

MINUTES OF REGULAR MEETING – OCTOBER 10, 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., October 10, 2005 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Miller (arrived at 6:20 p.m.), Withers, Swan, Matheis, and Reinhart

Directors Absent: None

Also Present: General Manager Jones, Director of Engineering Heiertz, Treasurer Loomis, Secretary Bonkowski, Legal Counsel Arneson, Assistant General Manager Cook, Controller Slack, Mr. Jim Reed, Mr. Tom Bishop, 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. Mrs. Smith said that it was her understanding that all wells are off except C-8 and C-9 at the DATS treatment facility to take advantage of the Metropolitan Water District (MWD) in-lieu program offered through the Orange County Water District (OCWD). 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. The well drilling is complete and it will take an additional 18 months to complete the wellhead facilities. OCWD is required to have the wells operational by March 2008. Following well construction, each well will be owned by the individual participating agencies. This was confirmed by Mr. Jones.

ITEMS TOO LATE TO BE AGENDIZED – None

CONSENT CALENDAR

On MOTION by Swan, seconded and unanimously carried (Miller absent), CONSENT CALENDAR ITEMS 4 THROUGH 8 WERE APPROVED AS FOLLOWS:

4. MINUTES OF BOARD MEETINGS

Recommendation: That the minutes of the September 12 and September 26, 2005 Board of Directors' meetings be approved as presented.

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

Recommendation: Approve the meetings and events for Mary Aileen Matheis, Peer Swan and John Withers.

6. QUITCLAIM OF REAL PROPERTY

Recommendation: Adopt the following resolution by title approving execution of the Quitclaim Deed to Marriott Ownership Resorts, Inc.

RESOLUTION NO. 2005 – 32

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT
APPROVING EXECUTION OF THE QUITCLAIM DEED TO
MARRIOTT OWNERSHIP RESORTS, INC.

7. TOOL EXPENSE REIMBURSEMENT UPDATE

Recommendation: That the Board authorize an increase in the maximum allowable Tool Reimbursement from \$500 to \$750 per fiscal year.

8. ORCHARD HILLS ZONE 3 TO 5 BOOSTER PUMP STATION AND PORTOLA SPRINGS ZONE A TO C BOOSTER PUMP STATION NEGATIVE DECLARATION

Recommendation: That the Board adopt the proposed Negative Declaration for Orchard Hills Zone 3 to 5 Booster Pump Station and Portola Springs Zone A to C Booster Pump Station; and direct staff to post and file a Notice of Determination and a Department of Fish and Game de Minimis Certification.

ACTION CALENDAR

RESOLUTION COMMENDING ALBERT O. DYSON, JR. FOR HIS SERVICE TO THE DISTRICT

General Manager Jones said that a special resolution had been prepared to commend Mr. Al Dyson for his 15 years of service to the District. President Miller arrived at 6:20 p.m. Director of Engineering Heiertz said that Mr. Dyson had been responsible for Development Services becoming a very efficient and effective group of employees assisting developers through their process. Mr. Heiertz said that Mr. Dyson was responsible for developing the current set of the District's Rules and Regulations, and he also was the architect of the procedural guidelines used by both developers and engineers. He said that both of these documents were extremely important, and that they could not have been produced without his assistance. He said that Mr. Dyson started his career at the District with a broad range of background which has been very beneficial to us. He further said that it has been a pleasure working with Mr. Dyson for last 15 years. On MOTION by Matheis, seconded and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2005 –33

RESOLUTION OF THE BOARD OF DIRECTORS
OF IRVINE RANCH WATER DISTRICT COMMENDING
ALBERT O. DYSON, JR. FOR HIS SERVICE TO THE DISTRICT

Mr. Dyson said that he enjoyed the opportunity to work at the District and that he would miss the employees. Vice President Matheis said that it had been a pleasure to have worked with Mr. Dyson and that he would also be missed.

WORKSHOP

WATER AND SEWER SERVICE IN THE EAST ORANGE DEVELOPMENT AREA

General Manager Jones reported that the purpose of this item was to provide an update on developments related to the provision of water and sewer service in the East Orange area in regards to: 1) Actions taken or proposed to be taken by the Orange County Local Agency Formation Commission (LAFCO); 2) IRWD's consolidation proposal to Santiago County Water District (SCWD); 3) SCWD's decision-making process in regards to consolidation options or a stand-alone option; and 4) IRWD's presentation at the upcoming SCWD meeting of its President's Advisory Council. Mr. Jones noted that as part of its legislative mandate to update Spheres of Influence (SOI) for all cities and special districts within its jurisdiction, LAFCO adopted a Municipal Service Review (MSR) process that was intended to incorporate SOI updates into a more thorough "visioning" approach. The MSR process was structured to lead to various determinations that would in turn lead to better governance and improved deliveries of public services, including water and sewer service.

Mr. Jones said that a particular area of focus for the East Orange MSR was the question of future water and sewer service in the Irvine Company's East Lake Village development and that LAFCO commissioned a Utility Study to be completed under the direction of The Keith Companies. The study concluded that IRWD was the best overall water and sewer service provider. In a corollary action proposed by LAFCO to the service boundary realignment, SCWD would be assigned a "transitional" sphere of influence designation. At this point, the LAFCO recommendation regarding the disposition of the East Orange development has been generally accepted by the affected parties.

Using a power point presentation, Mr. Dave Ferguson showed two reorganization alternatives: 1) Reorganization of new development areas in SCWD's Improvement District No. 1 to IRWD; and 2) Consolidation of all of SCWD with IRWD. He discussed the Orange/Villa Park/Orange sphere of influence MSR stakeholder 20 year vision plan process. He noted LAFCO's nine determinations for the MSR (e.g., infrastructure needs and improvements, cost avoidance opportunities, and government structure options). He provided a summary of IRWD's proposed consolidation terms with SCWD and noted the buy-in costs and credits. Next steps in the process were also noted. Following discussion, staff was asked to review the Harding Dam agreement relative to water rights with SCWD.

ACTION CALENDAR

EQUITY TRANSFERS

General Manager Jones reported staff reviews the capital fund balances of each improvement district to identify potential shortfalls. He said that staff had recommended various equity transfers for fiscal year 2004-2005 and were provided in the exhibit. These transfers will be processed during FY 2005-06 and will not be included in the audited financials for FY 2004-05.

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on October 4, 2005. On MOTION by Swan, seconded and unanimously carried, **THE BOARD APPROVED THE EQUITY TRANSFERS FOR VARIOUS IMPROVEMENT DISTRICTS TOTALING \$12,965,700.**

ALLOCATION OF ONE PERCENT PROPERTY TAX REVENUE FOR FY 2005-06

General Manager Jones reported that the District uses the one percent tax as a fungible revenue source to balance available sources to use among the improvement districts. Mr. Jones said that this year the Board discussed allocating some portion of one percent revenues to the replacement fund and the resolution recommended for adoption recognizes that the replacement fund might receive a portion of the tax revenues after the current state action is completed. The District allocates one percent tax revenue to some improvement districts based on the revenue generated within those improvement districts and these include: The Coast (140, 240); Foothill (182, 184, 282, 284); Portola (186, 188, 286, 288); and Los Alisos (135, 235). Mr. Jones said that staff recommends allocating general ad valorem tax revenues as shown in the exhibit to meet debt service requirements for Fiscal Year 2005-2006.

Director Swan reported that this item was reviewed at the Finance and Personnel Committee on October 4, 2005. On MOTION by Swan, seconded and unanimously carried, **THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:**

RESOLUTION NO. 2005-34

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE IRVINE RANCH WATER DISTRICT
AMENDING ALLOCATION OF AD VALOREM
PROPERTY TAXES, SUBJECT TO PLEDGE**

AMENDMENT TO RATES AND CHARGES FOR SEWAGE COLLECTIONS IN
NEWPORT COAST

General Manager Jones reported that the District is responsible for sewage collections throughout the Newport Coast area. Those customers whose sewage flows to the Orange County Sanitation District are currently being under-billed for expenses associated with collection. Controller Slack reported that staff is recommending that the rate charged to these customers for sewage collections be increased from \$0.55 per month to \$3.45 per month per customer effective

October 10, 2005. In June of this year sewer rates were increased to account for an increase in expenses that IRWD has experienced system-wide. The newly adopted rates were structured to generate revenues to match the anticipated expenses for that service over the course of the fiscal year. Ms. Slack said that the rate for that portion of Newport Coast that flows to OCSD was not modified to accurately reflect the true cost of providing sewer collection service. Changing the rate at this time will allocate collections expense more appropriately and provide a more equitable rate structure. She said that this change will affect approximately 2,600 customers and it will generate approximately \$70,000 in sewer revenues over the next nine months.

Director Swan reported that this item was reviewed at the Finance and Personnel Committee on October 4, 2005 and it was noted that this item was overlooked when reviewing the rates and charges earlier this year. On MOTION by Swan, seconded and unanimously carried, THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2005 - 35

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA
RESCINDING RESOLUTION NO. 2005-31 AND ADOPTING
CHANGES TO THE SCHEDULE OF RATES AND CHARGES AS
SET FORTH IN EXHIBIT "B" TO THE RULES AND
REGULATIONS OF IRVINE RANCH WATER DISTRICT
FOR WATER, SEWER AND RECYCLED WATER,
NATURAL TREATMENT SYSTEM SERVICE
AND EXHIBITS THERETO

GENERAL MANAGER'S REPORT

General Manager Jones reminded the Board of a GWRS meeting being held this week. He noted the Upper Newport Bay Ecosystem Restoration project event on October 11. He updated the Board on the status of several legislative bills. In regards to the Salinas Bill requiring ethics training, Director Withers said that training can be obtained on-line under the Attorney General's website. Staff was asked to research this site and to also inform ACWA and CSDA. He reported on the pipeline break on the 18" Navy line. Director of Operations Ballard said that they suspect corrosion to be the cause of the leak. It was noted that this line will be taken out of service within nine months.

DIRECTORS COMMENTS

Vice President Matheis reported on a Water Resource Institute Awards event held in San Bernardino honoring Mr. Art Littleworth. She said she attended the Colorado River Symposium in New Mexico. She noted that she co-hosted a community tour on Saturday which was successful. She also said that she attended a Southern California Water Committee meeting where they honored Mr. Ron Linsky. President Miller then reminded the Board of the event being held on October 15 also honoring the life of Mr. Linsky.

CLOSED SESSION

President Miller said that the closed session item relative to Government Code Section 54956.9 (b) significant exposure to litigation (one potential case) would not be held this evening.

ADJOURNMENT

There being no further business, President Miller adjourned the meeting at 7:45 p.m.

APPROVED and SIGNED this 24th day of October, 2005.

President, IRVINE RANCH WATER DISTRICT

Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel, IRWD