

MINUTES OF REGULAR MEETING – JULY 23, 2012

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 Matheis on July 23, 2012 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Finance Cherney, Assistant Director of Finance/Treasurer Rob Jacobson, Executive Director of Operations Pedersen, Executive Director of Engineering Burton, Executive Director of Engineering Heiertz, Director of Human Resources Wells, Secretary Bonkowski, Legal Counsel Arneson, Director of Public Affairs Beeman, Mr. Jim Reed, Mr. Bruce Newell, Ms. Kirsten McLaughlin, members of Irvine's Boy Scout Troop 622 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 1, 4, 5, 7, C-8, C-9, 10, 11, 12, 13, 14, 17 and 18 will operate in accordance with the District's annual pumping plan. Wells 2, 3, 6, 11, 15, and 16 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, 2008. 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

Director Swan said that an item of urgency came to the attention of the Board after the agenda had been posted relative to a real estate transaction in Stockdale West relative to a potential water banking opportunity. On MOTION by Swan, seconded and unanimously carried, IT WAS DETERMINED THAT THERE WAS A NEED TO TAKE IMMEDIATE ACTION TO HOLD A CLOSED SESSION TO CONFER WITH THE REAL PROPERTY NEGOTIATOR, PAUL COOK, RELATIVE TO PRICE AND TERMS WITH BOLTHOUSE FARMS FOR PROPERTY LOCATED ON STOCKDALE WEST HIGHWAY BETWEEN ENOS LANE AND ALLENS ROAD, AND A CLOSED SESSION ITEM WAS ADDED TO THE AGENDA (See page 7).

PUBLIC HEARING

SEWER TAXES IN THE NEWPORT NORTH SERVICE AREA

General Manager Cook reported that on June 25, 2012, the Board adopted Rates and Charges for Fiscal Year 2012-13 which included monthly sewer charges of \$17.20 for a residential single family home and \$12.90 per unit for multiple family dwelling units. The Newport North customers will have the same rate, but the method of collection differs in that they pay their sewer fees on an annual basis by means of the County tax rolls.

Mr. Cook said that by adoption of Resolution No. 1987-45, the Board of Directors elected to have sewer charges for certain parcels of land located in the Newport North area collected on the tax roll together with the District's general taxes. That resolution directs the filing of a report containing a description of such parcels and the corresponding charges for each fiscal year. Pursuant to the requirements of the Health and Safety Code of the State of California, a public hearing on the report is required.

President Matheis said this was the time and place for a hearing on the sewer taxes in the Newport North area, and declared the hearing open. She asked the Secretary how the hearing was noticed.

Secretary Bonkowski reported that the report was filed with her on July 3, 2012 and the notice of the filing of the report and the time and place of this hearing was published in the Orange Coast Daily Pilot on July 7 and July 14, 2012. She said that a notice was also posted in the District office on July 5, 2012.

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 Matheis requested Legal Counsel Arneson to describe the nature of the proceedings.

Legal Counsel Arneson described the nature of the proceedings, saying that the purpose of the hearing was to provide an opportunity for all persons interested or the owner of any parcel within the area to present objections or protests to the report.

President Matheis asked Secretary Bonkowski whether she had received any written communications concerning this matter, and she stated that she had not. President Matheis asked if there was anyone present who wished to address the Board concerning the report and the proposed collection of sewer charges on the tax roll. There was no one present who wished to be heard. She then inquired if there were any comments or questions from members of the Board of Directors. Director Swan described the public hearing process to the Boy Scouts in the audience who were in the process of earning a merit badge. There were no other comments from the Board.

On MOTION by Swan, seconded and unanimously carried, THE HEARING WAS CLOSED, AND RESOLUTION NO. 2012-34 WAS ADOPTED BY TITLE AS FOLLOWS:

RESOLUTION NO. 2012-34

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE
RANCH WATER DISTRICT ADOPTING REPORT OF SEWER
CHARGES TO BE COLLECTED ON THE TAX ROLL

CONSENT CALENDAR

On MOTION by Swan, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 11 WERE APPROVED AS FOLLOWS:

4. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the July 9, 2012 Regular Board Meeting be approved as presented.

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

Recommendation: That the Board ratify/approve the meetings and events for Steven LaMar, Mary Aileen Matheis, Douglas Reinhart, John Withers and Peer Swan.

CONSENT CALENDAR (Continued)

6. JUNE 2012 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for June 2012; approve the June 2012 Summary of Payroll ACH payments in the total amount of \$2,057,520.58, and approve the June 2012 Accounts Payable Disbursement Summary of Warrants Nos. 330491 through 331396, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$23,475,752.08.

7. DISTRICT STRATEGIC MEASURES DASHBOARD

Recommendation: That the Board receive and file the Strategic Measures Dashboard and Information items.

8. WELL 78 WELL DRILLING AND WELL EQUIPPING CONTRACT CHANGE ORDER AND FINAL ACCEPTANCE

Recommendation: That the Board authorize the General Manager to execute Contract Change Order No. 4 with Gateway Pacific Contractors in the credit amount of <\$239,524.98>; accept construction of Well 78, project 30351 (1737); authorize the General Manager to file a Notice of Completion; and authorize the release of retention 35 days after filing of the Notice of Completion.

9. EXTERIOR RESERVOIR LADDER IMPROVEMENTS FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Exterior Reservoir Ladder Improvements Project 11443 (1458); authorize filing of a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

10. AUGMENTATION OF THE EXISTING PET CONTROL PROGRAM FOR PARK PLACE APARTMENT HOMES

Recommendation: That the Board approve the request to waive the City of Irvine's conditional ban on pets for up to 297 units at the Park Place Apartment Homes, accept \$15,500 in funding to augment the San Joaquin Marsh Feral Animal Monitoring and Trapping Program to include Park Place Apartment Homes, authorize the General Manager to approve pet restriction language in the prospective lease agreements, and to inform the Irvine Company that IRWD reserves the right to rescind the waiver of the conditional ban on pets if the number of units with pets at Park Place exceeds 297 units and/or if animal control becomes an issue in the future and program maintenance costs exceed the designated funding.

CONSENT CALENDAR (Continued)

11. WATER RESOURCES AND ENVIRONMENTAL COMPLIANCE FISCAL YEAR 2012-13 EXPENDITURE AUTHORIZATIONS

Recommendation: That the Board approve Expenditure Authorizations for Project 11596 (1338) for \$113,300 for the Water Banking Agreements, Project 11368 (1006) for \$157,500 for Water Banking Expansion, Project 11457 (1472) for \$29,200 for Greenhouse Gas Inventory, and Project 11637 (3667) for \$27,500 for the Jackson Ranch Solar Project.

ACTION CALENDAR

AUTHORIZATION TO EXECUTE PROPOSITION 84 GRANT FUNDING CONTRACT

Water Resources Planner Welch reported that in July 2010, staff submitted a project proposal for its Wells 21 and 22 Desalter Project under the Santa Ana Watershed Project Authority's (SAWPA) One Water, One Watershed (OWOW) for funding under Proposition 84, Chapter 2 through the California Department of Water Resources (DWR). In October 2010, the SAWPA Commission approved a list of recommended projects for its overall DWR application under Proposition 84 and the Wells 21 and 22 Desalter Project was included in the recommended list. On

December 13, 2010, the Board adopted by resolution SAWPA's OWOW Plan as a condition of receiving grant funding. On August 19, 2011, SAWPA notified IRWD that the DWR awarded funding to SAWPA's overall grant application in the amount of \$12,667,000, including funding for the Wells 21 and 22 Project in the amount of \$1,000,000. Ms. Welch said that staff has received a copy of the executed agreement between DWR and SAWPA, the grantee, and a second agreement to be executed between SAWPA and IRWD, as the sub-grantee.

Following discussion relative to the schedule, on MOTION by Swan, seconded and unanimously carried, THE GENERAL MANAGER WAS AUTHORIZED AND DIRECTED TO EXECUTE THE PROPOSITION 84 INTEGRATED REGIONAL WATER MANAGEMENT IMPLEMENTATION GRANT FUNDING CONTRACT BETWEEN THE SANTA ANA WATERSHED PROJECT AUTHORITY AND IRVINE RANCH WATER DISTRICT IN THE FORM PRESENTED TO THIS MEETING WITH NONSUBSTANTIVE CHANGES AS THE GENERAL MANAGER AND LEGAL COUNSEL MAY APPROVE.

ORANGE PARK ACRES WELL NO. 1 CONSTRUCTION AWARD AND CONSULTANT SELECTION

General Manager Cook reported that the original production capability of OPA-3 was 1,900 gallons per minute (gpm), but in recent years after rehabilitation, the well production has been reduced to approximately 900 gpm. Due to deterioration of the casing and declining well capacity from sand production and clogging of the perforations, OPA-3 was taken offline in early 2011. Mr. Cook said that the OPA-1 replacement well is anticipated to produce up to 4,000 gpm, but until local demands increase, it will be equipped with a 2,000 gpm pump.

Executive Director of Engineering Burton reported that the project was advertised to four select drilling contractors including Bakersfield Well & Pump, Boart Longyear, Best Drilling and

Pump, and Layne Christensen Company. The bid opening was held with two bids received. Best Drilling and Pump submitted the apparent low bid of \$1,465,170. The engineer's estimate was \$1,483,250. He said that Boart Longyear and Layne Christensen Company declined to submit bids due to ongoing commitments on other projects that would have precluded them from completing this project on time.

Mr. Burton said that proposals for construction phase services during the construction of OPA-1 were received from Geoscience, Richard C. Slade & Associates, and Wildermuth Environmental. The proposal from Richard C. Slade & Associates was the least cost proposal, but their proposal underestimates staff's expectation for the level of effort needed to provide adequate oversight of the well construction activities. Both Geoscience and Wildermuth Environmental proposed a level of effort that more closely matched staff's expectations and the specific requirements of the well construction specifications. He said that after a review of the proposals, staff recommends that Geoscience be selected for the project. Geoscience has worked on other wells in the IRWD service area, prepared the well design specifications for OPA-1, and has a thorough understanding of the ground water system in the area. Geoscience's scope of work and fee proposal, in the amount of \$138,745, for construction phase services. Geoscience will provide construction inspection services, the final well design, preparation of a well construction summary report, and other construction phase services that ensure the well is constructed in full conformance with the specifications.

On MOTION by LaMar, seconded and unanimously carried, THE BOARD APPROVED AN EXPENDITURE AUTHORIZATION IN THE AMOUNT OF \$1,872,200; AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH BEST DRILLING AND PUMP IN THE AMOUNT OF \$1,465,170; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$138,745 WITH GEOSCIENCE FOR CONSTRUCTION PHASE SERVICES FOR THE CONSTRUCTION OF ORANGE PARK ACRES WELL NO. 1, PROJECT 11405 (1250).

GENERAL MANAGER'S REPORT

General Manager Cook reported on his attendance at a WateReuse Association meeting which included the WateReuse Foundation. He said that they discussed a proposal to solicit funding research for direct and indirect potable reuse, and if ready, it will be agendaized for discussion at the next Strategic Planning Workshop.

Mr. Cook said that staff has prepared a draft response to the 2011-12 Orange County Grand Jury report entitled "Let There be Light" Dragging Special Districts from the Shadows which will be mailed this week, and to let him know if a Board member is interested in receiving a copy.

Mr. Cook reported that Executive Director of Finance Cherney is leaving the District for a position at Eastern Municipal Water District. Mr. Cook, along with the Board, recognized Ms. Cherney for her contributions to the District.

DIRECTORS' COMMENTS

Director LaMar reported on his attendance at OCBC's Infrastructure Committee where it was noted that the Orange County Great Park is working with the District relative to storm water.

General Manager Cook noted that he and staff have a meeting scheduled with them in early August, and will provide an update to the Board on this topic. Mr. LaMar noted he attended the monthly WACO meeting and that he and Director Matheis attended a briefing with Representative Kevin McCarthy last week, and requested that staff schedule a meeting with Mr. McCarthy during the next visit to Washington, DC.

Director Reinhart reported on his attendance with staff on the meeting held with MWDOC's Director Osborne relative to an overview of IRWD.

Director Swan reported that he attended a meeting on water reliability with the OWOW group, a WACO monthly meeting, a WACO Planning Meeting, and an OCWA lunch meeting. He also said he had a lunch meeting with MWD's CFO last Friday.

CLOSED SESSION

Director Matheis reported that the following Closed Sessions will be held this evening:

- (1) CONFERENCE WITH LABOR NEGOTIATORS
Agency Designated Representatives: Paul Cook and Janet Wells
Employee Organization: Irvine Ranch Water District Employees Association,
- (2) PUBLIC EMPLOYEE APPOINTMENT/EMPLOYMENT (Government Code §54957) Title: Executive Director of Finance
- (3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR:
Negotiator: Paul Cook
Negotiating Party: Bolthouse Farms
Subject to Negotiation: Price and Terms
Location: Stockdale West Highway between Enos Lane and Allens Road

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors Swan, LaMar, Withers, Matheis and Reinhart present. No action was reported.

ADJOURNMENT

President Matheis adjourned the meeting.

Approved and signed this 13TH day of August, 2012.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles and Giannone