

MINUTES OF REGULAR MEETING – APRIL 8, 2013

PRESENTATION

CAL STATE FULLERTON PUBLIC SECTOR LEADERSHIP

Using a PowerPoint presentation, Ms. Kim Tang, Program Developer with the University Extended Education, California State University, Fullerton, highlighted its Leadership program. Following the presentation, the District's most recent employees to complete the program were honored including Julie Bendzick-Sin, Jeff Bertsch, Steve Habiger, and Jenny Pan (who was absent). Each District employee provided comments on how the program was beneficial to them. Ms. Sally Starr, Director, Corporate Relations and Workplace Solutions, thanked Director of Human Resources Wells for her commitment to the program.

CALL TO ORDER

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:45 p.m. by President Reinhart (attending via teleconferencing) on April 8, 2013 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Matheis, Reinhart and Withers

Directors Absent: Swan and LaMar

Following role call by Secretary Bonkowski, President Reinhart, who participated by teleconference, asked Director Matheis to Chair the meeting for him.

Also Present: General Manager Cook, Executive Director of Finance Clary, Director of Risk Management and Treasury Jacobson, Executive Director of Engineering Burton, Executive Director of Operations Sheilds, Director of Administration Mossbarger, Director of Public Affairs Beeman, Executive Director of Water Policy Heiertz, Director of Water Resources Weghorst, Director of Human Resources Wells, Assistant Director of Operations Roberts, Legal Counsel Arneson, Special Legal Counsel Casey of Alston & Bird, LLP, Secretary Bonkowski, Mr. Lars Oldewage, Ms. Julie Bendzick-Sin, Mr. Jeff Bertsch, Mr. Steve Habiger Jr., Mr. Sean Fitzgerald, Ms. Tina Bertsch, Mr. Christopher Smithson, Ms. Christine Compton, Ms. Sally Star, Ms. Kim Tang, Mr. Jim Reed, and other members of the public and staff.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION:

- 1) Mr. Rick Gallade from Gallade Chemicals, Inc., Mr. Norman Dupont representing SOCO West, Inc. and Brenntag Partners, Inc., Mr. Bryan Starr from Orange County Business Council and Mr. Robert Ennis from Orange County Water District all requested to speak relative to Item No. 7 on the Consent Calendar (see page No. 3 relative to their comments to the Board).

ORAL COMMUNICATION (Continued):

2) 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, 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, 4, 11, 12, 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.

ITEMS TOO LATE TO BE AGENDIZED: None.

CONSENT CALENDAR

General Manager Cook asked that Item No. 7 be moved to the Action Calendar for discussion. There being no objection, Item No. 7, 2013 STATE LEGISLATIVE UPDATE, was moved to the Action Calendar. On MOTION by Withers, seconded, and unanimously carried, CONSENT CALENDAR ITEM NOS. 5, 6, 8, AND 9 WERE APPROVED AS FOLLOWS BY THE FOLLOWING ROLL CALL VOTE:

AYES:	DIRECTORS	Withers, Matheis, and Reinhart
NOES:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None
ABSENT:	DIRECTORS	Swan and LaMar

CONSENT CALENDAR (Continued)

5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the March 25, 2013 Regular Board Meeting be approved as presented.

6. 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.

8. MAIN STREET MANHOLE BID REJECTION

Recommendation: That the Board reject the bids received for the Main Street Manhole, project 21134 (4256).

9. WELLS 21 AND 22 DESALTER PROJECT PIPELINES FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Wells 21 and 22 Desalter Project Pipelines, project 10286 (1081); 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.

