

MINUTES OF REGULAR MEETING – SEPTEMBER 10, 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. by President Reinhart on September 10, 2007 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Withers, Swan, Reinhart, and Matheis

Directors Absent: Miller

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering Heiertz, Secretary Bonkowski, Legal Counsel Arneson, Mr. Christopher Smithson, Mr. A. T. Kilani, Ms. Cheryl Woolard, Mr. Jim Reed, Ms. Beth Beeman, Mr. Kevin Burton, Ms. Mary Ann Brown, Mr. Jim Carter, Mr. Bruce Newell, 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 it was her understanding that currently wells 1, 2, 3, 4, 5, 6, 7, C-8 and C-9, 10, 11, 12, 13, 14, 15, 16, 17, and 18 are in operation in accordance with the District's annual pumping plan. The District's planned pumping for September is 4,700 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. The follow-up meeting that was scheduled for August 3, 2007 was cancelled at the request of OCWD. To date, OCWD has not asked IRWD to reschedule this meeting. It is unclear if the OCWD Board will elect to take action on the EIR and annexation agreement. A Closed Session was held on August 13, 2007 during a regular IRWD Board meeting relative to one or more potential cases concerning the annexation to OCWD. No action was reported in Open Session from this meeting. This was confirmed by Mr. Jones.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None

PRESENTATION

POSTER CONTEST WINNERS

A presentation was made to local students whose water awareness posters were selected for honors in 2005 and 2006 by the Metropolitan Water District of Southern California.

CONSENT CALENDAR

On MOTION by Matheis, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 10 WERE APPROVED AS FOLLOWS:

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

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

5. MINUTES OF BOARD MEETING

Recommendation: That the Board approve the minutes of the August 27, 2007 Regular Meeting be approved as presented.

6. CITY OF IRVINE – PREMISES AGREEMENT AND ENTRY PERMIT

Recommendation: Subject to non-substantive changes, that the Board authorize the General Manager to execute a Telecommunications Premises Agreement and Entry Permit with the City of Irvine.

7. CELL SITE LEASE – ROYAL STREET COMMUNICATIONS, LLC

Recommendation: Subject to non-substantive changes, that the Board authorize the General Manager to execute a Telecommunications Premises Lease Agreement with Royal Street Communications, LLC.

8. CONCENTRATE TREATMENT SYSTEM FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Concentrate Treatment System, project 10543; 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.

9. EQUITY TRANSFERS

Recommendation: That the Board approve the equity transfer involving capital funds from Improvement District 140 to Improvement District 240 for \$4,000,000 and from Improvement District 130 to Improvement District 135 for \$1,620,000, for a total transfer of \$5,620,000.

10. 2006-07 FOURTH QUARTER OPERATING AND FINANCIAL HIGHLIGHTS

Recommendation: That Board approve the unbudgeted transfers from the treated system of \$249,859 and from the sewer system of \$155,330 to the Replacement Fund for a net unbudgeted transfer from operations of \$405,189. These transfers are in addition to those previously approved by the Board in the FY 2006-07 budget.

ACTION CALENDAR

ALLOCATION OF ONE PERCENT PROPERTY TAX REVENUE FOR FY 2007-08

General Manager Jones reported that historically, the District used one percent property tax revenue to aid in funding annual debt service. Property tax rates and connection fees were set based on this revenue source continuing indefinitely. Mr. Jones said that at the July Board meeting, the Board directed staff to allocate one percent revenue to the three capital sources using the following allocation:

<u>Capital Type</u>	<u>Allocation</u>	<u>Water</u>	<u>Sewer</u>
Enhancements	16%	10%	6%
Replacements	31%	5%	26%
New Capital	<u>53%</u>		
Total 1% Tax Revenue	100%		

Mr. Jones said that one percent tax revenue receipts will be allocated to the three capital sources based on the allocation percentages presented above. If receipts were to be dramatically reduced for some unforeseen reason, the enhancement allocation percentage would be met first because projects have been allocated to this capital source. If receipts exceed estimated projections, the allocation to capital sources would remain.

New capital improvement districts will receive 53% of the one percent revenue receipts for fiscal year 2007-08. The allocation to improvement districts from this collective pool will remain virtually unchanged. The District allocates one percent tax revenue to some

improvement districts based on the revenue generated within those improvement districts. These are excluded from the pool allocation although tax revenues generated in excess of annual debt service are added to the pool for allocation as in the case of the Coast and include: The Coast (140, 240); Foothill (182, 184, 282, 284); Portola (186, 188, 286, 288); and Los Alisos (135, 235).

Director Swan said that this item was reviewed at the Finance and Personnel Committee on September 4, 2007, and that the Committee concurs with staff's recommendation. On MOTION by Swan, seconded and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2007-31

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE IRVINE RANCH WATER DISTRICT
AMENDING ALLOCATION OF AD VALOREM
PROPERTY TAXES, SUBJECT TO PLEDGE

RESERVOIR MANAGEMENT SYSTEMS AT NINE DOMESTIC WATER
RESERVOIRS – CONSTRUCTION AWARD, BUDGET INCREASE, AND
EXPENDITURE AUTHORIZATION

Director of Engineering Heiertz reported that since the Metropolitan Water District of Southern California and IRWD switched to chloramines as the primary disinfectant for potable water, a number of IRWD domestic water reservoirs have experienced nitrification. Mr. Heiertz said that the Reservoir Management System, manufactured by Severn Trent Services, is an in-tank disinfection system that prevents nitrification in reservoirs by taking periodic samples of reservoir water and then injecting chlorine (sodium hypochlorite) and ammonia as needed to maintain a pre-set chloramine concentration in the reservoir. He said that during the summer of 2006, staff prioritized nine domestic water reservoirs to have a reservoir management system installed based on the history of nitrification at each reservoir. These reservoirs include the Central Zone 1, Coastal Zone 6, Quail Hill Zone 3, Santiago Zone 5, Los Alisos Zone 1 Emergency, Los Alisos Zone 2 West, Los Alisos Zone 2 East, East Irvine Zone 3 No. 1, and Williams Reservoir. In October 2006, the Board authorized a design contract with DBE Psomas to develop construction documents for the installation of the reservoir management systems at these domestic water reservoirs. In June 2007, the design for this project was completed, and plans and specifications were made available to 16 pre-selected contractors. Mr. Heiertz said that the bid opening was held with six contractors submitting bids, and that the apparent low bidder was received from Pacific Hydrotech in the amount of \$4,281,513. The engineer's estimate for the project is \$4,250,000.

On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE FOR PROJECT 10991 FOR \$74,700, FROM \$5,211,200 TO \$5,285,900 AND FOR PROJECT 11165 FOR \$172,700, FROM \$409,200 TO \$581,900; APPROVED EXPENDITURE AUTHORIZATIONS FOR \$4,359,200 AND \$539,000; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONTRACT WITH PACIFIC HYDROTECH CORPORATION FOR \$4,281,513 FOR THE RESERVOIR MANAGEMENT SYSTEMS AT DOMESTIC WATER RESERVOIRS, PROJECT 10991, AND WILLIAMS RESERVOIR MANAGEMENT SYSTEMS, PROJECT 11165.

GENERAL MANAGER'S REPORT

General Manager Jones reported that AB 566 (Plescia) is moving forward to the Governor's office for signature. Mr. Jones said that this bill would provide for the Department of Water Resources to have standard ET data protocol for controllers. He said that AB 1406 (Huffman) is on the Senate floor and that this Bill would allow recycled water for use for toilet flushing in condominiums.

Mr. Jones said that the Director of Operations Ballard was released from the hospital and recuperating at home. He said that Mr. A. T. Kilani has been appointed Acting Operations Director in his absence.

Mr. Jones said that Director of Water Resources Diamond was resigning from the District on September 18 as he was appointed General Manager of the North Kern Water District.

DIRECTORS' COMMENTS

Director Withers said a number of individuals were confirmed for reappointment on the Santa Ana Regional Water Quality Control Board. He asked staff to prepare a letter of support for Ms. Debbie Neeb of Malcolm Pirnie. He said that a LAFCO meeting would be held on Wednesday, and that Ms. Joyce Crosthwaite was awarded Executive Officer of the Year state-wide for her position with the Orange County LAFCO.

Director Swan reported on his attendance at rating agency meetings along with President Reinhart and General Manager Jones. He said that he attended a Delta Vision Blue Ribbon Task Force meeting on August 30 and 31 in Sacramento. He said that he attended a meeting at Central and West Basin relative to a Delta 'fix'. He said that he would be attending a ACWA Region 9 and 10 meeting this week in Carlsbad regarding surface storage and Delta summit. He said that there was an opening in San Diego for a RWQCB commission and that Donald Froelich was interested in this post. He asked staff to prepare a letter of support for him.

Director Matheis reported that she attended a dedication of a fire station in Santa Ana Heights. She said she attended the "Gala" at Crystal Cove on Saturday evening where she spoke with the Chancellor of UCI. She asked staff to contact him for a meeting with

General Manager Jones and herself. She further said that she attended WACO last Friday and that the meetings have been very informative under Director Swan's leadership.

ADJOURNMENT

There being no further business, President Reinhart adjourned the meeting at 6:37 p.m.

APPROVED and SIGNED this 24th day of September, 2007.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone