

MINUTES OF REGULAR MEETING – OCTOBER 27, 2014

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 October 27, 2014 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Engineering and Water Quality Burton, Executive Director of Finance Clary, Executive Director of Operations Sheilds, Executive Director of Water Policy Weghorst, Director of Treasury and Risk Management Jacobson, Director of Administration Mossbarger, Director of Public Affairs Beeman, Director of Human Resources Roney, Assistant Director of Water Operations Roberts, Legal Counsel Arneson, Secretary Bonkowski, Ms. Christine Compton, Mr. Greg Springman, Mr. Steve Malloy, Mr. Joe Constantino, Mr. Erik Akiyoshi, Mr. Ken Pfister, Ms. Kelly Radvansky, 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 1, 2, 7, C-8, C-9, 10, 11, 14, 15, and 17 will operate in accordance with the District's annual pumping plan and that wells 3, 4, 5, 6, 12, 13, 16 and 18 will be off. This was confirmed by Mr. Cook, General Manager of the District.

ITEMS TOO LATE TO BE AGENDIZED: None.

WORKSHOP

GROUNDWATER WORK PLAN UPDATE

Using a PowerPoint presentation, Principle Engineer Hoolihan explained the methodology and specific assumptions used for analyzing groundwater requirements, and the effects of the various options of the Basin Production Percentage (BPP). Mr. Hoolihan said in the September 2012 update various scenarios were presented using assumptions with and without IRWD's proposed annexation and including or excluding recycled water in the BPP calculation. He said since that time a number of changes have occurred that will have an impact on the groundwater work plan which include both the OCWD annexation with approximately 5,300 acres of developed land included into OCWD as well as the completion of the Wells 21 and 22 project which allows IRWD to produce groundwater and has an exemption from the BPP until 2032.

Mr. Hoolihan reviewed IRWD's water reliability requirements noting that the 2008 IRWD Reliability Study recommended developing sufficient local water production capacity for a

reliable water supply mix in the most critical supply outage scenario, which would be a Diemer outage for six months or more. He said that enough local water supplies would need to be developed to meet a full maximum day water demand scenario minus 20% in emergency conservation. He also said that an updated reliability study is being completed and any changes to the current reliability requirements will be incorporated into future GWPPs.

Mr. Hoolihan said the GWPP was a document that staff prepares and updates internally, including information obtained from OCWD. Following discussion, President LaMar said that staff will broaden the groundwater work plan range of scenarios based on comments received tonight from the Board as well as submit it for Committee review

CONSENT CALENDAR

Director Swan asked that Item No. 10, Fats, Oils, and Grease Program Services Contract Award with Environmental Engineering and Contracting, Inc. be moved to the Action Calendar for discussion. There being no objection, this item was moved accordingly. There being no further comments, on MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 9 WERE APPROVED AS FOLLOWS:

4. RESOLUTION OF COMMENDATION FOR LESTER BUSALD

Recommendation: That the Board adopt the following resolution by title commending Lester Busald for his dedicated service to the District.

RESOLUTION NO. 2014 – 47

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT COMMENDING
LESTER BUSALD FOR HIS DEDICATED AND
LOYAL SERVICE TO THE DISTRICT

5. MINUTES OF REGULAR BOARD MEETING

Recommendation: That the minutes of the October 13, 2014 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, Peer Swan and John Withers as described.

CONSENT CALENDAR

7. SEPTEMBER 2014 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary report, the Monthly Interest Rate Swap Summary for September 2014, and Disclosure Report of Reimbursements to Board members and staff; approve the September 2014 Summary of Payroll Ach Payments in the total amount of \$1,479,395 and approve the September 2014 Accounts Payable Disbursement Summary of Warrants 351648 through 352356, Workers' Compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$18,794,711.

8. MANNING AND PORTOLA ZONE 9 BOOSTER PUMP STATION GENERATOR FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Manning and Portola Zone 9 Booster Pump Station Generator, projects 11667 (4146) and 11675 (4277); 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.

9. PLANNING AREA 51 HERITAGE FIELDS DISTRICT 1 CAPITAL FACILITIES

Recommendation: That the Board authorize a budget increase for project 11673 (4268) in the amount of \$62,200, from \$424,000 to \$486,200, and for project 30394 (4278) in the amount of \$66,000, from \$398,200 to \$464,200 for the construction of streets, storm drains, domestic water, sewer and recycled water improvements under an existing Supplemental Reimbursement Agreement with Heritage Fields El Toro, LLC for Planning Area 51 (Great Park) in Heritage Fields District 1.

ACTION CALENDAR

FATS, OILS, AND GREASE PROGRAM SERVICES CONTRACTOR AWARD WITH ENVIRONMENTAL ENGINEERING AND CONTRACTING

General Manager Cook reported that the District has utilized contract services from Environmental Engineering and Contracting, Inc. (EEC) to administer the Fats, Oils, and Grease (FOG) program. He said that as the contract with EEC is set to expire on October 31, 2014, staff solicited proposals from six firms to provide this service. Mr. Cook said that staff received proposals from Charles Abbott Associates, Inc., CWE, and EEC. EEC has provided FOG program management services to over 30 cities and sewer districts and is nationally recognized as a FOG control expert. He said that when staff analyzed the proposals from the other two firms, it was determined that they did not meet the minimum experience requirements and have not managed similar size FOG programs as outlined in the RFP.

Director Swan encouraged staff to investigate a full service in-house business plan and also asked staff to investigate financing options for those establishments that do not have a program in place. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE

GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH ENVIRONMENTAL ENGINEERING AND CONTRACTING, INCORPORATED OF \$176,760 FOR THE PERIOD NOVEMBER 1, 2014 TO OCTOBER 31, 2015

MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES CONSULTANT VARIANCES

General Manager Cook said that staff has identified a need for additional air permitting engineering services to support the Biosolids project. Additionally, the approval of variances is required because of a change of consultant personnel on the IRWD construction management team.

Director Reinhart reported that this item was reviewed and approved by the Engineering and Operations Committee on October 21, 2014. On MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 7 IN THE AMOUNT OF \$21,000 WITH ENVIRON INTERNATIONAL CORP. FOR ADDITIONAL AIR PERMIT APPLICATION PREPARATION; AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 1 IN THE CREDIT AMOUNT OF <\$890,000> WITH HDR ENGINEERING, INC. TO REDUCE CONSTRUCTION MANAGEMENT STAFF; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 3 IN THE AMOUNT OF \$899,000 WITH BLACK & VEATCH FOR REPLACEMENT CONSTRUCTION MANAGEMENT STAFF FOR THE MICHELSON WATER RECYCLING PLANT BIOSOLIDS AND ENERGY RECOVERY FACILITIES, PROJECT 21146 (4286).

MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION CONTRACT CHANGE ORDER

General Manager Cook reported that unforeseen conflicts were discovered during construction that required modifications to the original design of the site work at the Michelson Water Recycling Plant (MWRP). Contract Change Order 115 includes 1) raising grades in the areas of the plant due to drainage issues which occurred due to unforeseen natural occurrences; 2) changes to allow better accessibility to work areas for MWRP Operations including forklift access and vehicular access to certain areas, such as the membrane bioreactors and the high rate clarifier; 3) installing decomposed granite for worker and equipment access; 4) demolition of sidewalks, abandoned piping, and other site features; and 5) decomposed granite paths.

Following discussion, on MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED CONTRACT CHANGE ORDER NO. 115 IN THE AMOUNT OF \$655,000, WITH J. R. FILANC CONSTRUCTION COMPANY FOR MODIFICATIONS TO THE CURB, PAVING, AND HARDSCAPE FOR THE MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION, PROJECT 30214 (1706).

GENERAL MANAGER'S REPORT

General Manager Cook reported on the resolutions being prepared for OCWD's Director Barr and MWDOC's Director Clark who will be retiring with their respective events on November 19th.

Mr. Cook said that tomorrow he and President LaMar will be attending the City of Irvine's presentation by Orange County Water District (OCWD). He also noted that Governor Brown will be at OCWD tomorrow at 2:30 p.m. speaking at its Joint OCWD/OCSD/MWD event relative to Propositions 1 and 2 on the November ballot.

He said that he will be attending a State Water Board workshop tomorrow on recycled water research and speaking on managing water demands relative to rate structures, and on November 6th, at a joint UCI/IRWD meeting.

He further announced the promotion of Mr. Ken Pfister as the new Water Operations Manager.

DIRECTORS' COMMENTS

Director Matheis reported on her attendance at the Santa Ana Regional Watershed conference and Southern California Water Committee's annual meeting. She further noted the thank you letter she received from the Irvine Historical Society for IRWD's assistance in providing repairs to their facility.

Director Withers reported on tomorrow's event with Governor Brown at OCWD which he may attend. In response to his inquiry about the installation of artificial turf in his homeowners association, Mrs. Sanchez advised him that Conservation will be holding a workshop on the pros and cons in a few months.

Director Reinhart reported that he attended a MWDOC Board meeting, a South County meeting, an EOCWD/IRWD meeting, a LAFCO MSR meeting, and an ACC-OC reception.

Director Swan reported on his attendance at an ACC-OC elected leadership event and suggested conservation displays be included at the next year's event; an ACWA Region 5 conference in Livermore; an ACWA Regions 8, 9, and 10 event relative to what works in conservation and asked staff to obtain a copy of this PowerPoint presentation; a WACO meeting; a Southern California Dialogue meeting on groundwater water; and a Sea and Sage breakfast. He thanked Mr. Richard Brown and his staff for all of their efforts in assisting them with setting up this event.

Director LaMar reported on his attendance at an ACC-OC event; a South Orange County agency meeting; an NROC meeting; a Southern California Water Committee meeting; a Solar Decathlon Kick-off event and said he will speak with staff to determine how IRWD will be able to assist in this effort; and Sea and Sage Audubon's breakfast.

CLOSED SESSION

President LaMar said that the following Closed Sessions would be held:

CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL RELATIVE TO ANTICIPATED LITIGATION - Government Code Section 54956.9(d)(4) – initiation of litigation (one potential case)

CLOSED SESSION CONFERENCE WITH REAL PROPERTY NEGOTIATOR RELATIVE TO (Government Code Section 54956.8)
Property: OCSD Service Area 7 Sewer Infrastructure
Agency Negotiator: Paul Cook, General Manager
Purpose of Negotiations: Proposed Acquisition of Property - Price and terms

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors La Mar, Matheis, Reinhart, Swan, Withers present. No action was reported on the first and second closed session items.

ADJOURNMENT

There being no further business, President LaMar adjourned the meeting at 8:45 p.m..

APPROVED and SIGNED this 10th day of November, 2014.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:
Bowie, Arneson, Wiles & Giannone

Legal Counsel

