

MINUTES OF REGULAR MEETING – JANUARY 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 January 27, 2014 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

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

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Finance Clary, Executive Director of Engineering and Planning Burton, Executive Director of Operations Sheilds, Acting Executive Director of Water Resources Weghorst, Director of Human Resources Roney, Assistant Director of Conservation Sanchez, Assistant Director of Recycling Operations Lee, Assistant Director of Maintenance Drake, Assistant Director of Water Operations Roberts, Legal Counsel Arneson (via conference call), Secretary Bonkowski, Director of Risk Management and Treasury Jacobson, Principle Engineer Malloy, Ms. Christine Compton, Ms. Jo Ann Corey, Ms. Mildred Vieyra, Mr. Jim Reed, Mr. Bruce Newell 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, 5, 6, 7, C-8, C-9, 10, 15 and 17 will operate in accordance with the District's annual pumping plan. Wells 2, 3, 4, 11, 12, 13, 14, 16 and 18 will be off. This was confirmed by Mr. Cook, General Manager of the District.

On October 31, 2013, the District received its fully executed copy of the Annexation Agreement with the Orange County Water District. 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. On October 14 2013, the IRWD Board 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 approved the operating agreement. This was confirmed by Mr. Cook.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None.

CONSENT CALENDAR

On MOTION by Reinhart, seconded and unanimously carried, CONSENT CALENDAR ITEMS 3 THROUGH 11 WERE APPROVED AS FOLLOWS:

3. MINUTES OF REGULAR AND ADJOURNED REGULAR BOARD MEETING

Recommendation: That the minutes of the January 10, 2014 Adjourned Regular Board Meeting and the January 13, 2014 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, Doug Reinhart, John Withers and Peer Swan.

5. DECEMBER 2013 TREASURY REPORTS

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Monthly Interest Rate Swap Summary for December 2013, and Disclosure Report of Reimbursements to board members and staff; approve the December 2013 summary of payroll ach payments in the total amount of \$1,515,640 and approve the December 2013 accounts payable disbursement summary of warrants 344414 through 345065, workers' compensation distributions, wire transfers, payroll withholding distributions and voided checks in the total amount of \$16,630,891.

6. AMENDMENT TO THE AGREEMENT FOR RELOCATION OF THE MICHELSON PARK PLACE SEWER LIFT STATION

Recommendation: That the Board authorize the General Manager to execute an amendment to the agreement for relocation of the Michelson Park Place Sewer Lift Station subject to non-substantive changes.

7. QUITCLAIM OF REAL PROPERTY IRVINE COMMUNITY DEVELOPMENT COMPANY LLC WATER AND RECYCLED WATER PIPELINE AND ACCESS EASEMENT TRACT NOS. 16719, 16722, AND 17015 - ORCHARD HILLS

Recommendation: That the Board adopt the following resolution by title approving execution of the Quitclaim Deed to Irvine Community Development Company LLC.

RESOLUTION NO. 2014-4

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

CONSENT CALENDAR (CONTINUED)

8. QUITCLAIM OF REAL PROPERTY THE IRVINE COMPANY LLC SEWER AND WATER EASEMENT TRACT NO. 12355 - WESTPARK PLAZA

Recommendation: That the Board adopt the following resolution by title approving execution of the Quitclaim Deed to Irvine Company LLC.

RESOLUTION NO. 2014-5

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

9. RANDALL STREET AND LOLITA AVENUE DOMESTIC WATER PIPELINE REPLACEMENT FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Randall Street and Lolita Avenue domestic water replacement, project 11408 (1279); 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.

10. ON-CALL CEQA/NEPA AND PERMITTING SERVICES CONSULTANT SELECTIONS

Recommendation: That the Board authorize the General Manager to execute Professional Service Agreements with ESA, Dudek and Bonterra Psomas to provide on-call CEQA/NEPA services over the next two years for not-to-exceed amounts of \$150,000 each and with Harmsworth Associates and VCS Environmental to provide two years of on-call monitoring and permitting services for not-to-exceed amounts of \$100,000 each.

11. REIMBURSEMENT TO BOARD MEMBER FOR BUSINESS EXPENSES

Recommendation: That the Board approve the expense report submitted for reimbursement for business mileage expenses incurred by Director Peer Swan.

ACTION CALENDAR

RATTLESNAKE RESERVOIR CHLORINE GAS REMOVAL CONSULTANT SELECTION

General Manager Cook reported that the District disinfects non-potable water at the Rattlesnake Chlorination Facility to control biological growth in the recycled water distribution system and to minimize odors downstream of the Zone A North tank. The facility currently uses chlorine gas for disinfection, which is labor intensive and requires extensive safety measures. The Rattlesnake Reservoir Chlorine Gas Removal Project includes the removal of the existing

chlorine gas system and related appurtenances and the installation of new sodium hypochlorite storage and feed facilities in the existing chlorination building.

Executive Director of Engineering and Planning Burton said that in accordance with the recently adopted IRWD Goals and Objectives for 2014, the conversion of the Rattlesnake Chlorination Facility from chlorine gas to liquid sodium hypochlorite aligns with the District's goal of assessing the ongoing use of chlorine gas and investigating potential conversions to liquid sodium hypochlorite. He said that after conversion of this facility, the District will have two remaining chlorine gas facilities.

Mr. Burton said that staff received proposals for design of the facility from Carollo Engineers, Dudek, and URS and that Brown & Caldwell, CDM, and CH2M Hill had declined. Carollo's proposal presented new ideas for the sodium hypochlorite storage and feed facilities including constructing horizontal tanks for liquid sodium hypochlorite storage and providing catwalks around the tanks to allow staff to walk outside the containment area. Carollo's ideas optimize the use of available space, increase accessibility, and maximize the use of existing facilities. Mr. Burton said that Carollo has successfully completed projects for IRWD in the past, including design of the existing Rattlesnake Chlorination Facilities, preliminary design for the Wells 21 and 22 Desalter and the process design for the Baker Water Treatment Plant, and that staff recommends they be selected to design the project .

Director Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on January 21, 2014. On MOTION by Reinhart, seconded and unanimously carried, **THE BOARD AUTHORIZED THE ADDITION OF PROJECT 30435 (4959) IN THE AMOUNT OF \$1,706,400 TO THE FY 2013-14 CAPITAL BUDGET; APPROVED AN EXPENDITURE AUTHORIZATION FOR PROJECT 30435 (4959) IN THE AMOUNT OF \$336,100; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH CAROLLO ENGINEERS IN THE AMOUNT OF \$291,045 FOR ENGINEERING SERVICES FOR THE RATTLESNAKE RESERVOIR CHLORINE GAS REMOVAL PROJECT.**

HIDDEN CANYON ZONE 3 TO 4 DOMESTIC WATER AND ZONE B TO C RECYCLED WATER BOOSTER PUMP STATIONS CONSTRUCTION AWARD

General Manager Cook reported that Planning Area 18 South development is currently under construction and that the developer, Toll Brothers, will construct approximately 250 low-density residential homes for sale in early 2015. Mr. Cook said that the development will be served by a domestic water and recycled water booster pump station in a combined building located on the recently extended Lake Forest Drive, east of Romano Street.

Executive Director of Engineering and Planning Burton reported that the design was completed by Lee and Ro, Inc. and the project was advertised for construction to a select list of 10 contractors including Archer Western Contractors, Pascal & Ludwig Constructors, Schuler Engineering Corp., SS Mechanical Corp., Stanek Constructors, Clarke Contracting Corp., Doty Bros. Construction Co., J.F. Shea Construction, Inc., Olsson Construction, and RC Foster Corp. Mr. Burton said that the bid opening was held with bids received from Archer Western Contractors, Pascal & Ludwig Constructors, Schuler Engineering Corp., SS Mechanical Corp.,

Stanek Constructors, and RC Foster Corp with RC Foster Corp. as the apparent low bidder with a bid amount of \$3,713,700.

Mr. Burton said that staff reviewed RC Foster Corp.'s bid and has determined that it is responsive. The engineer's estimate, prepared by Lee & Ro, was \$3,600,000. He said that RC Foster Corp. was recently added to the list of prequalified contractors and this will be their first project with IRWD. The next lowest bidder submitted a bid amount of \$3,736,200, a difference of only \$22,500. The remaining four bids ranged from \$3,950,000 to \$4,070,000.

Following discussion relative to the bid being two percent over the engineer's estimate, on MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE FOR PROJECT 10446 (1648) IN THE AMOUNT OF \$393,800, FROM \$2,679,700 TO \$3,073,500; AUTHORIZED A BUDGET INCREASE FOR PROJECT 30446 (1063) IN THE AMOUNT OF \$262,500, FROM \$1,813,500 TO \$2,076,000; APPROVED EXPENDITURE AUTHORIZATIONS IN THE AMOUNTS OF \$2,572,600 AND \$1,680,100 FOR PROJECTS 10446 (1648) AND 30446 (1063); AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH R.C. FOSTER CORP. IN THE AMOUNT OF \$3,713,700 FOR THE HIDDEN CANYON ZONE 3 TO 4 DOMESTIC WATER AND THE ZONE B TO C RECYCLED WATER BOOSTER PUMP STATIONS, PROJECTS 10446 (1648) AND 30446 (1063).

WATER SHORTAGE ASSISTANCE TO ANTELOPE VALLEY-EAST KERN WATER AGENCY

Acting Executive Director of Water Policy Weghorst reported that in June 2011, IRWD and AVEK executed an agreement for the Short-Term Water Storage Partnership-Pilot Exchange Program (Pilot Exchange Agreement) that allowed AVEK to deliver 5,000 acre-feet (AF) of its State Water Project Table A into storage at the Strand Ranch on a two for one unbalanced exchange basis. This water was delivered into storage in 2012 through a combination of in-lieu and direct recharge events.

Mr. Weghorst said that the Pilot Exchange Agreement allows AVEK to recover up to one-third of its starting account balance in any year and that currently, AVEK's share of the water delivered into storage in 2012 equals 2,229 AF. The allowable annual recovery rate for AVEK is 743 AF per year. He said that AVEK is currently evaluating its need for additional water above the 743 AF in 2014, and staff recommends that the District be prepared to provide them with water shortage assistance by offering additional recovery capacity up to AVEK's total amount in storage of 2,229 AF. The recovery of additional water on behalf of AVEK would not have negative impacts on IRWD or its other exchange program partners.

Mr. Weghorst said that IRWD's legal counsel has prepared a letter agreement that will allow AVEK to recover additional water during 2014 up to its balance in storage at the Strand Ranch. The letter agreement calls for AVEK to pay the full cost of the recovery and delivery of the additional water to its service area. Recovery of additional water for AVEK will not be allowed to exceed the 17,500 AF per year recovery limit for the Strand Ranch. The letter agreement specifies that the recovery of the additional water by AVEK will occur in second priority to

IRWD's recovery of water for itself and in fulfilling the obligations of IRWD's other exchange programs.

Director Swan said that this item was reviewed and approved by the Water Banking Committee on January 23, 2014. Following discussion relative to assisting the District's partners, on MOTION by Swan, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE LETTER AGREEMENT WITH ANTELOPE VALLEY-EAST KERN WATER AGENCY SUBJECT TO NON-SUBSTANTIVE CHANGES THAT ALLOWS AVEK TO RECOVER ADDITIONAL WATER FROM THE STRAND RANCH INTEGRATED BANKING PROJECT IN 2014 UP TO ITS STORAGE BALANCE OF 2,229 AF AND FOR IT TO PAY ALL THE COSTS ASSOCIATED WITH THE RECOVERY AND RETURN OF THIS WATER TO THE AVEK SERVICE AREA.

ON-CALL CONSTRUCTION INSPECTION SERVICES VARIANCE

General Manager Cook reported that the District's current and upcoming inspection workload for capital, development and operational improvement projects continues to exceed the level that can be supported by the District's staff. Mr. Cook said that the District's construction inspection group consists of five staff inspectors and three on-call consultant inspectors that are currently responsible for the inspection, field coordination, documentation and record drawing preparation of over 230 projects spread across the District. He further said based on currently active and upcoming construction projects planned by The Irvine Company, FivePoint Communities, Toll Brothers and the City of Tustin, staff anticipates the need for continued consultant field inspection support for a period of up to two years.

Executive Director of Engineering and Planning Burton said that currently AndersonPenna is providing three experienced inspectors under their on-call contract that have worked well within the District's inspection group and have demonstrated the ability to inspect and coordinate multiple projects simultaneously. Mr. Burton said that the current agreement with AndersonPenna will be expended by February 2014. He said that due to the experience, attention to detail and quality work of the current consultant inspectors, staff requests a variance for continued inspection services. He further said that AndersonPenna has agreed to maintain the previously negotiated favorable fully-burdened rate of \$95 per hour for its inspectors, which includes a truck and fuel, cell phone and laptop computer.

Director Reinhart said that this item was reviewed by the Engineering and Operations Committee on January 21, 2014 and the Committee concurs with the staff recommendation. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 1 WITH ANDERSONPENNA IN THE AMOUNT OF \$1,200,000 FOR ON-CALL CONSTRUCTION INSPECTION SERVICES FOR THREE INSPECTORS FOR A TWO-YEAR PERIOD.

MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION AND FLOOD PROTECTION IMPROVEMENTS CONTRACT CHANGE ORDER

The Michelson Water Recycling Plant (MWRP) Phase 2 Expansion and Flood Protection Improvements are currently being constructed by J. R. Filanc Construction Company (Filanc). This project will expand the recycled water production capacity of MWRP to 28 million gallons per day and protect MWRP from flooding of San Diego Creek.

Executive Director of Engineering and Planning Burton reported that during construction of the flood protection improvements, staff identified several necessary design modifications for Riparian View. He said once the wall was constructed, staff noticed that the floodwall foundation would have been exposed had the road been constructed per the original design. Also, the drainage needed to be improved in consideration of constraints such as flood gate locations and drainage requirements which must direct flow towards MWRP and not the San Diego Creek. Riparian View will now have gradual slopes allowing proper drainage and the foundation of the floodwall will not be exposed. The net result of implementing these changes is that more road base and asphalt will be required than shown on the original bid documents. The Riparian View road improvements and security fencing is scheduled to be completed by the end of February 2014 for a cost of \$189,182.30.

Mr. Burton said that because of the uncertain location of existing in-plant recycled water pipelines, the Phase 2 Expansion design included a new, stand-alone recycled water loop for the new treatment processes. As construction proceeded and the existing recycled water pipelines were encountered, the active existing pipelines were connected to the new recycled water loop. This increased the reliability of the in-plant recycled water system. Filanc demolished and removed some unneeded recycled water lines, located mostly in the southern portion of MWRP. Filanc also abandoned in place and capped other unneeded recycled water pipelines in various located within MWRP. The cost for this portion of the work is \$53,278.81.

Mr. Burton said that Contract Change Order No. 104 in the amount of \$242,461.11 is for the labor, equipment, and material to perform the aforementioned modifications to Riparian View and the MWRP recycled water system. The amount of all change orders in this construction project is \$4,932,713.41 (5.6% of the original bid). The amount of change orders directly related to MWRP Phase 2 Expansion and Flood Protection Improvements is \$3,477,638.93 (4.0% of the original bid).

Director Reinhart said that this item was reviewed and approved by the Engineering and Operations Committee on January 21, 2014. On MOTION by Reinhart, seconded and unanimously carried, THE BOARD APPROVED CONTRACT CHANGE ORDER NO. 104 IN THE AMOUNT OF \$242,461.11 FOR MODIFICATIONS TO RIPARIAN VIEW AND THE MICHELSON WATER RECYCLING PLANT RECYCLED WATER SYSTEM WITH J. R. FILANC CONSTRUCTION CO. FOR THE MICHELSON WATER RECYCLING PLANT PHASE 2 EXPANSION AND FLOOD PROTECTION IMPROVEMENTS, PROJECTS 20214 (1599), 20542 (1150), 30214 (1706), AND 30542 (1118).

OTHER BUSINESS

GENERAL MANAGER'S REPORT

General Manager Cook reported on a visit to Sacramento with Ms. Christine Compton, Director LaMar, and the District's consultant Ms. Mareen O'Haren to meet with legislative representatives.

Mr. Cook said that the District received a Certificate of Recognition from the City of Irvine for its sponsorship in the U.S. Department of Energy's Solar Decathlon and exposition which both Directors LaMar and Matheis accepted on behalf of the District.

Mr. Cook noted the upcoming Baker Water Treatment Plant Construction Kick-off event which will be attended by the member agencies.

Mr. Cook congratulated Mr. Tom Roberts on his recent promotion to Assistant Director of Water Operations.

DIRECTORS' COMMENTS

Director Matheis reported on her attendance at WACO, and the City of Irvine's presentation to IRWD for its sponsorship of the solar decathlon. Ms. Matheis noted her attendance at a California Association of Realtors' meeting where they are proposing forming a task force relative to how the drought situation will affect the real estate market, and she had suggested that they obtain information from the water agencies. She further suggested that it may be valuable if the District contact retirees and obtain institutional history from these individuals via videotaping.

Director Reinhart reported on his attendance at a MWDOC Board meeting.

Director Swan reported on his attendance at an Orange County Water Association luncheon, a California Association of Sanitation Agencies conference with Executive Director Shields and said that other agencies are moving forward on the wastewater side, and a Southern California Water Committee relative to direct potable reuse. He said that he will be attending an Orange County Vector Control meeting relative to mosquito problems which they will be focusing on the property owned by University of California's Natural Reserve System located across the street from the San Joaquin Wildlife Sanctuary. He further said he will be attending an ACWA Board meeting this Thursday and Friday in Sacramento. As a follow-up to Director Matheis' comments, Director Swan suggested that periodic events be held with retirees to discuss historical/institutional information.

Director LaMar reported on his attendance at an NWRI Operations Committee, a Southern California Water Committee storm water task force meeting, a MWDOC Board meeting, an overview of the District and tour with the Orange County Business Journal held with Director Withers and staff, and also noted the meeting held in Sacramento last week with legislators and staff of Governor Brown. He said during his Sacramento visit he walked along the Sacramento

River and could see the effects of the drought and was contemplating on how southern California could assist Northern California. A discussion was held relative to conservation, and Director LaMar suggested that every agency update its Urban Water Management Plan.

ADJOURNMENT

There being no further business, President LaMar adjourned the meeting at 6:06 p.m.

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

President, IRVINE RANCH WATER DISTRICT

Secretary IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Legal Counsel - Bowie, Arneson, Wiles & Giannone