

MINUTES OF REGULAR MEETING – AUGUST 27, 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 August 27, 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, Acting Executive Director of Finance/Treasurer Rob Jacobson, Executive Director of Operations Pedersen, Executive Director of Engineering Burton, Executive Director of Water Policy Heiertz, Director of Water Resources Weghorst, Secretary Bonkowski, Legal Counsel Arneson, Director of Public Affairs Beeman, Mr. Jim Reed, Mr. Bruce Newell, Ms. Kirsten McLaughlin, 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, 6, 7, C-8, C-9, 10, 12, 15, and 17 will operate in accordance with the District's annual pumping plan. Wells 2, 3, 11, 13, 14, and 16 will be off. This was confirmed by Mr. Cook, General Manager of the District.

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.

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WRITTEN COMMUNICATION: None.

CONSENT CALENDAR

In response to Director Reinhart's inquiry relative to Item No. 6, staff will implement a Strategic Measure indicating the production of water for the Irvine Desalter Project and the Deep Aquifer Treatment System on future reports. On MOTION by Withers, seconded and unanimously carried, **CONSENT CALENDAR ITEMS 3 THROUGH 13 WERE APPROVED AS FOLLOWS:**

3. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the August 13, 2012 Regular Board Meeting be approved as presented.

CONSENT CALENDAR (CONTINUED)

4. 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, and John Withers.

5. JULY 2012 FINANCIAL REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report and the Monthly Interest Rate Swap Summary for July 2012; approve the July 2012 Summary of Payroll ACH payments in the total amount of \$1,348,110.77, and approve the July 2012 Accounts Payable Disbursement Summary of Warrants Nos. 331397 through 331995, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$23,528,361.66.

6. DISTRICT STRATEGIC MEASURES DASHBOARD

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

7. UPCOMING PROJECTS STATUS REPORT

Recommendation: That the Board receive and file the Upcoming Projects Status Report.

8. SAND CANYON OFFICE DEVELOPMENT PROJECT – TENANT IMPROVEMENTS CHANGE ORDER AND FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Sand Canyon Office Development Tenant Improvement Project, authorize the General Manager to file a Notice of Completion; and authorize payment of the retention 35 days after the date of recording the Notice of Completion.

9. OPERATIONS CENTER FACILITIES EXPANSION PROJECT PHASE I MEZZANINE CONVERSION FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Operations Center Facilities Expansion Project Phase I Mezzanine Conversion, 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.

CONSENT CALENDAR (CONTINUED)

10. ADDENDUM NO. 1 TO THE CITY OF LAKE FOREST SPORTS PARK AND RECREATION CENTER FINAL ENVIRONMENTAL IMPACT REPORT

Recommendation: That the Board approve the proposed Addendum No. 1 to the City of Lake Forest Sports Park and Recreation Center Final Environmental Impact Report, including the determination set forth in Addendum No. 1.

11. MICHELSON WATER RECYCLING PLANT BIOSOLIDS HANDLING AND ENERGY RECOVERY FACILITIES AND BAKER WATER TREATMENT PLANT - FINDING OF SUBSTANTIAL COMPLEXITY

Recommendation: That the Board finds that the MWRP Biosolids Handling and Energy Recovery Facilities project 20847 (1617) and the Baker Water Treatment Plant project 11218 (1417) are both substantially complex and require a retention of 10% of the contract price during the construction phase of each project.

12. MICHELSON WATER RECYCLING PLANT BIOSOLIDS HANDLING AND ENERGY RECOVERY FACILITIES VARIANCE

Recommendation: That the Board authorize the General Manager to execute Variance No. 4 in the amount of \$24,000 with Environ for engineering services to complete the air permit application package for the MWRP Biosolids Handling and Energy Recovery Facilities, project 20847 (1617).

13. WELLS 21 AND 22 WELLHEAD FACILITIES SUBCONTRACTOR SUBSTITUTION

Recommendation: That the Board authorize substitution of the electrical subcontractor in accordance with California Public Contract Code 4107.

ACTION CALENDAR

MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION - CONTRACT CHANGE ORDER NO. 77

General Manager Cook reported that the Michelson Water Recycling Plant (MWRP) Phase 2 Expansion and Flood Protection Improvements was awarded to J. R. Filanc Construction Company which will expand the recycled water production capacity of MWRP to 28 million gallons per day and protect MWRP from flooding by the San Diego Creek.

Executive Director of Engineering Burton reported that the existing chlorine contact tank at MWRP has been in service since 1979. To extend the tank's service life, the MWRP Phase 2 Expansion design team in 2009 anticipated the need to recoat the tank with a mortar cladding followed by an epoxy coating system. Mr. Burton said that prior to the tank recoating by Filanc, the tank was drained and staff requested that Harper and Associates (Harper), a coating and

corrosion engineering specialist, evaluate the condition of the tank to verify if further rehabilitation measures, other than recoating the tank, were required. He said that Harper identified extensive deficiencies that required repairs and recommended the following: 1) remove all existing joint sealants and abrasively blast clean surfaces to remove all sealant residue and loose concrete and then fill the joints with a polyurethane elastomeric sealant; 2) abrasively clean numerous random hairline cracks, spalls, and rust tubercles and then apply a coating; 3) inject cracks with polyurethane resin; 4) apply an epoxy mortar surface filler to fill rough surfaces; and 5) abrasively blast clean all steel surfaces and coat with 100% solids epoxy system.

In addition to these recommendations, staff also identified several rehabilitative items in the chlorine contact tank for Filanc to perform:

Mr. Burton said that Contract Change Order (CCO) No. 77 in the amount of \$151,336.95 is for the equipment, material, and labor to perform the aforementioned repairs to the chlorine contact tank and related rehabilitative measures.

Director Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on August 14, 2012. On MOTION by Reinhart, seconded and unanimously carried, **THE BOARD APPROVED CONTRACT CHANGE ORDER NO. 77 IN THE AMOUNT OF \$151,336.95, FOR REHABILITATIVE REPAIRS TO THE CHLORINE CONTACT TANKS WITH J. R. FILANC CONSTRUCTION CO. FOR THE MWRP PHASE 2 EXPANSION, PROJECT 30214 (1706).**

ORANGE PARK ACRES TRANSMISSION PIPELINE PROJECT - CONTRACT CHANGE ORDER NO. 37

General Manager Cook reported that construction of the Orange Park Acres (OPA) Transmission Pipeline Project was awarded to Leatherwood Construction, Inc. in October 2010 for the amount of \$6,786,397. This project replaces the existing riveted steel pipeline installed in 1929 and will also improve fire flow and water system pressure to the OPA area. With all steel transmission main piping and local system pressure reducing valves (PRVs) installed, and after slowly increasing the system pressure via the temporary PRV on Chapman Avenue, the OPA service area is now operating at full Zone 5 system pressure.

Executive Director of Engineering Burton said that Contract Change Order (CCO) No. 37 includes approximately 160,000 square feet of additional asphalt grinding and final cap paving on Chapman Avenue, Rancho Santiago Boulevard, Bond Avenue, Equestrian Lane, Lomita Avenue, and Cannon Street. This change order request for \$251,053 represents the final project pavement accounting on all 24,000 feet of pipeline installation. The additional project paving was required for several reasons including: 1) numerous unknown utilities were found during contractor potholing and required the pipeline alignment to shift between lanes, thus requiring pavement replacement in multiple lanes; 2) the design consultant for the project did not properly calculate quantities for the impact of lateral appurtenance piping installation on the pavement; and 3) additional pavement rehabilitation was performed in areas where City and County of Orange inspectors and resident complaints were received due to equipment accelerating damage to road surfaces not necessarily intended for heavy equipment. He said that this CCO also includes a final accounting of contract bid quantities

versus actual work performed and minor additions for adjustments due to field changes in the credit amount of <\$42,932>. The change order is a total net balancing of contract bid quantities versus actual work performed.

Director Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on August 14, 2012. In response to Director Reinhart's inquiry, staff and legal counsel will prepare a notification to these residents who had PRVs installed at their homes reflecting that the District will not be responsible for maintenance repairs to this unit.

On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED CONTRACT CHANGE ORDER NO. 37 WITH LEATHERWOOD CONSTRUCTION, INC. IN THE AMOUNT OF \$208,121 FOR THE ORANGE PARK ACRES TRANSMISSION PIPELINE, PROJECT 11408 (1279).

ON-CALL CONSTRUCTION MANAGEMENT SERVICES VARIANCE NO. 1

General Manager Cook reported that the Board authorized a Professional Services Agreement with CH2M Hill in the amount of \$300,000 in September 2011 for on-call construction management services for various capital projects. Mr. Cook said that a construction manager has been working full-time, in an integrated resident capacity, with staff since that time. The integration of the consultant has worked out well, with primary support being provided for the three Wells 21 and 22 Project construction contracts (the desalter plant, the pipelines, and the wellhead facilities), the Lake Forest Well No. 2 Equipping Project, and the Bee Canyon Pump Station Relocation Project.

Mr. Cook said that based on the current workload consisting of multiple, active construction projects, additional construction management support for a period of up to six months through February 2013 is being requested. Upon completion of the current high volume of construction projects, staff anticipates that these on-call construction management services will no longer be required as the workload should return to a level that can be supported by District staff.

Mr. Cook said that the scope of work for the construction manager in this variance will continue to be defined as on-call services. Staff has negotiated a renewal of the same favorable fully-burdened rate of \$161 per hour, which includes a vehicle and fuel, cell phone and all out-of-office expenses. Staff recommends authorizing Variance No. 1 to the Professional Services Agreement with CH2M Hill in the amount of \$161,000 for on-call construction management consultant services.

Director Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on August 14, 2012. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT WITH CH2M HILL IN THE AMOUNT OF \$161,000 FOR CONTINUED ON-CALL CONSTRUCTION MANAGEMENT SERVICES FOR THE WELLS 21 AND 22 PROJECT AND OTHER CAPITAL PROJECTS.

GENERAL MANAGER'S REPORT

General Manager Cook reported that as a result of the recent recycled water main breaks in Woodbridge, emergency asphalt paving work was required. Mr. Cook said that after obtaining quotes from three contractors, a contract was issued to Sanders Paving for a total of \$156,045. He said that since this contract exceeded \$100,000 and it required emergency repairs, he executed the contract for the work, and pursuant to the District's procurement policy, a report to the Board of this action is required.

Mr. Cook reported that the 2012 JPA Issue 1 Refunding Bonds were successfully priced last week in New York. He recognized Mr. Jacobson and Ms. Fournier for their efforts in working with the District's underwriters, Bank of America Merrill Lynch, to move forward with the bond refunding. He said that the bonds were priced at a yield of 2.389% resulting in a total present value savings of \$17.3 million of which \$9.7 million will be available to the District's Replacement Fund in September 2012 and \$7.6 million in March 2013.

DIRECTORS' COMMENTS

Director LaMar reported on his attendance at the Urban Water Institute conference last week in San Diego with President Matheis as well as the 20th Anniversary celebration for Sea & Sage Audubon. He said that he will be attending the Southern California Water Committee meeting in Monrovia this week.

Director Swan reported on his attendance at ACWA's Region 9 and 10 Planning meetings, a WACO monthly meeting, and an OWOW meeting. He said that tomorrow he will be participating in an ACWA budget and technical committee meeting.

Director Withers reported that he will be attending an ISDOC meeting on Thursday.

Director Matheis also reported on her attendance at the Urban Water Institute's conference as well as the 20th Anniversary celebration for Sea & Sage. She presented to the Board a plaque received at the celebration honoring the District for its partnership.

CLOSED SESSION

President Matheis reported that the following Closed Session will be held:

CONFERENCE WITH LEGAL COUNSEL - Existing litigation – Government Code Section 54956.9(a) - SEMA Construction vs. the City of Tustin and City of Tustin vs. IRWD.

OPEN SESSION

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

ADJOURNMENT

President Matheis adjourned the meeting.

Approved and signed this 10th day of September, 2012.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles and Giannone