

MINUTES OF REGULAR MEETING – FEBRUARY 11, 2013

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 Reinhart on February 11, 2013 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Matheis, Reinhart, LaMar, Swan and Withers (arrived at 5:08 p.m.)

Directors Absent: None

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 Water Policy Heiertz, Director of Water Resources Weghorst, Director of Human Resources Wells, Assistant Director of Conservation Sanchez, Legal Counsel Arneson, Secretary Bonkowski, Ms. Christine Compton, Mr. Jim Reed, Mr. Bruce Newell, Mr. Thomas Bonkowski, Mr. Mike Hoolihan, Ms. Fiona Sanchez, and other members of the public and staff.

WRITTEN COMMUNICATION: None.

ORAL COMMUNICATION:

1) 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 4, C-8, C-9, 10, 12, 14, 15 and 17 will operate in accordance with the District's annual pumping plan. Wells 1, 2, 3, 5, 6, 7, 11, 16 and 18 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 RECEIVED TOO LATE TO BE AGENDIZED – None.

SCE PRESENTATION

Mr. Thomas Bonkowski introduced Southern California Edison (SCE) representatives Mr. James Pasmore and Mr. Cameron McPherson, who presented the Board with a \$500,000 incentive check for the Michelson Water Reclamation Project Phase II Expansion project. SCE's Savings-by-Design program provides incentive awards to non-residential projects based on their installation and use of energy efficient equipment or systems that exceed Title 24 standards for energy efficiency. The MWRP project installed energy efficient pumps, motors, HVAC components, Turblex blowers, interior lighting and an ultraviolet disinfection system.

CONSENT CALENDAR

In response to an inquiry from Director Swan relative to item No. 6, the 2013 State Legislative Update, Ms. Compton discussed the IRWD-sponsored legislation relative to document electronic storage (cloud-based technology). Staff was asked to submit a follow-up report at the Water Resources Policy and Communications Committee. There being no further comments, on MOTION by Withers, seconded and unanimously carried, CONSENT CALENDAR ITEMS 4 THROUGH 8 WERE APPROVED AS FOLLOWS:

4. MINUTES OF REGULAR BOARD MEETINGS

Recommendation: That the minutes of the January 28, 2013 Regular Board Meeting be approved as presented.

5. 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, John Withers and Peer Swan.

6. 2013 STATE LEGISLATIVE UPDATE

Recommendation: Receive and file.

7. MAIN STREET DIVERSION STRUCTURE GRATING MODIFICATIONS FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Main Street Diversion Structure Grating Modifications, project 20957 (1221); authorize filing of a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion.

CONSENT CALENDAR (CONTINUED)

8. ADDENDUM NO. 1 TO THE SYPHON RESERVOIR INTERIM FACILITIES FINAL MITIGATED NEGATIVE DECLARATION

Recommendation: That the Board approve the proposed Addendum No. 1 to the Syphon Reservoir Interim Facilities Final Initial Study/Mitigated Negative Declaration, including the determinations set forth in Addendum No. 1 and approve the modifications to the project.

ACTION CALENDAR

AGREEMENT AMENDMENT WITH THE CITY OF IRVINE FOR DEVELOPMENT OF CIENEGA FILTRATION PROJECT FIELD DEMONSTRATION

Assistant Director of Conservation Sanchez reported that in 2007, the District entered into an agreement for the construction and operation of the Cienega Field Demonstration Project. The City contributed \$1,425,000 toward the construction of the project. The City's participation in the project was approved by the Executive Officer of the Regional Board as a mechanism for the City to comply with its permit requirements for compliance with selenium and nitrogen TMDLs.

Ms. Sanchez said that the original agreement was executed based on the assumption that in 2009 the parties would negotiate a new agreement regarding participation in the Full-Scale Cienega Project. In January 2010, the agreement was amended to extend the term to December 2012 to accommodate additional technology evaluations and pilot testing. Later in 2010, IRWD opted to not pursue development of a Full-Scale Project due to lack of uncertainty over the selenium TMDL, lack of funding commitments from stakeholders, and overall project cost. The City is currently working on developing other project alternatives for its long-term compliance with the TMDLs. The schedule for the proposed selenium revision is unknown due to unresolved legal issues and Regional Board staff resource limitations. In order to ensure continued permit compliance the City has requested that IRWD continue to operate the pilot Cienega facility.

Ms. Sanchez said that the proposed amendment will extend the term of the agreement until December 31, 2015 or if the City notifies IRWD that it is terminating its continued participation. The amendment also removes all references to construction of a full-scale project and includes a provision that the parties will cost-share all direct chemical and water pumping maintenance costs for the facility on a 50-50 basis. In no event will the agreement extend beyond December 31, 2015, unless otherwise agreed to in writing.

Director LaMar said that this item was reviewed and approved by the Water Resources Policy and Communications Committee on February 7, 2013. Following discussion, on MOTION by LaMar, seconded and unanimously carried, **THE BOARD APPROVED AMENDMENT NO. 2 TO THE AGREEMENT BETWEEN CITY OF IRVINE AND IRVINE RANCH WATER DISTRICT FOR DEVELOPMENT OF CIENEGA FILTRATION PROJECT FIELD DEMONSTRATION.**

BENEFIT FORMULA AND CONTRIBUTION RATES FOR NEW CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM MEMBERS

General Manager Cook reported that the District has received information from the California Public Employees' Retirement System (CalPERS) regarding the impact of Assembly Bill 340 on employee and employer contribution rates. Mr. Cook said that AB 340 created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation period as well as contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of a "new member" under PEPRA. He said that CalPERS has recommended an Employee Contribution rate of 6.25% of reportable compensation for new employees that receive the 2% @ 62 retirement benefit.

Mr. Cook said that in September of 2012, the IRWD Board adopted a "second tier" retirement benefit of 2% at 60 for employees hired after September 29, 2012. As part of this action, the Board stipulated that employees receiving this benefit shall pay the entire Employee Contribution rate, defined by CalPERS as 7%. The new 2% @ 62 retirement benefit is approximately 10% less valuable than the 2% at 60 benefit, and the Employee Contribution rate of 6.25% associated with the 2% @ 62 benefit is approximately 10% percent less than the 7% contribution rate associated with the 2% @ 60 benefit. .

Director Swan reported that this item was reviewed and approved by the Finance and Personnel Committee on February 5, 2013. On MOTION by Swan, seconded and unanimously carried, **THE BOARD APPROVED THE EMPLOYEE CONTRIBUTION RATE OF 6.25% FOR NEW EMPLOYEES HIRED AFTER JANUARY 1, 2013 AS ESTABLISHED BY THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS).**

GENERAL MANAGER'S REPORT

General Manager Cook reported that the meeting scheduled for today with the Orange County Register to discuss the Baker treatment plant was postponed.

Mr. Cook said that the District was approached by the Great Park to assist them in their efforts with hosting a solar decathlon. He said staff is working with them to provide potable water (via water buffalos) for the solar homes. He said that updates on this effort will be submitted to the Water Resources Policy and Communications Committee.

Mr. Cook also said that annexation of certain IRWD lands was brought up at the last OCWD workshop. He said that staff anticipates submitting a draft agreement at the March Board meeting.

Mr. Cook further reported that he and President Reinhart will be traveling to Washington, DC tomorrow and Wednesday relative to legislative matters.

DIRECTORS' COMMENTS

Director LaMar reported that he attended the OCBC annual dinner as well as a MWDOC workshop. Due to another commitment, Director LaMar left the Board meeting.

Director Matheis reported that she, along with other Board members, will be attending the Urban Water conference next week. She reminded the Board of the upcoming Water Education Foundation's class entitled Water 101 which will be held at the District's offices this Thursday and Friday. She said that she attended the South Orange County Watershed Management Executive Committee meeting. She further noted that Mr. Mike Salvage from Brown and Caldwell was in the audience, and introduced its newest staff member to the Board.

Director Withers said that he attended Tustin's Mayor's dinner along with Director Matheis, and a Newport Beach Mayor's dinner. He said that he will be attending Tuesday's OCBC Infrastructure Committee and Wednesday's LAFCO Commission meeting. He further congratulated Ms. Fiona Sanchez as being recognized as one of this year's Women in Water.

Director Swan reported on his attendance at MWDOC's Board workshop with MWD Directors, an OWOW recycled water meeting, an ACWA Task Force meeting in Sacramento, a Newport Chamber of Commerce meeting, and a WACO meeting.

Director Reinhart reported on his attendance at an OCBC dinner, a WACO meeting, a MWDOC Board workshop, and a SOCWA Board meeting.

CLOSED SESSION

President Reinhart said that a Closed Session would be held with Legal Counsel relative to existing and anticipated litigation - Government Code Section 54956.9(a) and 54956.9(b) – Orange County Water District v. Sabic Innovative Plastics, et al.; significant exposure to litigation (two potential cases).

OPEN SESSION

Following the Closed Session, the meeting was reconvened with Directors Swan, Matheis, Withers, and Reinhart present (LaMar absent). No action was reported.

ADJOURNMENT

President Reinhart adjourned the meeting to Thursday, February 14, 2013 at 8:00 a.m. in the IRWD Community Room, 15500 Sand Canyon Avenue, Irvine, to hold an Adjourned Regular Board Meeting.

APPROVED and SIGNED this 11th day of March, 2013.

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone