

MINUTES OF REGULAR MEETING – SEPTEMBER 28, 2015

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order at 5:07 p.m. by President LaMar on September 28, 2015 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None

Also Present: General Manager Cook, Executive Director of Engineering and Planning Burton, Executive Director of Water Policy Weghorst, Director of Human Resources Roney, Executive Director of Operations Sheilds, Director Public Affairs Beeman, Director of Water Resources Sanchez, Director of Treasury and Risk Management Jacobson, Legal Counsel Arneson, Assistant Secretary Savedra, Ms. Christine Compton, Ms. Gretchen Ronin, Mr. Eric Akiyoshi, Mr. Bruce Newell, Mr. Jim Reed, Mr. Bryan Kallenbaugh of Michael Baker International, and other members of the public and staff.

WRITTEN AND ORAL COMMUNICATIONS: None.

ITEMS TOO LATE TO BE AGENDIZED: General Manager Cook reported that staff would like to request a resolution for an impending retire employee be added to the agenda for consideration and approval by the Board.

On MOTION by Swan, seconded and unanimously carried THE BOARD AGREED TO ADD THE RESOLUTION TO THE AGENDA FOR CONSIDERATION AND APPROVAL.

RESOLUTION COMMENDING WAYNE WRIGHT FOR HIS DEDICATED AND LOYAL SERVICE TO THE DISTRICT

On MOTION by Swan, seconded and unanimously carried, THE BOARD ADOPTED THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2015-26

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

CONSENT CALENDAR

On MOTION by Matheis, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 5 WERE APPROVED AS FOLLOWS:

CONSENT CALENDAR - Continued

3. MINUTES OF BOARD MEETING

Recommendation: That the minutes of the September 14, 2015 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, Peer Swan, and John Withers as described.

5. AUGUST 2015 TREASURY REPORTS

Recommendation: that the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate Swap Summary for August 2015, and Disclosure Report of Reimbursements to board members and staff; approve the August 2015 Summary of Payroll Ach payments in the total amount of \$1,537,698 and approve the August 2015 Accounts Payable Disbursement Summary of Warrants 360503 through 361184, workers' compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$17,836,145.

ACTION CALENDAR

PROPOSED CHANGES TO SALARY GRADE SCHEDULE, SALARIES, AND PERSONNEL POLICIES AND PROCEDURES FOR SUPERVISORS, MANAGERS, AND CONFIDENTIAL EMPLOYEES

General Manager Cook reported that this item represents the proposed changes for supervisors, managers, and confidential employees of IRWD to their compensation and benefits. The changes consist of a cost of living increase of 1.51% retroactive to July 1, 2015. There is a revision to Policy No. 18, which stipulates how vacation time is accrued by these same employees in these particular groups. A revision to Policy No. 39 restores the 1% direct contribution by the District to the managerial, supervisory and confidential employees. Other miscellaneous changes include participating in the District's new Shared Wellness Incentive program and an incentive provided for all employees that hold commercial driver's license. These changes were discussed and approved by the Board in closed session.

There being no discussion On MOTON by Reinhart, seconded and carried by a vote 4-1 (Matheis, Reinhart, LaMar and Withers voting aye, and Swan voting no), THE BOARD APPROVED AN INCREASE TO THE SALARY GRADE SCHEDULE FOR SUPERVISORY, MANAGEMENT AND CONFIDENTIAL POSITIONS; APPROVED A COST OF LIVING ADJUSTMENT OF 1.51% FOR ELIGIBLE EMPLOYEES IN THESE POSITIONS; APPROVED THE REVISIONS TO POLICY NOS. 18 AND 39; AND ADOPTED THE FOLLOWING TWO RESOLUTIONS BY TITLE:

RESOLUTION NO. 2015-27

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH  
WATER DISTRICT, RESCINDING RESOLUTION NO. 2015-24  
AND ESTABLISHING REVISED SALARY GRADE SCHEDULE FOR  
SUPERVISORS, MANAGERS, AND CONFIDENTIAL EMPLOYEES

RESOLUTION NO. 2015-28

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH  
WATER DISTRICT, RESCINDING RESOLUTION NO. 2014-12  
AND ESTABLISHING REVISED PERSONNEL POLICIES  
(FOR POLICY NOS. 18 AND 39)

ROSEDALE DROUGHT RELIEF PROJECT PIPELINE LETTER AGREEMENT AND  
BUDGET INCREASE

General Manager Cook reported that this item will authorized execution of a letter agreement with the Rosedale Rio-Bravo Water Storage District who will take the lead in contracting for the construction of the Superior East and West Pipeline; and it also authorizes an increase in IRWD's capital budget for this year for our share of the pipeline.

Director Swan reported that this item was reviewed at the Water Banking Committee and recommends approval. There being no discussion On MOTON by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE LETTER AGREEMENT FOR CONSTRUCTING THE SUPERIOR EAST AND WEST PIPELINES SUBJECT TO NON-SUBSTANTIVE CHANGES; AND APPROVED AN INCREASE TO THE FY 2015-16 CAPITAL BUDGET FOR PROJECT 11812 (6023) IN THE AMOUNT OF \$507,600 TO FUND IRWD'S SHARE OF THE CONSTRUCTION OF THE SUPERIOR EAST AND WEST PIPELINES AS WELL AS CONSULTING SERVICES TO BE PROVIDED BY DEE JASPAR AND ASSOCIATES FOR DESIGN REVIEW AND CONSTRUCTION OVERSIGHT ASSISTANCE.

BAKER WATER TREATMENT PLANT VARIANCE, CONTRACT CHANGE ORDERS, AND  
RETENTION REDUCTION

General Manager Cook reported this item is regarding a change order and consultant variance for the Baker Water Treatment Plant as well as a change order and reduction in retention for the Baker Raw Water Conveyance Facilities project.

Using a PowerPoint presentation, Principal Engineer Mori provided an overview update of the key project indicators related to the Baker Water Treatment Plant and the Baker Raw Water Conveyance Facilities construction through August 31, 2015. He said PCL Construction (PCL) is constructing the Baker Water Treatment Plant (WTP), and Pacific Hydrotech Corporation (PHC) is constructing the Baker Raw Water Conveyance Facilities (RWCF). The Baker WTP construction is about 60 % complete, and the Baker RWCF construction is about 97% complete.

	<u>Baker WTP</u>	<u>Baker RWCF</u>
Contractor:	PCL Construction	Pacific Hydrotech
Contract Amount:	\$ 77,520,613.00	\$ 4,995,744.00
Changes Orders to Date:	\$138,537.00(0.18%)	\$67,788.73 (1.36%)
Revised Contract Amount:	\$ 77,659,150.00 (65% Paid)	\$ 5,063,532.73 (97% Paid)
Notice of Award Issued:	January 6, 2014	January 6, 2014
Contract Time:	820 Days	455 Days
Contract Completion Date:	April 5, 2016	April 6, 2015*
Contract Time Elapsed:	73.5% (217 days remaining)	100%*
Estimated Completion Date:	July 8, 2016 (66 days behind)	May 31, 2016

(\*) Time extension for RWCF included in the current contract change order

Mr. Mori said the Baker WTP is a regional project that will produce up to 28 million gallons per day, or 43.5 cubic feet per second, of drinking water. The source water for this facility will be untreated imported water from Metropolitan Water District of Southern California (MWD) and local water from Irvine Lake. Project participants include El Toro Water District, Moulton Niguel Water District, Santa Margarita Water District, Trabuco Canyon Water District, and IRWD. The Baker WTP will utilize microfiltration and ultraviolet disinfection as the primary treatment processes. The project also includes the construction of the Baker RWCF that will pump water from Irvine Lake to the Baker WTP. These facilities will provide an operational source of supply and, in the event of short-term water shortage emergencies, will enhance water reliability for the project participants. Construction of both projects began in January 2014.

Mr. Mori said that Carollo and its sub-consultants have been providing construction phase support services for both the Baker WTP and the Baker RWCF construction contracts since the start of construction. Carollo submitted Variance No. 1 for additional work activities outside the scope of the initial contract. The variance request includes additional work activities associated with membrane filtration system modifications and reviews, UV disinfection system modifications and reviews, equipment substitution requests, proposed equipment deviations by the listed manufacturers, submittal review, and permitting assistance support. He said that staff reviewed the variance request and recommends approval of Variance No. 1, in the amount of \$355,900.

Mr. Mori said the second item is a Contract Change Order No. 8 to the Baker WTP. He said that staff and PCL completed negotiations for a PCL-proposed value engineering (VE) concept that would allow for a portion of the 36-inch product water pipeline to be constructed via an open-cut trench method in lieu of the jack and bore method included in the original design. During the development of the VE proposal, PCL conducted extensive potholing to identify and confirm a viable open-cut alignment through the heavily congested pipe crossing area at the southern portion of the site. In addition to providing cost savings to the project, the open-cut approach will minimize the duration of construction along the Serrano Creek Trail and will reduce the bury depth of the product water pipeline. The total savings associated with this VE option is \$268,654. Since VE cost savings are shared equally between the contractor and IRWD, IRWD's portion of the savings is \$134,327. Staff reviewed the change order and recommends approval of Contract Change Order No. 8 in the credit amount of <\$134,327>. Although this change order does not require approval of the Baker Project Committee, the Baker Project Committee concurs with its approval.

Mr. Mori said the third item is a Contract Change Order No. 3 to the Baker RWCF. Staff and PHC completed negotiations for Contract Change Order No. 3, which includes the following three change requests.

*Change Request No. 10:* During the final stages of coordination for the flow meter replacement at OC-33, MWD indicated that upon installation of the new 100 cfs flow meter, that a 10% minimum flow requirement would be in effect in accordance with its policy. This policy basically states that a user will be charged for actual water metered unless the water metered is less than 10% of the rated capacity of the flow meter at which time the user will be charged for an amount of water equivalent to the 10% value. For OC-33, the 10% minimum flow requirement translates to a flow rate of 10 cfs. Currently, the average usage at OC-33 ranges between 4 and 6 cfs. Based on preliminary calculations, the project would have incurred an additional cost in excess of \$3,000,000 in “low flow” charges between the originally planned meter installation date of October 2014 and the summer of 2016 when the Baker WTP is anticipated to be online. To avoid those costs, staff directed PHC to postpone the meter installation until the March/April 2016 period to more closely coincide with the startup of the Baker WTP when the flow rate through the meter will be higher.

Mr. Mori said this change request will compensate the contractor for costs associated with re-sequencing the OC-33 meter replacement work to the March/April 2016 period. The request includes costs associated with re-mobilization, re-work of some previously completed items (primarily excavation, excavation shoring, and backfill activities), and completion of remaining contract work. The contractor agreed to maintain the original contract values for this work even though the work is being delayed by more than a year. This change request will also provide sufficient additional contract time to extend the duration of the contract as needed to complete this work. The cost associated with re-sequencing the OC-33 meter replacement work is \$120,274.96 and PHC requested an additional 414 calendar days to complete the work at the requested time.

*Change Request No. 12:* Modifications to the roof foam insulation system for the pump station building are required. The Contract Documents require a uniform 3-inch thick layer of polyurethane foam roofing to be applied over the metal roof decking. However, to obtain a minimum slope of 1/4-inch per foot across the width of the roof (to ensure proper drainage), the thickness of the roof system needs to be increased. The cost to increase the thickness of the foam insulation is \$5,488.09 and PHC requested an additional seven calendar days to complete the work.

*Change Request No. 13:* Modifications to the window in the door between the electrical room and the pump room are required. The contract documents require that the window be provided with wire reinforced glass. The door supplier indicated that the specified wire reinforcement no longer meets code requirements for use in this application. Upon consultation with the design engineer and the door supplier, the decision was made to provide a window with a protective safety film on the glass, which meets code requirements. This change request also includes other minor changes including provisions for an additional drain spout for the pump station building, additional stucco finish on the masonry block door returns, and a credit for three returned 8-inch valves. The cost for these changes is \$1,473.05, and PHC agreed to complete the work within the contract time.

Staff reviewed the change order and recommends approval of Contract Change Order No. 3, in the amount of \$127,236.10. In accordance with the Baker WTP Agreement, the Baker Project Committee also approved this change order.

Mr. Mori said the final item up for consideration is a construction contract retention reduction to the Baker RWCF. Pacific Hydrotech has completed construction of the work with the exception of the OC-33 meter replacement, pump station startup and testing activities, and punch-list completion. These items have been delayed due to circumstances beyond PHC's control and are scheduled to be completed in the March/April 2016 period. Staff and PHC have agreed to a time extension for the remaining elements and PHC has agreed to maintain their bid day pricing for the work that was postponed by more than a year. With about 97 percent of the work complete, PHC requested that the retention be reduced from 5% of the contract amount to 1% of the contract amount. Staff recommends approval of the retention reduction as the 1% retention provides adequate funding to cover the remaining work elements.

Director Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on September 15, 2015. There being no further discussion On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 1 IN THE AMOUNT OF \$355,900 WITH CAROLLO ENGINEERS FOR ADDITIONAL CONSTRUCTION SUPPORT SERVICES; APPROVED CONTRACT CHANGE ORDER NO. 8 IN THE CREDIT AMOUNT OF <\$134,327>, WITH PCL CONSTRUCTION FOR THE BAKER WATER TREATMENT PLANT PROJECT, PROJECT 11747 (5027); APPROVED CONTRACT CHANGE ORDER NO. 3 IN THE AMOUNT OF \$127,236.10 WITH PACIFIC HYDROTECH CORPORATION FOR THE BAKER RAW WATER CONVEYANCE FACILITIES, PROJECT 11747 (5027); AND AUTHORIZED REDUCTION OF RETENTION FROM 5% TO 1% FOR THE BAKER RAW WATER CONVEYANCE FACILITIES CONSTRUCTION CONTRACT, PROJECT 11747 (5027).

#### GENERAL MANAGER'S REPORT

General Manager Cook reported that in anticipation of the rains there was a kickoff meeting today of management and staff from every department in the agency. He said this meeting was to ensure that everyone is ready for the rains, is on the same page, and that each department knows what other departments are doing. He said the District will hold an informal Emergency Operations Center staging not only at the Operations Center, but at Sand Canyon (the secondary location), because if there is a major flood we may not have access to the Operations Center.

Mr. Cook said that IRWD's headquarters building was honored by the American Institute of Architects in Orange County with a 25-year award. This 25-year award pertains to buildings that were constructed and have stood the test of time in sustainability. The award was given to us by LPA, the designer.

#### DIRECTORS' COMMENTS

Director Withers reported that he attended the usual monthly meetings. He also mentioned that LAFCO is going out on a job search once approved for an Assistant Executive Officer position and an Analyst position.

## DIRECTORS' COMMENTS - Continued

Director Swan reported on meetings he attended including WACO Planning Committee Meeting, Newport Chamber of Commerce, Orange County Coastkeepers Annual Clean Water event, Southern California Water Dialogue Meeting, the annual Roses, Radishes and Royalty Awards event and an IRWD resident tour.

Director Reinhart reported that he attend a MWDOC Board meeting.

Director Matheis reported that she attended the annual Colorado River Symposium in Santa Fe, New Mexico and the annual CSDA Conference in Monterey.

Director LaMar reported that he attended a meeting with House Majority Leader Kevin McCarthy relative to recycled water. He said he substituted for Director Withers and attended an IRWD resident tour, a UCI Master Gardening event and a City of Tustin Drought Expo.

## CLOSED SESSION

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

- 1) Conference with Legal Counsel relative to anticipated litigation – Government Code Section 54956.9(d)(2) – significant exposure to litigation regarding claim or statement threatening litigation on file with the District (one potential case); and
- 2) Conference with Legal Counsel relative to existing litigation – Government Code Section 54956.9(d)(1) – *Bonecki v. IRWD, et al.*, Orange County Superior Court Case No. 30-2015-00809346-CU-HR-CJC.

## OPEN SESSION

Following the Closed Session, the meeting was reconvened with all Directors present. President LaMar said that there was no action to report.

## ADJOURNMENT

President LaMar adjourned the meeting at 7:00 p.m.

APPROVED and SIGNED this 12<sup>th</sup> day of October, 2015.

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President, IRVINE RANCH WATER DISTRICT

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Assistant Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

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Legal Counsel - Bowie, Arneson, Wiles & Giannone