

MINUTES OF REGULAR MEETING – MAY 23, 2005

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by Vice President Matheis at 6:00 p.m., May 23, 2005 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Swan, Matheis, Reinhart, and Withers

Directors Absent: Miller

Also Present: General Manager Jones, Director of Engineering Heiertz, Treasurer Loomis, Assistant General Manager Cook, Secretary Bonkowski, Legal Counsel Arneson, Mr. Jim Reed, Mr. Tom Bishop, Mr. Ergun Bakall, and other members of the public and staff.

WRITTEN COMMUNICATIONS: None

ORAL COMMUNICATIONS:

Mrs. Joan Irvine Smith addressed the Board of Directors with respect to the Dyer Road Wellfield. She said she understood that currently Wells, 1, 2, 4, 5, 7, 10, 11, 12, 13, 14, 15, 16, 17, 18 and C-8 and C-9 are operational and are being used as demands dictate. It is anticipated that Wells 3 and 6 will be brought on-line after July 1. This was confirmed by Mr. Jones, General Manager of the District.

With respect to the Orange County Basin Groundwater Conjunctive Use Program being coordinated by Municipal Water District of Orange County (MWDOC) and Orange County Water District (OCWD), the agencies participating are the cities of Anaheim, Westminster, Santa Ana, Buena Park, and Garden Grove, Yorba Linda Water District and Southern California Water Company. Contracts have been awarded by OCWD to Beylik Engineering and Bakersfield Well & Pump, Inc. to construct a total of eight wells. It is anticipated that well drilling will be completed by June of 2005 and it will take an additional 12 to 18 months to complete the wellhead facilities. OCWD is required to have the wells operational by December 2008. This was confirmed by Mr. Jones.

ITEMS TOO LATE TO BE AGENDIZED: None

PRESENTATION

SAWPA'S 2005 INTEGRATED PROJECT AWARD FOR IRVINE DESALTER PROJECT

General Manager Jones presented to the Board the SAWPA'S Santa Ana Watershed's 2005 Integrated Project Award for the Irvine Desalter Project which was presented to Director of Engineering Heiertz during its awards banquet and reception. Mr. Jones also reported that the District further received a congratulatory letter from Governor Schwarzenegger as well as Certificates of Recognition from the California Assembly and Senate.

WORKSHOP

NORTHWOOD ZONE 5 RESERVOIR PRELIMINARY DESIGN REPORT – UCI ENGINEERING 2004/05 SENIOR PROJECT

Director of Engineering Heiertz reported that the District, as a member of the UCI Affiliates Program, assists UCI engineering students with their senior project. Mr. Heiertz said that this year, the students prepared a preliminary design report (PDR) for the Northwood Zone 5 Reservoir. The 1.0 million gallon Northwood Zone 5 Reservoir, along with the Zone 5 16-inch pipeline from Jamboree Road, will be the primary water source for Planning Areas 1 and 2. Six UCI engineering students worked as a team during their senior year to prepare a PDR for this reservoir. The students then presented a summary of their work.

IRVINE RANCH WATER DISTRICT FISCAL YEAR 2005/06 CAPITAL BUDGET

Using a power point presentation, Associate Engineer Cho reviewed major components of the capital budget for fiscal year 2005/06. Mr. Cho reported that the proposed budget was 140.2 million. The breakdown of the costs are \$60.7 M for water, \$44.6 M for sewer, and \$34.9 for reclaimed water. He provided an overview of the top 20 projects equaling eighty percent of the budget. He said there were flagged projects currently in the budget which are projects of special interest to the Board which require additional approval (by the Board) before proceeding with the project. During this review, the Board flagged the two projects for the Natural Treatment System's Cienega project and unflagged those projects that are currently in construction. Director Swan asked staff to explore additional winter storage options and submit an item to Committee. Mr. Cho said that the capital budget would be submitted to the June 13, 2005 Board meeting for adoption.

CONSENT CALENDAR

On MOTION by Reinhart, seconded and unanimously carried, CONSENT CALENDAR ITEMS 6 THROUGH 15 WERE APPROVED AS FOLLOWS:

6. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the May 9, 2005 Board of Directors' meeting be approved as presented.

7. RATIFY/APPROVAL OF BOARD OF DIRECTORS' ATTENDANCE AT MEETINGS AND EVENTS

Recommendation: Ratify/approve the meetings and events for Mary Aileen Matheis, Doug Reinhart, Peer Swan and John Withers.

8. DISTRICT STRATEGIC MEASURES DASHBOARDS

Recommendation: Receive and file.

9. UPCOMING PROJECTS STATUS REPORT

Recommendation: Receive and file.

10. RESOLUTION RECOGNIZING IRVINE'S CITY MANAGER ALLISON HART FOR HER YEARS OF SERVICE

Recommendation: That the Board adopt the following resolution commending Allison Hart for her dedicated years of service as Irvine's City Manager.

