

MINUTES OF REGULAR MEETING – FEBRUARY 9, 2009

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:00 p.m. by President Reinhart on February 9, 2009 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Matheis, Reinhart, Withers, and Swan.

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, 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 C-8, C-9, 10, 15, and 17 are in operation in accordance with the District's annual pumping plan. Wells 1, 4, 6, 13, 14 and 18 will operate a portion of the week. Well 2, 3, 5, 7, 11, 12 and 16 are inactive. The District's planned pumping for February is 3,240 acre-feet. 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. 22,000 acre-feet) of its 48,500 acre-feet in storage beginning in fiscal year 2008-09. It is expected that an additional 22,000 acre-feet will be extracted in FY 2009-10. The extraction is being performed by agencies that constructed conjunctive use wells under this program. IRWD is not a participant. 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 has approved the operating agreement with certain south Orange County water agencies to fund the interconnection facilities needed to affect the emergency transfer of water. MWDOC and OCWD have also both approved the operating agreement. This was confirmed by Mr. Jones.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED – None.

PRESENTATION

SOUTHERN CALIFORNIA EDISON AWARD

Mr. James Pasemore Jr. of Southern California Edison presented a plaque to the Irvine Ranch Water District in recognition of excellence in the Demand Response category for California's Flex Your Power Award. Mr. Paul Jones recognized staff member Mr. Tom Bonkowski for managing energy at the District.

RECESS AND RECONVENE

President Reinhart declared a recess at 5:15 p.m. to hold a workshop in the Multi-Purpose Room. The meeting was reconvened at 5:20 p.m. with all Directors present.

WORKSHOP

VACANCY ON THE BOARD OF DIRECTORS

President Reinhart reported that the purpose of this workshop was to conduct a roundtable discussion between members of the Board of Directors and candidates having indicated an interest in the appointment to the vacancy on the Board resulting from the resignation of Director Darryl Miller. The appointment is anticipated to be made on February 23, 2009. The appointed Director will serve until the general election in November 2010.

Using a PowerPoint presentation, General Manager Jones introduced the Board of Directors and senior staff members, and provided an overview of the District.

President Reinhart, Vice President Swan, Director Withers and Director Matheis provided the candidates with an overview of their professional backgrounds.

Of the 42 resumes received, 41 candidates introduced themselves, and described their backgrounds.

Following the candidate discussion, Board members thanked the individuals for their time this evening.

RECESS AND RECONVENE

President Reinhart declared a recess at 9:14 p.m. to continue the Board meeting in the Board room. The meeting was reconvened at 9:21 p.m. with all Directors present.

PUBLIC HEARING

SECTION 15 OF THE RULES AND REGULATIONS – WATER CONSERVATION AND WATER SUPPLY SHORTAGE PLAN

General Manager Jones said that in response to potential water shortages and a request by Metropolitan Water District (MWD) to have water service providers within its service area adopt a water conservation ordinance, staff has updated Irvine Ranch Water District's (IRWD) Section 15 of the Rules and Regulations - Water Conservation and Water Supply Shortage Program. Section 15 of the Rules and Regulations serves as IRWD's "conservation ordinance". He said that the proposed update was first presented for review at the January 12, 2009 Board Meeting.

Mr. Jones said that the Section 15 is proposed to be adopted as a water conservation program to reduce water consumption and conserve supplies in conformance with Water Code Section 375. The proposed Section 15 is also a part of IRWD's Rules and Regulations and is adopted in accordance with the requirements for adoption of rules and regulations of a California Water District under Sections 35423 and 35424 of the Water Code.

Director Matheis said that the Water Resources Policy and Communications Committee reviewed the proposed update to Section 15 of the Rules and Regulations – Water Conservation and Water Supply Shortage Program and recommends that it be adopted by the Board of Directors.

President Reinhart declared this to be the time and place for the hearing on the adoption of amendments to IRWD's Water Conservation and Water Supply Shortage Program and Regulations contained in Section 15 of IRWD's Rules and Regulations For Water, Sewer, Recycled Water, and Natural Treatment System Service, in accordance with Water Code Section 375, and declared the hearing open. He requested the Secretary to report the manner by which the Notice of Hearing was given.

Secretary Bonkowski said that the Notice of this hearing was published in the Orange County Register on January 26 and February 2, 2009. A Notice also posted in the District office on January 22, 2009. She presented an Affidavit of Posting and the Proof of Publication for the Board to receive and file.

On MOTION by Swan, seconded and unanimously carried, THE AFFIDAVIT OF POSTING AND THE PROOF OF PUBLICATION PRESENTED BY THE SECRETARY WAS RECEIVED AND FILED.

President Reinhart inquired of the Secretary whether there have been any written communications. Secretary Bonkowski said that there were none.

President Reinhart request legal counsel to describe the nature of the proceeding.

Legal Counsel Arneson said that the hearing would allow all interested persons an opportunity to be heard concerning any matters set forth in the proposed amended Section 15 of the Rules and Regulations.

President Reinhart inquired whether there was anyone present who wished to address the Board concerning the Irvine Ranch Water District's Water Conservation and Water Supply Shortage Program and Regulations. There were none.

President Reinhart inquired whether there are any comments or questions from members of the Board of Directors. There were none.

On MOTION by Swan, seconded and unanimously carried, THE HEARING WAS CLOSED AND THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2009-4

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA
RESCINDING RESOLUTION NO. 2005-30
AND ESTABLISHING REVISED RULES AND REGULATIONS
OF THE IRVINE RANCH WATER DISTRICT
FOR WATER, SEWER, RECYCLED WATER,
AND NATURAL TREATMENT SYSTEM SERVICE
AND EXHIBIT A THERETO

CONSENT CALENDAR

On MOTION by Swan, seconded and unanimously carried, CONSENT CALENDAR ITEMS 6 THROUGH 10 WERE APPROVED AS FOLLOWS:

6. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the January 26, 2009 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, Peer Swan, Doug Reinhart and John Withers.

CONSENT CALENDAR (CONTINUED)

8. WATER SHORTAGE CONTINGENCY PLAN

Recommendation: That the Board adopt the following resolution by title approving the Water Shortage Contingency Plan.

RESOLUTION NO. 2009-5

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT
APPROVING AMENDED WATER SHORTAGE
CONTINGENCY PLAN

9. WATERWORKS WAY BUSINESS PARK CONSTRUCTION CHANGE ORDER
AND FINAL ACCEPTANCE

Recommendation: That the Board approve Contract Change Order No. 4 with W. L. Butler Construction, Inc. in the net amount of \$24,013.51 (project #11117); accept construction of the Waterworks Way Business Park project; 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.

10. 2008 STATE LEGISLATIVE UPDATE

Recommendation: That the Board approve IRWD co-sponsorship of water softener legislation with the Inland Empire Utilities Agency authored by Assembly Members Feuer, Caballero and Strickland and Senator Padilla.

OUTSOURCING THE IRWD VANPOOL PROGRAM

According to a cost/benefit analysis prepared by staff, the District would benefit by outsourcing its vanpool program to VPSI, Inc.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on February 3, 2009.

On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A FOUR-YEAR LEASE AGREEMENT WITH VPSI, INC.; AUTHORIZED THE TRANSFER OF \$27,000 FROM THE FISCAL YEAR 2008-09 GENERAL PLANT BUDGET TO THE FISCAL YEAR 2008-09 OPERATING BUDGET; AND AUTHORIZED IMPLEMENTATION OF PAYROLL DEDUCTIONS FOR EMPLOYEES ELECTING TO PARTICIPATE IN THE VANPOOL PROGRAM.

METER READING SERVICES CONTRACT

The District's Contract Meter Reading (CMR) service with Southern California Edison (SCE) expires May 31, 2010 with a nine-month notice of early termination provision. SCE is implementing a new metering solution known as "SmartConnect" to replace approximately 5 million electric meters for residential, commercial and industrial customers utilizing Zigbee technology which is not currently compatible with water meters. Staff recommends the District provide notice of its intent to terminate the existing SCE contract effective December 31, 2009. To ensure a seamless and timely transition, staff requests approval of a new contract for CMR service with Alexander's Contract Services (ACS) effective March 1, 2009 providing for a phased approach to implementation through December 2009. The annual contract proposal for ACS to perform contract meter reading in Fiscal Year (FY) 2009-10 is \$1,099,070.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on February 3, 2009. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED STAFF TO NEGOTIATE AN AGREEMENT WITH ALEXANDER'S CONTRACT SERVICES (ACS) EFFECTIVE MARCH 1, 2009 BASED ON THE RATES ESTABLISHED IN ITS PROPOSAL NOT TO EXCEED \$1,099,070 IN FY 2009-10, AND APPROVED AN INCREASE TO THE FY 2008-09 OPERATING BUDGET IN THE AMOUNT OF \$123,000.

GENERAL MANAGER'S REPORT- None.

DIRECTORS' COMMENTS – None.

CLOSED SESSION

President Reinhart said that the following Closed Sessions would be held this evening: 1) existing litigation – Government Code Section 54956.9(a) – Carla Jean Saucedo vs. Andrew Richard Willis, and IRWD; and 2) anticipated litigation – Government Code Section 54956.9(b) – significant exposure to litigation (one potential case) - BKK Working Group notification to IRWD of potential liability, claim and/or litigation, on file with the District. He said the Closed Session item, anticipated litigation – Government Code Section 54956.9(c) – initiation of litigation (one potential case), would be deferred to the February 23, 2009 Board meeting.

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors Matheis, Swan, Withers, and President Reinhart present. It was reported that the settlement of Saucedo vs. Willis, IRWD was approved by the Board with a unanimous vote.

ADJOURNMENT

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

APPROVED and SIGNED this 23rd day of February, 2009.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone