

MINUTES OF REGULAR MEETING – JULY 23, 2007

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 6:00 p.m., July 23, 2007 in the District office, 15600 Sand Canyon Avenue, Irvine, California by Peer Swan, acting as Temporary Chairman by the consensus of the Board, as President Reinhart and Vice President Miller were absent.

Directors Present: Matheis, Withers, and Swan

Directors Absent: Miller and Reinhart

Also Present: General Manager Jones, Director of Engineering Heiertz, Assistant Treasurer Jacobson, Assistant General Manager Cook, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Mr. Dick Diamond, Ms. Beth Beeman, Mr. Kevin Burton, Mr. Norris Brandt, and other members of the public and staff.

COMMUNICATIONS TO THE BOARD

Written Communications: A letter was received from Mr. Tony Rackauckas of the District Attorney's office relative to an inquiry into the Great Park Corporations' compliance with the Ralph M. Brown Act (Government Code 54050 Et.Seq) along with amended findings to the previous report inquiry into allegations of violation of the Ralph M. Brown Public meeting law by the agency for the Community Development for the City of Garden Grove.

Oral Communications: Mrs. Joan Irvine Smith addressed the Board of Directors with respect to the Dyer Road Wellfield. Mrs. Smith said it was her understanding that currently wells 1, 2, 3, 4, 5, 6, 7, C-8 and C-9, 10, 11, 13, 14, 15, 16, 17, and 18 are in operation in accordance with the District's annual pumping plan. Well 12 is undergoing rehabilitation work, and is scheduled to be back on-line July 27, 2007. The District's planned pumping for June is 4,200 AF per month. 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, 2006, and OCWD is now completing the response to comments. On January 17, 2007, the OCWD Board approved proposed terms and conditions for annexation and directed staff to prepare an annexation agreement for OCWD and IRWD approval. On

April 11, 2007, a draft annexation agreement was submitted to OCWD's Water Issues Committee with the recommendation to transmit to IRWD for review and consideration. A meeting of the OCWD/IRWD Ad Hoc Committee was held on July 6, 2007 to discuss a proposal by IRWD for advancing the construction of replenishment facilities in conjunction with the annexation. A follow-up meeting is tentatively scheduled for August 3, 2007. It is unclear if the OCWD Board will elect to take action on the EIR and annexation agreement. This was confirmed by Mr. Jones.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED - None

PRESENTATION

RESOLUTION COMMENDING NORRIS BRANDT FOR HIS SERVICE TO THE DISTRICT

General Manager Jones said that a resolution had been prepared to honor Mr. Norris Brandt as he would be leaving the District in late July 2007 following 19 years of dedicated and outstanding service. Following Mr. Jones' reading of the resolution, Mr. Brandt expressed his gratitude for being an employee of the District for all of these years and would miss his co-workers.

On MOTION by Matheis, seconded and unanimously carried, THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2007 -23

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT COMMENDING
NORRIS BRANDT FOR HIS DEDICATED AND
LOYAL SERVICE TO THE DISTRICT

PUBLIC HEARING

PUBLIC HEARING - SEWER CHARGES TO BE COLLECTED ON THE TAX ROLL

General Manager Jones reported that by adoption of Resolution No. 1987-45, the Board of Directors elected to have sewer charges for certain parcels of land located in the Newport North area collected on the tax roll together with the District's general taxes. Pursuant to the requirements of the Health and Safety Code of the State of California, a public hearing on the report is required. He said that the District Secretary has noticed a hearing for this meeting for objections or protests to the report, if any.

Temporary Chairman Swan said this was the time and place for a hearing on the report relative to collection of sewer charges on the tax roll for parcels of land located in the Newport North area, and declared the hearing open. He asked the Secretary how the hearing was noticed.

Secretary Bonkowski said that the report was filed with her on June 28, 2007, and notice of the filing of the report and the time and place of this hearing was published in the Orange Coast Daily Pilot on July 9 and July 16, 2007. She further said that a notice was also posted in the District office on June 29, 2007. On MOTION by Withers, seconded by Matheis, and unanimously carried, THE AFFIDAVIT OF POSTING AND THE PROOF OF PUBLICATION PRESENTED BY THE SECRETARY WAS RECEIVED AND FILED.

Legal Counsel Arneson described the nature of the proceedings, saying that the purpose of the hearing was to provide an opportunity for all persons interested or the owner of any parcel within the area to present objections or protests to the report.

Temporary Chairman Swan asked Secretary Bonkowski whether she had received any written communications concerning this matter, and she stated that she had not. Mr. Swan asked if there was anyone present who wished to address the Board concerning the report and the proposed collection of sewer charges on the tax roll. There was no one present who wished to be heard. He then inquired if there were any comments or questions from members of the Board of Directors. There were none.

On MOTION by Withers, seconded by Matheis and unanimously carried, THE HEARING WAS CLOSED, AND RESOLUTION NO. 2007-24 WAS ADOPTED BY TITLE AS FOLLOWS:

RESOLUTION NO. 2007-24

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE
RANCH WATER DISTRICT ADOPTING REPORT OF SEWER
CHARGES TO BE COLLECTED
ON THE TAX ROLL

CONSENT CALENDAR

General Manager Jones said that relative to Item No. 6, there were two additional meetings to add; one for Director Matheis on July 26, 2007, and one for Director Miller on July 23, 2007. On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 5 THROUGH 19 WERE APPROVED AS AMENDED.

5. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the July 3, 2007 Adjourned Regular meeting, the July 9, 2007 Regular meeting, the July 16, 2007 Special Board and Regular Board meetings be approved.

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

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

CONSENT CALENDAR (CONTINUED)

7. MASTER CALENDAR AND OTHER INFORMATION ITEMS

Recommendation: Receive and file.

8. JUNE 2007 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate SWAP Summary for June 2007; and approve the June 2007 Summary of Wire Transfers and ACH payments in the total amount of \$8,513,418.65; and the June 2007 Warrant Nos. 281051 through 281894, Workers' Compensation Distributions and voided checks in the total amount of \$17,655,001.07.

9. ADMINISTRATIVE CLAIM FOR DAMAGES – LEE

Recommendation: That the Board approves receipt of the claim for damages from Mr. Lee without action.

10. IRVINE RANCH WATER DISTRICT-SPONSORED 2007 STATE LEGISLATION

Recommendation: Receive and file.

11. STATE LEGISLATIVE UPDATE

Recommendation: That the Board take a support if amended on AB 1420 (Laird): Water Use Efficiency; a WATCH position on AB 1132 (Berryhill) – Graywater Use Incentives and SB 34 (Torlakson): Sacramento-San Joaquin Delta Strategic Financing Plan; and an OPPOSE position on SB 619 (Migden): Public Contracts Retention Proceeds.

12. PROBOLSKY RESEARCH CONSULTANT SERVICES

Recommendation: That the Board authorizes the General Manager to execute a professional services contract with Probolsky Research to provide three months of advocacy services in the amount of \$7,500 per month, not to exceed \$22,500.

13. 2007 SELECTION OF FEDERAL LOBBYIST

Recommendation: That the Board approves a professional services agreement for a term of six months with The Furman Group in the amount of \$7,500 per month retainer plus reimbursable direct expenses for a total not to exceed \$51,750.

CONSENT CALENDAR (CONTINUED)

14. FEDERAL LEGISLATIVE UPDATE

Recommendation: Receive and file.

15. DENTAL INSURANCE COVERAGE FOR FISCAL YEAR 2007/08

Recommendation: That the Board authorize the General Manager to contract with ACWA Benefits Services Corporation for Fiscal Year 2007/08 for Delta DPO Plan "A" with child and adult orthodontics.

16. PLANNING AREA 6 ZONE 4 AND C RESERVOIRS, AND ZONE 4-6 AND C-D BOOSTER PUMP STATION PROJECT

Recommendation: That the Board authorize the General Manager to execute Change Order No. 14 in the amount of \$73,061.71 with Gateway Pacific Contractors; accept construction of the Planning Area 6 Zone 4 Reservoir, Zone C Reservoir, Zone 4-6 Booster Pump Station, and Zone C-D Booster Pump Station, projects 10551 and 30179; authorize the General Manager to file a Notice of Completion; and authorize release of retention 35 days after the filing of the Notice of Completion.

17. CONCENTRATE TREATMENT SYSTEM VARIANCE NO. 2

Recommendation: That the Board approve Variance No. 2 with Tetra Tech in the amount of \$41,248 for the Concentrate Treatment System, project 10543.

18. DESIGNATION OF AUTHORIZED REPRESENTATIVE AND MATCHING FUND FOR PROPOSITION 50 GRANT PROJECT

Recommendation: That the Board adopt the following resolution authorizing signature Funding Agreement and related documents for funding under the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50) (Pin # 3010092-037).

RESOLUTION NO. 2007-25

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT,
ORANGE COUNTY, CALIFORNIA,
AUTHORIZING SIGNATURE OF A FUNDING AGREEMENT
AND RELATED DOCUMENTS FOR FUNDING
UNDER THE WATER SECURITY, CLEAN DRINKING WATER,
COASTAL AND BEACH PROTECTION ACT OF 2002
(PROPOSITION 50)
(PIN # 3010092-037)

CONSENT CALENDAR (CONTINUED)

19. NEWPORT BAY WATERSHED TMDL PROGRAM EXPENDITURE AUTHORIZATION

Recommendation: That the Board approve Expenditure Authorizations for project 10829 for \$60,500, project 20829 for \$60,500, and project 30829 for \$30,300 for the Newport Bay Watershed TMDL program.

ACTION CALENDAR

IRVINE DESALTER PROJECT – CONTRACT CHANGE ORDER NO. 7 FOR POTABLE TREATMENT PLANT

General Manager Jones said that Pascal & Ludwig Constructors, Inc. was nearing completion of the construction activities for the Irvine Desalter Project Potable Treatment Plant which has included additional reverse osmosis treatment capacity for adding Well 115. Mr. Jones said that Construction Change Order No. 7 was for \$102,653.31. He said that the change order consisted of three work items and a time extension as follows: 1) Post Treatment Area - additional concrete containment area and metal canopy to match the District's 8-inch high curb requirement - \$21,094.00; 2) Quantity adjustment for Bid Item No. 16 – an additional 1,514 cubic yards of dirt removal - \$16,654.00; and 3) Removal of the remaining balance of excess dirt – 7,980 cubic yards of dirt, - for \$64,905.31; and 4) Time extension – 338 calendar days, non-compensatory.

Director Withers said that this item was reviewed and approved by the Engineering and Operations Committee on July 17, 2007. On MOTION by Withers, seconded and unanimously carried, CHANGE ORDER NO. 7 WITH PASCAL & LUDWIG CONSTRUCTORS, INC. FOR \$102,653.31 WAS APPROVED FOR THE IRVINE DESALTER POTABLE TREATMENT PLANT, PROJECT 10376.

BAKER PIPELINE REGIONAL WATER TREATMENT FACILITY BUDGET ADJUSTMENT AND EXPENDITURE AUTHORIZATION

General Manager Jones reported that in an effort to improve both water supply and water system reliability, the Santiago Aqueduct Commission (SAC) participating agencies desire to utilize raw water from the Baker Pipeline, i.e. Irvine Lake water and Metropolitan's untreated Colorado/State Project water, and treat it to drinking water standards. Mr. Jones said that at the September 21, 2006 SAC Quarterly Meeting, Malcolm Pirnie was approved for the Baker Pipeline Regional Treatment Facility (Baker Plant) Feasibility Study. He said that since that time, the feasibility study, the refined project economic analysis, bench testing, and pilot test protocol have been completed under Phase I.

Mr. Jones said that the Baker Plant Feasibility Study and Project Implementation Plan was presented at the March 12, 2007 IRWD Board workshop and that the SAC was currently working on the following Phase II tasks: 1) Negotiating piloting work with Malcolm Pirnie,

2) Preparing a request for proposals (RFP) for design services; 3) Meeting with Metropolitan Water District (MWD) regarding the use of Allen McColloch Pipeline (AMP) to distribute product water from the Baker Plant; 4) Exploring potential MWD participation and funding for the project, and 5) Preparing a project agreement among the participating agencies for the next phase of project work.

Mr. Jones said that project participation and funding guidelines for Malcolm Pirnie's prior work on the Phase I Feasibility Study (\$81,360) and Bench Testing (\$35,000) tasks were set forth under Memorandum of Understanding (MOU) dated August 2006, and by Amendment No. 1 dated January 2007 to the MOU. Participation and funding for the upcoming \$345,000 Phase II Pilot Testing budget and prior Phase I SAC staff work for \$16,815 are proposed for inclusion under Amendment No. 2 to the MOU. A Notice to Proceed with the Phase II Pilot Testing will be issued by SAC after Amendment No. 2 is fully executed by the participating agencies.

Director Withers reported that this item was reviewed and approved by the Engineering and Operations Committee on July 17, 2007. On MOTION by Withers, seconded and unanimously carried, THE GENERAL MANAGER WAS AUTHORIZED TO RECEIVE AND FILE THE ADDENDUM TO THE BAKER PIPELINE REGIONAL TREATMENT FACILITY FEASIBILITY STUDY – FINAL REPORT, AMENDMENT NO. 2 TO THE MEMORANDUM OF UNDERSTANDING FOR THE BAKER PLANT PHASES I AND II WORK WITH THE PARTICIPATING AGENCIES WAS AUTHORIZED SUBJECT TO NON-SUBSTANTIVE CHANGES; AND AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$174,000 WAS APPROVED FOR THE PHASE II PILOT TESTING FOR THE BAKER PIPELINE REGIONAL TREATMENT FACILITY, PROJECT 11122.

BAKE PARKWAY RECYCLED WATER PIPELINE – CONSTRUCTION CHANGE ORDER NO. 17

General Manager Jones reported that in June 2005, the Board awarded a construction contract to Artukovich for \$5,796,441 for three combined projects: 1) Bake Parkway Recycled Water (RW) Pipeline; 2) Los Alisos Water Reclamation Plant (LAWRP) Influent Sewer Improvements; and 3) and South Irvine Brine Line. The three projects were integrated into one bid package since all three projects have construction within Muirlands Boulevard from Bake Parkway to LAWRP. The projects are currently under construction with an estimated completion date of September 2007.

Mr. Jones said that Contract Change Order No. 17 consisted of an additional cost of \$198,721.78 for the pipeline installation through the Bake Parkway CalTrans bridge. The change order was broken down into the following three components: 1) Re-mobilization costs for delays in redesign and permitting; 2) Substantial traffic control changes; and 3) changes in the new bridge deck opening detail required to install the pipe.

Director Withers reported that this item was reviewed and approved by the Engineering and Operations Committee on July 17, 2007. On MOTION by Withers, seconded and

unanimously carried, THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE CONTRACT CHANGE ORDER NO. 17 FOR \$198,721.78 WITH VIDO ARTUKOVICH AND SON, INC./VIDMAR, INC. A JOINT VENTURE FOR THE BAKE PARKWAY RW PIPELINE, PROJECT 30177.

MWDOC ET CONTROLLER INSPECTIONS AND REBATE FUNDING

General Manager Jones reported that IRWD has been at the forefront of evaluating and promoting ET controller technology since the initial “Westpark study” conducted in the late 1990s. In June 2004, MWDOC began its SmarTimer rebate program which was partially funded by a Proposition 13 grant. Mr. Jones said that IRWD provides program co-funding of \$9 per residential irrigation valve for the SmarTimer program and \$120 per irrigated acre for non-residential sites. The agreements to proceed with the various programs were executed in 2004 and are expected to conclude in 2008 unless MWDOC is able to secure additional funding for the program.

Mr. Jones said that MWDOC is requiring its participating retail agencies to fund the cost of the Mission RCD verification inspections within their service areas after July 1, 2007. MWDOC has applied for a USBR CALFED grant that could provide partial funding for the inspections. If the CALFED grant is awarded, the funding will be used to reduce the cost of the inspections to retail agencies. The additional projected funding requirement for FY 2007/08 is \$61,000. If MWDOC is successful in securing the CALFED grant funding to partially reduce the inspection costs to IRWD, staff recommends that the additional funding be used for additional ET controllers.

Director Matheis reported that this item was reviewed and approved by the Water Resources Policy and Communications Committee on July 18, 2007. On MOTION by Matheis, seconded and unanimously carried, AN INCREASE OF \$61,000 FOR ET CONTROLLER PROGRAM FUNDING IN THE FY 2007/08 OPERATING BUDGET WAS AUTHORIZED, AND THE GENERAL MANAGER WAS AUTHORIZED TO AMEND THE EXISTING AGREEMENTS WITH THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY FOR THE ET CONTROLLER SMARTIMER REBATES TO REFLECT THE INSPECTION REQUIREMENTS AND INCREASED FUNDING.

GENERAL MANAGER’S REPORT

General Manager Jones reported on SB 819 (Hollingsworth), the LAFCO bill which passed through the legislature. Mr. Jones then reported on MWD’s request for a 30% cutback plan for agricultural water deliveries. He said that agencies are requesting that they use the highest numbers of the last five years versus the 2005/06 numbers for more realistic figures.

DIRECTORS' COMMENTS

Director Swan reported on his participation in a conference call today with the new Executive Director of ACWA. He said that he attended NWRI's Clark Prize event, a meeting with Mary Aileen Matheis and Paul Jones with UCI's Urban Water Research Center staff, and an OCWA luncheon meeting. He said he would be attending a workshop at MWD tomorrow relative to the Delta, and a Southern California Dialog meeting on Wednesday. He also said he would be attending the San Joaquin Wildlife Sanctuary meeting on Thursday.

Director Matheis noted that Shadetree Partnership would be holding a nursery event on Saturday and that volunteers were welcome.

ADJOURNMENT

There being no further business, President Reinhart adjourned the meeting.

APPROVED and SIGNED this 13th day of August, 2007.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone