC MEASURES DASHBOARD, Vice President Reinhart inquired about the two sewer system overflows in September 2006. Following discussion, staff was asked to review enforcement policy as well as examine these two overflows caused by construction debris at the next Engineering and Operations Committee meeting. There being no further discussion, on MOTION by Miller, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 15 WERE APPROVED AS FOLLOWS:

3. MINUTES OF BOARD MEETINGS

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

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

Recommendation: Ratify/Approve the meetings and events for Doug Reinhart and Peer Swan.

5. STRATEGIC MEASURES DASHBOARDS

Recommendation: Receive and file.

6. DEMOLITION OF THE CABINLAND RESERVOIR

Recommendation: That the Board authorize an increase to the 2006/07 Capital Budget for Cabinland Pump Station project 11146, by \$72,500 from \$337,600 to \$410,100; and approve an increase to the expenditure authorization for project 11146 by \$72,500 from \$337,600 to \$ 410,100.

7. LEGISLATIVE UPDATE – 2006 YEAR END REPORT

Recommendation: Receive and file.

8. SEPTEMBER 2006 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for September 2006; and approve the September 2006 Summary of Wire Transfers and ACH payments in the total amount of \$5,763,291.86; and the September 2006 Warrant Nos. 273529 through 274317, Workers' Compensation Distributions and voided checks in the total amount of \$7,504,196.94.

9. RESOLUTION OF INTENTION TO AMEND CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) CONTRACT

Recommendation: That the Board adopt the following resolution by title amending the contract between the Board of Administration California Public Employees' Retirement System and the Board of Directors of the Irvine Ranch Water District.

RESOLUTION NO. 2006 - 35

RESOLUTION OF INTENTION TO APPROVE AN AMENDMENT TO CONTRACT BETWEEN THE BOARD OF ADMINISTRATION CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT

10. EXTENSION OF BIOSOLIDS BENEFICIAL REUSE AGREEMENT

Recommendation: That the Board authorize the General Manager to execute the contract service agreement between South Orange County Wastewater Authority and other public entities and Synagro Composting Company of California, LLC. for the transportation and beneficial reuse of wastewater biosolids from treatment facilities.

11. AGREEMENT FOR ACCESS TO PORTIONS OF THE TUSTIN LEGACY SANITARY SEWER SYSTEM FOR LENNAR

Recommendation: That the Board ratify the agreement for access to portions of the Tustin Legacy Sanitary Sewer System for Columbus Square.

12. QUITCLAIM OF REAL PROPERTY

Recommendation: That the Board adopt the following resolution by title approving execution of the Quitclaim deed to Tocol Investment, L.P. for property located in Lake Forest as shown in a map filed in Book 129.

RESOLUTION NO. 2006 –36

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT APPROVING
EXECUTION OF THE QUITCLAIM DEED TO
TOCOL INVESTMENT, L.P.

13. EL TORO DIVERSION STRUCTURE AUTOMATION BUDGET INCREASE
AND EXPENDITURE AUTHORIZATION

Recommendation: That the Board authorize a budget increase for project 20483 in the amount of \$52,300, from \$81,000 to \$133,300, and approve an Expenditure Authorization in the amount of \$52,300 for the El Toro Diversion Structure Automation project 20483.

14. ASSET OPTIMIZATION EXPENDITURE AUTHORIZATION

Recommendation: That the Board approve Expenditure Authorizations for project Nos. 11117 and 11118 for \$55,000 and \$82,500, respectively.

15. OC-38 TURNOUT RELOCATION CONSULTANT SELECTION AND
EXPENDITURE AUTHORIZATION

Recommendation: That the Board approve Expenditure Authorization in the amount of \$187,000 for project 10538, and authorize the General Manager to execute a professional services agreement with tetra tech in the amount of \$158,550 for the OC-38 turnout relocation, project 10538.

COMMUNICATIONS TO THE BOARD

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 currently the DATS wells C-8 and C-9, and well 10 are in operation in accordance with the District's annual pumping plan. MWDOC and OCWD have determined they will not take in-lieu recharge

deliveries from MWD in October as the groundwater levels are very high. 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 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. Jones.

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 the fall of 2006. This was confirmed by Mr. Jones.

ITEMS TOO LATE TO BE AGENDIZED - None

General Manager Jones said that a supplemental write-up for Item No. 23, IRWD INTERCONNECTION TO SOUTH ORANGE COUNTY TRANSMISSION MAINS, PHASE A was placed before each Board of Director.

CLAIM ORDINANCE – SECOND READING AND ADOPTION

General Manager Jones reported that under state law, Sections 900 *et seq.* (“Claims Act”), a claim against a governmental agency is required to be filed and processed as a prerequisite to filing a lawsuit. Mr. Jones said that the law lists several categories of claims that are exempt from the claim-filing requirements. Agencies are given an option of adopting, by ordinance, their own claim-filing procedures for these “excepted” categories. He said staff and legal counsel recommend that the District adopt a procedure that places the excepted types of claims under the same requirements as all other claims. He said that the Board held a “first reading” of the proposed ordinance on October 9, 2006, and the ordinance is now on the agenda for a second reading, consideration and adoption by the Board. He further said that staff is also recommending adoption of an identical resolution for claims.

On MOTION by Matheis, seconded and unanimously carried, ORDINANCE NO. 2006-1 WAS INTRODUCED FOR SECOND READING AND READ BY TITLE ONLY BY THE SECRETARY, FURTHER READING OF THE ORDINANCE WAS WAIVED, AND THE FOLLOWING ORDINANCE AND RESOLUTION WERE PASSED AND ADOPTED BY TITLE :

ORDINANCE 2006-1

AN ORDINANCE OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT REGARDING CLAIMS
AGAINST THE DISTRICT

RESOLUTION NO. 2006-37

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT REGARDING CLAIMS
AGAINST THE DISTRICT

HARVARD AVENUE TRUNK SEWER (HATS) DIVERSION FINAL EIR –
RESPONSE TO COMMENTS

General Manager Jones reported that a Draft Environmental Impact Report (DEIR) for the Harvard Avenue Trunk Sewer (HATS) Diversion Project has been circulated for public review and a “Final EIR - Response to Comments” has been completed.

Mr. Jones said that the Irvine Ranch Water District (IRWD) is currently upgrading the Michelson Water Reclamation Plant (MWRP) to its full rated capacity (18 mgd) by constructing additional secondary clarification capacity, and has also certified an EIR and initiated design for a phased MWRP capacity expansion. The capacity expansion will facilitate additional water reclamation in IRWD’s service area and will be sized to maximize recycled water as a water supply. This diversion will allow existing and future wastewater from the HATS portion of the MWRP service area that currently flows to the Orange County Sanitation District (OCSD) to be re-directed to IRWD’s MWRP for treatment and production of recycled water.

Mr. Jones said that the EIR evaluated several alternatives for routing HATS flow to the MWRP. He said that although Alternative Route 3 has many environmental benefits, Alternative Route 2 is the preferred alternative for the Project because it creates no additional impacts over those of the Project basic alignment, avoids impacts to parks associated with the basic alignment and Alternative Route 1, and eliminates the engineering constraints associated with Alternative Route 3. He said that the recommended actions will include the selection of Alternative Route 2 as the alignment for the project. This alternative consists of a 2,000-foot long 42-inch diameter gravity pipeline, built from a diversion structure on the Main Street Interceptor, and a low-head lift station to be located adjacent to Harvard Avenue and I-405.

Mr. Jones said that a draft EIR for the HATS Project was prepared and circulated from July 31, 2006 through September 15, 2006, and that written comments were received from the State of California’s Governor’s Office of Planning and Research, City of Irvine, Orange County Fire Authority, California Department of Transportation, Orange County Sanitation District, and one resident of the City of Irvine. These comments were related to CEQA review period, City of Irvine encroachment and dewatering activities, projected flow estimates, and odor control mitigation. Staff, legal counsel, and our

environmental consultant, Dudek and Associates, have prepared responses to these comments. The project team considers the comments and responses non-controversial.

Director Miller reported that this item was reviewed and approved by the Water Resources Policy and Communications Committee on October 16, 2006. On MOTION by Miller, seconded and unanimously carried, STAFF WAS DIRECTED TO INCORPORATE INTO THE DRAFT FINDINGS AS PRESENTED AT THIS MEETING SUCH REVISIONS AS MAY BE NECESSARY TO CONFORM THE FINDINGS TO ANY INFORMATION RECEIVED AFTER PREPARATION OF SAID DRAFT AND PRIOR TO THIS ACTION AND WAS DIRECTED TO ATTACH THE FINDINGS AS SO REVISED TO THE FOLLOWING RESOLUTION, AND THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2006-38

RESOLUTION OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT CERTIFYING THE FINAL ENVIRONMENTAL IMPACT REPORT FOR HARVARD AVENUE TRUNK SEWER DIVERSION PROJECT; ADOPTING WRITTEN FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; APPROVING THE PROJECT; AND AUTHORIZING THE FILING OF A NOTICE OF DETERMINATION

ENHANCED CONSERVATION PROGRAM GRANTS

General Manager Jones reported that the Metropolitan Water District of Southern California (Metropolitan) released a Request for Proposal (RFP) in May 2006 for its Enhanced Conservation Program (ECP). Mr. Jones said that the purpose of the ECP was to fund projects that incorporate new devices or methods to achieve water savings. Metropolitan's funding under the ECP is calculated based on the estimated lifetime water savings times \$250 per acre-foot. He said that the Irvine Ranch Water District (IRWD) submitted two proposals for funding under the ECP: 1) Restaurant Retrofit Package Program; and 2) Statewide ET Data Signal Protocol Phase II Project (ET Data Signal Project). Both of these proposals have been selected for ECP funding by Metropolitan, and staff is requesting approval to enter into agreements with the Municipal Water District of Orange County (MWDOC) and Metropolitan to accept the funding.

Mr. Dick Diamond reported that Metropolitan's ECP provides funding to develop cost-effective water conservation projects that pilot new programs or improvements to existing programs for potential inclusion in Metropolitan's standard conservation incentive program. Projects are selected on a competitive basis with incentives up to \$250 per acre-foot. Projects selected for funding by Metropolitan are expected to provide a pathway to new, progressive approaches to water conservation in Southern California. He said that staff submitted two proposals for consideration by Metropolitan.

Mr. Diamond then described the Restaurant Retrofit Package Program. He said that connectionless food steamers (CFS) are newer devices that have been thoroughly lab tested and are ready for field applications. Water savings from CFS units comes from the

reduced need for water to temper down the steam discharge into the sewer system from the device. He said that by offering an incentive for efficient water using equipment, IRWD can push a market transformation that may not otherwise occur and benefit from the avoided costs of conserved water and associated reduced wastewater treatment. The estimated avoided cost to IRWD from the successful completion of this project is conservatively estimated at \$200,000 over the lifetime of the devices, compared with direct costs of \$137,500. Metropolitan has notified IRWD that it has awarded IRWD \$39,250 in funding towards the project (based on 3.14 AF x 50 restaurants x \$250/AF). IRWD will also encourage customers to take advantage of additional funding for this project from the gas/energy utility rebate currently available at \$750 per CFS.

Mr. Diamond then described the Statewide ET Data Protocol Phase II Project. He said that IRWD has advocated for and supported efforts to develop a Statewide ET Data Protocol which can be used to support “real time” ET or weather-based controller technology. Phase I of this project, which developed and successfully tested a standard ET data protocol (ET-XML) has been completed, with the assistance of grant funding from the U. S. Bureau of Reclamation and co-funding from participating agencies.

Mr. Diamond that that Phase II, the proposed project, will extend the capabilities of the system to include coordinate-based ET and integrate participation from ET-based irrigation technology manufacturers. The manufacturers will be involved in the evolution of the ET-XML protocol and will build prototype irrigation controllers using the Public ET Web Services data. This project is designed to fully implement a public standardized ET data signal on a statewide basis. The total project cost is estimated at \$150,000. Metropolitan has authorized ECP grant funding of \$26,015 for this project. IRWD’s grant proposal offered total matching funds of \$40,000 for this project, including at least \$10,000 directly from IRWD. The remaining balance of the matching funds is from other water agency commitments.

Mr. Diamond said that staff will continue to negotiate agreements with the Municipal Water District of Orange County and Metropolitan for the IRWD to receive \$26,015 in grant funding from Metropolitan for Phase II of the ET Data Signal Project. These agreements will be brought to the Board for approval upon their completion.

Director Miller reported that this item was reviewed and approved by the Water Resources Policy and Communications Committee on October 16, 2006. On MOTION by Miller, seconded and unanimously carried, AN ADDITIONAL \$137,500 IN OPERATING BUDGET FUNDS FOR THE “RESTAURANT RETROFIT PACKAGE PROJECT” FOR FY 2006/07 WAS AUTHORIZED, AND STAFF WAS AUTHORIZED TO NEGOTIATE AN AGREEMENT WITH MUNICIPAL WATER DISTRICT OF ORANGE COUNTY AND METROPOLITAN FOR THIS PROJECT.

WATER CONSERVATION BUSINESS PLAN ANNUAL REPORT AND INCREASE IN FY 2006/07 TACTICAL INCENTIVES

General Manager Jones reported that the Water Conservation Business Plan (Plan) previously approved by the Board in April 2005 was designed to reinvigorate and re-

focus IRWD's water conservation efforts. The Plan included a "Tactical Incentives" element to encourage residential and commercial customers to install water conservation devices. Incentive payments are based on the water and wastewater systems avoided costs for each device and are therefore cost-effective for IRWD. For both fiscal year 2005/06 and 2006/07, \$300,000 in tactical incentive funds were included in the operating budgets funded through penalty revenue.

Mr. Dick Diamond reported that staff had prepared a complete report of the status of the Plan achievements and results and highlights of the seven elements of the Plan for fiscal year 2005-06 are as follows: 1) Policy Leadership; 2) Rate Structure Improvements; 3) Focused Customer Interface; 4) Customer Service Outreach; 5) Education/Outreach Initiatives; 6) Research and Technology Advances; and 7) Tactical Incentives.

Mr. Diamond said that Tactical Incentives were one of the key elements of the Plan which include cost-effective financial incentives provided by IRWD to supplement existing regional rebate programs administered by Metropolitan Water District of Southern California (MWD) and/or the Municipal Water District of Orange County (MWDOC). The incentives are based on IRWD's calculated avoided costs resulting from the installation of the various conservation devices. These were primarily high efficiency clothes washers, and this initial review focuses on that device. A more thorough review of all the Tactical Incentives, both residential and commercial, will be conducted once 12 months of post-installation usage data is available.

Mr. Diamond said that the Board approved funding for up to \$300,000 in Tactical Incentives in the Operating Budget for fiscal year 2006/07 as part of the adopted Plan. IRWD executed agreements with MWDOC in July 2006 to administer the supplemental financial incentives through two separate rebate programs: one for residential customers and one for commercial customers. A total of \$200,000 of the \$300,000 was allocated to the residential incentive program. In fiscal year 2005/06, the Board initially budgeted \$300,000 for conservation tactical incentives with subsequent approvals bringing the total budget to \$650,000. Total fiscal year incentives paid were \$411,000. Much of the difference between budgeted funds and actual expenditures related to devices installed by customers toward the end of 2005/06 fiscal year which were not invoiced until fiscal year 2006/07 which resulted from the three to four month turnaround times by MWDOC's rebate contractor and their inability to accurately project year-end expenditures for IRWD. As a result, a significant portion of the residential incentive payments and possibly some of the pending applications for the current fiscal year are for devices installed prior to July. This has therefore depleted the fiscal year 2006/07 budget much faster than anticipated. Without additional funding, staff estimates that IRWD's residential Tactical Incentives for the current fiscal year will be exhausted before the end of December, and that an additional \$200,000 in funding is necessary through the completion of the fiscal year.

Director Miller reported that this item was reviewed and approved by the Water Resources Policy and Communications Committee on October 16, 2006. On MOTION by Miller, seconded and unanimously carried, THE ADDITION OF \$200,000 WAS AUTHORIZED FROM THE OPERATING BUDGET FOR COST-EFFECTIVE TACTICAL INCENTIVE RESIDENTIAL CONSERVATION MEASURES FOR FY 2006/07 USING PENALTY REVENUE FUNDS.

ORCHARD HILLS ZONE 3-5 BOOSTER PUMP STATION AND PORTOLA SPRINGS ZONE A-C BOOSTER PUMP STATION – CONSTRUCTION AWARD

Director of Engineering Heiertz reported that Orchard Hills Zone 3-5 Booster Pump Station (BPS) needs to be constructed and on-line by November 2007 to serve as the secondary potable supply for the Phase 1 development of Planning Area (PA) 1 and 2. He said that the primary potable supply is from the existing Santiago Zone 5 Reservoir. The pump station will be a masonry block building.

Mr. Heiertz said that Portola Springs Zone A-C BPS is required to serve the Phase 1 development of PA 6, which is scheduled for first occupancy in November 2006. The pump station will be located in an underground vault next to Orchard Hills BPS, and the electrical and control room will be shared with the two stations. A temporary connection with the Zone 4 system in PA 6 will supply Zone C demands until the stations and pipelines are completed.

Mr. Heiertz said that in September 2004, the Board authorized the General Manager to contract with Stantec Consulting to design the Orchard Hills Zone 3-5 and Portola Springs Zone A-C booster pump stations. Stantec completed the design in mid-August 2006, with plans and specifications made available to nine pre-selected contractors on August 24, 2006. The bid opening was held with four contractors submitting bids and Schuler Engineering was the apparent low bid in the amount of \$4,996,000. The engineer's estimate for the project was \$5,700,000." He said that staff has reviewed Schuler Engineering's bid and has determined that the bid is responsive and that Schuler Engineering has constructed several District projects in the past that were completed on time and within budget. On MOTION by Reinhart, seconded and unanimously carried, EXPENDITURE AUTHORIZATIONS FOR \$2,625,000 EACH FOR PROJECT 13511 AND PROJECT 30237 WERE APPROVED; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONSTRUCTION CONTRACT WITH SCHULER ENGINEERING FOR \$4,996,000 FOR ORCHARD HILLS ZONE 3-5 BOOSTER PUMP STATION AND PORTOLA SPRINGS ZONE A-C BOOSTER PUMP STATION, PROJECT 13511 AND PROJECT 30237.

PLANNING AREA 6 ZONE 6 AND ZONE D RESERVOIRS – CONSTRUCTION
AWARD

Director of Engineering Heiertz reported that Planning Area 6 (PA 6) development is located north of the former Marine Corps Air Station (MCAS) El Toro, south of the 241 Toll Road, west of the 133 Toll Road, and east of the Natural Communities Conservation Plan Nature Reserve. The Zone 6 Reservoir (2.5 MG) and the Zone D Reservoir (0.66 MG) are required for first occupancy of homes in PA 6 Phase 2, which is currently scheduled for November 2008.

Mr. Heiertz said that in June 2005, the Board authorized the General Manager to contract with Daniel Boyle Engineering (DBE) to design the PA 6 Zone 6 and Zone D Reservoirs. He said that plans and specifications were made available to five pre-selected contractors on August 14, 2006. He said that the bid opening was held with four contractors submitting bids with Pascal and Ludwig (P&L) the apparent low bid in the amount of \$7,833,936.65. He said that staff has reviewed P&L's bid and found a discrepancy between the qualification specifications versus P&L's bid documents. The experience requirements of Project Manual, Section 13203, Prestressed Concrete Tanks, Section 1.6(A) Item 1, require that the contractor have constructed at least five similar tanks in the past ten years. P&L's bid documents included three similar tanks in the past ten years; P&L sent a letter of explanation with additional information regarding their qualifications. P&L has been in business performing heavy construction work of hydraulic structures since 1952 and has completed many successful projects for IRWD.

Mr. Heiertz said that the design engineer submitted their recommendation to select P&L. After reviewing all bid documents, IRWD's legal counsel concluded that it could be found that P&L's nonconformance with Section 13203 relating to tank experience did not affect the bid price and that other information submitted with the bid indicates that P&L has sufficient experience with this type of work. Staff requests that the Board waive the contractor qualification specifications.

Mr. Heiertz said that an analysis of the 56% difference between the engineer's estimate (\$12,194,000) and P&L's bid was provided in an exhibit. Bid item no. 10, earthwork grading and structural excavation contains the largest variance between the P&L's bid (\$1,879,000) and the engineer's estimate (\$5,202,000). The engineer's estimate was based on unit prices from a previous IRWD bid, the Zone 4 and Zone C Reservoirs, awarded in 2005. He said that staff believes that the grading subcontractor has been able to develop innovative ideas for moving soil around on the site which will limit the amount of hauling to and from the site.

Mr. Heiertz said that proposals for construction phase services, construction management, geotechnical services, and surveying, were requested from firms that have good track records on prior IRWD projects. He said that following review of the proposals, staff recommends approval of professional services agreements with Newport Real Estate Services for construction management services in the amount of \$122,500,

NMG Geotechnical for geotechnical services in the amount of \$99,122, and Guida Surveying for surveying services in the amount of \$64,785.

Vice President Reinhart reported that selection of the consultants for construction phase was reviewed and approved by the Engineering and Operations Committee on October 17, 2006. On MOTION by Reinhart, seconded and unanimously carried, BUDGET INCREASES TO THE FY 2006/07 CAPITAL BUDGET FOR PROJECT 10426 IN THE AMOUNT OF \$1,749,500, FROM \$3,944,300 TO \$5,693,800, AND PROJECT 30180 IN THE AMOUNT OF \$1,906,500, FROM \$1,960,800 TO \$3,867,300 WAS AUTHORIZED, EXPENDITURE AUTHORIZATIONS FOR \$5,377,600 FOR PROJECT 10426, AND \$3,561,600 FOR PROJECT 30180 WERE APPROVED; IT WAS FOUND THAT THE IRREGULARITY IN THE BID FROM PASCAL AND LUDWIG CONSTRUCTORS DID NOT GIVE THE BIDDER A COMPETITIVE ADVANTAGE OVER THE OTHER BIDDERS BASED ON OTHER INFORMATION SUBMITTED THAT PASCAL AND LUDWIG CONSTRUCTORS IS QUALIFIED TO PERFORM THE WORK, AND THE IRREGULARITY WAS WAIVED; THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONTRACT WITH PASCAL AND LUDWIG CONSTRUCTORS FOR \$7,833,936.65 FOR THE PLANNING AREA 6 ZONE 6 AND ZONE D RESERVOIRS PROJECT, PROJECTS 10426 AND 30180; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE PROFESSIONAL SERVICES AGREEMENTS WITH NEWPORT REAL ESTATE SERVICES FOR \$122,500 FOR CONSTRUCTION MANAGEMENT, NMG GEOTECHNICAL FOR \$99,122 FOR GEOTECHNICAL SERVICES, AND GUIDA SURVEYING FOR \$64,785 FOR SURVEYING SERVICES.

CONSULTANT SELECTION FOR RESERVOIR MANAGEMENT SYSTEM DESIGN AT FIVE DOMESTIC WATER RESERVOIRS

Director of Engineering Heiertz reported that since Metropolitan Water District of Southern California and IRWD switched to chloramines as the primary disinfectant for potable water, a number of IRWD potable water reservoirs have experienced nitrification. Mr. Heiertz said that an in-tank disinfection system that can prevent nitrification in reservoirs is the Reservoir Management System (RMS). The RMS operates by taking periodic samples of reservoir water and injecting chlorine (sodium hypochlorite) and ammonia as needed to maintain a pre-set chloramine concentration in the reservoir.

Mr. Heiertz said that in November 2005, IRWD submitted a pre-application to the Department of Health Services for Proposition 50 funds to partially fund the RMS installations. DHS approved the pre-application and invited IRWD to submit a full application. In June 2006, IRWD submitted the full application that included a Project Technical Report (PTR) which identified five high priority domestic water reservoirs that experience the most frequent or severe nitrification events. The PTR recommended a RMS in-tank disinfection system at the five high priority reservoirs, which include the Central Zone 1, Quail Hill Zone 3, Coastal Zone 6, Santiago Zone 5, and Los Alisos Zone 2 East Reservoirs. The PTR also identified 12 other domestic water reservoirs for chlorine analyzer and RMS-type mixer installation under a separate project that is scheduled for a later date.

Mr. Heiertz said that IRWD issued Requests for Proposals for the design of RMS at the five reservoirs to Carollo Engineers, Daniel Boyle Engineering, and Malcolm Pirnie, and all three submitted proposals. Based on the strength of their technical proposal, the project team, and their experience working on previous RMS design projects, staff recommends awarding the project to Daniel Boyle Engineering.

Vice President Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on October 17, 2006. On MOTION by Reinhart, seconded and unanimously carried, **THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE AN ENGINEERING SERVICES AGREEMENT WITH DANIEL BOYLE ENGINEERING FOR \$235,477, AND AN EXPENDITURE AUTHORIZATION WAS APPROVED FOR \$305,600 FOR THE RESERVOIR MANAGEMENT SYSTEM DESIGN AT FIVE DOMESTIC WATER RESERVOIRS, PROJECT 10991.**

IRWD INTERCONNECTION TO SOUTH ORANGE COUNTY TRANSMISSION MAINS, PHASE A

Director of Engineering Heiertz reported that the Municipal Water District of Orange County (MWDOC) has been studying methods to enhance the system reliability for the South Orange County (SOC) water agencies. As part of that study, MWDOC is focusing on a short term Emergency Service Program to accommodate limited emergency flows for up to 30 days during major outages. The intent of the Emergency Service Program is to immediately address the reliability needs of the SOC water agencies by utilizing existing infrastructure and minor system improvements to allow the agencies access to supplies available from the Orange County Groundwater Basin or other imported water sources not affected by major outages.

Mr. Heiertz said that as part of the program, several interconnections between IRWD's potable water system and the transmission mains to the SOC water agencies were recommended in the event of a Diemer Plant outage. IRWD has the capability of delivering imported water, groundwater, or a combination thereof in excess of our system demands. MWDOC has worked with IRWD to identify a conceptual delivery system consisting of pump stations, pipelines, and interconnections to improve the link between the IRWD water system and the SOC water agencies.

Mr. Heiertz said that the Preliminary Design Report for the Interconnection of the IRWD Water System to the South Orange County Water Transmission System prepared by Tetra Tech, Inc. for MWDOC recommended a phasing plan in order to accelerate the implementation of a portion of the Emergency Services Plan to provide the SOC water agencies with some available IRWD supply (up to a maximum of 20 cfs) during the 2007 and 2008 planned Diemer outages. Santa Margarita Water District (SMWD) contracted with Tetra Tech, Inc. to prepare the plans and specifications for the Phase A recommended improvements. IRWD and the SOC water agencies propose that IRWD construct the improvements since they are on IRWD's facilities and will ultimately be operated by IRWD. During the design process, Tetra Tech submitted two review

submittals to IRWD to ensure that the project complies with current IRWD standards. The proposed Zone 1 to Zone 3 Connection at the Zone 1 Reservoir will be constructed between November 2006 and February 2007; the proposed JTM/ATM Connections will be constructed between November 2006 and June 2007.

Mr. Heiertz said that the SOC water agencies, represented by SMWD and Moulton Niguel Water District (MNWD) are finalizing the agreement with IRWD for these interconnection facilities. The proposed reimbursement agreement will establish the costs that will be reimbursed to IRWD for construction of the Phase A facilities plus the incremental costs of design, construction management, upsized facilities, and salvage value of IRWD supplied valves. In addition, an intertie agreement is being prepared that will address system buy-in costs for the SOC water agencies. At this time, SMWD and MNWD are willing to fund 100% of the construction cost of the Phase A facilities. IRWD is conditioning actual use of the Phase A facilities with final resolution and payment of the additional cost items. Staff is actively negotiating the remaining costs with SMWD and MNWD.

Mr. Heiertz said that Tetra Tech completed the design in mid-September, 2006, and plans and specifications were made available to 14 pre-selected contractors. The bid opening was held with three contractors submitting bids with Paulus Engineering as the apparent low bid in the amount of \$1,680,759. The engineer's estimate for the project was \$1,490,000. Staff has reviewed Paulus Engineering's bid and has determined that the bid is responsive. Paulus Engineering has constructed several District projects which were completed on time and within budget.

Mr. Heiertz said that staff requested and received a proposal from Tetra Tech, Inc. in the amount of \$50,000 for construction support services which include submittal review, responding to requests for information, and review of contract change orders. The cost for the construction services will be fully reimbursed under the Reimbursement Agreement among Santa Margarita Water District and Moulton Niguel Water District.

On MOTION by Reinhart, seconded and unanimously carried, THE ADDITION OF PROJECT 11159 TO THE FY 2006/07 CAPITAL BUDGET FOR \$1,974,100 WAS AUTHORIZED; AN EXPENDITURE AUTHORIZATION IN FOR \$1,974,100 WAS APPROVED; THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE: 1) A CONTRACT WITH PAULUS ENGINEERING FOR \$1,680,759 FOR THE IRWD INTERCONNECTION TO SOUTH ORANGE COUNTY WATER TRANSMISSION MAINS, PROJECT 11159; 2) A REIMBURSEMENT AGREEMENT WITH SANTA MARGARITA WATER DISTRICT AND MOULTON NIGUEL WATER DISTRICT FOR CONSTRUCTION OF THE IRWD INTERCONNECTION TO THE SOUTH ORANGE COUNTY WATER TRANSMISSION MAINS; AND 3) AN ENGINEERING SERVICES AGREEMENT WITH TETRA TECH, INC. IN THE AMOUNT OF \$50,000 FOR CONSTRUCTION SUPPORT SERVICES.

TRABUCO ROAD SEWER REPAIR CONSTRUCTION AWARD

Director of Engineering Heiertz reported that in September 2006, IRWD staff investigated the cause of asphalt cracking and the development of potholes in the vicinity of the sewer facility on Trabuco Road between Jeffrey Road and Sand Canyon Avenue. Mr. Heiertz said that further investigation determined that there was significant settlement around an existing sewer manhole and that a sewer lateral has settled near the manhole and has completely separated at one joint. The damaged lateral is not currently in service, but is needed for Planning Area 9 development occupancy by mid-November 2006.

Mr. Heiertz said that the sewer main line and laterals were installed approximately three years ago and are no longer under warranty, therefore needed repairs are IRWD's cost. He said that staff prepared sewer repair plans which consist of removal and replacement of 85 feet of 8-inch PVC sewer inside an existing 12-inch casing. The repair work is anticipated to be completed within a two week period.

Mr. Heiertz said in October 2006, plans and specifications for the needed repair were made available to three qualified contractors. Bids from two contractors were received with the apparent low bid from Kennedy Pipeline Company (Kennedy) for \$137,055. The engineer's estimate for the project was \$145,000.

Following discussion, on MOTION by Reinhart, seconded and unanimously carried, **THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONTRACT WITH KENNEDY PIPELINE COMPANY FOR \$137,055 FOR THE TRABUCO ROAD SEWER REPAIR, PROJECT 20454.**

GENERAL MANAGER'S REPORT

General Manager Jones reported that staff received notification of receiving the Project of the Year award for the Irvine Desalter project from APWA. Mr. Jones reported that Mr. Larry Todd of the US Bureau of Reclamation requested a tour of the District's Natural Treatment System and Irvine Desalter project sites. Relative to the District's Request for Proposal sent to the Orange Park Acres Mutual Water District, he said that he was contacted by a representative, and that they are interested in initiating further discussions.

DIRECTOR'S COMMENTS

Director Miller complimented staff on their efforts with the OPA proposal. It was noted that Mr. Tim Brick had recently been appointed to MWD's Chairman of the Board, and Mr. Miller asked staff to prepare a letter of congratulations.

Director Withers thanked staff for their efforts on the County of Orange's Legislative priority list.

Director Matheis reported on a successful community tour. She reported on her and President Swan's attendance at the October 10 dedication of the Irvine Ranch National Natural Landmark.

Vice President Reinhart reported on his attendance at a recent Southern California Water Committee Annual meeting with President Swan.

President Swan also reported on his attendance at the dedication event. He said he also attended a fundraising with the Back Bay Naturalists, a Great Park unveiling event, ACWA Water Committee conference call relative to 2008 bonds, and a successful community tour.

CLOSED SESSION

President Swan said that the Closed session item, conference with legal counsel relative to anticipated litigation; Government Code Section 54956.9(b); significant exposure to litigation (one potential case) would not be held this evening.

ADJOURNMENT

President Swan adjourned the Board meeting to Tuesday, October 24 at 11:30 a.m. in the Committee Room on the second floor to hold a workshop on the Sewer System Master Plan.

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

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone