

MINUTES OF REGULAR MEETING – DECEMBER 18, 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., December 18, 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. Steve Malloy, Mr. John Hills, Mr. Jim Reed, Mr. Jim Carter, Mr. Bruce Newell, Ms. Mary Ann Brown, Mr. Wayne Posey, Mr. Sat Tamaribuchi, Mr. Chuck Borkman, Mr. Dick Diamond, and other members of the public and staff.

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 2, 4, 5, 10, 13, 14, and 18 are in operation in accordance with the District's annual pumping plan. In succeeding weeks during this month, different wells will be operated to maintain active operation status and to meet the District's 8,000 AF clear water pumping goal for October through April. To date, MWDOC and OCWD have determined they will not take in-lieu recharge deliveries from MWD in December 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. IRWD recently received proposed terms and conditions for annexation from OCWD that are generally acceptable. The IRWD Board has directed staff to work with OCWD to prepare an annexation agreement. Staff anticipates an OCWD Board action on the EIR and annexation agreement in the winter of 2007. This was confirmed by Mr. Jones.

ITEMS TOO LATE TO BE AGENDIZED

General Manager Jones reported that an item came to staff's attention after the agenda was posted to meet in Closed Session with legal counsel relative to anticipated litigation; Government Code Section 54956.9(b); significant exposure to litigation (one potential case). On MOTION by Matheis, seconded and unanimously carried, IT WAS DETERMINED THAT THERE WAS A NEED TO TAKE IMMEDIATE ACTION TO MEET IN CLOSED SESSION WITH LEGAL COUNSEL RELATIVE TO ANTICIPATED LITIGATION; GOVERNMENT CODE SECTION 54956.9(b); SIGNIFICANT EXPOSURE TO LITIGATION (ONE POTENTIAL CASE) WHICH CAME TO THE ATTENTION OF THE DISTRICT SUBSEQUENT TO THE AGENDA BEING POSTED, AND THIS MATTER WAS ADDED TO THE AGENDA UNDER OTHER BUSINESS (see page 14).

PRESENTATION

NATURAL TREATMENT SYSTEM ACTIVITY UPDATE AND ACCEPTANCE OF INITIAL LOCAL SITES

Mr. Dick Diamond presented to Mr. Sat Tamaribuchi of the Irvine Company (TIC) a plaque thanking him as well as the TIC for their efforts relating to the District's initial Natural Treatment System local sites. Mr. Tamaribuchi said that staff did a superior job on this project and that he appreciated their efforts. Following discussion, staff was asked to monitor Measure M funding to determine if the District should submit an application.

IRVINE DESALTER PROJECT AWARD FROM APWA

Mr. Steve Malloy presented to the Board the American Public Works Association (APWA) 2006 Project of the Year Award for the Irvine Desalter Project in the Water and Wastewater category which he previously accepted at another event. Both IRWD and the Orange County Water District were recipients of this award.

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) OUTREACH PARTICIPATION AWARD

Ms. Beth Beeman presented to the Board the Association of California Water Agencies 2006 Outstanding Outreach Participation Award in recognition of participation in Region 10 which was previously presented to staff at another event. Following the presentation, President Swan asked staff to further review the legal requirements relative to using photographs of Directors in the District's newsletter. Staff was also asked to contact the newly appointed Assembly Members to invite them on a tour of District facilities.

CONSENT CALENDAR

On MOTION by Miller, seconded and unanimously carried, CONSENT CALENDAR ITEMS 6 – 24 WERE APPROVED AS FOLLOWS:

6. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the November 27 and November 29, 2006 Board of Directors' meetings be approved as presented.

7. RATIFY/APPROVE BOARD OF DIRECTOR'S ATTENDANCE AT MEETINGS AND EVENTS

Recommendation: That the Board ratify/approve the meetings and events for Darryl Miller, Doug Reinhart, Peer Swan and John Withers.

8. RATIFY/APPROVE SANTIAGO MANAGEMENT ADVISORY COMMITTEE ATTENDANCE AT MEETINGS AND EVENTS

Recommendation: That the Board ratify/approve the meeting for Steve Kerrigan, Maryann Brown, James Carter, Robert Hunt, and Bruce Newell.

9. ANNUAL BOARD OF DIRECTORS' FEES

Recommendation: That the Board accept the 5% automatic compensation increase in Director fees for calendar year 2007, increasing the fees from \$204.75 per meeting to \$214.99 per meeting, effective January 1, 2007.

10. NOVEMBER 2006 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for November 2006; and approve the November 2006 Summary of Wire Transfers and ACH payments in the total amount of \$3,527, 469.03 and the November 2006 Warrants Nos. 275134 through 276037, Worker's Compensation distributions and voided checks in the total amount of \$17,484,989.21.

11. EXTERNAL FINANCIAL REPORTING DOCUMENTS

Recommendation: That the Board approve the Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2006.

12. 2007 INVESTMENT POLICY

Recommendation: That the Board adopt the following resolution approving Investment Policy and authorizing the Treasurer and Assistant Treasurer to invest

and reinvest funds of the District and of each of its Improvement Districts and to sell and exchange securities.

RESOLUTION NO. 2006 - 45

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT APPROVING INVESTMENT
POLICY AND AUTHORIZING THE TREASURER AND ASSISTANT
TREASURER TO INVEST AND REINVEST FUNDS OF THE
DISTRICT AND OF EACH OF ITS IMPROVEMENT DISTRICTS
AND TO SELL AND EXCHANGE SECURITIES

13. TERMINATION OF APPOINTMENT OF ASSISTANT SECRETARY HELD
BY SYLVIA MUMENTHALER

Recommendation: That the Board terminate the appointment of Sylvia Mumenthaler as Assistant Secretary to the District effective December 18, 2006.

14. APPOINTMENT OF DISTRICT OFFICERS IN LIEU OF ELECTION

Recommendation: That the Board adopt the following resolution declaring the appointment District Officers in lieu of election (November 7, 2006 General Election).

RESOLUTION NO. 2006 - 46

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE
RANCH WATER DISTRICT DECLARING APPOINTMENT OF DISTRICT
OFFICERS IN LIEU OF ELECTION
(NOVEMBER 7, 2006 GENERAL ELECTION)

15. IRVINE DESALTER PROJECT – DEPARTMENT OF WATER RESOURCES
GRANT RESOLUTION

Recommendation: That the Board adopt the following resolution authorizing the General Manager to negotiate and execute the Department of Water Resources' Grant Agreement and any amendments or change orders for the Irvine Desalter project and South Irvine Brine Line.

RESOLUTION NO. 2006-47

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE IRVINE RANCH WATER DISTRICT
AUTHORIZING REPRESENTATIVES TO ACT
IN REGARD TO APPLICATION FOR GRANT FROM
PROPOSITION 50 CHAPTER 6(a) WATER DESALINATION
GRANT PROGRAM - IRVINE DESALTER PROJECT AND
SOUTH IRVINE BRINE LINE (C-2006-10)

16. LAWRP 2005 UPGRADES VARIANCE APPROVAL

Recommendation: That the Board authorize the General Manager to execute Variance No. 8 to HDR Engineering, Inc. in the amount of \$25,000 for the design of the LAWRP 2005 Upgrades, projects 20243 and 30134.

17. QUITCLAIM OF REAL PROPERTY

Recommendation: That the Board adopt the following resolution approving execution of the Quitclaim deed to Saddleback Valley Unified School District.

RESOLUTION NO. 2006 – 48

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT APPROVING
EXECUTION OF THE QUITCLAIM DEED TO
SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

18. QUITCLAIM OF REAL PROPERTY

Recommendation: That the Board adopt the following resolution approving execution of the Quitclaim deed to KPM Spectrum, L.P.

RESOLUTION NO. 2006 – 49

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

19. 2007 SELECTION OF STATE LOBBYIST AND LOCAL GOVERNMENT CONSULTANT

Recommendation: That the Board approve a professional services agreement for a term of six months with Isenberg/O'Haren in the amount of \$6,500 per month retainer plus reimbursable direct expenses for a total not to exceed \$42,900 and a professional services agreement for a term of six months with Curt Pringle and Associates in the amount of \$7,500 per month retainer plus reimbursable direct expenses for a total not to exceed \$49,500.

20. COASTKEEPER WATER CONSERVATION GARDEN AT SANTIAGO CANYON COLLEGE

Recommendation: That the Board approve an in-kind services contribution estimated at \$15,000 for dedicated meter installation; irrigation consulting; GIS Consulting; assistance with interpretive signage, and construction materials for

displays to the Coastkeeper Demonstration Garden Project at Santiago Canyon College.

21. IRVINE RANCH WATER DISTRICT/SANTIAGO WATER SYSTEM FACILITIES INTEGRATION STUDY – CONSULTANT SELECTION

Recommendation: That the Board authorize budget increases for \$20,900 for Project 10435 from \$38,500 to \$59,400, and \$20,900 for Project 20435 from \$38,500 to \$59,400; and approve Expenditure Authorizations for Project 10435 for \$59,400 and for Project 20435 for \$59,400.

22. ORCHARD HILLS ZONE 3-5 BOOSTER PUMP STATION AND PORTOLA SPRINGS ZONE A-C BOOSTER PUMP STATION EXPENDITURE AUTHORIZATION APPROVAL

Recommendation: That the Board approve expenditure authorizations for Project 13511 for \$171,100, and Project 30237 for \$171,100 for the PA 6 Zone 3-5 Booster Pump Station and the Portola Springs Zone A-C Booster Pump Station.

23. MANNING WATER TREATMENT PLANT UPGRADES BUDGET AND EXPENDITURE AUTHORIZATION

Recommendation: That the Board authorize the addition of project 11161 to the Fiscal Year 2006/07 Capital Budget for \$382,000 and approve an Expenditure Authorization in the amount of \$85,900 for the Manning Plant Upgrades Project No. 11161.

24. SERRANO CREEK (AUTUMNWOOD SITE) SHORT-TERM LIMITED TOE OF SLOPE PROTECTION AND EROSION PROTECTION – FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Serrano Creek (Autumnwood site) Short-Term Limited Toe of Slope Protection and Erosion Protection, Project No. 74356; authorize the General Manager to file a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

ACTION CALENDAR

PA 6 ZONE 4 AND C RESERVOIRS AND ZONE 4-6 AND C-D BOOSTER PUMP STATION PROJECTS

Director of Engineering Heiertz reported that the Planning Area (PA) 6 Zone 4 Reservoir, Zone C Reservoir, Zone 4-6 and Zone C-D Booster Pump Stations project designed by Daniel Boyle Engineering (DBE) is now being constructed by Gateway Pacific Contractors. Mr. Heiertz said that Change Order No. 9 is being requested to account for constructing the Reservoir Management System (RMS) to conform to the newly adopted

standard plan for the RMS. The original plan included only a chain link enclosure and this equipment will instead be contained with a masonry block building with a ventilation system, spill containment and SCADA system monitoring.

Mr. Heiertz said that DBE is developing RMS standard format drawings for inclusion within the IRWD's Construction Manual. The standard includes all facets of the RMS design including mechanical, structural, architectural, electrical, and instrumentation and control components. Standard technical specifications are also being developed for the RMS equipment and its appurtenant components. He said that in an effort to increase the operability and safety associated with the RMS facility, staff has requested DBE to incorporate additional design features including secondary containment facilities for the ammonia storage and feed equipment, exterior chemical fill ports, exterior building lighting, and building intrusion alarms. The incorporation of these items requires the preparation of additional details and modification of the existing drawings and specifications. DBE has submitted Variance No. 9 in the amount of \$19,987 to implement these modifications.

Vice President Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on December 12, 2006. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE CHANGE ORDER NO. 9 WITH GATEWAY PACIFIC CONTRACTORS FOR \$109,445.17 AND APPROVE VARIANCE NO. 9 TO THE AGREEMENT WITH DANIEL BOYLE ENGINEERING FOR \$19,987.00 FOR THE PA 6 ZONE 4 RESERVOIR, ZONE C RESERVOIR, ZONE 4-6 AND ZONE C-D BOOSTER PUMP STATION PROJECTS, PROJECTS 10551 AND 30179.

ARMSTRONG/MCGAW TRUNK SEWER PROJECT CHANGE ORDERS NO. 9 AND 10 AND FINAL PROJECT ACCEPTANCE WITH BUDGET ADJUSTMENT AND EXPENDITURE AUTHORIZATION

Director of Engineering Heiertz reported that in September 2003, the District awarded Vido Artukovich & Sons Inc, (Artukovich) a contract for the construction of capital facilities for Armstrong Trunk Sewer which serves the Irvine Business Complex (IBC) and the new developments on the former Tustin LTA Base. Mr. Heiertz said that the construction activities are now complete; however, during the course of construction, several changes in the scope have occurred which resulted in the need for the contractor to perform additional work and time delays. He said that two additional contract change orders require approval at this time which include a trunk sewer re-alignment to avoid conflict with a micro-tunnel access pits, two additional connections to the new trunk sewer, and abandonment of approximately 400 feet of existing 12-inch sewer.

Mr. Heiertz said that at the northerly end of the project near the intersection of Armstrong Avenue and Barranca Parkway, the City of Tustin's Phase I Project contractor, SEMA Construction, excavated to install the adjacent 27-inch VCP sewer for sewer service in future Armstrong Avenue on the former Tustin LTA Base. SEMA's work was substandard and caused damage to the newly constructed Manhole No. 19. When IRWD and the City

of Tustin directed SEMA to perform the corrective/re-construction work, they refused. The City then requested IRWD to have its contractor, Vido Artukovich & Sons, perform the repair/re-construction of Manhole No. 19 with the understanding that the City of Tustin would reimburse IRWD for the extra work costs. The work estimate, inclusive of a well-point dewatering system and a "beam and plate" shoring system was \$286,000. Subsequently, the City of Tustin approached IRWD and requested that work to construct the 20-inch diameter sewer stub to serve the Tustin Phase II Vestar Project be added to the proposed work. A price estimate to add the sewer stub was \$97,000. The City of Tustin agreed to proceed and to reimburse IRWD for this increment of extra work also.

Mr. Heiertz said that Vido Artukovich & Sons, Inc. have worked with the District to complete the project and recommends the approval of Contract Change order No. 10 for \$418,865.47. Upon approval, staff will invoice the City of Tustin for the costs associated with this change order.

Vice President Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on December 12, 2006. On MOTION by Reinhart, seconded and unanimously carried, **THE BOARD ACCEPTED THE CONSTRUCTION OF THE ARMSTRONG AND MCGAW AVENUE TRUNK SEWER PROJECT, PROJECT 20207; AUTHORIZED THE GENERAL MANAGER TO FILE A NOTICE OF COMPLETION; AUTHORIZED THE PAYMENT OF RETENTION 35 DAYS AFTER THE DATE OF RECORDING THE NOTICE OF COMPLETION; AUTHORIZED A BUDGET INCREASE TO THE FY 2006/07 CAPITAL BUDGET FOR PROJECT 20207 IN THE AMOUNT OF \$594,400, FROM \$13,593,700 TO \$14,188,100; APPROVED CHANGE ORDER NO. 9 IN THE AMOUNT OF \$120,896,000 AND CHANGE ORDER NO. 10 IN THE AMOUNT OF \$418,865.47 TO THE CONSTRUCTION CONTRACT WITH VIDO ARTUKOVICH & SONS, INC; AND APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$594,400 FOR THE ARMSTRONG/MCGAW AVENUE TRUNK SEWER, PROJECT 20207.**

PLANNING AREA 18 ZONE 3 – 4 BOOSTER PUMP STATION AND ZONE B-C BOOSTER PUMP STATION CONSULTANT SELECTION

Director of Engineering Heiertz reported that The Irvine Company was planning to develop their property within the City of Irvine's Planning Area 18 (PA-18) which is located within the City of Irvine and is generally bounded by State Route 133 to the west; Interstate 405 to the north; and PA-39 and San Diego Creek to the east. Mr. Heiertz said that two booster pump stations are proposed to serve PA-18. The domestic water pump station will deliver water from Zone 3 to Zone 4 and the non-potable water pump station will deliver water from Zone B to Zone C.

Mr. Heiertz said that The Irvine Community Development Company (ICDC) issued Request for Proposals (RFP) for Professional Engineering Services for the District's of IRWD Capital Improvement Plans for this area. He said that ICDC received proposals for engineering design services for the PA-18 facilities from four engineering firms: Hunsaker

& Associates, PBS&J, Stantec Consulting, and TRC. He said that staff recommends that TRC be awarded the professional services agreement since their design approach, schedule, and man-hours are consistent with the project goals. TRC's proposed preliminary and final design phase fee is \$421,972.

Vice President Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on December 12, 2006. Following discussion, on MOTION by Reinhart, seconded and unanimously carried, **THE BOARD APPROVED EXPENDITURE AUTHORIZATIONS FOR PROJECT 10446 IN THE AMOUNT OF \$290,900 AND FOR PROJECT 30446 IN THE AMOUNT OF \$290,900; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH TRC IN THE AMOUNT OF \$421,972 FOR ENGINEERING SERVICES FOR THE PA-18 ZONE 3-4 AND THE ZONE B-C BOOSTER PUMP STATION, PROJECTS 10446 AND 30446.**

BUDGET ADDITION AND EXPENDITURE AUTHORIZATION FOR A RESERVOIR MANAGEMENT SYSTEM AT WILLIAMS RESERVOIR

Mr. Chuck Borkman reported since the July 1, 2006 merger with SCWD, IRWD has operated and monitored the Santiago domestic water distribution system and storage reservoirs. Mr. Borkman said that the main water sources for the Santiago domestic water distribution system are the Metropolitan Water District and the Dyer Road Wellfield. Dyer Road Wellfield water is supplied to the Santiago water system from the Santiago Hills Reservoir (5 MG) via the Santiago Hills Pump Station. He said that water from both of these sources is disinfected with chloramine which tends to degrade in storage reservoirs due to water stagnation or aging arising from low demands and inadequate water mixing.

Mr. Borkman said that due to the significant challenges to maintain consistent chlorine residual in this system in June 2006 IRWD installed a Reservoir Management System (RMS) at the East Irvine Zone 3 Reservoir No. 2 which had a history of Nitrification Action Plan (NAP) Level III events. This RMS consists of a submersible mixer/sampler, chlorine analyzer, and chemical (sodium hypochlorite and aqueous ammonia) storage and feed equipment. Since the RMS was installed, the water quality in the reservoir has greatly improved with higher chlorine residual concentrations and no NAP Level III events due to low chlorine residual. A project for installing RMS at five other Domestic Water Reservoirs that have experienced frequent and severe nitrification events in the past is currently in design.

Mr. Borkman said that installation of an RMS at the Williams Reservoir is proposed to maintain the chloramine concentration in the reservoir and prevent nitrification. The Williams Reservoir (0.5 MG) feeds the Benner Reservoir (0.08 MG), and it is believed that improved water quality in the Williams Reservoir will benefit the Benner Reservoir. Design of the RMS for the Williams Reservoir will be performed by Daniel Boyle Engineers (DBE), the design engineer for the RMS at five Domestic Water Reservoirs project.

Director Miller said that this item was reviewed by the Santiago Management Advisory Committee on December 12, 2006. As a result of discussion at the Committee meeting regarding the high cost of the RMS relative to the reservoir size, the scope and approach to equipping the reservoir with RMS were reevaluated and two scope changes are proposed for reducing the cost. The changes are a less expensive metal building for housing the chemical storage and feed equipment instead of a concrete block building and re-using the mixer, chlorine analyzer, and chemical storage/feed equipment currently in use for the temporary RMS at the Santiago Hills Reservoir. These changes and actions reduced the project budget from \$667,700 to \$409,200. On MOTION by Miller, seconded and unanimously carried, **THE BOARD AUTHORIZED THE ADDITION OF THE RESERVOIR MANAGEMENT SYSTEM AT WILLIAMS RESERVOIR TO THE FY 2006/07 CAPITAL BUDGET FOR \$409,200, AND AN EXPENDITURE AUTHORIZATION WAS APPROVED FOR \$42,900 FOR PROJECT 11165.**

LONG TERM SERRANO CREEK BANK STABILIZATION – MEMORANDUM OF UNDERSTANDING

General Manager Jones reported that IRWD has many facilities located in proximity to Serrano Creek, particularly in the former Los Alisos Water District service area. Fee ownership of property in the creek is shared by many adjacent landowners, and the Orange County Flood Control District (OCFCD) has an easement for flood control purposes.

Mr. Jones said that construction of improvements in Reach 1 of the creek located between Bake Parkway and Trabuco Road has stabilized this portion of the creek, however, the reaches further upstream remain subject to significant erosion during storm events. He said that this erosion threatens IRWD property and facilities and provides incremental sediment loads to the San Diego Creek sediment basins located adjacent to the Michelson Water Reclamation Plant. Under current agreements with the County, IRWD is responsible for removal of sediment from these basins.

Mr. Jones said that the slope stabilization work in 2001 and 2006 are considered temporary because they were not designed to withstand 100-year flooding. A long-term plan is needed for improvement of the Serrano Creek channel and stabilization of all slopes between the Foothill Transportation Corridor to the north and Trabuco Road to the south. While all parties recognize the need for the long-term plan, there is some disagreement between non-IRWD parties, primarily the City and the County on several issues including responsibility for increased channel flows from upstream development, channel property ownership, and sources of funding for the long-term plan. He said that the purpose of the Memorandum of Understanding (MOU) is to memorialize the parties' agreement to take steps toward implementing the 1998 Serrano Creek Collaborative Use Plan (SCCUP). The SCCUP identifies flood control, environmental, and other improvements to the creek system. The MOU does not commit IRWD to fund the SCCUP or carry it out. The current version of the MOU addresses establishing a timetable for addressing funding issues associated with anticipated early work products, and includes \$100,000 of the funding provided by the County to initiate design work. Based on inclusion of the timetable, the City is now willing to recommend approval of the MOU to the City Council on December

19, 2006. Since participation by the City is clearly critical to the success of this effort, staff believes IRWD's actions on the MOU should be predicated on City approval. Staff and counsel have reviewed the MOU and found it acceptable.

Director Miller said that an earlier version of the MOU was reviewed by the Water Resources Policy and Communications Committee on December 11, 2006. On MOTION by Miller, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE "MEMORANDUM OF UNDERSTANDING WITH THE COUNTY OF ORANGE, THE ORANGE COUNTY FLOOD CONTROL DISTRICT, IRVINE RANCH WATER DISTRICT, AND THE CITY OF LAKE FOREST FOR THE CREATION OF THE SERRANO CREEK RESTORATION PARTNERSHIP ORANGE COUNTY FLOOD CONTROL DISTRICT FACILITY F19" SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY THE GENERAL MANAGER AND LEGAL COUNSEL AND CONTINGENT UPON APPROVAL OF THE MEMORANDUM OF UNDERSTANDING BY THE CITY OF LAKE FOREST.

REVISED COUNTY/IRWD NATURAL TREATMENT SYSTEM AGREEMENT

General Manager Jones reported that on November 28, 2005, the IRWD Board of Directors approved a draft agreement among the parties regarding the construction, operation, and maintenance of NTS facilities in OCFCD right-of-way. Mr. Jones said that the Board approved the agreement subject to non-substantive changes, knowing that the County Board of Supervisors had not yet calendared the agreement for review. IRWD staff had worked for approximately four years in developing the draft agreement and believed the agreement was ready for review/approval by the IRWD Board. However, County staff did not prepare the agreement for County Board review/approval and subsequently notified IRWD staff that they were not comfortable with the agreement as drafted. He said that the primary basis for County staff concern was that the County did not want to take on any new, additional responsibilities as a result of NTS, especially with respect to potential vegetation and habitat that may become established. IRWD and County staff and legal counsels have spent significant time and effort refining the agreement language to clarify these responsibilities. This effort, combined with additional experience over the last year for both agencies on vegetation issues related to lower San Diego Creek, has resulted in simpler, better defined language on these issues. Some other minor changes regarding other issues were also identified. He said that the agreement is scheduled for approval by the Board of Supervisors on December 19, 2006.

Director Miller said this item was reviewed by the Water Resources Policy and Communications Committee on December 11, 2006. On MOTION by Miller, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH THE COUNTY OF ORANGE AND OCFCD REGARDING CONSTRUCTION, OPERATION AND MAINTENANCE OF NATURAL TREATMENT SYSTEM FACILITIES IN OCFCD RIGHT-OF-WAY SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY THE GENERAL MANAGER AND LEGAL COUNSEL.

SAN JOAQUIN MARSH CAMPUS CONSULTANT SELECTION AND EXPENDITURE AUTHORIZATION

General Manager Jones reported that in June 2005, the IRWD Board of Directors approved a conceptual Master Plan for facilities at the San Joaquin Marsh Campus and Wildlife Sanctuary. The objective of this plan was to optimize the use of the current facilities without altering the character and feel of the campus. The proposed four-phase Master plan that was developed by RJM reaffirmed the rustic natural setting while at the same time realigning the current facilities into a campus area with interconnecting pathways and a more effective use of the buildings and surrounding open space. He said that the next step was to develop preliminary design documents followed by the production of final construction plans for the Main Campus Improvements (Phase III) and the Meadow Re-Landscaping and Parking Lot Expansion (Phase IV).

Mr. Jones said that staff issued a Request for Proposal (RFP) on September 6 seeking professional consulting services for Phases III and IV of the project. After the pre-proposal meeting on September 19, four of the five consultants notified staff that they would not be able to participate on the project. The RFP was subsequently issued to another eight consultants and a second pre-proposal meeting was held on October 10. Staff received written proposals on November 3 from Land Arc + West, RJM Design Group, and RRM Design Group. After evaluating the proposals, staff selected RRM and RJM for interviews. Review of the fee proposals revealed that the level of effort for each consultant team varied based on the many assumptions required for a project involving the relocation and renovation of historical structures. Based on input from the San Joaquin Marsh Ad Hoc Committee, staff worked with RJM to refine the project scope, schedule and associated consultant fee based on a shortened project schedule and a reduced scope.

Mr. Jones said that the revised project scope was divided into four tasks: 1) evaluation of existing site conditions, 2) relocation of the historical houses, 3) construction of the new classroom, renovation of the historical houses, and the main campus site development and 4) construction of parking lot enhancements. Tasks 1 and 2 are well defined and staff believes the revised RJM fee is fair and reasonable. There are still some scope unknowns with Tasks 3 and 4 which will be resolved as Tasks 1 and 2 progress. Staff will continue to consult with RJM to revise the scope and fee for Tasks 3 and 4 in the coming months. Immediately following the San Joaquin Marsh Ad Hoc Committee meeting, staff executed a professional consulting services contract for Task 1 for \$25,005 with RJM.

Mr. Jones said that staff recommends awarding a contract for professional consulting services for \$95,820 to RJM Design Group for Task 2 of this project. Once a scope of work for Task 3 and 4 is better defined, staff expects to bring a recommendation back to the Board for approval of these tasks. Since the scope of work for Task 2 does not currently include services during the construction phase, staff will also expects to bring a recommendation to the Board authorizing the addition of this scope of work to the RJM contract.

Director Matheis reported that this item was reviewed and approved by the San Joaquin Marsh Ad Hoc Committee on November 28, 2006. On MOTION by Matheis, seconded and unanimously carried, AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$126,800 FOR PROJECT 10957 WAS APPROVED AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH RJM DESIGN GROUP, INC. FOR TASK 2 IN THE AMOUNT OF \$95,820 FOR THE SAN JOAQUIN MARSH CAMPUS, PROJECT 10957.

ELECTION OF OFFICERS FOR 2007

President Swan said that it had been his pleasure to have been President for 2006. The Bylaws of the District provide that the President and Vice President shall be elected by the Board from among its members and shall serve for a term of one year or until the election and qualification of their successors. On MOTION by Swan, DOUG REINHART WAS NOMINATED TO THE OFFICE OF PRESIDENT AND DARRYL MILLER TO THE OFFICE OF VICE PRESIDENT. On MOTION by Withers, seconded and unanimously carried, THE NOMINATION FOR PRESIDENT AND VICE PRESIDENT WAS CLOSED AND DOUG REINHART WAS ELECTED PRESIDENT AND DARRYL MILLER WAS ELECTED VICE PRESIDENT FOR 2007. President Reinhart complimented past President Swan on all of his accomplishments and hard work in 2006.

GENERAL MANAGER'S COMMENTS

General Manager Jones reported on the completion of the temporary K-rail installation and thanked staff for their efforts. Staff was asked to check on the trail next to the shorebird pond for handicap access. Staff was also asked to check on the gate adjacent to the shorebird pond in case of a large storm event. Mr. Jones reported on his meeting this morning with Mr. Bill Cooper of UCI's Water Research Center and that he was interested in performing a project with the District.

DIRECTORS' COMMENTS

Vice President Miller reported on his attendance at a recent NWRI Operations Committee meeting and that Mr. Wyatt Troxell will become Chair. He reported on his attendance at a WaterReuse Board meeting and said that Mr. Hal Furman was working towards major tax funding for recycled water.

Director Matheis reported on her attendance at WACO, ACWA conference, Colorado River Users conference and an Urban Water Institute meeting. She said that at the Urban Water Institute meeting that Mr. Darryl Miller was selected as the new Executive Director to succeed Mr. Wayne Clark.

President Reinhart reported on his attendance at WACO where Mr. Peer Swan was elected President for a two year term.

Director Swan reported on his attendance at the Colorado River Users' conference; City of Irvine's reception; lobbyist meeting last week; ACWA, ISDOC, an Audubon meeting with land reserve folks. He thanked Ms. Leslie Bonkowski and staff for their efforts on making the holiday breakfast a success. He further complimented staff on the flood control measures at the San Diego Creek. He also said he was pleased to have been President of IRWD last year.

CLOSED SESSION

President Reinhart 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 be held this evening.

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Swan, Reinhart, Miller and Withers present. No action was reported.

ADJOURNMENT

There being no further business, President Reinhart adjourned the Board meeting at 8:30 p.m.

APPROVED and SIGNED this 22nd day of January, 2007.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone