

## MINUTES OF REGULAR MEETING – OCTOBER 22, 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 October 22, 2007 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Withers (arrived at 6:28 p.m.), Miller, Swan, Reinhart, and Matheis

Directors Absent: None

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering Heiertz, Director of Finance Cherney, Secretary Bonkowski, Legal Counsel Arneson, Assistant Secretary Savedra, Mr. Jim Reed, Ms. Beth Beeman, Mr. Wayne Posey, Mr. Jeff Stanearth, Mr. Rob Jacobson, Mr. Jeff Smyth, and other members of the public and staff.

### COMMUNICATIONS TO THE BOARD

Written Communications: None.

Oral Communications: General Manager Jones said that Mrs. Joan Irvine Smith telephoned him as she was unable to attend the meeting and asked him to read into the record the status of the Dyer Road Wellfield and the Groundwater Storage Program.

Mr. Jones said that with respect to the Dyer Road Wellfield that currently wells 1, 5, C-8 and C-9, 10, 13, 14, and 17 are in operation in accordance with the District's annual pumping plan. The District's planned pumping for October is 2,700 AF per month.

Mr. Jones said that 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.

Mr. Jones said that relative to the OCWD annexation of certain IRWD lands, an OCWD Board workshop was held on September 24 to discuss the annexation status and issues. Both Director Miller and General Manager Jones attended the workshop. Director Miller reported that at the OCWD Board Workshop, OCWD staff and legal counsel were directed to work with IRWD on the Annexation Agreement. An initial meeting regarding the Annexation Agreement was held between IRWD and OCWD staff and legal counsel on September 27 with a second follow-up meeting was held on October 11. Staff and legal counsel of both agencies have come to consensus on several sections of the draft Annexation Agreement, and an additional meeting to address outstanding issues has been scheduled for October 23. He further said that at this Friday's Strategic Planning meeting a Closed Session will be held to discuss potential litigation in regard to the OCWD annexation.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None

CONSENT CALENDAR

General Manager Jones said that on item No. 6, there was a correction where staff would like to recommend four individuals for the National Water Resources Association's southern California contingent including Wayne Clark, Lawrence Libeu, Adrienne Mathews, and Will Boschman. On MOTION by Miller, seconded and unanimously carried (Withers absent), CONSENT CALENDAR ITEMS 3 THROUGH 14 WERE APPROVED AS AMENDED:

3. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the October 8, 2007 Regular Meeting be approved as presented.

4. 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, Peer Swan and John Withers.

5. STRATEGIC MEASURES DASHBOARDS

Recommendation: Receive and file.

6. ELECTION OF NATIONAL WATER RESOURCES ASSOCIATION CALIFORNIA CAUCUS POSITIONS

Recommendation: That the Board recommend support of the Wayne Clark, Municipal Water District of Orange County; Lawrence Libeu, San Bernardino Valley Water Conservation District; Adrienne Mathews, Kern County Water Agency; and Will Boschman, Semitropic Water Storage District, for the National Water Resources Association California Caucus.

7. SEPTEMBER 2007 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate SWAP Summary for September 2007; and approve the September 2007 Summary of Wire Transfers and ACH payments in the total amount of \$3,930,781.14; and the September 2007 Warrant Nos. 283602 through 284415, Workers' Compensation Distributions and voided checks in the total amount of \$9,695,146.24.

8. IRVINE DESALTER PROJECT VARIANCE

Recommendation: That the Board authorize the General Manager to execute Variance No. 10 with Tetra Tech in the amount of \$71,390 for additional construction support services for the Irvine Desalter Project, project 10376.

9. SAN JOAQUIN MARSH CAMPUS CONSTRUCTION PHASE SERVICES AWARD

Recommendation: That the Board authorize the General Manager to execute Variance No. 3 to RJM Design Group in the amount of \$66,010 for the San Joaquin Marsh Campus, Project 10957.

10. PROPOSITION 50 PROJECT RESOLUTION AND FUNDING

Recommendation: That the Board adopt the following resolution by title accepting California Department of Water Resources' Proposition 50 Grant Funding for the development of a statewide Evapotranspiration Data Protocol that allows the Irvine Ranch Water District (IRWD) to receive the grant funds and identify a signatory for IRWD.

RESOLUTION NO. 2007-37

RESOLUTION OF THE BOARD OF DIRECTORS  
OF IRVINE RANCH WATER DISTRICT ACCEPTING  
CALIFORNIA DEPARTMENT OF WATER RESOURCES'  
PROPOSITION 50 WATER USE EFFICIENCY GRANT FUNDS

11. PHASE 1 – MICHELSON WATER RECLAMATION PLANT 2005 UPGRADES - ENGINEERING SUPPORT SERVICES DURING CONSTRUCTION

Recommendation: That the Board authorize the General Manager to execute Variance No. 3 with Brown and Caldwell for engineering support services during construction in the amount of \$48,060 for the Phase 1 Michelson Water Reclamation Plant 2005 Upgrades, Project No. 20276.

12. PIPELINE CORROSION CONTROL PROJECTS PROJECT ADDITION AND EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board authorize the addition of Project 30312 to the Fiscal Year 2007/08 Capital budget for \$172,800; approve an Expenditure Authorization for project 30312 for \$21,500 for the Culver Drive anode bed replacement, approve Expenditure Authorizations for Project 10169 for \$71,000 and Project 30024 for \$25,300 for the pipeline joint insulator project, and approve Expenditure Authorizations for Project 11207 for \$17,600 and Project 31207 for \$112,200 for the University Drive discontinuity repairs.

13. CONSTRUCTION MANAGEMENT SERVICES FOR EXPANSION OF THE FOOTHILL RANCH ZONE 6A PUMP STATION, LAKE FOREST ZONE B PUMP STATION RENOVATION, AND TURTLE ROCK IRRIGATION PUMP STATION IMPROVEMENTS

Recommendation: That the Board approve a professional services agreement in the amount of \$119,990 with Lee & Ro for construction management services for the expansion of the Foothill Ranch Zone 6A Pump Station, Project 10239; the Lake Forest Zone B Pump Station Renovation, Project 30047; and the Turtle Rock Irrigation Pump Station Improvements, Project 30103.

14. TURTLE ROCK IRRIGATION PUMP STATION IMPROVEMENTS – VARIANCE NO. 3

Recommendation: That the Board approve Variance No. 3 to Lee & Ro in the amount of \$64,995 for additional final design services and engineering services during construction for the Turtle Rock Irrigation Pump Station Improvements, Project 30103.

ACTION CALENDAR

ASSESSMENT OF WATER SUPPLY FOR IRVINE TECHNOLOGY CENTER GENERAL PLAN AMENDMENT AND ZONE CHANGE AND VERIFICATION OF SUFFICIENT WATER SUPPLIES FOR TENTATIVE TRACT NOS. 17084 AND 17085

General Manager Jones said that on June 18, 2007, the Water Resources Policy and Communications (WRP) Committee reviewed a draft Water Supply Assessment (WSA) for the “Irvine Technology Center” project located in the Irvine Business Complex in the City of Irvine and a verification of sufficient Water Supplies (WSV) for Tentative Tract Nos. 17084 and 17085. Mr. Jones said that the June draft of the WSA identified potential water supply issues related to climate change and emergency conditions associated with the catastrophic failure of levees in the Delta; however, it did not identify the emerging environmental issues with the Delta pumping. He said that consequently, staff believed it was prudent to include the current Delta actions prior to approval by the Board and submittal to the City. The City of Irvine was agreeable to this as the release of the project EIR was expected to be delayed until November. He further said that staff recommends approval of the Assessment of Water Supply for Irvine Technology Center General Plan Amendment and Zone Change and Verification of Water Supplies for Tentative Tract Nos. 17084 and 17085.

Using a PowerPoint presentation, Mr. Mike Hoolihan provided a overview of the assessment of water supply for the Irvine Technology Center. He described the project, described IRWD’s potable supply methodology based upon the Metropolitan Water District’s IRP Implementation Report, and charts showing water supply with MWD’s reduction applied to IRWD’s connected capacity and then with an MWD allocation scenario.

Director Matheis reported that this item was approved by the Water Resources Policy and Communications Committee on October 15, 2007.

On MOTION by Miller, seconded and unanimously carried, THE BOARD APPROVED THE ASSESSMENT OF WATER SUPPLY FOR IRVINE TECHNOLOGY CENTER GENERAL PLAN AMENDMENT AND ZONE CHANGE AND VERIFICATION OF WATER SUPPLIES FOR TENTATIVE TRACT NOS. 17084 AND 17085.

#### CONSTRUCTION AWARD FOR THE TURTLE ROCK IRRIGATION BOOSTER PUMP STATION IMPROVEMENTS

Director of Engineering Heiertz reported that the primary purpose of this project is to improve the operation of the Turtle Rock Irrigation Booster Pump Station (BPS). Mr. Heiertz said that this BPS supplies reclaimed water to the Turtle Rock Zone B+ service area through a closed system (i.e. without a reservoir) that is pressurized by the BPS. Per the design, the pump station is to be modified by removing the smaller pumps installed at the station. A new pressure reducing valve from Zone D is to be installed at the corner of Sunnyhill and Shady Canyon and will then supply the low level flows reducing maintenance and simplify operation of the BPS.

Mr. Heiertz said that staff distributed plans and specifications to 11 pre-selected construction contractors and that 10 construction contractors participated in the pre-bid meeting and job walks. He said that six bids were received with the low bid from Caliagua Engineering and Construction, Inc., for \$684,900. He further said that Caliagua has performed well on other construction jobs for IRWD including a pump station in Tustin Ranch.

On MOTION by Miller, seconded and unanimously carried (Withers absent), THE BOARD APPROVED AN INCREASE TO THE FY 2007/08 CAPITAL BUDGET FOR PROJECT 30103 BY \$340,100, FROM \$833,300 TO \$1,223,400; APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$942,900; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH CALIAGUA ENGINEERING AND CONSTRUCTION, INC., IN THE AMOUNT OF \$684,900 FOR CONSTRUCTION OF THE TURTLE ROCK IRRIGATION BOOSTER PUMP STATION IMPROVEMENTS, PROJECT 30103.

#### BAKE PARKWAY RECYCLED WATER PIPELINE CONSTRUCTION CHANGE ORDER

Director of Engineering Heiertz reported that in June 2005, the Board awarded a construction contract to Vido Artukovich & Son, Inc./Vidmar, Inc., a joint venture (Artukovich), for \$5,796,441 for three combined projects including. Bake Parkway Recycled Water (RW) Pipeline, Los Alisos Water Reclamation Plant (LAWRP) Influent Sewer Improvements, and South Irvine Brine Line. Mr. Heiertz said that these projects were integrated into one bid package since all have construction work performed within Muirlands Boulevard from Bake Parkway to LAWRP. All contract work is now complete except for the Bake Parkway bridge deck repairs which are estimated to be completed in November 2007.

Mr. Heiertz said that the Bake Parkway RW Pipeline project consists of construction of approximately 3,400 feet of buried 12-inch pipeline, 5,000 feet of buried 24-inch pipeline, and 750 feet of 10-inch pipeline through an existing reinforced concrete box girder bridge in Bake Parkway over the I-5 freeway. He said that Contract Change Order No. 21 consists of an additional cost of \$251,934.91 for the 10-inch pipeline installation through the existing bridge openings. The change order contains the following two components: 1) Delays from additional

Caltrans welding requirement for \$52,032.74, and 2) Delays and extra work for pipeline installation in the bridge for \$199,902.17. This change order also includes \$52,032.74 for additional costs associated with a change in Caltrans' permit requirements for bridge deck reinforcement repair. The original permit approved at bid time allowed the use of mechanical couplers to splice reinforcement for the bridge deck opening repairs. However, Caltrans subsequently required butt welding of reinforcement with special conditions for welding prequalification, testing, and submittals. The limitations and additional requirements resulted in a two-month delay to the project. In addition to the cost of coring the bridge openings, extra work was required to adjust and assemble the pipe inside the bridge on temporary movable supports. After the pipe was installed, the temporary supports were removed and permanent pipe supports installed. Additional labor was incurred due to the slower, more difficult pipeline installation and the need for temporary pipe supports.

President Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee meeting on October 16, 2007. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED EXPENDITURE AUTHORIZATIONS IN THE AMOUNTS OF \$244,700 FOR PROJECT 20200 AND \$714,000 FOR PROJECT 30177; AUTHORIZED A BUDGET INCREASE OF \$441,000, FROM \$5,055,900 TO \$5,496,900 FOR PROJECT 30177; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE CONTRACT CHANGE ORDER NO. 21 FOR \$251,934.91 WITH VIDO ARTUKOVICH AND SON, INC./VIDMAR, INC., A JOINT VENTURE, FOR THE BAKE PARKWAY RW PIPELINE, PROJECT 30177.

#### PETERS CANYON/SIPHON RESERVOIRS' INTEGRATION STUDY – CONSULTANT SELECTION

Director of Engineering Heiertz reported that to better utilize recycled water, IRWD proposes to incorporate the existing Peters Canyon Reservoir and Siphon Reservoir into its recycled water system. Peters Canyon Reservoir will provide additional seasonal storage for Zones B and C, Siphon Reservoir, and Zone A. Mr. Heiertz said that the feasibility of converting Irvine Lake Pipeline (ILP) downstream of Peters Canyon to a reclaimed water conveyance facility will be explored as part of the study. The use of ILP as a recycled water line could provide a means to link Peters Canyon, Rattlesnake, and Siphon reservoirs, and present potential cost savings in required conveyance facilities.

Mr. Heiertz said that in August, staff solicited proposals for a Feasibility Study and an EIR on integrating the two reservoirs into the system. On August 1, 2007, a Request for Proposal (RFP) for consultant services was sent to Dudek & Associates, URS, MWH, and Earth Tech. He said that all consultants were responsive and submitted proposals on August 29, 2007. He said that during the review process, staff split the proposals into two separate projects, the feasibility study and the EIR, and selected two separate firms to perform these tasks. The feasibility study will be performed prior to the start of the EIR process. He said that if during the feasibility study the project is found not to be cost-effective or a fatal flaw is discovered on one or both of the reservoirs, the EIR scope will be adjusted or cancelled accordingly.

Mr. Heiertz said that staff's initial review of the proposals resulted in separate negotiations for the feasibility study and EIR. Staff met with MWH, Earth Tech, and URS to clarify work associated with the feasibility study and with Dudek to negotiate work associated with the EIR. Staff negotiated final contract prices of \$249,256 with MWH and \$263,065 with Dudek.

President Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on October 16, 2007. Following discussion relative to the Siphon Reservoir, staff was asked to determine the condition of the Siphon Reservoir in the feasibility study. On MOTION by Reinhart, seconded and unanimously carried (Withers absent), **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH MWH FOR \$249,256 TO STUDY THE FEASIBILITY OF INTEGRATING PETERS CANYON AND SIPHON RESERVOIRS INTO THE IRWD RECYCLED WATER SYSTEMS PROJECT 32315, AND WITH DUDEK AND ASSOCIATES FOR \$263,065 TO COMPLETE AN ENVIRONMENTAL IMPACT REPORT FOR THE PROPOSED PROJECT.**

Director Withers arrived at 6:29 p.m.

**BARRANCA PARKWAY PIPELINE RELOCATIONS, CAPITAL BUDGET ADDITIONS, EXPENDITURE AUTHORIZATIONS, CONSTRUCTION AWARD, REIMBURSEMENT AGREEMENT, AND CONSTRUCTION PHASE ENGINEERING SERVICES AGREEMENT**

Director of Engineering Heiertz reported that the commercial development called "The District at Tustin Legacy" is a Vestar-Kimco, LLP (Vestar) project located on the southeast corner of the former MCAF-Tustin bounded by Warner Avenue to the north, Tustin Ranch Road to the east, Barranca Parkway to the south, and Jamboree Road to the west. Mr. Heiertz said that as a project condition of approval by the City of Tustin, a large reinforced concrete storm drain box must be constructed across Barranca Parkway as part of the storm drain improvements. The storm drain box necessitates the relocation of several existing utilities currently within Barranca Parkway including a 73-inch Metropolitan Water District transmission main, a 66-kV Southern California Edison electrical duct bank, and three IRWD pipelines including a 12-inch domestic waterline, a 16-inch reclaimed waterline, and a 54-inch domestic waterline that serves as the transmission main from the Dyer Road Well Field. The IRWD pipeline relocations were designed by Development Resource Consultants for Vestar. Each of the IRWD pipelines is proposed to be relocated beneath the double reinforced concrete storm drain box.

Mr. Heiertz said that staff distributed plans and specifications to 10 pre-qualified construction contractors and that staff held a non-mandatory pre-bid meeting on September 26, 2007 which was attended by five of the contractors. He said that the bid opening was held on October 4, 2007 with three contractors submitting bids. He said that Ken Thompson, Inc. was the apparent low bidder with a bid of \$2,259,814.50. Subsequent analysis of the apparent low bid submitted by Ken Thompson, Inc. revealed that Ken Thompson, Inc. made a substantial error in the preparation of its bid resulting in a bid price that was extremely low. Ken Thompson, Inc. identified errors and formally requested withdrawal of its bid. Mr. Heiertz further said that staff conferred with legal counsel and affirmed that the basis of Ken Thompson, Inc.'s bid withdrawal was acceptable.

Mr. Heiertz said that an analysis of the second lowest bid submitted by Vadnais Corporation revealed that the addenda acknowledgement signified receipt of only 1 of 2 addenda. Vadnais has acknowledged receipt of addenda 2 of 2 and noted no change in bid price. Addendum 2 included clarifications to three items within the Project Technical Specifications and was immaterial to the bid outcome. He said that staff again conferred with legal counsel and confirmed the basis for waiving the irregularity in Vadnais Corporation's bid and determined that the bid is responsive. The engineer's estimate for the project is \$4,579,000.

Mr. Heiertz said that the project will be constructed under an IRWD reimbursement agreement with Vestar. The agreement has been written to include all costs for construction, and administrative costs equaling 7% of the \$267,230 construction cost.

Mr. Heiertz said that due to the complexity and volume of work associated with this project, staff reviewed the proposal from Boyle Engineering Corporation for Construction Phase Engineering Services as a continuation of its services for the Phase I and Phase II portions of this project. He said that Boyle submitted a proposed fee of \$53,141, and following a review by staff, believes it is responsive to the needs of the project, and also priced competitively.

Director Withers reported that this item was reviewed and approved by the Engineering and Operations Committee on October 16, 2007. On MOTION by Withers, seconded and unanimously carried, THE BOARD AUTHORIZED THE ADDITION OF PROJECTS 11166 AND 31166 TO THE FY 2007/08 CAPITAL BUDGET IN THE AMOUNTS OF \$3,029,800 AND \$1,510,300 FOR THE CONSTRUCTION OF THE BARRANCA PARKWAY PIPELINE RELOCATIONS; APPROVED EXPENDITURE AUTHORIZATIONS FOR \$3,029,800 FOR PROJECT 11166 AND \$1,510,300 FOR PROJECT 31166; CONSENTED TO THE REQUEST FOR WITHDRAWAL OF THE BID FROM KEN THOMPSON, INC.; FOUND THAT THE IRREGULARITY IN THE BID FROM VADNAIS CORPORATION DID NOT GIVE THE BIDDER A COMPETITIVE ADVANTAGE OVER THE OTHER BIDDERS AND WAIVED THE IRREGULARITY; AUTHORIZED THE GENERAL MANAGER TO EXECUTE: 1) A CONSTRUCTION CONTRACT WITH VADNAIS CORPORATION IN THE AMOUNT OF \$3,817,656; 2) A REIMBURSEMENT AGREEMENT WITH VESTAR-KIMCO, LLP; AND 3) A CONSTRUCTION PHASE ENGINEERING SERVICE AGREEMENT WITH BOYLE ENGINEERING CORPORATION FOR PROJECTS 11160 AND 31166.

#### General Manager's Report

General Manager Jones provided an update on the concerns raised with the construction work at the Harvard Avenue Trunk Sewer Project. Mr. Jones said that 304 letters were sent to residents within the Westpark Las Palmas Homeowners Association and that only two residents attended the meeting.

Mr. Jones said that he attended the ACWA's Legislative Planning Committee meeting last Friday where he made a presentation on the conservation allocation rate structure which went very well. He said that a working group meeting has been scheduled for November 7, 2007 via conference call.

He said that he was appointed by the Orange County Transportation Authority Board to the Measure M Environmental Clean-up Committee.



Mr. Jones further provided a fire update on the impacts of IRWD' facilities.

DIRECTORS' COMMENTS

Director Swan suggested that Assemblyman Jared Huffman could carry the Bill which would include language on the ascending block rate structure.

Mr. Swan said that he attended ACWA's Region 3 tour. He said that he would be attending the Southern California Dialog meeting this Wednesday, a Sea & Sage dinner this Saturday, a SAWPA meeting next week, and a MWDOC quarterly meeting the first week of November.

Director Matheis said that she attended the CELSOC reception which she found very interesting.

Director Miller said that he would like to discuss past Orange County Sanitation agreements, and asked staff to schedule a meeting next week with Director Swan, Mr. Paul Jones, Ms. Debby Cherney and himself.

Mr. Miller said that he attended an IRWD community tour last week, a City of Orange meeting, an NWRI Strategic Planning meeting, and a WateReuse reliability workshop. He mentioned two individuals at the workshop who were very knowledgeable on rate structures and said he would provide contact information to staff.

President Reinhart reported on his attendance at various departmental meetings relative to IRWD's benefits survey which he said went well. He said that he attended MWDOC's Board meeting last week.

ADJOURNMENT

President Reinhart adjourned the meeting to Friday, October 26, 2007 at 7:30 a.m. to hold a Strategic Planning Workshop in the District's Multi-Purpose room.

APPROVED and SIGNED this 12th day of November 2007.

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President, IRVINE RANCH WATER DISTRICT

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Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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Legal Counsel - Bowie, Arneson, Wiles & Giannone