ACTION CALENDAR

2013 STATE LEGISLATIVE UPDATE

General Manager Cook reported that the District continues to work with the author's office to develop a solution favorable to the District on AB 1200 (Levine) and would like the Board to support the continuation of this effort. Mr. Cook asked Mrs. Christine Compton to summarize the status of AB 1200 and SB 658, and added that staff was recommending that Board action on SB 658 be tabled. He said the District supports OCWD's groundwater cleanup efforts, however, new language for SB 658 was just received. Ms. Christine Compton summarized AB 1200, explaining that Sonoma County wants to pursue pilot project legislation regarding recycled water storage ponds. Staff recommends that IRWD support Sonoma's proposal and look at doing a similar proposal next year to address IRWD's recycled water impoundments. Mrs. Compton then provided a summary of SB 658 (Correa) noting that a preliminary court ruling stated that the Orange County Water District's (OCWD) District Act does not explicitly allow for the recovery of development and investigative costs against the parties responsible for causing groundwater contamination. She said that as a result, OCWD is working to amend its District Act to clarify that it has the right to recover all costs from polluters to clean up the contamination they caused in the Orange County groundwater basin including development and investigative costs that are incurred before the designing and constructing of a groundwater clean-up project.

Mr. Bryan Starr of the Orange County Business said he supported Mr. Cook’s suggestion to table SB 658 at this time until future data is brought forward on the bill. Mr. Norman Dupont representing SOCO West, Inc. and Brontag Partners, Inc., also asked that this item be tabled as he has not yet seen the amended language. He also said he has concerns with the language in the first draft which could cause potential harm and lead to problems with his clients. Mr. Rick Gallade of Gallade Chemical, Inc. asked the Board to not support OCWD’s attempt to go against small businesses such as his. He said that since 1990, his firm has been actively conducting remedial efforts after having discovered contamination in the groundwater. He said that his firm is actively working with both the California Department of Toxic Substance Control as well as the Santa Ana Regional Water Control Board and relayed his concerns with another agency’s involvement. Mr. Robert Ennis of the OCWD asked the Board to accept staff’s initial recommendation to support the concept of Bill SB 658 which he said is a technical bill that would clarify the intent of the existing statute to provide OCWD the authority to recover development and investigate costs and also to seek declaratory relief to avoid multiple lawsuits.

Following discussion, on MOTION by Withers, seconded by Matheis, **THE BOARD TABLED STAFF’S RECOMMENDATION FOR IRWD TO SUPPORT OCWD’S EFFORTS TO AMEND ITS DISTRICT ACT THROUGH SB 658 (CORREA) BY THE FOLLOWING ROLL CALL NOTE:**

AYES:	DIRECTORS	Withers, Matheis, and Reinhart
NOES:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None
ABSENT:	DIRECTORS	Swan and LaMar

On MOTION by Withers, seconded by Matheis, **THE BOARD APPROVED IRWD TO CONTINUE TO WORK WITH ASSEMBLYMEMBER MARC LEVINE’S OFFICE ON AB 1200 TO DEVELOP A SOLUTION FAVORABLE TO THE DISTRICT; TOOK AN “OPPOSE” POSITION ON AB 543 (CAMPOS) AND DIRECTED STAFF TO WORK THROUGH THE DISTRICT’S ASSOCIATION AND INDUSTRY PARTNERS TO OPPOSE THE BILL; AND TOOK AN “OPPOSE” POSITION ON AB 823 (EGGMAN) AND APPROVED WORKING THROUGH THE DISTRICT’S ASSOCIATION AND INDUSTRY PARTNERS TO OPPOSE THE BILL, ALL BY THE FOLLOWING ROLL CALL VOTE.**

AYES:	DIRECTORS	Withers, Matheis, and Reinhart
NOES:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None
ABSENT:	DIRECTORS	Swan and LaMar

DISCOVERY SCIENCE CENTER AGREEMENT

Using a PowerPoint presentation, Mrs. Shannon Reed provided an overview of the District’s partnership with Discovery Science Center (DSC) to create and implement an educational outreach program for schools throughout the District’s service area. Through the elementary school assembly program, the middle school water quality and field trip program, and the additional education outreach efforts, 60,736 students were instructed on the importance of water to Southern California, conservation and the environment over the course of the District’s six-year partnership with DSC. DSC is proposing a new three-year agreement to continue delivering

water education programs for the District which includes: assembly-style programs that will focus on K-5th grade students; a two-part workshop-style program for middle school students to include a field trip program at the San Joaquin Marsh and/or the Michelson Water Recycling facility; and development of public education programs at the San Joaquin Marsh. DSC will deliver all aspects of the education programs, including: managing the creation, production, procurement, and storage of take-home, grade-specific booklets, workshop supplies, student kits, and other materials required for program delivery; promoting the water education programs to the schools within the IRWD-service area, including booking program times and scheduling of instructors; and compiling and reporting results from each of the programs, including survey responses, kit distribution and other program outcomes.

Director Matheis said that this item was reviewed and approved by the Water Resources Policy and Communications Committee on April 4, 2013. Director Reinhart asked for feedback if additional schools would like to attend classes and are not allowed due to IRWD funding limitations. Following discussion, on **MOTION** by Matheis, seconded and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A RENEWAL AGREEMENT WITH THE DISCOVERY SCIENCE CENTER FOR A THREE-YEAR TERM EFFECTIVE JULY 1, 2013 AT A TOTAL COST OF \$149,685 FOR WATER EDUCATION PROGRAMS TO SCHOOLS WITHIN THE IRWD SERVICE AREA BY THE FOLLOWING ROLL CALL VOTE.**

AYES:	DIRECTORS	Withers, Matheis, and Reinhart
NOES:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None
ABSENT:	DIRECTORS	Swan and LaMar

WORKSHOP

FISCAL YEAR 20123-14 OPERATING BUDGET AND PROPOSED RATES AND CHARGES

Using a PowerPoint presentation, Executive Director of Finance Clary provided an overview of the Operating Budget proposed at \$117.1 million. She said that the four key drivers comprise 86% of the budget as follows: payroll and benefits at \$44.7 M; purchased water at \$26.4, repairs and maintenance at \$17.8 M, and electricity at \$11.7 M. She reviewed the significant assumptions, changes from prior years, labor costs, costs of water and sources and uses. Mr. Smithson reported on the proposed rates adjustments for each tier rate. Director Reinhart suggested that for next year, that staff determine if it would be viable to compress the tiered rates. Mr. Smithson then provided a comparison of IRWD's proposed rates compared with other neighboring agencies. He said that the second Board workshop is scheduled for April 22, 2013, in early May residents will be receiving by mail notifications relative to Proposition 218 requirements, and that a public hearing is scheduled for June 24, 2013 to review the Proposition 218 responses and adoption of the rates and charges for fiscal year 2013-14.

OTHER BUSINESS

GENERAL MANAGER'S REPORT

General Manager Cook reported that he attended MWDOC's elected officials' forum relative to MWDOC's budget. He said that he will be working with MWDOC as part of a subgroup on this issue.

Mr. Cook provided an update on the WaterReuse initiative noting that donations to date have reached \$3.5 million including seven private companies who donated \$250,000 each. He said the next step is to determine what research projects will be selected. He said he will keep the Board updated on this initiative.

Mr. Cook said that he received an email from Mr. Dave Smith of WaterReuse commending staff members Mark Tetterer and Christine Compton on their efforts on AB 803.

Mr. Cook noted that Executive Director of Operations, Mr. Patrick Shields, was in the audience tonight as the District's newest employee.

DIRECTORS' COMMENTS

Director Reinhart said that he and staff provided City of Irvine's Mayor Steven Choi a District tour. He also said that he attended MWDOC's Board workshop, a SOCWA Board meeting, and a WACO meeting.

Director Withers said that tomorrow he will be attending an OCBC meeting, and that on Wednesday he will be attending a LAFCO Commission meeting along with an OCSD Committee meeting.

Director Matheis said that she is looking forward to attending a Central Valley tour on April 17 and 18. She also said that Treasurer Shari Freidenrich, County of Orange, is interested in meeting with IRWD.

CLOSED SESSION

Acting Chair Matheis said that a Closed Session would be held this evening with SPECIAL LEGAL COUNSEL CASEY RELATIVE TO ANTICIPATED LITIGATION – Government Code Section 54956.9(d)(2) – significant exposure to litigation (one potential case). Legal Counsel Arneson said that she would be recusing herself from this Closed Session due to a conflict and the Closed Session would be with Special Counsel.

OPEN SESSION

The meeting was reconvened with Matheis, Withers and Reinhart present. No action was reported from the closed session.

ADJOURNMENT

There being no further business, Acting Chair Matheis adjourned the meeting.

APPROVED and SIGNED this 22nd day of April, 2013.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone