

Orange County Sanitation District

MINUTES

BOARD MEETING

June 27, 2012



**Administration Building
10844 Ellis Avenue
Fountain Valley, California 92708-7018**

ROLL CALL

A regular meeting of the Board of Directors of the Orange County Sanitation District was held on June 27, 2012, at 6:40 p.m., in the Administration Building. Following the invocation and Pledge of Allegiance, a quorum was declared present by the Clerk of the Board as follows:

ACTIVE DIRECTORS

ALTERNATE DIRECTORS

X	Larry Crandall, Chair		Steve Nagel
X	Troy Edgar, Vice Chair		Ken Stephens
X	John Anderson		Jim Winder
A	Tom Beamish		Rose Espinoza
X	Joe Carchio		Devin Dwyer
X	Bill Dalton		Kris Beard
A	Jon Dumitru		Denis Bilodeau
X	Gail Eastman		Harry Sidhu
X	James M. Ferryman		Bob Ooten
X	Michael Levitt		Gordon Shanks
X	Jeffrey Lalloway		Steven Choi
X	Scott Nelson		Constance Underhill
X	Prakash Narain		Doug Bailey
X	Joy Neugebauer		Al Krippner
X	Janet Nguyen		Shawn Nelson
X	John Nielsen		Jerry Amante
X	Sharon Quirk-Silva		Pat McKinley
X	Brad Reese		Robert Fauteux
X	Steven Rosansky		Nancy Gardner
X	Don Schweitzer		Ron Garcia
X	David Shawver		Carol Warren
X	Fred Smith		Steve Berry
X	Sal Tinajero		David Benavides
X	Mark Waldman		Steven Hwangbo
X	John Withers		Douglas Reinhart

STAFF MEMBERS PRESENT: Jim Ruth, General Manager; Bob Ghirelli, Assistant General Manager; Jim Herberg, Assistant General Manager; Nick Arhontes, Director of Facilities Support Services; Ed Torres, Director of Operations and Maintenance; Lorenzo Tyner, Director of Finance & Administrative Services; Jeff Reed, Director of Human Resources; Maria Ayala, Clerk of the Board; Jim Colston, Dean Fisher; Norbert Gaia; Rob Thompson; Nakeisha Turner; and Paula Zellar.

OTHERS PRESENT: Brad Hogin, General Counsel.

Maria Ayala, Clerk of the Board, announced the following changes to tonight's agenda:

- o Agenda Item #10-b, recommendation is to approve Addendum Nos. 1 through 4 (not 3) – Page 3
- o Closed Session, first case should be Santa Ana Watershed **Project Authority** (not Protection Agency) – Page 7

PUBLIC COMMENTS:

Jeff Thurber, Terra Renewal

Mr. Thurber distributed a letter to the Board and provided public comments over his company's concern with Agenda Item No. 28 and the process by which the award of the contract was determined.

Both Jim Herberg and Jim Colston addressed some of the comments made by Mr. Thurber and briefly explained about the Sanitation District's RFP process.

REPORTS:

Chair Crandall reported on his legislative trip to Sacramento.

Chair Crandall introduced the winning videos of the recent high school video contest held by Sanitation District. Upon viewing the short videos, Chair Crandall and Michael Gold presented the winners with their awards and prizes.

Mr. Ruth reported on the following from his monthly status report: OCSD's New Boat Captain; IPMC's current contract with the District and the service they provide; a recent best practices workshop facilitated by the Facilities Support Services Division focusing on 'flushable products';

Mr. Ruth announced the Sanitation District will host an Open House for the community in collaboration with the Orange County Water District on July 28th. OCSD has participated in various community events in the past few weeks, such as: Fountain Valley Summer Fest, Tustin Street Fair and Chili Cook-Off, etc.

CLAIMS:

1. **MOVED, SECONDED, AND DULY CARRIED:** Ratify payment of claims of the District, by roll call vote, as follows:

<u>Claims Paid for the Period Ending:</u>	<u>05/15/12</u>	<u>05/31/12</u>
Totals	\$8,950,330.60	\$12,160,772.73

Directors Nguyen, Nielsen, and Shawver abstained from discussion and voting on all warrants pursuant to California Government Code Section 84308.

CONSENT CALENDAR:

2. MOVED, SECONDED, AND DULY CARRIED: Approve minutes for the Regular Board Meeting held on May 23, 2012.
3. MOVED, SECONDED, AND DULY CARRIED: Approve a Reimbursement Agreement with the County of Orange for the adjustment and replacement of the Orange County Sanitation District manhole frame and covers within the 2012 – 2013 Asphalt Overlay Project limits, in an amount not to exceed \$135,300, in a form approved by General Counsel.
4. MOVED, SECONDED, AND DULY CARRIED: Approve a Flow Accommodation Agreement with County Sanitation District No. 18 of Los Angeles County, from July 1, 2012 to June 30, 2042, in a form approved by General Counsel.
5. MOVED, SECONDED, AND DULY CARRIED: Approve a Flow Accommodation Agreement with County Sanitation District No. 19 of Los Angeles County, from July 1, 2012 to June 30, 2042, in a form approved by General Counsel.
6. MOVED, SECONDED, AND DULY CARRIED: Approve an equipment Pre-Selection Agreement with GEA Westfalia Separator, Inc. for a total amount not to exceed \$14,665,007, in a form approved by General Counsel.
7. MOVED, SECONDED, AND DULY CARRIED: Reject all bids for the construction of Digester Ferric Chloride System Rehabilitation, Project No. P2-105, and direct staff to readvertise.
8.
 - A. MOVED, SECONDED, AND DULY CARRIED: Award a contract to Golden West Corporation (primary) and Tiano Construction, Inc. (secondary) for labor services, Specification No. S-2012-526, for the period July 1, 2012 through June 30, 2013, for a combined total annual amount not to exceed \$200,000 with four one-year renewal options; and
 - B. Approve an annual contingency of \$20,000 (10%).
9.
 - A. MOVED, SECONDED, AND DULY CARRIED: Approve Plans and Specifications for P2 City Water Pump Station Standby Power, Project No. FE07-19, on file at the office of the Clerk of the Board;
 - B. Approve Addendum Nos. 1 through 3 to the plans and specifications;
 - C. Receive and file bid tabulation and recommendation;
 - D. Award a construction contract to Minco Construction for P2 City Water Pump Station Standby Power, Project No. FE07-19, for a total amount not to exceed \$487,000; and,
 - E. Approve a contingency of \$73,050 (15%).

10. A. MOVED, SECONDED, AND DULY CARRIED: Approve Plans and Specifications for Phase 2 – Surge Tower No. 2 to Beach Junction Box, Contract No. J-112B, on file at the office of the Clerk of the Board;
- B. Approve Addendum Nos. 1 through 4 to the plans and specifications;
- C. Receive and file bid tabulation and recommendation;
- D. Award a construction contract to J.F. Shea Construction, Inc. for Phase 2 – Surge Tower No. 2 to Beach Junction Box, Contract No. J-112B, for a total amount not to exceed \$5,367,470; and,
- E. Approve a contingency of \$805,121(15%).

STEERING COMMITTEE:

11. MOVED, SECONDED, AND DULY CARRIED: Approve minutes of the May 23, 2012, Steering Committee Meeting.

Chair Crandall announced that there was considerable discussion on this in the Steering Committee Meeting. Chair Crandall announced that the General Manager, Jay Troger, from Enertech was present tonight and offered his public comments during the Steering Committee Meeting on this item.

12. A. MOVED, SECONDED, AND DULY CARRIED: Declare Enertech in immediate and material default of the 2006 Agreement based on Enertech's failure to complete the Interim Technical Plan by the deadline of June 11, 2012 as set forth in the Third Amendment.
- B. MOVED, SECONDED, AND DULY CARRIED: Direct staff to cease all shipments of biosolids to Enertech's Rialto facility pursuant to the 2006 Agreement, effective immediately.
- C. MOVED, SECONDED, AND DULY CARRIED: Direct the General Manager to provide notice to Enertech of Enertech's immediate and material default and the District's decision to cease all shipments of biosolids to the Rialto facility effective immediately.

Chair Crandall further reported that the Steering Committee also took action tonight with respect to Enertech to recommend the following for Board approval:

- 1) Direct staff to negotiate and enter into an interim agreement to be presented to the Board in July;
- 2) Authorize staff to negotiate and enter into an interim agreement providing for continued deliveries to Enertech until the July Board Meeting; and

- 3) The new agreements are to confirm that neither the interim agreement, the new agreement, nor the District's decision to continue to provide biosolids in any way revives the District's obligations under the old agreements.

There was a MOTION and SECOND to approve all three items proposed from the Steering Committee, all three items were APPROVED. Director Nguyen opposed.

OPERATIONS COMMITTEE:

13. MOVED, SECONDED, AND DULY CARRIED: Approve Minutes of June 6, 2012, Operations Committee meeting.
14. MOVED, SECONDED, AND DULY CARRIED: Authorize staff to negotiate a Professional Design Services Agreement with Brown and Caldwell to provide engineering services for the Santa Ana Trunk Sewer Rehabilitation, Project No. 1-17.
15. MOVED, SECONDED, AND DULY CARRIED: Authorize the General Manager to negotiate a Professional Consultant Services Agreement with Black & Veatch to provide construction support services for the Bitter Point Force Main Rehabilitation, Contract No. 5-58, to support the Phase 2 Santa Ana River Levee Repairs and In-Plant Restoration.
16. MOVED, SECONDED, AND DULY CARRIED: Approve an increase to the contingency to the Professional Services Agreement with TetraTech, Inc. for additional engineering services for Gisler-Redhill System Improvements, Reach B, Contract No. 7-37, for an additional amount of \$81,520 (9%), increasing the total contingency amount not to exceed \$172,098 (19%).
17. A. MOVED, SECONDED, AND DULY CARRIED: Approve annual Professional Design Services Agreements with Lee & Ro; Dudek; RMC Water and Environment; Tran Consulting Engineers; RBF Consulting; IDS Group; Psomas; GHD; RMS Engineering and Design; and Harris and Associates for engineering design and construction support services necessary in supporting Facilities Engineering and Facilities Repair projects, commencing July 1, 2012, with a maximum annual fiscal year contract limitation not to exceed \$200,000 for each Agreement, for a total amount not to exceed \$2,000,000; and,

B. Approve up to two additional one-year optional renewals.

Director Nguyen abstained from Item 17.

18.
 - A. MOVED, SECONDED, AND DULY CARRIED: Approve Plans and Specifications for P2 Power Building A, B, D & CENGEN HVAC Addition, Project No. FE07-32, on file at the office of the Clerk of the Board;
 - B. Approve Addendum Nos. 1 and 2 to the plans and specifications;
 - C. Receive and file bid tabulation and recommendation;
 - D. Find that the two lowest bids are non-responsive and reject the two lowest bids;
 - E. Award a construction contract to the lowest responsive and responsible bidder, Bon Air, Inc., for P2 Power Building A, B, D & CENGEN HVAC Addition, Project No. FE07-32, for a total amount not to exceed \$472,000; and,
 - F. Approve a contingency of \$47,200 (10%).
19.
 - A. MOVED, SECONDED, AND DULY CARRIED: Approve a Sole Source Service Agreement with Dr. Burton Jones of the University of Southern California to provide continuous water quality monitoring during the rehabilitation of the five-mile outfall under Phase 2 - Surge Tower No. 2 to Beach Junction Box, Contract No. J-112B for an amount not to exceed \$179,000; and
 - B. Approve a contingency of \$17,900 (10%).
20.
 - A. MOVED, SECONDED, AND DULY CARRIED: Approve a Professional Consultant Services Agreement with Black & Veatch, to provide construction support services for Phase 2 – Surge Tower to Beach Junction Box, Contract No. J-112B, for an amount not to exceed \$740,998; and,
 - B. Approve a contingency of \$111,150 (15%).
21. MOVED, SECONDED, AND DULY CARRIED: Ratify Change Order No. 2 to Plant 2 Digester “O” Liner Repair Project, Specification No. FR-2010-455BD, with J.R. Filanc Construction Company (Filanc) authorizing an addition of \$572,656 and 513 days, increasing the total contract amount to \$1,103,113 and extending the contract completion to August 31, 2012.
22.
 - A. MOVED, SECONDED, AND DULY CARRIED: Award a contract to Hill Brothers Chemical Company, for Regional Odor and Corrosion Control Services, Specification No. C-2012-524BD, for ferrous chloride and dosing services, at the unit price of \$850/dry ton, \$100 freight delivered plus tax; for magnesium hydroxide and dosing services, at a unit price of \$385/dry ton, \$385 freight delivered plus tax; for an estimated total annual amount of \$4,757,619; and additional program services for dose site development mobilization and demobilization for an annual amount not to

exceed \$200,000; for the period July 1, 2012 through June 30, 2013, with four one-year renewal options; and,

- B. Award a contract to US Peroxide, LLC, for Regional Odor and Corrosion Control Services, Specification No. C-2012-524BD, for calcium nitrate and dosing services, at the unit price of \$2.20/gallon, delivered plus tax; for hydrogen peroxide (27%) and dosing services at the unit price of \$1.41/gallon, delivered plus tax; for an estimated annual amount of \$716,132; and additional program services for dose site development mobilization and demobilization for an annual amount not to exceed \$200,000; for the period July 1, 2012 through June 30, 2013, with four one-year renewal options; and,
- C. Award contracts to Hill Brothers Chemical Company for \$200/day per ferrous chloride station and \$250/day per magnesium hydroxide site; and US Peroxide, LLC, for \$365/day per hydrogen peroxide site and \$75/day per calcium nitrate station for Regional Odor and Corrosion Control Services, Specification No. C-2012-524BD, for field services for an approximate amount total of \$577,500 per year; for the period July 1, 2012 through June 30, 2013, with four one-year renewal options; and,
- D. Award contract to Hill Brothers Chemical Company, for Regional Odor and Corrosion Control Services, Specification No. C-2012-524BD, for emergency and backup services, for calcium nitrate, unit price \$3.35/gallon delivered plus tax and service fee \$1,500 per site; for magnesium hydroxide at a unit price of \$580/dry ton delivered plus tax and service fee \$1,500 per station, for the period of July 1, 2012 through June 30, 2013, with four one-year renewal options, and
- E. Approve an annual unit price and program price contingency of 15%, per contract.

ADMINISTRATION COMMITTEE:

- 23. MOVED, SECONDED, AND DULY CARRIED: Approve minutes of the June 13, 2012, Administration Committee Meeting.
- 24. MOVED, SECONDED, AND DULY CARRIED: Adopt Resolution No. OCSD 12-07, Establishing the Annual Appropriations Limit for Fiscal Year 2012-13, for the Sanitation District in accordance with the Provisions of Division 9 of Title 1 of the California Government Code.

25. MOVED, SECONDED, AND DULY CARRIED: Adopt the final renewal insurance quotes for the Sanitation District’s major operational insurance programs for FY 2012-13 as follows:

- 1) Excess General Liability Insurance \$356,540
- 2) Excess Workers’ Compensation .002732 rate (estimated premium \$172,000*)
- 3) All-Risk Property and Flood insurance \$524,000
- 4) Boiler & Machinery insurance \$ 18,571

*Excess Workers Comp is priced by “rate” since the actual premium is based on final payroll which can’t be known until 2013.

26. MOVED, SECONDED, AND DULY CARRIED: Adopt Resolution No. OCSD 12-08, Establishing Use Charges for the FY 2012-13 Pursuant to the Wastewater Treatment and Disposal Agreement with the Santa Ana Watershed Project Authority (SAWPA).

Director Nguyen opposed.

27. Item 27 pulled consent agenda for individual discussion.

NON-CONSENT ITEMS:

Mr. Ruth provided a brief summary of the budget being proposed tonight.

27. MOVED, SECONDED, AND DULY CARRIED: Approve proposed Operating, Capital, Debt/COP Service and Self-Insurance Budgets for FY 2012-13 and 2013-14 as follows:

	<u>2012-13</u>	<u>2013-14</u>
Net Operations, Maintenance & Working Capital	\$151,606,620	\$155,761,100
Worker's Compensation Self Insurance	679,500	700,000
General Liability and Property Self-Insurance	1,391,200	1,512,200
Net Capital Improvement Program	137,255,000	174,421,000
Debt/COP Service	82,615,000	97,576,000
Intra-District Joint Equity Purchase/Sale ⁽¹⁾	<u>4,250,000</u>	<u>-</u>
TOTAL	<u>\$377,797,320</u>	<u>\$429,970,300</u>

⁽¹⁾Cash to Revenue Area 14 (RA14) in exchange for capital assets to Consolidated Revenue Area 15 (RA15).

Item 27 was amended to include an additional \$120,000 in the budget for the purchase of a new District vehicle (bus for tours).

Directors Lalloway and Nguyen abstained from Item 27.

Jim Colston provided information on Item 28. Michael Asner, Fairness Consultant, provided the Board with additional information and addressed questions regarding the RFP process.

~~28. Approve a contract with Tule Ranch to manage the Orange County Sanitation District's biosolids from Reclamation Plant No. 1 and Treatment and Plant No. 2 for land application and/or landfill disposal (Specification No. S-2011-513BD), for the period commencing on January 1, 2013 through December 31, 2017, with one five-year renewal option, for the unit price of \$54.50 per ton for land application and \$69.00 per ton for landfill disposal for a total annual amount not to exceed \$19,000,000, which includes the cost for the excess management capacity (failsafe) for managing the Orange County Sanitation District's daily biosolids production of approximately 750 tons per day as required by the Request for Proposal.~~

~~Directors Quirk-Silva and Waldman departed the meeting before and were not present for the vote on Item 28.~~

After considerable discussion by the Board there was a MOTION and SECOND to CONTINUE Item 28 until the next Board meeting, so that staff may address the questions that were raised at tonight's Board meeting. The motion was APPROVED, with Directors Edgar, Ferryman, Neugebauer, Tinajero, and Withers opposing.

CLOSED SESSION:

No closed session.

OTHER BUSINESS AND COMMUNICATIONS OR SUPPLEMENTAL AGENDA ITEMS, IF ANY:

Chair Crandall announced Troy Edgar as the new Board Chair effective July 1st.

Director Edgar said a few words to thank Chair Crandall on behalf of the Sanitation District and presented him with a plaque in recognition of his contributions to OCSD as Board Chair. Chair Crandall expressed his gratitude for having served as the Sanitation District's Board chair over the last two years.

Chair Crandall announced the following:

- GWRS Steering Committee Meeting, July 9th
- OCSD Administration Committee Meeting, July 11th
- No Operations Committee Meeting in July

ADJOURNMENT:

The Chair declared the meeting adjourned in memory of Manny Golmes, recently deceased OCSD employee, at 8:40 p.m. until the next regular Meeting on July 25, 2012, at 6:30 p.m.

A handwritten signature in black ink, appearing to read 'M.E. Ayala', written over a horizontal line.

Maria E. Ayala
Clerk of the Board