

## MINUTES OF REGULAR MEETING – AUGUST 11, 2008

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 Miller on August 11, 2008 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Reinhart, Matheis, Miller (arrived at 6:08 p.m.), Withers (arrived at 6:08 p.m.), and Swan.

Directors Absent: None

Also Present: General Manager Jones, Assistant General Manager Cook, Director of Engineering Heiertz, Secretary Bonkowski, Legal Counsel Arneson, Ms. Debby Cherney, Mr. Jim Reed, Mr. Bruce Newell, Ms. Janet Wells, Mr. Terry Loomis, Mr. Wayne Posey, Ms. Shannon Reed, Mr. Christopher Smithson, 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 4, C-8, C-9, 10, 13, 14, 15, 16, and 17 are in operation in accordance with the District's annual pumping plan. Wells 1, 2, 3, 5, 6, 7, 11, 12 and 18 will be placed in operation as required. The District's planned pumping for August is 4,900 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), a Notice of Completion was approved by the OCWD Board of Directors on March 19, 2008. Metropolitan Water District has given notice to OCWD that it will begin extracting a portion (i.e. 20,000 acre feet) of its 50,000 acre feet in storage beginning in fiscal year 2008-09. This was confirmed by Mr. Jones.

With respect to the OCWD annexation of certain IRWD lands, OCWD staff is evaluating IRWD's most current projections of the amount and general location of its future groundwater production for inclusion in OCWD's proposed update of the Long-Term Facilities Plan and Annexation Environmental Impact Report. OCWD has taken no further actions with respect to the annexation. At OCWD's request, IRWD staff has provided additional future groundwater production scenarios with annexation. This was confirmed by Mr. Jones.

With respect to the Groundwater Emergency Service Plan, IRWD has an agreement in place with various south Orange County water agencies, MWDOC and OCWD to produce additional groundwater for use within IRWD and transfer imported water from IRWD to South County in case of emergencies. IRWD is finalizing negotiations of an

agreement with certain south Orange County water agencies to fund the interconnection facilities needed to affect the emergency transfer of water. This was confirmed by Mr. Jones.

ITEMS TOO LATE TO BE AGENDIZED – None.

## PRESENTATION

### TOASTMASTERS ACKNOWLEDGEMENT

Ms. Alanda Dyer, Immediate Past District Governor of Toastmasters, recognized and presented General Manager Jones with a plaque for continued support of IRWD's "Water Meeters Club 6492 Toastmasters Group".

### DISCOVERY SCIENCE CENTER'S WATER EDUCATION PROGRAM UPDATE

Ms. Janet Yamaguchi, Executive Director of the Discovery Science Center, provided a PowerPoint presentation on an overview of the first year of the Irvine Ranch Water District - Discovery Science Center Educational Partnership. Toby Gant, Associate Director, then provided an interactive demonstration of the technology used with IRWD students.

## WORKSHOP

### REVIEW OF IRWD'S POTABLE WATER BUDGET ALLOCATION

Using a PowerPoint presentation, Ms. Fiona Sanchez provided an overview of the potable water budget allocations. She said that the allocations were established in 1991 and that the objectives were to: 1) meet agency revenue needs; 2) provide customer equity; 3) promote customer water use efficiency; 4) provide a pricing signal, and 5) generate revenue for water use efficiency.

Ms. Sanchez described the residential base allocations; refinements to base allocation; landscape allocations; allocation-based rate structure results; indoor and outdoor allocation comparisons; proposed allocations and impacts for residential and potable irrigation, and implementation and basis for adjustments. Following discussion, staff was asked to schedule a future workshop to focus on irrigation and crop efficiencies.

## CONSENT CALENDAR

On MOTION by Matheis, seconded and unanimously carried, CONSENT CALENDAR ITEMS 6 AND 7 WERE APPROVED AS FOLLOWS:

### 6. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the July 8, 2008 Adjourned Regular Board Meeting and the July 28, 2008 Regular Board Meeting be approved as presented.

7. 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.

CONSOLIDATION OF IMPROVEMENT DISTRICTS (IDs) 130/190 AND 1230/290

Director of Finance Cherney reported that District practice typically aligns capital costs with Improvement Districts in order to fund those costs through connection fees and property taxes. Ms. Cherney said that staff's current recommendation includes annexing Planning Area (PA) 39 into the new consolidated IDs. This area is in the underlying District and is bordered by the consolidating IDs on three sides. Including PA 39 in the consolidated IDs will provide general obligation (GO) bond authority for this developing area and allow for new capital costs to be equitably allocated between connection fees and property taxes. A buy-in to existing facilities will be calculated in the same manner that was used for the Lambert Ranch development and will include credit for connection fees paid. She said that in order to complete this process, the Board must take certain steps in a manner proscribed by legal counsel, with sufficient time in between to provide published notice of the meetings. This series of items will go to the Board on three separate occasions to order this consolidation.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee meeting on August 5, 2008. On MOTION by Swan, seconded and unanimously carried, THE ITEM WAS RECEIVED AND FILED.

RETIREE LIFE INSURANCE PROGRAM

General Manager Jones reported that the District's Retiree Life Insurance program premiums have increased substantially in the last few years and costs account for approximately 60% of the District's Other Post-Employment Benefits (OPEB) liability. Mr. Jones said that as a result, staff has explored alternative mechanisms to deliver the retiree life benefit which is equivalent to each employee's final annual compensation. He said that at the August 2008 Finance and Personnel Committee meeting, the Committee requested that staff terminate the current retiree life insurance policies with Pacific Life and transfer coverage for all current retirees to Principal Life. In addition, the Committee requested that staff further explore the costs of the Retiree Life program on a go-forward basis and report findings at the September 2, 2008 Committee meeting.

Director Swan reported that this item was reviewed at three Finance and Personnel Committee meetings, and that at the August 5, 2008 meeting, the Committee recommended that the Board terminate policies with Pacific Life and contract with Principal for active retiree life insurance coverage. On MOTION by Swan, seconded and unanimously carried, THE BOARD APPROVED THE TERMINATION AND CASHING OUT OF THE CURRENT RETIREE LIFE INSURANCE POLICIES WITH

PACIFIC LIFE AND CONTRACT WITH PRINCIPAL FINANCIAL GROUP FOR ACTIVE RETIREE COVERAGE, AS OUTLINED IN OPTION 4.

GENERAL MANAGER'S REPORT

General Manager Jones: 1) reported on tomorrow's MWDOC/OCWD Special Board meeting to hold a workshop on the Safe, Clean, Reliable Drinking Water Supply Act of 2008; 2) reminded the Board of General Manager Jack Foley's retirement celebration being held on August 28; and 3) announced that AB 2882 (allocation-based conservation water pricing) was amended last week and may be voted on as early as tomorrow by the Senate. He said that both Howard Jarvis and MWD are now in support of the bill. He further said that AB 2270 (recycled water) passed by the Assembly with a 27-12 vote with the next step to the Governor's office for signature. Director Swan asked staff to send a letter to the Governor's office indicating IRWD's support of this bill.

DIRECTORS' COMMENTS

Director Withers said that LAFCO would be holding a Strategic Planning Meeting on Wednesday at IRWD's offices. He said that following 16 years of service, he will be resigning from his Commissioner's position with the Santa Ana Regional Quality Control Board. Director Swan asked that staff prepare a resolution recognizing Mr. Withers for his service.

Director Swan reported on his attendance at OCBC and ACWA.

Director Matheis reported that she would be attending the Urban Water Institute's annual conference in Mission Bay this week.

CLOSED SESSION

President Miller said that a Closed Session would be held as follows: EXISTING LITIGATION - Government Code Section 54956.9(a) – Thanh Van Luyen vs. IRWD.

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Miller, Swan, Matheis, Reinhart and Withers present. President Miller stated that there was no action to report.

ADJOURNMENT

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

APPROVED and SIGNED this 25th day of August, 2008.

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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