RESOLUTION NO. 2005-12

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE IRVINE RANCH WATER DISTRICT
RECOGNIZING ALLISON HART FOR HER YEARS
OF SERVICE AS IRVINE CITY MANAGER

11. SELENIUM BIOACCUMULATION STUDY – FUNDING AGREEMENT TIME EXTENSION

Recommendation: Authorize the General Manager to execute the revised cooperative agreement with the State Water Resources Control Board to provide for a time extension for the Selenium Bioaccumulation Study.

12. TRADE MARKING OF NEW LOGO DESIGN

Recommendation: That under the General Manager's authority, staff proceed with obtaining a trademark for the updated Irvine Ranch Water District logo with legal support from the firm of Knobbe, Marten, Olsen and Bear of Newport Beach.

13. APRIL 2005 FINANCIAL REPORTS

Recommendation: Receive and file the Treasurer's Investment Summary Report for April 2005 and approve the April 2005 Summary of Wire Transfers and ACH payments in the total amount of \$2,530,353.61 and the April 2005 Warrants Nos. 259653 through 260411 in the total amount of \$5,130,972.43.

14. QUITCLAIM OF REAL PROPERTY

Recommendation: That the Board adopt the following resolution approving execution of the Quitclaim deed to Irvine Community Development Company.

RESOLUTION NO. 2005 - 13

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT APPROVING EXECUTION
OF THE QUITCLAIM DEED TO THE IRVINE COMMUNITY
DEVELOPMENT COMPANY

15. QUITCLAIM OF REAL PROPERTY

Recommendation: That the Board adopt the following resolution approving execution of the Quitclaim deed to Michael K. Maher

RESOLUTION NO. 2005 - 14

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT APPROVING EXECUTION OF
THE QUITCLAIM DEED TO MICHAEL K. MAHER

ACTION CALENDAR

STATE LEGISLATIVE UPDATE

Director of Public Affairs Beeman provided the Board a briefing on AB 672 (Klehs) – Reservoir Recreational Use and AB 737 (Horton) – Property Taxes and Public Utilities. Ms. Beeman said that AB 672 proposes to expand recreational opportunities at government-owned, domestic use reservoirs and adjacent lands. The amended bill seeks to clarify existing law to allow trail access on lands adjacent to certain government-owned reservoirs, fishing from the shoreline or use of non-motorized boats on the reservoir itself. This bill would also require agencies owning reservoirs larger than 3,500 acre-feet to prepare and adopt watershed or recreation master plans that balance recreation and watershed protection. For IRWD, this bill has the potential to affect operations at Irvine Lake. Other potential problem areas are water quality, water security and economic and environmental impacts.

Ms. Beeman said that AB 737 was sponsored by Southern California Edison. Existing law requires the Board of Equalization (BOE) to annually assess unitary property taxes and requires county auditors to allocate revenues from state-assessed unitary property to local jurisdictions based on the prior year's share of unitary property tax revenues. This bill would alter the manner in which certain property tax revenue is allocated within a county and does not follow the ACWA Property Tax Principle No. 4.

On MOTION by Swan, seconded and unanimously carried, THE BOARD OPPOSED AB 672 AND AB 737.

IRVINE DESALTER PROJECT – WELLHEAD FACILITIES AT WELLS 76, 77, AND 110
CONSTRUCTION AWARD

General Manager Jones reported that staff solicited construction bids for the Irvine Desalter Project (IDP) – Wellhead Facilities at Wells 76, 77 and 100 and that staff recommends execution of the construction contract with Pascal & Ludwig Constructors, and approval of a budget increase and expenditure authorization.

Director of Engineering Heiertz reported that plans and specifications were made available to a select list of contractors and that the bid opening was held on May 12, 2005 with four

contractors submitting bids. Mr. Heiertz said that Pascal & Ludwig Constructors was the apparent low bidder at \$2,052,800. The engineer's estimate was \$2,200,000. He said that this contractor has constructed several District projects and that their projects have been on time and within budget. He said that Pascal & Ludwig Constructors' bid contained one irregularity. They did not provide a construction project schedule with the bid. After reviewing the bid with staff, Pascal & Ludwig Constructors provided the project schedule after the bid opening. Staff believes that the irregularity in the bid did not affect the amount of the bid or give the bidder a competitive advantage over other bidders and recommends that the Board waive the irregularity.

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On **MOTION** by Swan, seconded and unanimously carried, THE FY 2004/05 CAPITAL BUDGET WAS INCREASED FOR PROJECT 10376 BY \$2,553,000, FROM \$19,601,000 TO \$22,154,000; AN EXPENDITURE AUTHORIZATION WAS APPROVED FOR \$2,553,000 FOR PROJECT 10376; IT WAS FOUND THAT THE IRREGULARITY IN THE BID OF PASCAL & LUDWIG CONSTRUCTORS DID NOT AFFECT THE AMOUNT OF THE BID OR GIVE THE BIDDER A COMPETITIVE ADVANTAGE OVER OTHER BIDDERS AND THE IRREGULARITY WAS WAIVED; AND THE GENERAL MANAGER WAS AUTHORIZED TO EXECUTE A CONTRACT WITH PASCAL & LUDWIG CONSTRUCTORS FOR \$2,052,800 FOR THE WELLHEAD FACILITIES AT WELLS 76, 77 & 110, PROJECT 10376.

WOODBIDGE VILLAGE ASSOCIATION WELL SITE LICENSE TERMINATION

General Manager Jones reported that in January 2004, the District had entered into a License Agreement with Woodbridge Village Association (WVA) to locate an Irvine Desalter Project (IDP) well on WVA property adjacent to the North Lake. Following the objections of some adjacent property owners, it was agreed to work together to develop an alternative project that would meet the goals of the IDP and provide a reliable water supply for the WVA lakes. He said that an agreement has been prepared which terminates the original License agreement and makes available the WVA flow allocation in Well 78 for use in the IDP in exchange for domestic water service to the lakes.

Director of Engineering Heiertz reported that in December 2003, the IRWD Board approved a License Agreement for the Irvine Desalter project water production well (License Agreement) with Woodbridge Village Association (WVA) to locate an Irvine Desalter Project (IDP) well on WVA property adjacent to the North Lake. The License Agreement provided access to an area of approximately 4,000 square feet for operation and maintenance of the facilities and the right to construct and operate approximately 2,500 linear feet of pipelines between the well and the proposed IDP pipeline in Yale Avenue. IRWD acquired the right to operate and maintain the well during the period of the IDP plume clean up after which the well would be turned over to WVA. The WVA Board of Directors held a general meeting on February 4, 2004 to allow the residents to provide input on the installation of the well in Woodbridge. It became clear at that meeting that there were several adjacent property owners opposed to the project. This opposition was based on the mistaken perception that it would create a "toxic waste superfund cleanup site" in their neighborhood and that the well site would require them to make a hazardous materials disclosure associated with their property and lead to a decline in home values. Nonetheless, after listening to the objections of their residents the WVA Board voted to negotiate a mutual

termination of the License Agreement.

Mr. Heiertz said that staff proposes that IRWD enter into an "Agreement For Domestic Water Service in Exchange For Use of Well 78 Allocation" (Termination Agreement) that: (1) terminates the License Agreement, (2) transfers the WVA flow allocation in Well 78 to the IDP, and (3) during water shortage allocation conditions, provides domestic water service to both the North and South Lakes from Well 78 on a priority basis. The agreement also calls for IRWD to cooperate on the construction, at WVA's expense, of a new pipeline linking the two lakes and to include the WVA lake pipelines in the IRWD Water System Atlas to facilitate utility location service. Specific language has been included in the agreement to clarify that no water right is conferred or affected. At the end of the IDP clean up, the WVA allocation in Well 78 would revert back to them. The Termination Agreement has been approved and executed by WVA.

Vice President Matheis said that this item was reviewed at the Water Resources Policy and Communications Committee on May 16, 2005. She commended Mr. Heiertz on his efforts in working with the WVA. In response to Director Swan's inquiry, staff will discuss the potential use of reclaimed water in the WVA's two lakes. On MOTION by Reinhart, seconded and unanimously carried, THE "AGREEMENT FOR DOMESTIC WATER SERVICE IN EXCHANGE FOR USE OF WELL 78 ALLOCATION" WITH THE WOODBRIDGE VILLAGE ASSOCIATION WAS APPROVED AND EXECUTION AUTHORIZED.

GENERAL MANAGER'S REPORT

General Manager Jones announced that the first public operating budget workshop would be held on June 13, 2005. Mr. Jones reported that Mr. Dick Diamond had made progress on the ET controller development and has met with other water agencies. He reported on an upcoming conference all with other General Managers relative to the proposed 30% increase in MWDOC's fiscal year 2005/06 budget.

DIRECTORS' COMMENTS

Director Reinhart reported on his attendance at a SOCWA meeting. Mr. Jones said staff would be attending El Toro Water District and Moulton Niguel Water District's Board meeting relative to the Regional Boards' new permitting requirements. In response to Director Swan's comment, staff was asked to look at additional capacity from MNWD.

Director Withers reported on an upcoming RWQCB meeting on Friday. He noted a MSR meeting at LAFCO on Wednesday where they will be looking at next steps in the process. He reported that last Thursday he, President Miller and staff met with Council member Sukee Kane and toured several District sites. He said that he had a meeting with the new OCWD Board of Director Steve Sheldon. He further asked staff to schedule a tour of our facilities with him.

Director Swan reported on a successful community tour. He reported on an upcoming Southern California Dialog meeting this coming Thursday.

Vice President Matheis reported on an upcoming RAB meeting scheduled for Wednesday evening. She said she attended an Exchange Club meeting where Ms. Allison Hart was the featured speaker. She noted that a representative from Lennar Corporation was scheduled to make a presentation to the Orange County Bar Association.

ADJOURNMENT

There being no further business, Vice President Matheis adjourned the meeting at 7:40 p.m.

APPROVED and SIGNED this 13th day of June, 2005.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone