

MINUTES OF REGULAR MEETING – JANUARY 14, 2013

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 Vice President LaMar on January 14, 2013 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: LaMar, Swan and Withers

Directors Absent: Matheis and Reinhart

Also Present: General Manager Cook, Executive Director of Finance Clary, Treasurer Jacobson, Executive Director of Engineering Burton, Executive Director of Water Policy Heiertz, Legal Counsel Arneson, Secretary Bonkowski, Assistant Director of Water Operations Roberts, Assistant Director of Conservation Sanchez, Assistant Director of Water Policy Sanchez, Mr. Christopher Smithson, Ms. Erika Blaska, Mr. Joe Constantino, Ms. Margaret Magee, Ms. Christine Compton, Mr. Jim Reed, Mr. Ed Reed, Mr. Bruce Newell and other members of the public and staff.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION:

1) 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, 15 and 17 will operate in accordance with the District's annual pumping plan. Wells 2, 3, 11, 12, 13, 14, 16 and 18 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.

2) Mr. Ed Reed, an Irvine resident, made suggestions on how to encourage water conservation with the District's billing rate structure. Director Swan suggested that Mr. Reed provide his comments in writing to the General Manager.

ITEMS TO LATE TO BE AGENDIZED – None.

CONSENT CALENDAR

On MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 9 WERE APPROVED AS FOLLOWS:

3. MINUTES OF REGULAR BOARD MEETINGS

Recommendation: That the minutes of the December 10, 2012 Regular Board Meeting and the December 18, 2012 Adjourned Regular Board Meeting be approved as presented.

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, John Withers and Peer Swan.

5. APPOINTMENT OF ASSISTANT TREASURER

Recommendation: That the Board appoint Ms. Cheryl Clary as an Irvine Ranch Water District Assistant Treasurer effective January 14, 2013.

6. UNIVERSITY DRIVE PIPELINES CATHODIC PROTECTION FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the University Drive Pipelines Cathodic Protection, projects 10740 (1833) and 30740 (1262); authorize the filing of a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

7. MODJESKA CANYON ROAD DOMESTIC WATER PIPELINE RELOCATION FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Modjeska Canyon Road Domestic Water Pipeline Relocation, project 11574 (1245); 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.

CONSENT CALENDAR (CONTINUED)

8. ON-CALL ENVIRONMENTAL PERMITTING PROFESSIONAL SERVICES AGREEMENT VARIANCE

Recommendation: That the Board authorize the General Manager to approve Variance No. 1 to the Professional Services Agreement with Harmsworth Associates for on-call environmental permitting and monitoring work in the amount of \$100,000.

9. 2013 SELECTION OF FEDERAL LOBBYIST

Recommendation: That the Board approve a 24-month contract with The Furman Group for \$10,000 per month plus reimbursable direct expenses not to exceed \$276,000 effective January 1, 2013.

ACTION CALENDAR

CUSTOMER SATISFACTION SURVEY CONSULTANT SELECTION

General Manager Cook reported that the most recent IRWD customer satisfaction survey was conducted in 2009 by Probolsky Research. Mr. Cook said that the general focus of this limited survey was to determine whether or not IRWD customers would use on-line services and to determine how customers obtain information. As a result of the survey results, IRWD developed and implemented a wide variety of new tools, programs and customer outreach practices including online customer self-help tools, social media programs, videos, and a new website. He said that staff is proposing that a new, more comprehensive, customer service survey be conducted to determine the satisfaction level of IRWD customers with current services and programs and to provide insight for development of new programs. This survey will serve as a baseline for future services.

Ms. Erika Blaska said that staff issued a Request for Proposal (RFP) in October 2012 for comprehensive customer satisfaction survey. Five firms responded to the RFP and the three firms were selected for interviews based on their responsiveness to the RFP, proposed costs, ability to meet IRWD's needs, presentations, references, and industry experience. She said that of the three firms interviewed, Fairbank, Maslin, Maullin, Metz & Associates (FM3) provided the most in-depth and thorough presentation of their proposal and included very specific recommendations on a preferred survey size, sample and the associated costs. She said that in addition to the standard survey design and results measurement offered by other firms, FM3 suggested a unique survey structure that not only measures participants' level of satisfaction, but also questioned the participants' level of importance for a particular program. FM3 also recommended that the survey of IRWD business customers be done exclusively via the more personal telephone contact method whereas the other firms recommended a blended online/personal contact method. FM3 will utilize their firm resources to conduct the focus group portion of the survey whereas the other firms utilize outside contractors.

Vice President LaMar said that this item was reviewed at length by the Water Resources Policy and Communications Committee on January 9, 2013 and the Committee concurs with the staff

recommendation. Following an inquiry by Director Swan, on MOTION by LaMar, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH FAIRBANK, MASLIN, MAULLIN, METZ & ASSOCIATES FOR AN AMOUNT NOT TO EXCEED \$90,000 TO CONDUCT A CUSTOMER SATISFACTION SURVEY FOR THE DISTRICT.

CONSULTANT SELECTION AND FUNDING AUTHORIZATION

General Manager Cook reported that the Single-Family Residential Stealth Toilet Direct Install Program will use the services of a contractor to install 500 Niagara Stealth (0.8 gallons per flush) toilets in single-family residences. Mr. Cook said that the program is targeted at replacing old, inefficient toilets, showerheads, and faucet aerators with high-efficiency toilets, low flow showerheads, and low flow faucet aerators at homes that were constructed pre-1994 with 3.5 gpf toilets or higher. The 2009 Residential End Use Study showed that approximately 25% of homes in IRWD's service area do not have 1.6 gallon per flush toilets, indicating there is still significant water savings potential from toilet retrofits. IRWD was awarded funding in the amount of \$50 per toilet for up to 500 toilets, for a total of \$25,000 from the Metropolitan Water District of Southern California (MWD) member agency incentive program for this project.

Assistant Director of Conservation Sanchez said that a Request for Proposal was issued in October 2012 to 10 firms to administer and implement the Single-Family Residential Stealth Toilet Direct Install Program. Proposals were received from AmGreen Solutions, Sustainable Solutions, Southwest Environmental, ConServ Inc. and Bottom Line Utility Solutions. Ms. Sanchez said that staff evaluated the proposals and recommends the selection of Southwest Environmental based on its overall project understanding, approach, experience, schedule and fixed unit cost fees. The selected consultant will be working directly with and in the homes of IRWD's residential customers, so excellent customer service and overall program approach are critical to the success of the program. Southwest has significant experience as a firm, and its proposal demonstrated a thorough understanding of the requirements with a proposed team of individuals experienced with implementing similar projects, strong commitment and emphasis on customer service, as well as adherence to prevailing wage requirements for the project. The bid from Sustainable Solutions did not conform to published prevailing wage labor costs, based on the job title, and therefore was ranked lowest for total cost since it did not meet the stated RFP requirements. AmGreen submitted a marked-up sample contract and failed to provide a proposal with details on the program approach as requested in the RFP; therefore, it was deemed non-responsive to the requirements of the RFP. ConServ Inc.'s proposal lacked significant detail of the program approach, did not offer the same priority on customer service as Southwest, and all three references were for implementing irrigation controller installation programs, not plumbing installation programs. Bottom Line Utility Solutions' proposal and approach were not as thorough as Southwest's and was at a higher cost.

Ms. Sanchez said that the project is expected to result in 500 retrofits of single-family fixtures, at a cost not to exceed \$265,000. IRWD will only pay for completed retrofits based on the fixed unit cost schedule. The water savings are estimated at 16,500 gallons per year savings per 3.5 gpf toilet replaced. The total project savings for 500 retrofits equates to 380 AF over the 15-year lifetime of the toilets.

Vice President LaMar reported that this item was reviewed and approved by the Water Resources Policy and Communications Committee on January 9, 2013. Following discussion, on MOTION by LaMar, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH SOUTHWEST ENVIRONMENTAL FOR THE SINGLE-FAMILY RESIDENTIAL STEALTH TOILET DIRECT INSTALL PROGRAM FOR AN AMOUNT NOT TO EXCEED \$265,000, AND AUTHORIZE AN INCREASE OF \$265,000 TO THE FY 2012-13 OPERATING BUDGET FUNDED FROM OVER-ALLOCATION REVENUES.

MODIFICATION OF IMPROVEMENT DISTRICTS IN HERITAGE FIELDS

General Manager Cook reported that a portion of the land owned by Lennar Heritage Fields, LLC (Lennar), the developer for the Great Park neighborhoods/Heritage Fields, is included in both Improvement Districts (IDs) 112/212 and in IDs 105/250. Mr. Cook said that staff has discussed with the developer the de-annexation of this land (hereafter referred to as “Planning Area Great Park Neighborhood 2 or PA-GPN2”) from either IDs 112/212 or from IDs 105/250 and that Lennar has requested in a letter dated December 20, 2012 to de-annex the parcel in IDs 105/250 and to remain in IDs 112/212.

Executive Director of Finance Clary reported that the process for de-annexing land from an improvement district is different when several landowners are involved. In the case of a single owner, a letter that provides signed consent to the detachment is sufficient for the IRWD Board of Directors to take action. The documentation required for the de-annexation must be submitted to the County by December 1, 2012 to ensure that the property will be excluded from the new tax roll. Since this deadline was not met, staff will work with the County to adjust the additional taxes assessed on this parcel. Lennar provided an executed letter that was in the form prepared by the District staff and legal counsel. Lennar’s letter provides the District with signed consent to the above referenced detachments, subject to the following terms and conditions: 1) After the date of detachment, the property shall be relieved of liability for debt service on all currently outstanding and future bonds issued on behalf of IDs 105/250, to the extent permitted by law; and 2) The District shall pay the costs incurred by the District in accomplishing the detachment, including legal, engineering and administrative costs and all processing fees of the County of Orange and/or the State Board of Equalization.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on January 10, 2013. On MOTION by Swan, seconded and unanimously carried, THE BOARD APPROVED THE DE-ANNEXATION FROM IMPROVEMENT DISTRICTS 105/250 AND ADOPTED A RESOLUTION BY THE FOLLOWING TITLE:

RESOLUTION NO. 2013-1

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT ORDERING
THE DETACHMENT OF SPECIFIED TERRITORY
FROM IMPROVEMENT DISTRICT NOS. 105 AND 250

GENERAL MANAGER'S REPORT

General Manager Cook reported that the District received a telephone call from the Los Angeles Times regarding our experience with consolidations with other water districts as there are potential consolidations being proposed within the county of Los Angeles. Mr. Cook said that staff is preparing a written response noting the District's successes with consolidations.

Mr. Cook reported on his participation in a meeting with the United States Army Corps of Engineers relative to the Syphon Reservoir.

Mr. Cook introduced two new employees, Ms. Margaret McGee from Public Affairs department, and Ms. Christine Compton from the Water Policy Department.

DIRECTORS' COMMENTS

Director Withers welcomed the new staff to the District and also reported on his attendance at a retirement dinner for Mr. Ronald Young, General Manager of Lake Elsinore Valley Water District.

Director Swan also reported on his attendance at the retirement dinner to honor Mr. Ronald Young, an ACWA Watershed Environmental Task Force meeting, an OWOW meeting relative to water supply reliability, and a SAWPA watershed meeting. He further said that Mr. Richard Kust, a Board member of the San Joaquin Wildlife Sanctuary, had passed away in December.

Director LaMar reported that the Nature Reserve of Orange County has hired a new Executive Director, Mr. Jim Sulentic. He further reported that he and Mr. Paul Weghorst attended MWDOC's Planning and Operations Committee meeting where they discussed the Second Lower Cross Feeder study. He said at that meeting they also discussed the Antelope Valley Water Banking project and asked staff to consider hosting a tour of the Strand Ranch property with the MWDOC Directors to learn about our success with this water banking project.

Mr. Bruce Newell, a former SCWD Director, acknowledged that the Modjeska Canyon road domestic water pipeline relocation project received final acceptance this evening, and thanked staff for their efforts on this project.

CLOSED SESSION

Director LaMar said that the following Closed Session will be held:

CLOSED SESSION WITH LEGAL COUNSEL RELATIVE TO: 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, and Withers present. No action was reported from the Closed Session.

On MOTION by LaMar, seconded and unanimously carried, THE BOARD APPROVED THE ADDITION OF ONE FULL-TIME REGULAR POSITION, THREE POSITION UPGRADES, FOUR TITLE CHANGES, AUTHORIZED AN INCREASE OF \$64,700 FOR SALARY AND BENEFITS TO THE CURRENT FISCAL YEAR 2012-13 OPERATING BUDGET, AND ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2013-2

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE IRVINE RANCH WATER DISTRICT RESCINDING
RESOLUTION NO. 2012-48 AND ESTABLISHING
A REVISED SCHEDULE OF POSITIONS AND SALARY
RATE RANGES

ADJOURNMENT

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

APPROVED and SIGNED this 28th day of January, 2013.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone