

## MINUTES OF REGULAR MEETING – DECEMBER 12, 2011

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 LaMar on December 12, 2011 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Senior Director of Finance Cherney, Senior Director of Operations Pedersen, Director of Engineering Burton, Treasurer Jacobson, Secretary Bonkowski, Legal Counsel Arneson, Director of Water Resources Heiertz, Director of Public Affairs Beeman, Director of Administrative Services Mossbarger, Ms. Kirsten McLaughlin, Mr. Paul Weghorst, Ms. Gretchen Maswadeh, Mr. Malcolm Cortez, Mr. Alex Aguilar, Ms. Shannon Reed, Ms. Cheryl Kelly, Mr. Joe Constantino, Mr. Scott Goldman, Mr. Bob Hill, Mr. Jim Reed, and other members of the public and staff.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION:

Mrs. Joan Irvine Smith's assistant addressed the Board of Directors with respect to the Dyer Road Wellfield. She said it was her understanding that currently wells C-8 and C-9 will operate in accordance with the District's annual pumping plan. Wells, 1, 2, 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 15, 16, 17 and 18 will be off. This was confirmed by Mr. Cook, 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, 2009. Metropolitan Water District has given notice to OCWD to extract 22,000 acre feet in fiscal year 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. Cook.

With respect to the OCWD annexation of certain IRWD lands, on June 5, 2009, IRWD received a letter from OCWD noting that OCWD has completed the formal responses to comments they previously received on the draft program Environmental Impact Report. The letter further noted that with this task completed, OCWD has exercised its right to terminate the 2004 Memorandum of Understanding (MOU) regarding annexation. OCWD also indicated that due to the lack of progress on the annexation issue, the draft program Environmental Impact Report will not be completed. On June 8, 2009, OCWD completed the Long-Term Facilities Plan which was received and filed by the OCWD Board in July 2009. Staff has been coordinating with the City of Anaheim (Anaheim) and Yorba Linda Water District (YLWD) on their most recent annexation requests and has reinitiated the annexation process with OCWD. IRWD, YLWD and Anaheim have negotiated a joint MOU with OCWD to process and conduct environmental analysis of the

annexation requests. The MOU was approved by the OCWD Board on July 21, 2010. This was confirmed by Mr. Cook.

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 Orange 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. Cook.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None.

### PRESENTATIONS

#### EL TORO WATER DISTRICT RESOLUTION HONORING IRWD'S 50<sup>TH</sup> ANNIVERSARY

El Toro Water District's Vice President Scott Goldman presented the Board with a resolution honoring IRWD's 50<sup>th</sup> Anniversary.

#### NATIONAL PURCHASING INSTITUTE ACHIEVEMENT OF EXCELLENCE IN PROCUREMENT AWARD

Mr. Alex Aguilar presented the Achievement of Excellence in Procurement Award from the National Purchasing Institute for organizations that demonstrate excellence in procurement by obtaining a high score on a rating of standardized criteria. It was noted that IRWD has received this award for 11 consecutive years.

### CONSENT CALENDAR

Director Swan asked that Item No. 14, Tustin Legacy Well No. 1 Alternative, be moved to the Action Calendar for discussion. There being no objection, Consent Calendar Item No. 14 was moved to the Action Calendar. On MOTION by Swan, seconded and unanimously carried, **CONSENT CALENDAR ITEMS 5 THROUGH 13 AND 15 THROUGH 17 WERE APPROVED AS FOLLOWS:**

5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the November 28, 2011 Regular Board Meeting be approved as presented.

6. NOVEMBER 2011 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for November 2011; approve the November 2011 Disbursement Summary of Warrants Nos. 324666 through 325442, Workers' Compensation distributions, wire transfers, payroll direct deposit ACH payments, payroll withholding distributions and voided checks in the total amount of \$19,131,106.45.

CONSENT CALENDAR (CONTINUED)

7. PROPOSED 2012 INVESTMENT POLICY

Recommendation: That Board adopt the following resolution by title:

RESOLUTION 2011-51

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
IRVINE RANCH WATER DISTRICT APPROVING INVESTMENT  
POLICY AND AUTHORIZING THE TREASURER AND ASSISTANT  
TREASURER TO INVEST AND REINVEST FUNDS OF THE DISTRICT  
AND OF EACH OF ITS IMPROVEMENT DISTRICTS AND TO SELL AND  
EXCHANGE SECURITIES

8. FISCAL YEAR 2010/11 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Recommendation: That the Board receive and file the fiscal year 2010/11  
Comprehensive Annual Financial Report.

9. UNIVERSITY OF CALIFORNIA, IRVINE CAMPUS PLUMBING RETROFIT  
PROGRAM, PHASE II

Recommendation: That the Board authorize the General Manager to execute an  
agreement with University of California, Irvine (UCI) to provide \$139,000 from a  
combination of tactical incentive and supplemental funding for water use efficiency  
upgrades; direct staff to develop and implement the UCI Campus Plumbing Retrofit  
Program Phase II; and authorize an increase of \$78,600 to the Fiscal Year 2011-12  
Operating Budget from undesignated over-allocation revenues to fund the program.

10. UNIVERSITY OF CALIFORNIA, IRVINE STUDENT HOUSING AMENDMENT  
TO WATER USE EFFICIENCY PILOT PROGRAM

Recommendation: That the Board authorize the General Manager to execute an amended  
agreement with University of California, Irvine and Niagara Conservation to remove the  
specification to conduct the program at Arroyo Vista housing complex, increase the total  
number of installations by 30 additional high efficiency toilets, showerheads and faucet  
aerators, and authorize the increase of \$6,000 to the Fiscal Year 2011-12 Operating  
Budget from undesignated over-allocation revenues.

CONSENT CALENDAR (CONTINUED)

11. SANTIAGO CANYON AREA BOOSTER PUMP STATION PERMANENT GENERATORS PROJECT FINAL INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

Recommendation: That the Board find on the basis of the whole record before it (including the initial study and the comments received), that there is no substantial evidence that the project will have a significant effect on the environment and that the negative declaration reflects IRWD's independent judgment and analysis, adopt the proposed negative declaration for the Santiago Canyon area booster pump station permanent generators project and approve Phase I of the project; direct staff to post and file a Notice of Determination, and submit payment for the California Department of Fish and Game filing fee.

12. JEFFREY ROAD SOUTH RECLAIMED WATER AND DOMESTIC WATER MAINS – FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Jeffrey Road South Reclaimed Water and Domestic Water Mains (Irvine Center Drive to the Meadows), projects 10283 (1073) and 30189 (1592); authorize filing of a Notice of Completion; and authorize release of retention 35 days after the filing of the Notice of Completion.

13. OPERATIONS CENTER FACILITIES EXPANSION PROJECT PHASE I STORAGE BUILDING - FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Operations Center Facilities Expansion Project Phase I Storage Building, projects 11422 (1388), 21422 (1120), and 31422 (1156); 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.

15. LONG-TERM DISABILITY, LIFE, AND DEPENDENT LIFE INSURANCE COVERAGE FOR CALENDAR YEAR 2012

Recommendation: That the Board authorize the General Manager to execute a contract for the calendar year 2012 with Principal Financial for life, dependent life and long-term disability coverage and to terminate the split dollar life insurance program with Pacific Life effective January 1, 2012.

16. TWO-YEAR REIMBURSEMENT AGREEMENT BETWEEN WITH THE CITY OF IRVINE FOR THE ADJUSTMENT/RELOCATION OF MISCELLANEOUS FACILITIES RELATED TO CITY STREET PROJECTS (2012 – 2013)

Recommendation: That the Board authorize the General Manager to execute a Two-Year Reimbursement Agreement with the City of Irvine for the installation of miscellaneous facilities (2012-2013).

## CONSENT CALENDAR (CONTINUED)

### 17. CHANGE ORDER TO REIMBURSEMENT AGREEMENT WITH THE CITY OF IRVINE FOR THE BARRANCA PARKWAY/RED HILL AVENUE DYER ROAD STREET INTERSECTION IMPROVEMENT PROJECT

Recommendation: That the Board authorize an increase to the Fiscal Year 2011-12 Capital Budget in the amount of \$181,500, from \$305,400 to \$486,900; approve an Expenditure Authorization in the amount of \$181,500; and approve Contract Change Order No. 2 in the amount of \$146,509.77 to the Reimbursement Agreement with the City of Irvine for the Barranca Parkway/Red Hill Avenue/Dyer Road Street intersection improvement project 11448 (2816).

## ACTION CALENDAR

### TUSTIN LEGACY WELL NO. 1 (IRWD WELL 52) ALTERNATIVE CONTRACT CHANGE ORDER AND FINAL ACCEPTANCE

Following an inquiry from Director Swan, staff will submit a report on water quality relative to total Trichloroethylene (TCE) for Tustin Legacy Well No. 1 Alternative (IRWD Well No. 52) along with a cost analysis to the Engineering and Operations Committee and the Board in January 2012. ON MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE CONTRACT CHANGE ORDER NO. 1 WITH BAKERSFIELD WELL AND PUMP COMPANY IN THE CREDIT AMOUNT OF \$3,893; ACCEPTED CONSTRUCTION OF TUSTIN LEGACY WELL NO. 1 ALTERNATIVE, PROJECT 11419 (1356); AUTHORIZED THE GENERAL MANAGER TO FILE A NOTICE OF COMPLETION; AND AUTHORIZED THE RELEASE OF RETENTION 35 DAYS AFTER FILING OF THE NOTICE OF COMPLETION.

### SELENIUM AND NITROGEN DISPOSAL SYSTEM CONCEPT STUDY

Director of Water Resources Heiertz reported that five agencies within the Newport Bay watershed, i.e. the California Department of Transportation (Caltrans), TCA, cities of Irvine and Tustin and the County of Orange, are seeking a cost-effective project for the disposal of flows from dewatering facilities that contain high nitrate and selenium concentrations. Mr. Heiertz said that the need for developing such a cost-effective project is due to the expectation that the Regional Water Quality Control Board (RWQCB) will no longer be allowing the discharge of high nitrate and selenium flows to surface waters within the Newport Bay watershed. Recently, these funding partners have proposed a conceptual design study to develop a planning level design and cost estimate for the construction of a pipeline along Peters Canyon Wash and San Diego Creek to Orange County Sanitation District's (OCSD) sewer collection system at Main Street (Pipeline Project). By routing the high selenium flows into the OCSD sewer, selenium and nitrate could be effectively removed from the San Diego Creek watershed.

Mr. Heiertz said that at the funding partner's request, a document containing a detailed scope of work, project schedule and project budget was prepared by RBF Consulting to perform the conceptual design study. RBF was selected to prepare this document by the funding partners as these agencies have all used RBF to their satisfaction on other projects. The total cost for the

proposed study is \$53,110. IRWD will manage the study while the five agencies will pay an equal share of the project for \$10,622 each. Caltrans and the County of Orange have existing contracts with RBF and will pay their share of the costs directly to RBF. The City of Irvine, City of Tustin and TCA will reimburse IRWD for their share. IRWD will not issue RBF a notice to proceed until the City of Irvine, City of Tustin and TCA have each issued IRWD a purchase order for their share of the project. IRWD will not share in the cost of the RBF study, but will incur costs for staff time to manage the study in the amount of \$5,000 and legal counsel assistance in the amount of \$2,000.

Director Reinhart reported that this item was reviewed by the Engineering and Operations Committee on December 8, 2011. In response to Director Swan's inquiry, Mr. Heiertz said that discussions were not successful with the funding partners to either pursue an alternative of building a reservoir or treating discharged flows from these agencies as this is a more costly alternative. Additionally, Mr. Heiertz said that if the discharge flows directly to the OCSD via the pipeline, staff will be negotiating a rate with this agency. In response to Director Matheis inquiry if the water will be treated prior to flowing to OCSD, Mr. Heiertz said that the water will not be treated. Following discussion, on MOTION by Reinhart, seconded and unanimously carried, **THE BOARD AUTHORIZED AN ADDITION TO THE FY 2011-12 CAPITAL BUDGET FOR PROJECT 11631 (3633) IN THE AMOUNT OF \$44,800; APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$44,800 FOR PROJECT 11631 (3633), AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH RBF CONSULTING IN THE AMOUNT OF \$31,866 TO DEVELOP A GROUNDWATER DISPOSAL SYSTEM CONCEPT STUDY (WHICH WILL BE REIMBURSED TO IRWD THROUGH PURCHASE ORDERS ISSUED BY THE CITY OF IRVINE, CITY OF TUSTIN AND TRANSPORTATION CORRIDOR ADMINISTRATION).**

#### UTILITY BILLING SOFTWARE REQUIREMENTS ANALYSIS – CONSULTANT SELECTION

General Manager Cook reported that the IRWD Application Strategic Plan finalized earlier this year recommended several steps be taken to better align the District's software applications with its strategic vision, including the implementation of the Oracle Customer Care and Billing (CC&B) system. Mr. Cook said that the Oracle CC&B system will improve the District's ability to effectively manage customer and account relationships, perform complex billing calculations, integrate with the Oracle Financial Management System, and provide enhanced analytics and reporting. He said that the CC&B software application licenses have been procured and the next step in the process is to hire a consultant to assist the District with defining the detailed functional requirements for implementation and prepare a request for proposal for implementation services.

Director of Administration Mossbarger reported staff prepared a Request for Proposal for consulting services to perform Oracle CC&B detailed requirements analysis and assistance with preparation of a request for proposal for implementation services. A Request for Proposal was issued on September 16, 2011 to five pre-selected consultants with experience in conducting detailed requirements analysis and preparing a request for proposal for implementation services for Oracle CC&B including Centric Consulting, EP2M, Five Point Partners, Langham Consulting, and Wagware. He said that three consultants submitted proposals, and following

staff review, Five Point Partners was selected for a follow-up interview which was conducted on October 25, 2011. He said that based on the proposals and interviews, staff believes that Five Point Partners demonstrated the best understanding of the Oracle CC&B Analysis project and has the most extensive experience not only developing detailed requirements for Utility Billing systems, but is the most experienced with Oracle CC&B. He said that in addition to the services in the original proposal response, Five Point Partners submitted an addendum for additional procurement services in the total amount of \$76,540.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on December 6, 2011. On MOTION by Swan, seconded and unanimously carried, THE BOARD APPROVED A BUDGET INCREASE OF \$115,000 EACH AND APPROVED EXPENDITURE AUTHORIZATIONS IN THE AMOUNT OF \$115,000 EACH FOR PROJECTS 11615 AND 21615, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH FIVE POINT PARTNERS, LLC IN THE AMOUNT OF \$196,340 FOR THE UTILITY BILLING SOFTWARE REQUIREMENTS ANALYSIS PROJECT.

#### GREEN ACRES PROJECT AGREEMENT

General Manager Cook reported that starting in July 1996, the Irvine Ranch Water District, Orange County Water District (OCWD), Orange County Sanitation District (OCSD), and the City of Newport Beach entered into a series of agreements (GAP Agreements) to convey recycled water from the IRWD Michelson Water Recycling Plant (MWRP) to serve OCWD's Green Acres Project (GAP) customers. The GAP intertie allows IRWD to operate the MWRP on a year-round basis, thus avoiding the need for IRWD to acquire additional wastewater treatment capacity in OCSD treatment facilities at a significant cost.

Mr. Cook said that as the GAP Agreements will expire on January 15, 2012, staff has negotiated a replacement agreement that includes a 15-year extension and slightly modified terms.

Director of Water Resources Heiertz said the agreement is similar to the other agreement, and provided an overview of the terms as follows: 1) IRWD agrees to assume ownership of an additional 1,300 feet of 24-inch diameter pipeline in University Drive; 2) IRWD will be permitted to discharge up to eight million gallons per day (MGD) through the intertie for use by GAP, GWRS, or through the OCSD outfall. IRWD will not be entitled to any compensation for the discharge of recycled water to the intertie, except when specifically requested by OCWD to meet GAP or GWRS supply needs; 3) OCWD will not be entitled to any compensation for treating or disposing of recycled water delivered through the intertie. IRWD will compensate OCSD for the operation and maintenance of the ocean outfall at their actual cost for any water discharged to the outfall through the intertie; 4) Intentional discharges of recycled water to San Diego Creek and Newport Bay are prohibited; and 5) IRWD will be responsible for the quality and suitability of recycled water delivered through the intertie for use by the GAP and GWRS.

In response to Director Swan's inquiry, Mr. Heiertz said that IRWD is responsible for the outfall operational costs only, and not CORF payments. Director Swan indicated concern with the proposed agreement's mechanism for determining when IRWD's water is considered to be delivered to GWRS and not discharged to the outfall. Mr. Heiertz said the negotiations had

fully considered this. Director Swan requested a copy of the agreement for the operation and maintenance of the groundwater replenishment system and the GAP agreement with OCSD and OCWD.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on December 8, 2011. Following discussion, on MOTION by Reinhart, seconded and carried (4-1) (Matheis, Reinhart, LaMar and Withers voting aye, and Swan voting no), THE BOARD AUTHORIZED THE PRESIDENT TO EXECUTE THE AGREEMENT ENTITLED “AGREEMENT FOR IRVINE RANCH WATER DISTRICT INTERTIES TO ORANGE COUNTY WATER DISTRICT GREEN ACRES PROJECT AND GROUNDWATER REPLENISHMENT SYSTEM AND ORANGE COUNTY SANITATION DISTRICT OUTFALL” SUBJECT TO NON-SUBSTANTIVE CHANGES BY THE GENERAL MANAGER AND LEGAL COUNSEL.

#### STORAGE OPTION WITH ANTELOPE VALLEY-EAST KERN WATER AGENCY AND KERN COUNTY WATER AGENCY FEES

General Manager Cook reported in June 2011, IRWD executed a letter agreement for a Pilot Exchange Program with Antelope Valley-East Kern Water Agency (AVEK) that allows AVEK to store a portion of AVEK’s unused State Water Project (SWP) Table A water in IRWD’s Strand Ranch Integrated Banking Project (Water Bank) on an unbalanced exchange basis. The letter agreement provides AVEK the ability to store up to 5,000 AF of Table A water.

Principle Water Resources Manager Weghorst reported that AVEK has requested to exercise an option in the agreement which allows, at IRWD’s sole discretion, to increase AVEK deliveries up to 10,000 AF. Mr. Weghorst said that in addition, Kern County Water Agency (KCWA) has implemented an administration fee for third party non-member transactions which will require an amendment to the agreements for the Pilot Exchange Programs with both AVEK and Carpinteria Valley Water District (CVWD).

Mr. Weghorst said that in September 2009, the Kern County Water Agency (KCWA) Board approved a third party wheeling fee for transactions involving non-member units which has not been implemented for any non-member transactions. He said that KCWA has informed staff that its Board will not approve the transaction request for delivery of water from either of IRWD’s Pilot Exchange Programs with AVEK or CVWD until the associated third party administration fees are paid. The requested fee is based on \$5 per acre-foot with a minimum fee of \$7,500 and a maximum fee of \$75,000 per transaction. Staff has been inquiring with the KCWA to obtain clarification for the basis of the fee.

Mr. Weghorst said that the administrative fee for the CVWD Pilot Exchange Program for 1,500 AF is \$7,500. CVWD requested that IRWD pay the entire fee of \$7,500 for the transaction and that they will sign (subject to CVWD Board approval) an amendment to the letter agreement with IRWD requiring them to reimburse IRWD for half of the fee at the time that they take delivery of their share of the water upon recovery from the Water Bank. In order not to delay the delivery of CVWD’s water into storage, the administrative fee in the amount of \$7,500 was submitted to KCWA on December 6, 2011 under the authority of the General Manager.



Mr. Weghorst said that the KCWA administrative fee for the AVEK Pilot Exchange Program will be \$50,000 for 10,000 AF of water. Mr. Weghorst reported that a phone meeting has been held where KCWA staff answered questions related to the Administrative fees. AVEK was also in attendance at the meeting. Subsequent to this meeting, AVEK reviewed the fee structure with their Water Resources Committee. This Committee asked AVEK staff to convey to IRWD that AVEK will not pay any share of the KCWA Administrative fees and that they will not agree to an amendment to the Agreement with IRWD.

Following discussion, Director Swan asked staff to submit an item to the Water Banking Committee relative to the: 1) recent third party administration fees for AVEK; and 2) cost of water to be received and delivered to IRWD's service areas from the Strand Ranch project. He further asked staff to discuss the AVEK fees with the District's project partners. On MOTION by Swan, seconded and unanimously carried, **THE AVEK TRANSACTION AND ADMINISTRATIVE FEE AMENDMENT WERE DEFERRED TO THE WATER BANKING AD HOC COMMITTEE, THE GENERAL MANAGER WAS AUTHORIZED TO EXERCISE THE OPTION IN THE PILOT EXCHANGE PROGRAM AGREEMENT WITH AVEK TO INCREASE THE AMOUNT OF WATER TO BE DELIVERED FROM 5,000 AF TO UP TO 10,000 AF, AND THE GENERAL MANAGER WAS AUTHORIZED TO PREPARE, IN CONSULTATION WITH LEGAL COUNSEL, AND EXECUTE AN AMENDMENT TO THE PILOT EXCHANGE PROGRAM AGREEMENT WITH CVWD FOR PAYMENT AND REIMBURSEMENT OF HALF OF THE KCWA THIRD PARTY ADMINISTRATIVE FEE.**

#### MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION AND FLOOD PROTECTION IMPROVEMENTS CONTRACT CHANGE ORDER AND EXPENDITURE AUTHORIZATION

The Michelson Water Recycling Plant (MWRP) Phase 2 Expansion and Flood Protection Improvements are currently being constructed by J. R. Filanc Construction Company (Filanc). CCO No. 52 includes the construction of the 36-inch HDPE pipeline and the associated headwall. Staff has reviewed the change request, negotiated changes with Filanc, and recommends approval. On MOTION by Reinhart, seconded and unanimously carried, **AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$334,300 FOR MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES, PROJECT 20847 (1617) WAS APPROVED; AND CONTRACT CHANGE ORDER NO. 52 WAS APPROVED TO INSTALL A 36-INCH STORMWATER PIPELINE FOR THE MWRP BIOSOLIDS AND ENERGY RECOVERY FACILITIES PROJECT IN AN AMOUNT OF \$284,442, WITH J. R. FILANC CONSTRUCTION COMPANY FOR THE MWRP PHASE 2 EXPANSION PROJECT 20214 (1599) AND 30214 (1706).**

#### BAKE PARKWAY AND LAKE FOREST DRIVE DOMESTIC AND RECYCLED WATER PIPELINES REIMBURSEMENT AGREEMENT WITH IRVINE COMMUNITY DEVELOPMENT COMPANY FOR PLANNING AREA 39

The Bake Parkway and Lake Forest Drive projects will install IRWD capital facilities consisting of approximately 4,440 linear feet (LF) of 12-inch Zone 3 pipeline, 860 LF of 6-inch Zone B recycled water distribution pipelines, 2,025 LF of 24-inch Zone B recycled water transmission main, and 1,200 LF of 24-inch temporary aboveground Zone B transmission main. The capital facilities are

being constructed by Irvine Community Development Company (ICDC) under the terms of a Reimbursement Agreement for Planning Area 39 approved on July 25, 2011.

On MOTION by Reinhart, seconded and unanimously carried, THE ADDITION OF PROJECT 11622 (3585) AND 30372 (3529) TO THE FY 2011-12 CAPITAL BUDGET IN THE AMOUNT OF \$470,800 AND \$1,052,300 WAS AUTHORIZED; EXPENDITURE AUTHORIZATIONS FOR PROJECTS 10445 (1632), 11622 (3585), 30372 (3529), AND 30445 (1056) IN THE AMOUNTS OF \$581,900, \$470,800, \$1,052,300, AND \$156,200 WERE APPROVED; A POTENTIAL CHANGE OF WORK IN THE AMOUNT OF \$275,000 TO THE REIMBURSEMENT AGREEMENT WITH THE IRVINE COMMUNITY DEVELOPMENT COMPANY FOR PLANNING AREA 39 TO CONSTRUCT THE BAKE PARKWAY 12-INCH ZONE 3 DOMESTIC WATER PIPELINE, PROJECT 11622 (3585) WAS APPROVED; AND A CONSTRUCTION CONTRACT TO THE REIMBURSEMENT AGREEMENT WITH IRVINE COMMUNITY DEVELOPMENT COMPANY FOR PLANNING AREA 39 FOR \$282,800 AND \$552,951.47 FOR THE LAKE FOREST DRIVE IRWD CAPITAL FACILITIES, PROJECTS 10445 (1632) AND 30372 (3529) WAS APPROVED.

#### ANNUAL BOARD OF DIRECTORS' FEES

General Manager Cook reported that pursuant to Ordinance 1989-1, the Board's meeting compensation increases on January 1 of each year by 5% subject to the approval of the Board. The current compensation for the Board of Directors is \$237.00 per meeting, not to exceed 10 meetings per month. If the Board accepts the increase, the resulting per meeting fee would be \$249 (rounded to the nearest dollar). Mr. Cook said that the Finance and Personnel Committee reviewed the fees on December 6 with the recommendation to have the full Board make a recommendation at tonight's Board meeting.

Director Swan commented on the merits for increasing the Director fees this year. Other Board members said it was not a good time to accept an increase. On MOTION by Withers, seconded and unanimously carried, THE BOARD DECLINED THE 5% SCHEDULED COMPENSATION INCREASE FOR CALENDAR YEAR 2012.

#### ELECTION OF OFFICERS

President LaMar thanked the Board for the opportunity to serve as President in 2011. General Manager Cook acted as temporary Chair and called for nominations for President. Director Withers nominated Director Matheis to the position of President as he said he is impressed with her energy, class, and humility. There being no other nominations, the nominations were closed. On MOTION by Swan, seconded by Reinhart, and unanimously carried, MARY AILEEN MATHEIS WAS ELECTED PRESIDENT. President Matheis asked for nominations for Vice President. Director LaMar nominated Director Withers as Vice President and said he believed he would do an excellent job in this position as a long-standing Board member. There being no other nominations, the nominations were closed. On MOTION by Swan, seconded and unanimously carried, JOHN WITHERS WAS ELECTED VICE PRESENT. President Matheis said that she was very pleased to be elected President, and was looking forward to serving in 2012. Individual Board members expressed their thanks and appreciation to Director LaMar for his service as President.

## GENERAL MANAGER'S COMMENTS

General Manger Cook thanked Director LaMar for his service as President, particularly during his time as Interim General Manager.

## DIRECTORS' COMMENTS

Director Reinhart reported on his attendance at an ACWA fall conference and a SOCWA Board meeting with a discussion on biosolids processing with the Santa Margarita Water District. He said that he did not attend WACO or MWDOC's Board meeting. He said that he will be attending the Colorado River Water Users Association Conference (CRWUA) this week in Las Vegas.

Director Withers reported that he will be attending the City of Irvine's 40<sup>th</sup> anniversary celebration tomorrow, and on Wednesday, LAFCO's Commission meeting.

Director Swan reported that he did not attend the MWDOC Board meeting; however, he attended a meeting at West Basin relative to a long-term financing Plan for MWD. He said that he attended ACWA's Board meeting along with an ACWA Delta Task Force meeting, and that he will also be attending a CRWUA conference this week.

Director LaMar reported on his attendance at a OCBC Infrastructure Committee meeting and said he will be attending NWRI's Committee meeting as well as NROC's Board meeting on Thursday.

Director Matheis reported on her attendance at an ACWA conference, an ISDOC Executive Committee meeting, a WACO meeting, and a memorial service for former City of Lake Forest Councilman Richard Dixon. She said that she will also be attending the CRWUA conference this week.

## CLOSED SESSION

President Matheis said that the following Closed Session would be held:

CLOSED SESSION – Relative to PUBLIC EMPLOYEE APPOINTMENT/EMPLOYMENT/ PERFORMANCE EVALUATION (Government Code Section 54957). Title: Staff position title changes.

## OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors Swan, LaMar, Reinhart, Withers, and Matheis present. No action was reported from the Closed Session. On MOTION by Swan, seconded and unanimously carried, **THE FOLLOWING POSITION CHANGES WERE ADDED TO THE FY 2011-12 OPERATING BUDGET, THE SALARY GRADE SCHEDULE CHANGES WERE APPROVED EFFECTIVE JANUARY 1, 2012, AND THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:**

1. Change the Position Title and Salary Grade of the Senior Director of Finance and Administration (Salary Grade (SG) 29) to the Executive Director of Finance (SG 30);
2. Change the Position Title and Salary Grade of the Director of Engineering and Construction (SG 27) to the Executive Director of Engineering and Planning (SG 30);
3. Change the Position Title and Salary Grade of the Director of Planning and Water Resources (SG 27) to the Executive Director of Water Policy (SG 30);
4. Change the Position Title and Salary Grade of the Senior Director of Water Operations and Water Quality (SG 29) to the Executive Director of Operations (SG 30);
5. Change the Position Title of Treasurer to Treasurer / Assistant Director of Finance (no change in salary grade);
6. Change the Position Title of the Principal Water Resources Manager (SG 24) to Director of Water Resources (SG 27);
7. Change the Position Title of the Water Use Efficiency Manager (SG 19) to Assistant Director of Water Policy (SG 23);
8. Change the Position Title of the Senior Governmental Affairs Specialist (SG 15) to Manager of Government Relations (SG 17)
9. Downgrade a vacant Operator Supervisor position in the Water Operations Department (SG XXXV) to an Operations Coordinator (SG XXXIII); and
10. Establish the position of Superintendent of Maintenance and Reliability (SG 19).

RESOLUTION NO. 2011-52

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE IRVINE RANCH WATER DISTRICT RESCINDING  
RESOLUTION NO. 2011-49 AND ESTABLISHING  
A REVISED SCHEDULE OF POSITIONS AND SALARY  
RATE RANGES

ADJOURNMENT

There being no further discussion, President LaMar adjourned the meeting.

APPROVED and SIGNED this 12th day of December, 2011.

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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