

## AGENDA

### BOARD OF DIRECTORS ORANGE COUNTY SANITATION DISTRICT

DISTRICT'S ADMINISTRATIVE OFFICES  
10844 ELLIS AVENUE  
FOUNTAIN VALLEY, CA 92708  
[www.ocsd.com](http://www.ocsd.com)

### REGULAR MEETING

February 28, 2001 – 7:00 p.m.

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted in the main lobby of the District's Administrative Offices not less than 72 hours prior to the meeting date and time above. All written materials relating to each agenda item are available for public inspection in the office of the Board Secretary.

In the event any matter not listed on this agenda is proposed to be submitted to the Board for discussion and/or action, it will be done in compliance with Section 54954.2(b) as an emergency item, or that there is a need to take immediate action which need came to the attention of the District subsequent to the posting of the agenda, or as set forth on a supplemental agenda posted not less than 72 hours prior to the meeting date.

All current agendas and meeting minutes are also available via Orange County Sanitation District's Internet site located at [www.ocsd.com](http://www.ocsd.com). Upon entering the District's web site, please navigate to the Board of Directors section.

1. Invocation and Pledge of Allegiance
2. Roll Call
3. Consideration of motion to receive and file minute excerpts of member agencies relating to appointment of Directors, if any.
4. Appointment of Chair pro tem, if necessary
5. Public Comments: All persons wishing to address the Board on specific agenda items or matters of general interest should do so at this time. As determined by the Chair, speakers may be deferred until the specific item is taken for discussion and remarks may be limited to five minutes.

Matters of interest addressed by a member of the public and not listed on this agenda cannot have action taken by the Board of Directors except as authorized by Section 54954.2(b).

6. The Chair, General Manager and General Counsel present verbal reports on miscellaneous matters of general interest to the Directors. These reports are for information only and require no action by the Directors.
  - a. Report of Chair; consideration of resolutions or commendations, presentations and awards
  - b. Report of General Manager
  - c. Report of General Counsel

7. If no corrections or amendments are made, the minutes for the meeting held on January 24, 2001 will be deemed approved as mailed and be so ordered by the Chair.
8. Ratifying [payment of claims](#) of the District, by roll call vote, as follows:

| <u>ALL DISTRICTS</u> | <u>01/15/01</u> | <u>01/31/01</u> |
|----------------------|-----------------|-----------------|
| Totals               | \$3,400,711.30  | \$11,236.329.16 |

#### CONSENT CALENDAR

All matters placed on the Consent Calendar are considered as not requiring discussion or further explanation and unless any particular item is requested to be removed from the Consent Calendar by a Director, staff member or member of the public in attendance, there will be no separate discussion of these items. All items on the Consent Calendar will be enacted by one action approving all motions, and casting a unanimous ballot for resolutions included on the consent calendar. All items removed from the Consent Calendar shall be considered in the regular order of business.

Members of the public who wish to remove an item from the Consent Calendar shall, upon recognition by the Chair, state their name, address and designate by number the item to be removed from the Consent Calendar.

The Chair will determine if any items are to be deleted from the Consent Calendar.

9. Consideration of motion to approve all agenda items appearing on the Consent Calendar not specifically removed from same, as follows:
  - a. Receive and file Summons and Complaint for Negligence, Nuisance, and Waste, [Michael Rezvan](#), et al. v. Orange County Sanitation District, et al., Orange County Superior Court Case No. 01NL10525, in connection with Rehabilitation of Magnolia Trunk Sewer, Contract No. 3-35R, and refer to District's contractor, Barnard Construction Company, Inc., St. Paul Insurance Companies, and General Counsel, to appear and defend the interests of the District.
  - b. (1) Receive and file petition from Michael Hughes requesting annexation of 1.12 acres to the Orange County Sanitation District at the intersection of Amapola Avenue and Ranch Wood Trail in the City of Orange; and (2) Adopt Resolution No. OCSD 01-05, authorizing initiation of proceedings to annex said territory to the Orange County Sanitation District (Proposed Annexation No. OCSD -19 – [Hughes Annexation](#)).
  - c. (1) Approve the purchase of real property located at 810 East Balboa Boulevard, Newport Beach, California at an amount not to exceed \$540,000; and (2) Approve a budget amendment of \$600,000 for Rehabilitation of the "A" Street Pump Station, [Contract No. 5-52](#), for a total project budget of \$2,848,000.
  - d. Approve an easement appraisal procedure for the acquisition of private easements in connection with Santa Ana River Interceptor Relocation and Protection, [Contract No. 2-41](#).

**END OF CONSENT CALENDAR**

10. Consideration of items deleted from Consent Calendar, if any.

**NON-CONSENT CALENDAR**

11. a. Verbal report by Chair of Steering Committee re February 28, 2001 meeting.
- b. DRAFT STEERING COMMITTEE MINUTES – NO ACTION REQUIRED (Information only): The Chair will order the draft Steering Committee Minutes for the meeting held on January 24, 2001 to be filed.
12. a. Verbal report by Chair of Operations, Maintenance and Technical Services Committee re February 7, 2001 meeting.
- b. DRAFT OPERATIONS, MAINTENANCE AND TECHNICAL SERVICES COMMITTEE MINUTES – NO ACTION REQUIRED (Information only): The Chair will order the draft Operations, Maintenance and Technical Services Committee Minutes for the meeting held on February 7, 2001 to be filed.
- c. 1) Authorize a total budget for an amount not to exceed \$1,000,000 for consulting service agreements for the [Huntington Beach Shoreline Contamination Investigation](#), Phase III, Job No. J-85; 2) Authorize the General Manager to negotiate and award sole source contracts with government agencies, universities and consulting companies qualified to carry out those contracts for the Huntington Beach Shoreline Contamination Investigation, Phase III, Job No. J-85; 3) Authorize the General Manager to negotiate and award a sole source contract with the United States Geological Survey (USGS) to conduct all tasks associated with the design, installation, and collection of physical oceanographic data from fixed oceanographic moorings in an amount not to exceed \$500,000; and 4) Direct staff to request County of Orange to assist in the funding of the Huntington Beach Shoreline Contamination Investigation, Phase III, Job No. J-85.
- d. Approve Amendment No. 1 to the contract with BP Energy Company for Purchase of Natural Gas, [Specification No. 9900-28](#), ending July 31, 2001, providing for an increase of \$1,680,000 to the contract for a total amount not to exceed \$2,810,000.
- e. 1) Establish a budget of \$480,000 for Purchase and Installation of Mechanical Equipment for Plant No. 1 Activated Sludge Clarifiers ([Specification No. E-297](#)); 2) Adopt Resolution No. 01-06, authorizing specifications calling for a specific make and model of equipment in order that a field test may be conducted to determine the product's suitability for future use as authorized by California public Contract Code Section 3400(b); and 3) Authorize the Purchasing Manager to negotiate and enter into a sole source contract with US Filter Envirex for Purchase and Installation of Mechanical Equipment for Plant No. 1 Activated Sludge Clarifiers (Specification No. E-297), for an amount not to exceed \$360,000.
13. a. Verbal report by Chair of Planning, Design and Construction Committee re February 1, 2001 meeting.

- b. DRAFT PLANNING, DESIGN AND CONSTRUCTION COMMITTEE MINUTES – NO ACTION REQUIRED (Information only): The Chair will order the draft Planning, Design and Construction Committee Minutes for the meeting held on February 1, 2001 to be filed.
  - c. Ratify Change Order No. 7 to Rehabilitation of Digesters I, J, K, L, M, N, and O at Plant No. 2, [Job No. P2-39](#), with Margate Construction, authorizing an addition of \$221,581 and 30 calendar days, increasing the total contract amount to \$10,549,632.
  - d. Accept Extension of Reclaimed Water Line at Plant No. 2, [Job No. SP2000-20](#), as complete, authorizing execution of the Notice of Completion and approving the Final Closeout Agreement with Margate Construction, Inc.
  - e. Approve Professional Services Agreement with Parsons Engineering Science, Inc. to conduct a Value Engineering workshop and prepare a Value Engineering study for the Santa Ana River Interceptor Relocation and Protection, [Contract No. 2-41](#), for an amount not to exceed \$57,759.
  - f. (1) Approve a budget amendment of \$222,500 for [HVAC Equipment Replacement](#) at Plant Nos. 1 and 2, Job No. J-80, for a total project budget of \$1,124,500; (2) Receive and file bid tabulation and recommendation; and (3) Award a construction contract to Adams/Mallory Construction, Inc. for HVAC Equipment Replacement at Plant Nos. 1 and 2, Job No. J-80, for an amount not to exceed \$897,339.
  - g. (1) Establish a budget of \$354,815 for Interim Facility Record and Engineering Data System Maintenance, [Job No. J-25-6](#); and (2) Approve Professional Services Agreement with Brown and Caldwell for Interim Facility Record and Engineering Data System Maintenance, Job No. J-25-6, for an amount not to exceed \$294,815.
  - h. Approve Addendum No. 1 to the Professional Services Agreement with Boyle Engineering Corporation for additional design engineering services for the Abandonment of Airbase Trunk Sewers, and construction of Watson Avenue Sewer and California Street Sewer, [Contract No. 6-13](#), for an additional amount of \$54,652, increasing the total amount not to exceed \$112,237.
  - i. Approve continuing the original defined Phase 1 of the Groundwater Replenishment System, [Job No. J-36](#), as recommended by the Joint Groundwater Replenishment System Cooperative Committee, and disapprove the Irvine Ranch Water District alternate phasing proposal.
- 14.
- a. Verbal report by Chair of Finance, Administration and Human Resources Committee re the February 14, 2001 meeting.
  - b. DRAFT FINANCE, ADMINISTRATION AND HUMAN RESOURCES COMMITTEE MINUTES – NO ACTION REQUIRED (Information only): The Chair will order the draft Finance, Administration and Human Resources Committee Minutes for the meeting held on February 14, 2001 to be filed.
  - c. Receive and file [Treasurer's Report](#) for the month of January 2001.
  - d. Receive and file [Mid-Year Financial and Operational Report](#) for the period ending December 31, 2000.

- e. Receive and file [Quarterly Investment Management Program Report](#) for the period October 1, 2000 through December 31, 2000.
  - f. Receive, file and approve the [Five-Year Staffing and Business Plan](#), fiscal year 2000-01 to 2004-05, as approved unanimously by the OMTS and PDC Committees.
15. a. Verbal report by Vice Chair of Joint Groundwater Replenishment System Cooperative Committee re January 29, 2001 meeting.
- b. DRAFT JOINT GROUNDWATER REPLENISHMENT SYSTEM COOPERATIVE COMMITTEE MINUTES – NO ACTION REQUIRED (Information only): The Chair will order the draft Joint Groundwater Replenishment System Cooperative Committee Minutes for the meeting held on January 29, 2001 to be filed.

16.

CLOSED SESSION: During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chair may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters, pursuant to Government Code Sections 54956.8, 54956.9, 54957 or 54957.6, as noted.

Reports relating to (a) purchase and sale of real property; (b) matters of pending or potential litigation; (c) employment actions or negotiations with employee representatives; or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time as the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information.

- a. Convene in closed session, if necessary
  - b. Reconvene in regular session
  - c. Consideration of action, if any, on matters considered in closed session
17. Matters which a Director may wish to place on a future agenda for action and staff report
18. Other business and communications or supplemental agenda items, if any
19. Adjournment

NOTICE TO DIRECTORS: To place items on the agenda for the Regular Meeting of the Board of Directors shall submit items to the Board Secretary no later than the close of business 14 days preceding the Board meeting. The Board Secretary shall include on the agenda all items submitted by Directors, the General Manager and General Counsel and all formal communications.

Board Secretary:

Penny Kyle

(714) 593-7130 or  
(714) 962-2411, ext. 7130

## OMTS COMMITTEE

### AGENDA REPORT

|                          |                           |
|--------------------------|---------------------------|
| Meeting Date<br>2/7/01   | To Bd. of Dir.<br>2/28/01 |
| Item Number<br>OMTS01-01 | Item Number<br>12(c)      |

Orange County Sanitation District

**FROM:** Robert Ghirelli, Director of Technical Services  
Originator: George Robertson, Senior Scientist  
Deirdre Hunter, Senior Environmental Specialist  
Charles McGee, Laboratory Supervisor

**SUBJECT:** HUNTINGTON BEACH SHORELINE CONTAMINATION  
INVESTIGATION, PHASE III, JOB NO. J-85

#### GENERAL MANAGER'S RECOMMENDATION

- 1) Presentation by Dr. Stephen Weisberg, Southern California Coastal Water Research Project (SCCWRP)
- 2) Verbal report by Bob Ghirelli, Director of Technical Services
- 3) Recommend to the Board of Directors to:
  - a) Authorize a total budget for an amount not to exceed \$1,000,000 for consulting service agreements for the Huntington Beach Shoreline Contamination Investigation, Phase III, Job No. J-85;
  - b) Authorize the General Manager to negotiate and award sole source contracts with government agencies, universities and consulting companies qualified to carry out those contracts for the Huntington Beach Shoreline Contamination Investigation, Phase III, Job No. J-85; and,
  - c) Authorize the General Manager to negotiate and award a sole source contract with the United States Geological Survey (USGS) to conduct all tasks associated with the design, installation, and collection of physical oceanographic data from fixed oceanographic moorings in an amount not to exceed \$500,000.

#### SUMMARY

- 1) SCCWRP Presentation

On November 1, 2000, the Board approved the Orange County Sanitation District's (District) continuing participation in the SCCWRP for the next four years at an annual average cost of \$306,000. The District is a founding member of the SCCWRP going back to its inception in 1969. The SCCWRP's overall goal is to measure, evaluate, and report on the health of the marine environment off the coast of southern California and to evaluate the impacts of wastewater treatment plant discharges on water quality and public health. Dr. Stephen Weisberg, SCCWRP's Director, will provide information on some of SCCWRP's recent activities and the importance of this work to the District.

- 2) Huntington Beach Shoreline Investigation Update

Beginning in late fall 2000, staff began planning the response to Dr. Stanley Grant's hypothesis that an interaction between the AES power plant in Huntington Beach and offshore waters could entrain and transport bacteria to the beach from our ocean outfall discharge plume. During the summer of 2001, the District will conduct a comprehensive and extensive study of the offshore and shoreline waters, currents and sediments off Huntington Beach to test the

hypothesis. This work will add to the existing body of information we have compiled during the last 25 years on marine monitoring off the coast of Huntington Beach.

### 3) Oceanographic Service Contracts and Estimated Investigation Costs

The District has taken the lead role in developing a series of studies to begin in April 2001 and continue into early fall. These studies will require the involvement of specialists with expertise in measuring, analyzing, and integrating oceanographic and coastal processes information and then interpreting the findings. The General Manager is requesting approval from the Board to negotiate several service contracts required to plan and perform the studies. The total requested budget for all the service contracts, including the \$500,000 USGS sole-source, is \$1 million. Staff's current estimate of the cost for the entire project, including the service contracts, is \$1.62 million (see Table 2).

### **PROJECT/CONTRACT COST SUMMARY**

- 1) N/A: Information item only.
- 2) N/A: Information item only.
- 3) Not to exceed \$1,000,000:

### **BUDGET IMPACT**

- This item has been budgeted. (Line item:           )
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

### **ADDITIONAL INFORMATION**

#### 1) Southern California Coastal Water Research Project (SCCWRP) Presentation Overview

Some of the SCCWRP's recent projects include measuring and modeling stormwater flows into the coastal environment and the impact of that flow on the beach. Other public health projects include (1) organizing two regional shoreline bacteria surveys that allow, for the first time, a comprehensive shoreline impact analyses; and (2) developing a model shoreline monitoring program.

The SCCWRP has been a leader and innovator for the past 30 years in measuring the health of our local coastal oceans. The SCCWRP's leadership during the past two regional surveys (1994 and 1998) ensured that the measurement of the physical, chemical, and biological environmental indicators were done consistently by all participants. This allows the District, as well as any other ocean discharger, to compare local impacts in the context of regional conditions.

Besides ensuring consistent measurement for data comparability between agencies, the SCCWRP has also been instrumental in evaluating what *needs* to be measured in an effective ocean monitoring program. The outcome of this multi-year effort was the model wastewater treatment plant monitoring program recommendations recently made to the SCCWRP Commission.

Finally, all of this effort is of little use if no one knows about it. While the SCCWRP has kept up with this computer age of information transfer with their exceptional web site, they continue to foster face-to-face information exchange through their series of seminars conducted by well-known experts.

## 2) Huntington Beach Shoreline Investigation Update

To be able to answer the questions regarding the District's plume, District staff has begun to design a series of studies. The general objectives for these studies are to determine:

- *Whether sewage-related bacteria are present in the nearshore region between the District's deep-water ocean outfall and the shore;*
- *If the District's outfall is a source for these bacteria; and*
- *The oceanographic or meteorological mechanisms that can transport the District's treated wastewater toward shore.*

*These studies will be conducted by the District independent of the routine, permit-required monitoring. However, data from routine monitoring, as well as results from on-going or recently completed special studies will be used to supplement the findings and conclusions from the proposed studies.*

The proposed studies consist of several integrated and complimentary components, including current measurements, water column sampling, and sediment and mussel sampling for specific tracers such as detergent components unique to sewage. Current measurements are useful for characterizing the magnitude and direction of plume transport during periods when onshore transport is most likely. Water column sampling will be used to characterize horizontal and vertical distributions of water quality parameters as indicators of the wastewater plume, as well as describing the vertical density structure of the water column. Sediment sampling along with mussel tissue deployments will provide time-integrated measurements of water quality, including chemical markers for sewage, over multiple tidal cycles, which can not be practically sampled by single point measurements.

The proposed studies will be discussed at the first Technical Advisory Committee (TAC) meeting, which is scheduled for January 29, 2001. The TAC consists of individuals representing a broad range of backgrounds including, local stakeholders, regulators, academics, consultants, interested environmental groups, and the general public. Staff will present the offshore sampling proposal discussed above and incorporate the TAC's comments into the final sampling plan.

## 3) Oceanographic Service Contracts and Overall Project Costs

The District is taking the lead in developing and carrying out these studies, in collaboration with other government agencies and university researchers that are focusing on other possible sources for the elevated shoreline bacteria (e.g., onshore sources or flow from Talbert Marsh and Santa Ana River). These studies will be conducted during the periods which, based on previous investigations, have been most-frequently associated with elevated bacterial levels. The studies are scheduled to begin this spring. We expect that the proposed studies will be comprehensive enough so that, in the event the results do not indicate the wastewater discharge is the source for the bacteria, further speculation regarding possible mechanisms for the District's offshore source would not be warranted. That is, the studies are being designed to conclusively identify or eliminate the District's plume as a possible offshore source.



4.) Scientific Studies Service Contracts

*While the District is taking the lead in these investigations and in-house personnel will do portions of the studies, staff recommends that several scientific studies service contracts be created for program design, field sampling, sample analysis, data analysis, integration, and reporting. The groups identified in Table 1 below represent a pool of talent from which the District can select the appropriate expertise necessary to carry out those portions of the proposed studies that cannot be done in-house. Because of the very short turn-around time needed to prepare these studies for this summer, and the specific expertise needed to do them, staff has determined that using the District's standard approval processes of separate funding approvals for each contract is simply not possible. Instead, approving a general funding amount for the studies and Board authorization to negotiate with the companies listed for specific scopes-of-work for each service contract will streamline and shorten the process.*  
*USGS Sole Source*

As part of the District's efforts to address the hypothesis that the treated wastewater plume is being transported toward shore where it can then interact with the discharge from the AES Huntington Beach power generation plant, extensive oceanographic measurements will need to be collected this spring and summer. These measurements will be taken from a series of moored instrument platforms located from the District's outfall (4.5 miles offshore) to as close to the shoreline as possible.

The United States Geological Survey (USGS) is a world leader in the natural sciences. They are the nation's premier scientific organization whose mission is to describe and understand the Earth's processes to better manage our natural resources and enhance and protect our quality of life. The USGS's Western Region Coastal and Marine Geology, located in Menlo Park, California, has been studying coastal physical oceanographic processes off southern California (Santa Monica Bay) to determine how the regional currents and the associated transport of sediment and pollutants affects the selection of offshore disposal sites. This work has included predictions of transport pathways for polluted sediment, the role submarine canyons play on the exchange of nutrients and other materials between the coast and deeper ocean and modeling. At this time the USGS is uniquely qualified and stands ready to develop a rigorous and scientifically defensible oceanographic study to investigate the District's outfall as a source of shoreline bacterial contamination in Huntington Beach.

**Recommendation**

The General Manager recommends that a budget of \$1,000,000 be established and that the General Manager be authorized to negotiate scientific studies service contracts with the groups listed in Table 1 without having to return to the Board to approve each contract. In addition, the General Manager recommends that he be authorized to negotiate a sole source contract with the USGS in an amount not to exceed \$500,000. Staff will exercise diligence in managing the project and controlling costs. Status reports on the costs, schedule, and results of the studies will be reported at all Steering and OMTS meetings.

**Table 1. Pool of agencies, institutions and companies for the Huntington Beach Shoreline Contamination Investigation, Phase III**

| <b>Group</b>                          | <b>Contact</b>    | <b>Address</b>  |
|---------------------------------------|-------------------|---|
| U.S. Geological Survey                | Marlene Noble     | USGS MS-999<br>345 Middlefield Road<br>Menlo Park, CA 94025                                       |
| University of California, Los Angeles | Indira Venkatesan | 5863 Slichter Hall<br>Institute of Geophysics and Planetary Physics<br>Los Angeles, CA 90095-1567 |

**Table 1. Pool of agencies, institutions and companies for the Huntington Beach Shoreline Contamination Investigation, Phase III**

|  |                   |   |
|--|-------------------|---|
| University of California, Los Angeles              | Keith Stolzenbach | Dept. of Civil and Env. Engineering<br>5732C Boelter Hall<br>Los Angeles, CA 90095-1593                                   |
| University of California, Santa Barbara            | Walter Lick       | Department of Mechanical and Environmental Engineering<br>Engineering II Bldg., Room 2355<br>Santa Barbara, CA 93106-5070 |
| University of California, Santa Barbara            | Libe Washburn     | Geography Department<br>Ellison Hall 3611<br>Santa Barbara, CA 93106-4060   |
| University of California, Irvine                   | Stanley Grant     | Chem/Biochem Eng & Matrls Sci<br>Irvine, CA 92697-2175  |
| Scripps Institution of Oceanography                | Clinton Winant    | Center for Coastal Studies<br>University of California, San Diego<br>La Jolla, CA 92093-0209                              |
| University of Southern California Sea Grant        | Phyllis Grifman   | University Park<br>Los Angeles, CA 90089.0373   |
| Southern California Coastal Water Research Project | Steve Weisberg    | 7171 Fenwick Lane<br>Westminster, CA 92863  |
| Science Applications International Corporation     | Andrew Lissner    | 4770 Eastgate Mall Road, Mail Stop X-1<br>San Diego, CA 92121   |
| MEC Analytical Systems, Inc.                       | Arthur Barnett    | 2433 Impala Drive<br>Carlsbad, CA 92009   |
| Tetra Tech   | Thomas Grieb      | 3746 Mt. Diablo Road, Suite 300<br>Lafayette, CA 94549  |
| CRG Marine Laboratories, Inc.                      | Richard Gossett   | 820 South Seaside Avenue<br>Terminal Island, CA 90731   |
| Applied Biomonitoring                              | Michael Salazar   | 11648 - 72nd Place NE<br>Kirkland, WA 98034   |
| Seavisual Consulting, Inc.,                        | Terry Sullivan    | P.O. Box 1056<br>Ashland, OR 97520  |
| Applied Ocean Science                              | Burt Jones        | 3579 E. Foothill Blvd, PMB 227<br>Pasadena, CA 91107  |
| Sea Systems  | Terry Hendricks   | 840 Bonita Drive<br>Encinitas, CA 92024   |
| Moffatt & Nichol Engineers                         | Chris Webb        | 250 West Wardlow Road<br>Long Beach, CA 90807   |

*Overall Project Costs*

The estimated overall project costs are outlined below in Table 2. These costs are based on staff's initial draft proposal that the TAC will be reviewing on January 29, 2001. OMTS and the Board will be updated as more information regarding the project's scope, schedule, and costs becomes available. Approximately 4-5 FTEs are anticipated to be required to carry out this work program. A higher number of staff and contract help will be needed during the peak summer sampling months and lesser numbers at other times of the year.

**ALTERNATIVES**

N/A

**CEQA FINDINGS**

N/A

**ATTACHMENTS**

N/A

## **OMTS COMMITTEE**

### **AGENDA REPORT**

|                          |                        |
|--------------------------|------------------------|
| Meeting Date<br>2/7/01   | To Jt. Brd.<br>2/28/01 |
| Item Number<br>OMTS01-02 | Item Number<br>12(d)   |

Orange County Sanitation District

**FROM:** Bob Ooten, Director of Operations and Maintenance  
Originator: Dave Halverson, Senior Electrical Engineer

**SUBJECT:** AMENDMENT TO CONTRACT FOR PURCHASE OF NATURAL GAS,  
SPECIFICATION NO. 9900-28

#### **GENERAL MANAGER'S RECOMMENDATION**

Approve Amendment No. 1 to the contract for Purchase of Natural Gas, Specification No. 9900-28 with BP Energy Company, ending July 31, 2001, providing for an increase of \$1,680,000 to the contract for a total amount not to exceed \$2,810,000.

#### **SUMMARY**

Natural gas is primarily used in the Central Generation facilities at both plants to produce the electricity needed for the wastewater treatment facilities. The treatment plants budgeted \$1,130,000 for the purchase of gas this year. Staff is requesting an increase to the current contract that ends July 31, 2001. The natural gas markets have seen an unprecedented increase in unit prices starting last spring. The average market price for gas at the California border has increased over 530%. The District historically paid about \$3 per unit of gas purchased. Current costs are over \$16.00 per unit. Staff has taken steps to limit the impact of these price increases by locking in a portion of our needs and by reducing consumption. However the magnitude of the market increases cannot be absorbed in the existing budget or contract amount.

District staff has developed two new operation strategies. The first strategy, implemented in December 2000 is to reduce natural gas consumption. This first strategy is accomplished by reducing the output of the Central Generation facilities and buying additional electricity from Edison to make up the difference. This operational strategy reduces the overall cost of operating the treatment plants because it is less expensive to buy electricity than make it. In mid January a second operational strategy was developed to handle the Stage Three Electrical emergencies. This second strategy was developed to support our local community and the state-wide electrical system. During the Stage Three Electrical emergencies, the District increase the purchase of natural gas to eliminate electricity consumption at the treatment plants.

The power not imported averages 2 megawatts or enough power for 2,000 homes. Unfortunately, additional natural gas is consumed during the Stage Three emergency in order to avoid imported (purchased) electricity. Even though we will spend more for operating the plant, this operating strategy reduces the demand on the California electrical system and supports our local communities.

The current contract with BP Energy Company, in the amount of \$1,130,000, is requested to be increased by \$1,680,000 for a total contract price of \$2,810,000 in order to cover the estimated increases in natural gas purchases.

This request for an amendment to the natural gas procurement contract needs to be viewed in the context of the whole energy management system. The purchase of natural gas and electricity, as well as, the power plant operational strategies affect the expenditure for both commodities. Staff continues to monitor the electric and gas markets and will continue to optimize purchases in order to contain costs. Additional information on the electricity budget is outlined in the additional information section of this report.

### **PROJECT/CONTRACT COST SUMMARY**

The current contract for natural gas procurement expires July 31, 2001. The natural gas cost increase results from dramatic increases in the market cost of gas. The historical cost of gas is shown on an attached table. District staff budgeted \$ 1,130,000 for this fiscal year. Based on the year-to-date costs and estimates based on the gas futures market, staff anticipates the District will spend \$1,680,000 over budget amount. Refer to the attached graph showing last years costs and the estimates of costs for this year.

At this writing, staff anticipates being continuously in Stage Three emergencies through February. The additional cost for natural gas is estimated to be approximately \$373,000 through this period. As information, the electricity saved by operating at full Central Generation capacity during a Stage Three emergency is \$155,000. In other words, the cost for supporting our local community during the period through February is \$218,000.

Staff is continuing to monitor the gas market and will continue to reduce consumption in order to reduce expenditures and contain costs. The increased gas prices have resulted from increased demand for fuel in the western states while supply has decreased. The District purchases gas from a commodity marketer and pays for the gas and the transportation of the gas to the District. Natural gas prices are currently very volatile and widely fluctuate. Staff is reviewing alternatives for procuring professional expertise to counsel and advise on the purchase of this commodity.

### **BUDGET IMPACT**

- This item has been budgeted. (Line item:            )
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

### **ADDITIONAL INFORMATION**

#### ***Electrical Budget Information***

The District uses energy for powering buildings, the treatment facilities and collections systems. This energy is in the form of electricity or natural gas. Natural gas and digester gas is used to produce electricity in the District's Power Generation facilities. In addition to energy, the District purchases standby electrical services from Edison Company, our local electrical utility company, in the unlikely event of a Central Generation outage or for yearly routine maintenance.

Historically, the natural gas prices allowed the District to produce electricity at less cost than for buying it from Edison. With the high natural gas prices, electricity is currently less expensive to purchase from Edison than to produce on-site with natural gas. Therefore, to minimize operating costs and control expenditures, staff has elected to reduce natural gas consumption and purchase the electricity needed beyond that being presently generated. The very high gas prices started in December and are expected to continue through February. Staff will continue

to monitor the pricing for gas and electricity and select the combinations that result in lowest costs without sacrificing the availability of reliable power for plant processes. One exception to this operating strategy deals with Stage Three electrical emergency conditions. During Stage Three conditions, the District will cease importing electricity in order to support our local community and the statewide electrical system.

The District budgeted \$921,000 for electricity and electricity standby services and \$1,130,000 for natural gas. The natural gas markets have seen an unprecedented increase in unit prices starting last spring. The average market price for natural gas purchased by the District has increased over 530%. The District historically paid about \$3 per unit of gas purchased. Current costs are over \$16.00 per unit. Staff has taken steps to limit the impact of these price increases by locking in a portion of our needs and by reducing consumption. Until this month, electricity prices have been frozen under the terms of deregulation. However, in the current California energy crisis electricity prices have also increased by 15-percent, starting this month. The District historically paid a marginal cost of 6.5 cents per unit of electricity and is currently paying 7.5 cents.

The current budget amount for electricity is approximately \$921,000. During the effort to reduce natural gas expenditures, electricity was purchased. Even though this action reduces natural gas expenditures, the electricity budget is adversely impacted. It is anticipated that the District will spend \$1,076,000 on electricity this year. The electricity expenditure is based on importing electricity when it is cheaper than buying natural gas. As previously mentioned, electricity will not be purchased during a Stage Three electrical emergency. The additional cost for electricity, when importing two mega-watts, is \$3,600 per day. The additional cost for natural gas when not importing electricity is \$8,300 per day for a net cost of \$4,700 per day.

Electricity was purchased before the Stage Three emergencies started. The additional power expenditures required are \$101,000 for December and \$54,000 for January. Based on the year-to-date and future cost estimates for natural gas and electricity, staff anticipates the District will spend \$155,000 over the current budget amount for electricity (in lieu of natural gas). Staff is continuing to monitor the electric and gas markets and will continue to optimize expenditures for these commodities in order to contain costs.

Due to the type of procurement for electricity service, Board action is not required for contract amendments. However, operating budgets will be adversely impacted.

### **ALTERNATIVES**

None

### **CEQA FINDINGS**

None Required

### **ATTACHMENTS**

Graphs titled:

1. "History of Natural Gas Market Prices"
2. "Plant Nos. 1 and 2 Natural Gas Budget Status (2000/2001)"

## OMTS COMMITTEE

### AGENDA REPORT

|                          |                           |
|--------------------------|---------------------------|
| Meeting Date<br>2/7/01   | To Bd. of Dir.<br>2/28/01 |
| Item Number<br>OMTS01-03 | Item Number<br>12(e)      |

Orange County Sanitation District

**FROM:** Robert J. Ooten, Director of Operations and Maintenance  
Originator: Mark Esquer, Manager of Process Engineering

**SUBJECT:** PURCHASE AND INSTALLATION OF MECHANICAL EQUIPMENT FOR  
TWO PLANT NO. 1 ACTIVATED SLUDGE CLARIFIERS

#### **GENERAL MANAGER'S RECOMMENDATION**

- (1) Establish a budget of \$480,000 for Purchase and Installation of Mechanical Equipment for Plant No. 1 Activated Sludge Clarifiers (Specification No. E-297);
- (2) Adopt Resolution No. 01-06, authorizing specifications calling for a specific make and model of equipment in order that a field test may be conducted to determine the product's suitability for future use, as authorized by California Public Contract Code Section 3400(b); and,
- (3) Authorize the Purchasing Manager to negotiate and enter into a Sole Source contract with US Filter Envirex for the Purchase and Installation of Mechanical Equipment for Plant no. 1 Activated Clarifiers (Specification No. E-297), for an amount not to exceed \$360,000.

#### **SUMMARY**

The purpose of this report is to request the purchase, installation and trial of needed mechanical equipment for operation of secondary clarifiers at the Plant No. 1 activated sludge facility. Fourteen of twenty-four secondary clarifiers are the original units built during 1978. The mechanical equipment used to handle and remove solids from these fourteen original units are reaching the end of their useful life. The mechanical equipment in all fourteen original clarifiers will be replaced during a major rehabilitation project that is scheduled for completion by 2005. Two of the original fourteen clarifier units are now in need of new equipment.

Until now, only one vendor has provided the clarifier equipment used at the District of a type and quality to meet our standards of reliability and serviceability. A second vendor, US Filter Envirex brand, now manufactures this type of equipment. Staff believes it may be of sufficient quality to warrant its consideration for long term and wide spread use in our facilities.

Since the equipment in two of the clarifiers must be replaced now, prior to the rehabilitation project, District staff would like to test this second brand of mechanical equipment by placing it into those units. This would provide a two to three-year period for evaluating the new equipment during the development and design of the rehabilitation project. District staff recommends that the mechanical equipment for the two secondary clarifiers be replaced with Envirex brand equipment. This action also requires that a sole-source contract be negotiated and entered into with US Filter Envirex through our local supplier.

#### **PROJECT/CONTRACT COST SUMMARY**

Approval is being requested for capital funds in the amount of \$480,000. The requested funds have not been budgeted under this fiscal year's capital outlay. A transfer of funds from other Capital Improvements projects is being requested in order to cover the cost of this project. Project budgets will then be adjusted during the next fiscal year budget process. This action

will not impact the current year budget as the current year Capital Improvement outlay of funds is expected to fall below the budgeted amounts.

The project cost comprises District staff labor, a supplier contract, and a contingency. The breakdown includes \$80,000 for staff labor (including purchase, project coordination, inspection, and project performance monitoring), \$320,000 for a construction contractor and mechanical equipment, and an \$80,000 contingency (\$40,000 for District resources and \$40,000 for construction).

### **Project Scope**

The project scope will consist of:

- Ordering the appropriate parts from the equipment manufacturer
- Requiring the equipment supplier to remove the existing equipment and replace them with new equipment
- Utilizing Orange County Sanitation District staff to specify, procure, and oversee the installation of the equipment.

### **BUDGET IMPACT**

- This item has been budgeted
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

A request is being made to create a budget for this project, in the amount of \$480,000.

### **ADDITIONAL INFORMATION**

NA

### **ALTERNATIVES**

1. Do not sole source a contract to US Filter Envirex and competitively (open) bid the equipment, materials, and installation. This alternative would achieve the goal of replacing the equipment, resulting in operational secondary clarifiers. However there is not a guarantee that the Envirex brand equipment by US Filter would be supplied with the low bid. Additionally, an increase in funds would be required for the preparation of plans and specifications, by a consultant. The plans and specification would be required in order to competitively bid the equipment. The extra cost to prepare plans and specification is estimated at \$50,000.
2. Do not repair the clarifier equipment. This alternative would leave two secondary clarifiers unavailable for treatment purposes. Staff recommends against this alternative.

### **CEQA FINDINGS**

This project is a maintenance type capital project, for an existing facility and is exempt from CEQA per Section 15301 (Class 1).

### **ATTACHMENTS**



**PDC COMMITTEE**

**AGENDA REPORT**

|                          |                            |
|--------------------------|----------------------------|
| Meeting Date<br>02/01/01 | To Bd. of Dir.<br>02/28/01 |
| Item Number<br>PDC01-01  | Item Number<br>13(c)       |

Orange County Sanitation District

**FROM:** David Ludwin, Director of Engineering  
Originator: Umesh Murthy, Engineer

**SUBJECT:** REHABILITATION OF DIGESTERS I, J, K, L, M, N, AND O AT PLANT NO. 2, JOB NO. P2-39

**GENERAL MANAGER'S RECOMMENDATION**

Ratify Change Order No. 7 to Rehabilitation of Digesters I, J, K, L, M, N, and O at Plant No. 2, Job No. P2-39, with Margate Construction, authorizing an addition of \$221,581 and 30 calendar days, increasing the total contract amount to \$10,549,632.

**SUMMARY**

Change Order No. 7 includes one item of added work to Job No. P2-39. There are no omissions or errors associated with this Change Order. Liquidated damages on this job are \$1,000 per day and there are no bonus provisions.

|                                       |                  |
|---------------------------------------|------------------|
| Contract Start Date                   | October 26, 1999 |
| Original Contract Completion Date     | October 24, 2001 |
| Total Number of Change Orders to Date | 7                |
| Current Contract Completion Date      | April 28, 2002   |
| Actual Completion Date                | N/A              |
| Days Subject to Liquidated Damages    | 0                |

**PROJECT/CONTRACT COST SUMMARY**

|                               |               |
|-------------------------------|---------------|
| Original Contract Price       | \$ 9,647,600. |
| Previously Authorized Changes | \$ 680,451.   |
| This Change (Add)             | \$ 221,581.   |
| Change Orders to Date         | \$ 902,032.   |
| Percentage Increase to Date   | 9.35%         |
| Amended Contract Price        | \$10,549,632. |

Note: Change Order No. 2 in the amount of \$552,000 included hauling and land application of dried biosolids obtained during the digester cleaning process not included in this contract. Change Order No. 2 resulted in cost savings of \$111,180 to the District. The total change order percentage including Change Order No. 6 would be 3.63% without Change Order No. 2.

**BUDGET IMPACT**

- This item has been budgeted. (Line item: Section 8, Page 85)
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

**ADDITIONAL INFORMATION**

Job No. P2-39 includes the rehabilitation of seven digesters at Plant No. 2. The rehabilitation includes cleaning accumulated grit from digesters, installing a flow mixing system to increase digester efficiency and reduce grit accumulation, insulating four of the digester domes to reduce heat loss, adding an interior plastic liner on the digester domes, and upgrading digester control systems. Lee and Ro and Spec. Services prepared the plans and specifications and the contract was awarded to Margate Construction Inc. on August 25, 1999. The contract is now 60% complete.

The following summarized Change Order No. 7

| <b><u>Item No.</u></b> | <b><u>Description</u></b>   | <b><u>Amount</u></b>    | <b><u>Days</u></b> | <b><u>Type</u></b> |
|------------------------|---|-------------------------|--------------------|--------------------|
| 1                      | Motor Control Center (MCC), Remote Input/Output (I/O) Terminal, and Programmable Controlled (PLC) Programming Modifications | \$221,581               | 30                 | Design Change      |
|                        | <b><u>Total Change Order No. 7</u></b>  | <b><u>\$221,581</u></b> | <b><u>30</u></b>   |                    |

Item No. 1 includes work to modify MCC's, remote I/O terminals, and PLC programming. These Modifications will:

1. Create more space in new MCCs, which will be required on future projects.
2. Improve safety and provide Maintenance Staff a uniform means to troubleshoot circuits.
3. Provide Operations Staff a more efficient method to manage biosolids.

Details of this work are described in the attached Change Order.

**ALTERNATIVES**

None

**CEQA FINDINGS**

This project is exempt per CEQA and District's guidelines, Section 15301 (B). The Notice of exemption was filed with the County Clerk on March 17, 1998.

**ATTACHMENTS**

1. Budget Information Table
2. Change Order Status Report
3. Change Order

**PDC COMMITTEE**  
**AGENDA REPORT**

|              |                      |
|--------------|----------------------|
| Meeting Date | To Bd. of Dir.       |
| Item Number  | Item Number<br>13(d) |

Orange County Sanitation District

**FROM:** David Ludwin, Director of Engineering  
Originator: Mike Bock, Project Manager

**SUBJECT:** EXTENSION OF RECLAIMED WATER LINE AT PLANT NO. 2  
JOB NO. SP2000-20

**GENERAL MANAGER'S RECOMMENDATION**

Accept Extension of Reclaimed Water Line at Plant No. 2, Job No. SP2000-20, as complete, authorizing execution of the Notice of Completion and approving the Final Closeout Agreement with Margate Construction, Inc.

**SUMMARY**

The Contract is 100% complete. Margate Construction, Inc. concluded the job prior to the completion date. There are no change orders on this job.

|                                       |                   |
|---------------------------------------|-------------------|
| Contract Start Date                   | August 22, 2000   |
| Original Contract Completion Date     | November 19, 2000 |
| Total Number of Change Orders to Date | 0                 |
| Current Contract Completion Date      | November 19, 2000 |
| Actual Completion Date                | November 14, 2000 |
| Days Subject to Liquidated Damages    | 0                 |
| Liquidated Damage Assessment          | 0                 |

**PROJECT/CONTRACT COST SUMMARY**

|                               |           |
|-------------------------------|-----------|
| Original Contract Price       | \$ 95,400 |
| Previously Authorized Changes | \$ 0      |
| Change Orders to Date         | \$ 0      |
| Final Contract Price          | \$ 95,400 |

**BUDGET IMPACT**

- This item has been budgeted. (Line item: Section 8, Page 97)
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

Budget increases in design and construction staff labor to complete the job closeout are offset by a decrease in the funds allocated for the construction contract. As a result, the net activity is a budget decrease. Please refer to the Budget Information Table for detailed information.

**ADDITIONAL INFORMATION**

Job No. SP2000-20, Extension of Reclaimed Water Line at Plant No. 2, includes the installation of 1,100 feet of six-inch steel reclaimed water pipe along with pipe supports and valves in the Headworks "C", Lindstrom, and Harris tunnels. CGvL Engineers prepared the plans and specifications, and the contract was awarded to Margate Construction, Inc. on July 13, 2000. The contract is now 100% complete.

**ALTERNATIVES**

None

**CEQA FINDINGS**

None

**ATTACHMENTS**

Budget Information Table

**PDC COMMITTEE**  
**AGENDA REPORT**

|                          |                            |
|--------------------------|----------------------------|
| Meeting Date<br>02/01/01 | To Bd. of Dir.<br>02/28/01 |
| Item Number<br>PDC01-04  | Item Number<br>13(e)       |

Orange County Sanitation District

**FROM:** David Ludwin, Director of Engineering  
Originator: Andrei Ioan, Project Manager

**SUBJECT:** SANTA ANA RIVER INTERCEPTOR RELOCATION AND PROTECTION,  
CONTRACT NO. 2-41

**GENERAL MANAGER'S RECOMMENDATION**

Approve Professional Services Agreement with Parsons Engineering Science, Inc. to conduct a Value Engineering workshop and prepare a Value Engineering study for the Santa Ana River Interceptor Relocation and Protection, Contract No. 2-41, for an amount not to exceed \$57,759.

**SUMMARY**

Approximately four miles of the Santa Ana River Interceptor (SARI) are located along the Santa Ana River within the cities of Yorba Linda, Anaheim and in unincorporated areas of Orange and San Bernardino Counties. Based on several engineering studies, Staff has concluded that the pipeline and manholes could potentially fail, due to streambed degradation in an extraordinary flood event. On August 23, 2000, the Board awarded a Professional Services Agreement (PSA) to Brown and Caldwell to prepare the construction documents for the SARI line relocation.

The SARI line is a regional collector line and provides service to Santa Ana Watershed Project Authority (SAWPA) and its participating agencies. Given the pipeline significance and the current budget estimate of \$49,787,000, Staff determined that a Value Engineering (VE) study is required in an attempt to identify possible ways to reduce the cost. SAWPA will be invited to participate in the Value Engineering effort.

The Consultant is to gather a team of specialists, conduct a 4-day VE workshop, and prepare a VE study, which will present cost saving options available to the Orange County Sanitation District (District).

Five firms were invited to submit proposals for the VE study: Parsons Engineering Science, Inc.; Sverdrup Civil, Inc.; Camp Dresser & McKee, Inc.; Black & Veatch Corporation and George Mack Wesner, PhD.

Staff received proposals from the following two firms on December 18, 2000: Parsons Engineering Science, Inc. and Black & Veatch Corporation. Staff reviewed and ranked the proposals on January 8, 2001. SAWPA participated in the process of reviewing and ranking the proposal through their representative from Webb Engineering. Staff recommends approval of a PSA with Parsons Engineering Science, Inc. for conducting a VE workshop and for preparing a VE study for the Santa Ana River Interceptor Relocation and Protection, Contract No. 2-41, for an amount not to exceed \$57,759.

The workshop will be conducted between March 12 and March 15, 2001. The final Value Engineering (VE) study is due by April 12, 2001.

## **PROJECT/CONTRACT COST SUMMARY**

The total budget estimate for the Santa Ana River Interceptor (SARI) Relocation and Protection, Contract No. 2-41, is \$49,787,000. See the attached Budget Information Table for more information.

The total funds authorized to date for Professional Services Agreements (PSA) are summarized below:

| <b><u>Firm</u></b>       | <b><i>PSA, Including Addenda</i></b> |
|--------------------------|--------------------------------------|
| Holmes & Narver          | \$465,089                            |
| Glenn Lukos & Associates | \$39,845                             |
| Carl Nelson              | \$37,200                             |
| Simeon, Lassen and Marsh | \$10,000                             |
| Brown & Caldwell         | \$3,807,047                          |
| K.S. Dunbar              | <u>\$166,000</u>                     |
| <b>TOTAL</b>             | <b>\$4,525,181</b>                   |

## **BUDGET IMPACT**

- This item has been budgeted. (Line item: 2000/01 Budget Section 8, Page 6 and 21, Contract No. 2-41)
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

A budget detail is included in the attached Budget Information Table for this contract.

## **ADDITIONAL INFORMATION**

Parsons Engineering Science, Inc. had the highest ranked proposal based on their project approach, solid understanding of the Scope of Work, detailed permitting plan, ability to meet the Districts' schedule, and similar project experience. Parsons Engineering Science, Inc.'s researched the project and demonstrated their understanding expressed in their analyses of the critical project issues and cost considerations. Parsons Engineering Science, Inc.'s proposed fee was the lowest. The majority of the Staff ranked Parsons Engineering Science, Inc. proposal the highest. See the attached Staff Evaluation of Proposals for additional information.

## **ALTERNATIVES**

The Value Engineering (VE) study may be eliminated from the design process. However, VE efforts have been known to produce significant cost reduction design options.

## **CEQA ACTION**

The Environmental Impact Report/Environmental Impact Statement (EIR/EIS) was certified on July 19, 2000. A Notice of Determination was filed on July 20, 2000.

The document has been designated as an EIR/EIS. The EIS designation refers to an Environmental Impact Statement that is required by the National Environmental Policy Act (NEPA) for Federally funded projects. The EIR/EIS is structured to focus on analysis of alternatives consistent with the provisions of NEPA. Since the Santa Ana Watershed Project Authority may consider seeking low interest loan funding or grants to pay for some of their

share of the project costs, the Federal EIS approval process may be required. That process would be carried out by the Federal lead agency, such as the Environmental Protection Agency. In the interim, the District will continue to work with the necessary Federal agencies involved in permitting and/or funding of this project.

### **ATTACHMENTS**

1. Budget Information Table
2. Professional Services Agreement Status Report
3. Staff Evaluation of Proposals to Provide Engineering Services

PDC COMMITTEE

**AGENDA REPORT**

|                         |                           |
|-------------------------|---------------------------|
| Meeting Date<br>2/1/01  | To Bd. of Dir.<br>2/28/01 |
| Item Number<br>PDC01-06 | Item Number<br>13(f)      |

Orange County Sanitation District

**FROM:** David Ludwin, Director of Engineering  
Originator: Sejal Patel, Engineer

**SUBJECT:** HVAC EQUIPMENT REPLACEMENT AT PLANT  
NOS. 1 AND 2, JOB NO. J-80

**GENERAL MANAGER'S RECOMMENDATION**

(1) Approve a budget amendment of \$222,500 for HVAC Equipment Replacement at Plant Nos. 1 and 2, Job No. J-80, for a total project budget of \$1,124,500; (2) Receive and file bid tabulation and recommendation; and  
(3) Award a construction contract to Adams/Mallory Construction, Inc., for HVAC Equipment Replacement at Plant Nos. 1 and 2, Job No. J-80, for an amount not to exceed \$897,339.

**SUMMARY**

The plans and specifications for Job No. J-80 were completed in August 2000. This project was designed by Tran Consulting Engineers. Job No. J-80 installs new and replaces the existing HVAC equipment, heaters, exhaust fans, and gas heaters throughout various locations at Plant Nos. 1 and 2. It will also link the control of all higher capacity fans to the existing fire alarm system. The plans and specifications for this project were bid on December 5, 2000.

|                        |             |
|------------------------|-------------|
| Current Project Budget | \$902,000   |
| Construction Budget    | \$713,000   |
| Engineer's Estimate    | \$713,000   |
| Low Responsible Bid    | \$897,339   |
| High Bid               | \$1,177,000 |
| Number of Bids         | 3           |

**PROJECT/CONTRACT COST SUMMARY**

Both, the engineer's estimate and construction budget for Job No. J-80, are \$713,000. However, the lowest bid is \$897,339. Authorization in the amount of \$966,739 is being requested for Design staff costs, Construction Contract, and supporting Orange County Sanitation District (District) Construction Management staff costs. See the attached Budget Information Table.

**BUDGET IMPACT**

- This item has been budgeted. (Line item: )
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)



The current project budget is \$902,000. A budget amendment of \$222,500 is being requested to set a total revised budget of \$1,124,500. The budget increase will allocate \$14,400 for District staff, \$184,339 for Construction Contract, \$5,000 for Construction Inspection, and \$18,761 for Contingency (to maintain 10% contingency). Refer to the attached Budget Information Table.

### **ADDITIONAL INFORMATION**

Originally, this project started out as a Small Project (Job No. SP19990068). It has been converted to a Capital Project (Job No. J-80), because the project scope and budget have expanded significantly. Three items have been added to the scope of this project during the design phase. Also, Staff's estimate of the construction cost was significantly lower than the engineer's estimate.

Job No. J-80 installs new and replaces existing HVAC equipment, heaters, exhaust fans, and gas heaters. It will also link the control of all higher capacity fans to the existing fire alarm system.

This project encompasses a total of fifteen tasks. Fourteen of these tasks require installing new or replacing existing HVAC equipment, heaters, and exhaust fans throughout the District's various building facilities and plant process areas at both plants. Seven of the fourteen tasks are to add air conditioning units to areas where there were no prior units. The other seven tasks are to replace existing HVAC systems that are no longer functional; they are either inadequate for the cooling demand or have reached the end of their useful life. The last task is to link the control of all fans of capacity of 2000 CFM or greater to the existing fire alarm system.

### **ALTERNATIVES**

There are no cost effective alternatives for installing new or replacing existing HVAC systems. The District has an option of not replacing the existing, worn equipment; and the consequences are inefficiency and high maintenance.

### **CEQA FINDINGS**

This project is categorically exempt. A Notice of Exemption was filed on November 2, 2000.

### **ATTACHMENTS**

1. Budget Information Table
2. Bid Tabulation
3. Bid Summary

**PDC COMMITTEE**  
**AGENDA REPORT**

|                          |                            |
|--------------------------|----------------------------|
| Meeting Date<br>02/01/01 | To Bd. of Dir.<br>02/28/01 |
| Item Number<br>PDC01-07  | Item Number<br>13(g)       |

Orange County Sanitation District

**FROM:** David Ludwin, Director of Engineering  
Originator: Dennis May, Engineer

**SUBJECT:** INTERIM FACILITY RECORD AND ENGINEERING DATA SYSTEM  
MAINTENANCE SERVICES, JOB NO. J-25-6

**GENERAL MANAGER'S RECOMMENDATION**

(1) Establish a budget of \$354,815 for Interim Facility Record and Engineering Data System Maintenance, Job No. J-25-6; and (2) Approve Professional Services Agreement with Brown and Caldwell for Interim Facility Record and Engineering Data System Maintenance, Job No. J-25-6, for an amount not to exceed \$294,815.

**SUMMARY**

The Computerized Facility Record and Drawing System Project, Job No. J-25-1, will be completed in February of 2001. A component of this project involves the creation of an electronic Facility Record and Engineering Data System (FRED) for the Orange County Sanitation District (District) Treatment Plants.

The District is currently involved in design or construction of 63 projects at the two plants, 38 of which potentially affect the data collected during the project development. Additionally, work performed by Operations and Maintenance (O&M) staff after the data collection period will not be reflected in FRED, because it was not available during project development. Because of the large volume of projects presently in Design and Construction, District staff would not be able to keep the system up to date without outside support.

The proposed Professional Services Agreement (PSA) will: (1) Analyze the 38 identified projects and work performed by O&M staff; (2) Incorporate the appropriate information into FRED; (3) Develop procedures to capture design and maintenance activities to maintain FRED; and (4) Conduct knowledge transfer to Engineering staff to maintain the system on an ongoing basis.

Brown and Caldwell is being proposed as a sole source due to their expertise and experience as the sub-consultant responsible for development of a substantial portion of the District's FRED. FRED uses state of the art technology and substantial custom programming. Engineering is not aware of another firm that is presently capable of executing the work in a manner consistent with the existing system. Once the 38 ongoing projects have been added to FRED by the Consultant, District staff will perform continuous updates as new projects are completed.

**PROJECT/CONTRACT COST SUMMARY**

As indicated in the attached Budget Information Table, authorization for expenditure of \$30,000 in Design Staff and \$294,815 in Consultant PSA is being requested.

**BUDGET IMPACT**

- This item has been budgeted. (Line item: )
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

Authorization of a transfer of \$354,815 from the Orange County Sanitation District (District) Capital Improvement Reserve Funds is being requested for Contract No. J-25-6. The proposed budget authorization is as follows:

|                |                  |
|----------------|------------------|
| Design Staff   | \$ 30,000        |
| Consultant PSA | \$294,815        |
| Contingency    | <u>\$ 30,000</u> |
|                | \$354,815        |

Please refer to the attached Budget Information Table.

**ADDITIONAL INFORMATION**

In October 1990, Job No. J-25 was established to develop a facilities atlas and to conduct power system studies or both for both treatment plants. From the parent project, the following projects were established:

- J-25-1 Computerized Facilities' Record and Drawing System – This project created the Facility Record and Engineering Data System (FRED).
- J-25-2 Power Studies for Plant Nos. 1 and 2 – This project was split into J-25-3, J-25-4 and J-25-5
- J-25-3 Power Source Reliability Evaluation and Corrective Actions – This was an urgent project to rectify problems at Plant No. 2 Central Generation. Completed in 1997.
- J-25-4 Electrical Power System Studies – This project evaluated the plant electrical systems to identify potential problems. This project will make recommendations for fixes and development of electrical system expansion to support new facilities identified in the 1999 Strategic Plan. This project will be completed in November 2001.
- J-25-5 Electrical Power System Single-Line Diagrams – This project develops “intelligent” electrical system drawings. This project is on-hold.
- J-25-6 Facility Record and Engineering Data System Maintenance - Proposed

Implementation of the Facility Record and Engineering Data System (FRED) as part of Job No. J-25-1 is nearly complete. FRED is a Geographic Information System (GIS) that provides a visual, map-based method for accessing information related to the two District treatment plants. This technology requires ongoing data maintenance and data management support services to remain current and useful. This ongoing support will come from District staff. The proposed Professional Services Agreement (PSA) is to provide interim support for projects that are presently underway, but will not be completed prior to FRED implementation.

The tasks under the proposed PSA include:

1. Development of standards and knowledge transfer for \$41,274.
2. Software support for \$73,704.
3. Data Processing to add Capital Projects and O&M changes to FRED for \$179,837.

### **ALTERNATIVES**

Not approving the Professional Services Agreement (PSA). Because of the large volume of projects presently in design and construction, District staff would not be able to keep the system up to date without outside support. Without this PSA as an interim measure, the Facility Record and Engineering Data System (FRED) may become out-of-date before its usefulness is fully realized.

### **CEQA FINDINGS**

None Required.

### **ATTACHMENTS**

1. Budget Information Table
2. PSA Status Report

**PDC COMMITTEE**  
**AGENDA REPORT**

|                         |                           |
|-------------------------|---------------------------|
| Meeting Date<br>2/01/01 | To Bd. of Dir.<br>2/28/01 |
| Item Number<br>PDC01-08 | Item Number<br>13(h)      |

Orange County Sanitation District

**FROM:** David Ludwin, Director of Engineering  
Originator: Larry Rein, Contract Project Manager

**SUBJECT:** ABANDONMENT OF AIRBASE TRUNK SEWERS, AND CONSTRUCTION OF WATSON AVENUE SEWER AND CALIFORNIA STREET SEWER, CONTRACT NO. 6-13

**GENERAL MANAGER'S RECOMMENDATION**

Approve Addendum No. 1 to the Professional Services Agreement with Boyle Engineering Corporation for additional design engineering services for the Abandonment of Airbase Trunk Sewers, and construction of Watson Avenue Sewer and California Street Sewer, Contract No. 6-13, for an additional amount of \$54,652 increasing the total amount not to exceed \$112,237.

**SUMMARY**

With the construction of the Baker-Gisler Interceptor in 1995, the Airbase Trunk Sewers can now be abandoned. The Airbase Trunk Sewers constructed circa 1940s, can no longer be maintained due to structural deterioration causing odor problems. It is desirable to abandon these lines, but the work has been delayed due to various problems including the inability to coordinate the project with local street work. This amendment will allow the work to proceed by extensively revising the construction documents. The revisions include preparation of separate construction packages for Watson Avenue and California Street work. The addition of the Arlington Drive work will create three construction packages that will allow the Orange County Sanitation District (District) to bid and construct the work at different times in order to limit the impact on recent and planned street improvements.

This amendment also provides for extensive additional work in order to make improvements acceptable to the Costa Mesa Sanitary District. The original design utilized portions of existing sewers in Watson Avenue and California Street in order to limit construction work. Costa Mesa Sanitary District objected to this design because it would have resulted in parallel sewers within the same street. Costa Mesa Sanitary District desired to have only one sewer per street to maintain.

Staff recommends approval of Addendum No. 1 to the Professional Services Agreement with Boyle Engineering Corporation providing for additional design engineering services, for an additional amount of \$54,652 increasing the total not to exceed contract amount to \$112,237.

**PROJECT/CONTRACT COST SUMMARY**

See the attached Budget Information Table.

**BUDGET IMPACT**

This item has been budgeted. (Line item: FY 2000-01, Section 8, Page 41:

Capital Improvement Program, Collections Facilities, Abandonment of AB Trunk, Watson and Cal. Sewers, Contract No. 6-13.)

- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

The funds for the proposed Addendum will be transferred from the budget contingency.

### **ADDITIONAL INFORMATION**

The Airbase Trunk Sewers were constructed in the 1940s to serve the airbase that is now the Orange County Fairgrounds and the surrounding area. The Airbase Trunk Sewers have deteriorated and can no longer be economically maintained. The Fairview Drive Trunk Sewer and the Baker-Gisler Interceptor Sewer, constructed in the early 1990s, now serve the area and it is feasible to abandon the Airbase Trunk Sewers. Contract No. 6-13 will abandon the Airbase Trunk Sewers.

Design for Contract No. 6-13 began in April 1994 with Boyle Engineering Corporation as the design consultant for this project. The County bankruptcy and street pavement moratoriums imposed by the City of Costa Mesa delayed the completion of the design. Additional design funds are needed to complete the project because of increased administrative costs due to delays, additional requirements by the Costa Mesa Sanitary District, the addition of the Arlington Drive sewer work, and updating/repackaging of plans and specifications.

The Airbase Trunk Sewers provide local sewage service to neighborhoods north of the fairgrounds, as well as having provided regional service. Therefore, prior to abandoning the Airbase Trunk Sewer, new local sewers will need to be constructed in Watson Avenue and California Street and along Arlington Drive. The local sewers will be transferred to the Costa Mesa Sanitary District upon completion. Prior to accepting the Watson Avenue and California Street sewers, the Costa Mesa Sanitary District is requesting design changes that will be done under this amendment.

The Arlington Drive portion of the work originally was to be done under Contract No. 6-12; however, because of difficulties in obtaining an easement from the City of Costa Mesa and timing concerns, it was not done. Currently, the District is in the process of obtaining an alternative easement from Newport-Mesa Unified School District. Now, the Arlington Drive portion of the work is being added to this Contract. A separate construction contract package will be created for Arlington Drive portion of the work so the construction can be coordinated with City of Costa Mesa Street work.

The original intent was to construct the College Avenue Force Mains (Contract No. 7-23-1) and the Watson Avenue and California Street Sewer portions of Contract No. 6-13 as a single construction contract. Because of local street improvements and planned expansion of the I-55 and I-405 freeways possible effect on College Avenue Pump Station, this has been found to be unworkable.

The previous design work prepared a single construction plan package for Watson Avenue Sewer, California Street Sewer, and College Avenue Force Mains (Contract No. 7-23-1). The College Avenue Force Mains work will be delayed until the impacts of planned freeway expansions on the sewer system are known, therefore, it will no longer be included in the same construction package as Contract No. 6-13. California Street and Watson Avenue are being separated into two construction packages in order to time the work with the City of Costa Mesa street projects. These design changes are incorporated in this amendment.

Due to the delay in construction, the addition of Arlington Drive Sewer, and the creation of separate construction packages, the budgeted construction costs will probably be exceeded by 40% (\$1,260,000 to approximately \$2,000,000); however, additional construction funding is not currently being requested. Additional funding will be sought after the design is developed and costs are better known. This funding will be incorporated in the 2001-02 year budget.

### **ALTERNATIVES**

No alternatives are proposed.

### **CEQA FINDINGS**

A Mitigated Negative Declaration for Watson Avenue and California Street was adopted in 1994. CEQA/EIR requirements for Contract No. 6-13 were addressed in the Programmatic EIR for the 1999 Strategic Plan. Additional requirements for Arlington Drive will be evaluated and addressed by the District's consultant, K.P. Lindstrom, Inc prior to construction within Arlington Drive.

### **ATTACHMENTS**

- 1) Budget Information Table
- 2) Professional Services Agreement Status Report
- 3) Fee Proposal for Addendum No. 1

**PDC COMMITTEE**  
**AGENDA REPORT**

|                          |                            |
|--------------------------|----------------------------|
| Meeting Date<br>02/01/01 | To Bd. of Dir.<br>02/28/01 |
| Item Number<br>PDC01-09  | Item Number<br>13(i)       |

Orange County Sanitation District

**FROM:** David Ludwin, Director of Engineering  
Originator: Jim Herberg, Engineering Supervisor

**SUBJECT:** GROUNDWATER REPLENISHMENT SYSTEM, JOB NO. J-36

**GENERAL MANAGER'S RECOMMENDATION**

Approve continuing the original defined Phase 1 of the Groundwater Replenishment System, Job No. J-36, as recommended by the Joint Groundwater Replenishment System Cooperative Committee, and disapprove the Irvine Ranch Water District alternate phasing proposal.

**SUMMARY**

Under the present implementation plan for the Groundwater Replenishment System (GWR System), Phase 1 would produce about 60 million gallons per day (mgd) or 71,600 acre-feet per year (afy) of water when the project is placed into service in late 2004. Phase 1 would also provide for 100 mgd of peak flow relief, deferring the need for construction of a new Orange County Sanitation District (OCSD) ocean outfall. Phases 2 and 3 of the GWR System would add two increments of about 30 mgd each by 2020 for an ultimate capacity of about 120 mgd (130,000 afy).

The Irvine Ranch Water District (IRWD) has presented a proposal for breaking Phase 1 of the GWR System into two phases, Phase 1a and Phase 1b. This proposal would delay implementation of the Anaheim Forebay recharge portion of the GWR System until additional grant funding is available, or until a greater need is developed. Under the IRWD phasing proposal, Phase 1a would produce 31,600 afy or about 30 mgd for barrier injection, and would include facilities to provide for 70 mgd of OCSD peak wet weather discharge. Additional capacity would be considered for implementation under Phase 1b at a future date.

The IRWD phasing proposal was presented to the OCSD Finance Administration and Human Resources (FAHR) Committee on November 8, 2000. The proposal was reviewed by the Joint GWR System Cooperative Committee on October 30, 2000, on November 13, 2000, and again on January 8, 2001. The proposal was also presented at the Joint Boards Workshop on the GWR System on December 2, 2000. At the January 8, 2001 meeting, the Joint Cooperative Committee recommended that the OCSD and Orange County Water District (OCWD) Boards take action to drop the alternate phasing proposal from further consideration.

On March 28, 2001, the OCSD and OCWD Boards of Directors will consider whether to proceed with implementation of Phase 1 of the GWR System (Go/No-Go decision) at a total estimated cost of \$356.4 million, with each agency having equal shares of \$178.2 million. After secured grants of \$57 million are received, the total cost to the two agencies will be \$352 million, or \$147.5 million each.

A copy of the January 8, 2001 Joint Ground Water Replenishment System (GWR System) Cooperative Committee Agenda Item Submittal discussing the alternate phasing proposal is attached.



## **PROJECT/CONTRACT COST SUMMARY**

The recommended action will not authorize any additional project expenditure.

The Orange County Sanitation District (OCSD) CIP Budget for the GWR System is \$178.2 million. This represents a 50% share in the estimated project costs for Phase 1, less grants received. Total expenditures to date by OCSD are \$3.4 million, representing completion of the planning and project development phases of the project, including 30% design documents.

## **BUDGET IMPACT**

- This item has been budgeted. (Line item: section 8, page 164)
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

The recommended action will not authorize any additional expenditure. The Go/No-Go" decision is scheduled for consideration on March 28, 2001.

## **ADDITIONAL INFORMATION**

Please refer to the attached Agenda Item Submittal from the January 8, 2001 Joint GWR System Cooperative Committee meeting.

## **ALTERNATIVES**

Continue to study the GWR System phasing plan as proposed by Irvine Ranch Water District (IRWD). Staff believes that due consideration has been given to the proposed phasing alternative, and that additional analysis will not provide any new reasons to proceed with the proposal.

## **CEQA FINDINGS**

The EIR was certified on March 24, 1999. A Record of Decision was issued on August 14, 2000.

## **ATTACHMENTS**

January 8, 2001 Joint GWR System Cooperative Committee Agenda Item

## BOARD OF DIRECTORS

### AGENDA REPORT

|                          |                            |
|--------------------------|----------------------------|
| Meeting Date<br>02/14/01 | To Bd. of Dir.<br>02/28/01 |
| Item Number<br>FAHR01-01 | Item Number<br>14(c)       |

Orange County Sanitation District

**FROM:** Gary Streed, Director of Finance  
Originator: Michael White, Controller

**SUBJECT:** TREASURER'S REPORT FOR THE MONTH OF JANUARY 2001

#### GENERAL MANAGER'S RECOMMENDATION

Receive and file Treasurer's Report for the month of January 2001.

#### SUMMARY

Pacific Investment Management Co. (PIMCO), serves as the District's professional external money manager, and Mellon Trust serves as the District's third-party custodian bank for the investment program.

The District's Investment Policy, adopted by the Board, includes reporting requirements as listed down the left most column of the attached PIMCO Monthly Report for the "Liquid Operating Monies" and for the "Long-Term Operating Monies" portfolios. The District's external money manager is operating in compliance with the requirements of the District's Investment Policy. The District's portfolio contains no reverse repurchase agreements.

Historical cost and current market values are shown as estimated by both PIMCO and Mellon Trust. The District's portfolios are priced to market ("mark-to-market") as of the last day of each reporting period. The slight differences in value are related to minor variations in pricing assumptions by the valuation sources at the estimate date.

#### PROJECT/CONTRACT COST SUMMARY

None.

#### BUDGET IMPACT

- This item has been budgeted. (Line item:           )
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

#### ADDITIONAL INFORMATION

Schedules are attached summarizing the detail for both the short-term and long-term investment portfolios for the reporting period. In addition, a consolidated report of posted investment portfolio transactions for the month is attached. The attached yield analysis report is presented as a monitoring and reporting enhancement. In this report, yield calculations based on book values and market values are shown for individual holdings, as well as for each portfolio. Mellon Trust, the District's custodian bank, is the source for these reports. Transactions that were pending settlement at month end may not be reflected.

These reports accurately reflect all District investments and are in compliance with California Government Code Section 53646 and the District's Investment Policy. Sufficient liquidity and anticipated revenues are available to meet budgeted expenditures for the next six months.

On January 26, the sum of \$8 million was received from the Orange County Tax Collector's property tax apportionment schedule, and was deposited into the District's Long-Term portfolio for investment. The table below details the book balances of the District's funds at month-end. A graphical representation of month-end balances is shown by the attached bar chart.

| Funds/Accounts                               | Book Balances<br>January 31, 2001 | Estimated<br>Yield (%) |
|--|-----------------------------------|------------------------|
| State of Calif. LAIF                         | \$                                | 6.4                    |
| Union Bank Checking Account                  | 24,743,079                        | N/A                    |
| Union Bank Overnight Repurchase<br>Agreement | 441,990                           | 5.4                    |
| PIMCO – Short-term Portfolio                 | 3,045,000                         | 6.1                    |
| PIMCO - Long-term Portfolio                  | 34,295,501                        | 5.3                    |
| District 11 GO Bond Fund 921                 | 371,578,378                       | 5.8                    |
| Debt Service Reserves w/Trustees             | 1,733                             | 6.2                    |
| Petty Cash                                   | 35,541,945                        | N/A                    |
|  | <u>8,000</u>                      |                        |
| TOTAL  | <u>\$469,655,626</u>              |                        |

**ALTERNATIVES**

None.

**CEQA FINDINGS**

None.

**ATTACHMENTS**

1. Monthly Investment Reports
2. Monthly Transaction Report

**FAHR COMMITTEE**  
**AGENDA REPORT**

|                          |                            |
|--------------------------|----------------------------|
| Meeting Date<br>02/07/01 | To Bd. of Dir.<br>02/28/01 |
| Item Number<br>FAHR01-04 | Item Number<br>14(d)       |

Orange County Sanitation District

**FROM:** Gary G. Streed, Director of Finance  
Originator: Michael D. White, Controller

**SUBJECT:** RECEIVE AND FILE THE MID-YEAR REPORT FINANCIAL AND OPERATIONAL REPORT FOR THE PERIOD ENDED DECEMBER 31, 2000

**GENERAL MANAGER'S RECOMMENDATION**

Receive and file Mid-Year Financial and Operational Report for the period ending December 31, 2000.

**SUMMARY**

Attached, in a separately bound document, is the District's Mid-Year Report for the period ended December 31, 2000. This report is a consolidation of both the financial and operational accomplishments of the District at the mid-point of fiscal year 2000-01.

Contained within the Mid-Year Financial Report are budget summary reviews of the Joint Operating & Working Capital Funds, the Capital Improvement Program, individual Revenue Areas, and the self-insurance funds. Also contained within this report is the status of the divisional performance objectives and workplan milestones identified in the 2000-01 Approved Budget.

As indicated within the Overview Section of this report, 51.46 percent, or \$23,672,000 of the 2000-01 net joint operating budget of \$46.0 million has been expended. Net costs have increased 10.29 percent in comparison with the same period last year.

The total cost per million gallons at December 31, 1999 is \$523.74 based on flows of 45.2 billion gallons, or 245.64 million gallons per day. This is \$9.34, or 1.82 percent above the budgeted cost per million gallons of \$514.40.

Capital improvement outlays for the first half of the year were 38.06 percent of budget, or \$31,789,680.

**PROJECT/CONTRACT COST SUMMARY**

N/A

**BUDGET IMPACT**

- This item has been budgeted.
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

**ATTACHMENTS**

1. District's Mid-Year Financial and Operational Report for the period ended December 31, 2000.

## **FAHR COMMITTEE**

### **AGENDA REPORT**

|                          |                           |
|--------------------------|---------------------------|
| Meeting Date<br>02/14/01 | To Bd. of Dir.<br>2/28/01 |
| Item Number<br>FAHR01-05 | Item Number<br>14(e)      |

Orange County Sanitation District

**FROM:** Gary G. Streed, Director of Finance  
Originator: Michael D. White, Controller

**SUBJECT:** QUARTERLY INVESTMENT MANAGEMENT PROGRAM REPORT FOR  
THE PERIOD OCTOBER 1, 2000 THROUGH DECEMBER 31, 2000

#### **GENERAL MANAGER'S RECOMMENDATION**

Receive and file the Quarterly Investment Management Program Report for the period October 1, 2000 through December 31, 2000.

#### **SUMMARY**

Section 15.0 of the District's Investment Policy includes monthly and quarterly reporting requirements for the District's two investment portfolios. These two funds, the "Liquid Operating Monies," and the "Long-Term Operating Monies," are managed by PIMCO, the District's external money manager.

The ongoing monitoring of the District's investment program by staff and Callan Associates, the District's independent investment advisor, indicates that the District's investments are in compliance with the District's adopted Investment Policy and the California Government Code, and that overall performance has tracked with benchmark indices. In addition, sufficient liquidity and anticipated revenues are available for the District to meet budgeted expenditures for the next six months. The District's portfolios do not include any reverse repurchase agreements or derivative securities.

#### **PROJECT/CONTRACT COST SUMMARY**

N/A

#### **BUDGET IMPACT**

- This item has been budgeted. (Line item:           )
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

#### **ADDITIONAL INFORMATION**

The Quarterly Strategy Review, prepared by PIMCO, and the Investment Measurement Quarterly Review, prepared by Callan Associates, are attached for reference. Also attached are comparative bar charts which depict the sector diversification and credit quality of the District's portfolios, as of September 30, 2000 and December 31, 2000. The Liquid Operating Monies portfolio, with an average maturity of 90 days, consists entirely of cash equivalent investments such as U.S. Treasuries and corporate discount notes.

## Portfolio Performance Summary

The following table presents a performance summary of the District's portfolios as compared to their benchmarks for the period October 1 through December 31, 2000.

| Portfolio Performance Summary<br>Quarter Ended December 31, 2000 |                             |                          |                                |                          |
|--|-----------------------------|--------------------------|--------------------------------|--------------------------|
|  | Liquid Operating Monies (%) |                          | Long-Term Operating Monies (%) |                          |
|  | Total Rate of Return        | Benchmark <sup>(1)</sup> | Total Rate of Return           | Benchmark <sup>(1)</sup> |
| 3 Months   | 1.8                         | 1.6                      | 3.2                            | 3.1                      |
| 6 Months   | 3.5                         | 3.1                      | 5.7                            | 5.7                      |
| 9 Months   | 5.2                         | 4.6                      | 7.7                            | 7.5                      |
| 12 Months  | 6.8                         | 6.0                      | 9.4                            | 8.9                      |
| Since inception 30 Sept. 95                                      | 5.7                         | 5.3                      | 6.7                            | 6.4                      |
| Market Value per PIMCO 31 Dec 00                                 |                             |                          |                                |                          |
|  | \$34.5M                     |                          | \$363.4                        |                          |
| Average Quality  | "AA+"                       |                          | "AA+"                          |                          |
| Current Yield (%)  | 6.4                         |                          | 6.4                            |                          |
| Estimated Yield to Maturity (%)                                  | 6.1                         |                          | 6.2                            |                          |
| Quarterly Deposits (Withdrawals)                                 | \$0.0M                      |                          | \$0.0M                         |                          |
| Estimated Annual Income  | \$2.2M                      |                          | \$22.5M                        |                          |

### (1) Benchmarks:

- Liquid Operating Portfolio: 3-Month Treasury Bill Index
- Long-Term Operating Portfolio: Merrill Lynch Corp/Govt. 1-5 Year Bond Index

## Market Recap

Treasuries rallied in the fourth quarter capping a strong year of double-digit returns that far outpaced returns from riskier investments such as corporate bonds and stocks. Yields fell as much as 88 basis points during the quarter amid clear signs of slower growth and conviction that the Federal Reserve would cut interest rates. For the year, yields plunged as much as 137 basis points, with the sharpest declines coming in the middle of the yield curve, which was relatively flat when the year began.

Treasuries outpaced most credit-sensitive fixed income sectors for the quarter and the full year. The following is a comparison of sector returns:

- Corporates lagged well behind Treasuries for the quarter and the year, weighted down by rising defaults and concern that profits and cash flow will erode further as the economy slows. The non-investment grade sector provided negative absolute returns, enduring its most difficult period since the recession of 1990.
- Mortgages fared better than corporates, posting duration-adjusted returns close to Treasuries for the quarter and the year. Mortgages' strong credit quality and relatively high yields offset heightened market volatility.
- Emerging market bonds trailed Treasuries for the quarter as risk aversion grew amid prospects for slower global growth. The sector outperformed for the year, however, buoyed by improved fundamentals in many economics and strong returns from lower-rated credits such as Russia.

Between June 1999 and May 2000, the Fed raised rates six times to cool the economy, based on the assumption that inflation posed the greatest risk to sustainable growth. While the Fed

left rates unchanged during the second half of the year, at its December meeting the central bank shifted emphasis away from inflation. Setting the stage for an easing cycle, the Fed stated "risks are weighted mainly toward conditions that may generate economic weakness in the foreseeable future. Evidence supporting this view includes:

- The government reported that the U.S. economy expanded at a 2.2 percent annual rate in the third quarter, the weakest pace in four years and less than half the 5.6 percent rate in the second quarter.
- Unemployment claims, among the first harbingers of a downturn, rose sharply; consumer confidence, which held near record highs for most of the year, began to fall.
- Industrial production declined, while dozens of companies ranging from household goods to software to autos issued warnings that profits would slow.

Performance results of the Long-Term Portfolio includes:

- a 3.24 percent return over the quarter, outperforming the Merrill Lynch 1-5 year Government Corporate Index by 16 basis points;
- near-benchmark duration was neutral for quarterly performance;
- corporate holdings detracted from nominal returns as yield premiums widened due to heightened investor risk aversion, and an underweight corporate allocation compared to the benchmark significantly contributed to the portfolio performance;
- a mortgage emphasis was slightly negative as the adverse impact of heightened market volatility offset relatively high yields; and
- an asset-backed bonds helped returns as relatively high yields more than compensated for price declines.

Performance results of the Liquid Operating Portfolio includes:

- a 1.79 percent return over the quarter, outperforming the 3 month Treasury Bill Index by 22 basis points;
- investment-grade corporate holdings detracted from performance as these issues were hurt by increased investor risk aversion; and
- use of high quality commercial paper and agency discount notes enhanced returns for the quarter and the year.

### **PIMCO's Market Outlook**

Global growth will decelerate sharply as a U.S. slowdown spills over into other developed and emerging economies. The landing will be hardest in the U.S., where previously exuberant investment and consumer spending will slow substantially. Tentative recovery in Japan will evaporate in the face of reduced demand for Japanese exports from the rest of Asia and the U.S. Europe will land more softly, cushioned by more limited export ties to the U.S. and the absence of investment and consumption bubbles.

The investment spending boom that fueled the rapidly growing New Economy has been self-justifying until recently. This virtuous circle is now reversing itself as reduced earnings growth and concern about high levels of corporate debt produced a dramatic re-pricing of risk in stock, corporate bond and bank loan markets in 2000. Heightened risk aversion among suppliers of capital, combined with lower profits and returns as the economy cools, point to a sharp slowdown in investment spending.

The U.S. consumption binge will slow along with investment as confidence erodes further. Softer equity markets mean that customers can no longer count on capital gains to supplement disposable income. Slowing corporate profits translate into more insecurity about future income and employment.



Stability in the housing sector will partially offset weaker investment and consumer spending. Lower mortgage rates will stimulate housing starts, boosting sectors of the economy related to housing, such as consumer durables.

Protracted Fed easing is expected as the economy slows while Federal budget surpluses also provide room for fiscal stimulus. These effects, however, arrive with a lag over the next 12 to 18 months.

Inflation in the U.S. and Euroland will decline over the next several quarters as oil prices move slower. Slower worldwide growth and the end of the cold winter weather will reduce price pressure in the oil market.

PIMCO's portfolio strategy for the Long-Term Portfolio includes:

- Target duration slightly above the benchmark to take advantage of higher yields on longer-maturity securities;
- Maintain a broader-than-index maturity structure in order to capture value across the yield curve.
- Emphasize mortgages, where credit risk is minimal and attractive yield premiums provide a cushion against adverse price performance (increasing the portfolio's overall interest rate sensitivity, or duration is one way to offset heightened refinancing risk);
- Hold upper tier, short/intermediate corporate issues to take advantage of relatively high yields.
- Continue to emphasize real return bonds, which will gain from higher inflation adjustments in the months ahead; and
- Employ asset-backed securities as relatively high yielding alternatives to other short-term holdings.

PIMCO's portfolio strategy for the Liquid Operating Portfolio includes:

- Target duration near the benchmark to limit interest rate risk;
- Take advantage of relatively high yields on select upper-tier, short corporate issues;
- Continue to invest in high quality commercial paper as a means to add value and liquidity to the portfolio.
- Hold agency discount notes, which have a yield premium over Treasury bills.

### Portfolio Market Values

Comparative marked-to-market quarter-end portfolio values are shown in the table below, and in the attached bar chart.

| Quarter Ending | Liquid Operating Monies (\$M) | Long-term Operating Monies (\$M) |
|----------------|-------------------------------|----------------------------------|
| 31 Dec. 99     | 19.6                          | 282.9                            |
| 31 March 00    | 19.9                          | 351.6                            |
| 30 June 00     | 33.3                          | 358.2                            |
| 30 Sept. 00    | 33.9                          | 352.0                            |
| 31 Dec. 00     | 34.5                          | 363.4                            |

**ALTERNATIVES**

N/A

**CEQA FINDINGS**

N/A

**ATTACHMENTS**

1. PIMCO Report
2. Callan Report
3. Quarter End Portfolio Market Value Bar Chart
4. Long-Term and Liquid Operating Monies Portfolio Characteristics Charts (2)
5. Historical Yield Curve Graph

**FAHR COMMITTEE**  
**AGENDA REPORT**

|                          |                           |
|--------------------------|---------------------------|
| Meeting Date<br>2/14/01  | To Bd. of Dir.<br>2/28/01 |
| Item Number<br>FAHR01-06 | Item Number<br>14(f)      |

Orange County Sanitation District

**FROM:** Blake Anderson, General Manager  
Originator: Greg Mathews, Assistant to the General Manager

**SUBJECT:** FIVE-YEAR STAFFING AND BUSINESS PLAN

**GENERAL MANAGER'S RECOMMENDATION**

Receive, file and approve the Five-year Staffing and Business Plan, fiscal year 2000-01 to 2004-05.

**SUMMARY**

In the spring of 2000, the Steering Committee requested the incoming General Manager develop a new Five-year Staffing and Business Plan to update and replace the preceding plan completed in May 1997. The new staffing plan incorporates several elements and has expanded in both scope and depth. The work of the Executive Management Team, division-heads, and many other District staff has resulted in the attached document. Please consult the Additional Information section for further details on the staffing plan development and approach.

Note that both the OMTS and PDC Committees have been given the attached documentation and a presentation at their February meetings.

**PROJECT/CONTRACT COST SUMMARY**

Project required several hundred hours of in-house District staff time.

**BUDGET IMPACT**

- This item has been budgeted.
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

**ADDITIONAL INFORMATION**

The Five-year Staffing and Business Plan has a long history of development, revision and refinement. In 1996, the consulting firm, EMA, was hired by the District to conduct a review of our Operations & Maintenance Department. That review resulted in a report by EMA which stated that for the District to be competitive with private-sector wastewater treatment operators, a staffing decrease of 15 percent was warranted in the Operations & Maintenance Department. The Executive Management Team believed that remaining competitive was a high priority. At that time, the General Manager, with the Executive Management Team's (EMT) support, agreed that a reduction of 15 percent was not only viable in the Operations & Maintenance Department, but was appropriate for the entire agency. The General Manager set a staff reduction target of 15 percent by the end of fiscal year 2001-2002. This executive order was the catalyst for the initial Five-year Staffing Plan product.

Upon setting this target, District staff spent several months developing a staffing plan. In May 1997, the District's first Five-year Staffing Plan was published and presented to the Board of Directors. The ultimate staff reduction target was actually greater than originally desired by the General Manager. Authorized personnel in FY 1996-97 was 616 and was projected to decline to 508 staff positions in FY 2001-02. This was a significant 18 percent decline in personnel. The Board of Directors adopted this staffing plan with the understanding that any plan is a forecast of the future and is subject to revision based on circumstances that could not be predicted or assumptions that were not entirely accurate.

This Five-year Staffing Plan was an effective tool in guiding the District for the next few years. Indeed, based on several progressive staff reduction programs, the 18 percent target was achieved and exceeded early. At the beginning of FY 2000-01, approximately 504 full-time equivalents were employed—below both our authorized budgeted staffing level of 510 and the 508 staff target in FY 01-02. This was acknowledged as a significant achievement, but was not without some anxiety and costs. Numerous reductions occurred in the O&M Department that did not coincide with new automation, thereby impacting backlogs, wrench time preventive maintenance and other re-engineering efforts. Declines in professional staff resulted in increased memo time (uncompensated overtime) for remaining personnel. And because of the rapid decline in staffing that was coincident with an internal investigation that resulted in several resignations/terminations, employee morale suffered. These were some of the costs of an effective, but aggressive, staff reduction program.

In the spring of 2000, the incoming General Manager, as part of his commitment to the Board, agreed to conduct a new staffing plan. Like the first plan, the Executive Management Team supported the program and believed the timing was appropriate given the significant changes that had transpired since mid-1997. Unlike the first plan, it was agreed that a more thorough undertaking would be needed to develop a new product. To that end, a comprehensive program was initiated in the summer of 2000 to develop a new Five-year Staffing and Business Plan. This began with a review of the District's vision, mission, goals and objectives and how they had been impacted by changes in leadership, regulations, Board direction, community sentiment, and the like. Revisions were made to the District's vision and mission, and two major issues became apparent that would impact a revised staffing plan. The District was undertaking several new initiatives and becoming more involved in areas such as water reclamation and conservation. Secondly, the 1999 Strategic Plan outlined a significantly expanded Capital Improvement Program compared to prior years. These varied assumptions have been embedded, to one extent or another, into the new staffing plan.

Upon recognizing these issues, the difficult work of preparing an accurate projection of staffing needs was undertaken. This included identification and development of over 60 business units in the District with discreet duties and responsibilities. Staffing projections were made at this business unit level, with staff time allocated to major functions and unique tasks to the one-tenth, and oftentimes one-hundredth, full-time equivalent positions. All of these tasks, functions, and business units, with the associated staff projections, were then consolidated at the division and department level. The Executive Management Team, at a three-day retreat, then reviewed the staffing data in detail.

Based on the review at the retreat, the EMT requested District staff to re-examine some of the assumptions and resulting staff projections. This resulted in revisions to decrease the originally proposed staffing numbers. The EMT approved this revision and each department was tasked with writing a detailed chapter for the new plan. This information has been drafted and summarized and is the Five-year Staffing and Business Plan contained herein. It should be noted this plan is not designed for extremely aggressive growth nor based on overly conservative estimates. It is based on what is believed to be our most likely future given credible assumptions and predictions. In the following chapters, data is presented for each

department that articulates the expected and planned staffing changes from fiscal year 2000-01 to fiscal year 2004-05. The information is more comprehensive than the prior five-year plan as it contains a significant amount of detail on the business operations of the departments, what is experienced now, and what is proposed or anticipated for the future. Thus, the new staffing plan has an important “business plan” component that was not an element in the 1997 plan. Many other refinements have been made; the least of which is a detailed plan that is three times the length of its predecessor. This is indicative of the level of effort placed in this product.

Specific staffing details are contained in each chapter and are summarized below. For readers interested in actual staffing projections at the task and function level for the numerous business units, an appendix titled, “Five-year Staffing Plan Data, FY 01-05” is available under separate cover.

In sum, staffing is projected to increase through FY 2002-03 then decline in FY 2003-05. These changes are largely due to our planned Capital Improvement Program, and are also due to other initiatives described throughout this report. The table below shows the expected change in staffing patterns for the District for the upcoming five-year period.

**Table 1 District-wide Staffing Changes, Next Five Years**

| Position Type | FY 00-01 | FY 01-02 | FY 02-03 | FY 03-04 | FY 04-05 |
|---------------|----------|----------|----------|----------|----------|
| Regular       | 507.5    | 528      | 528.5    | 524.25   | 522.25   |
| Intern        | 4.4      | 5.7      | 5.6      | 5.5      | 5.5      |
| Limited Term  | 20.7     | 40.7     | 48.7     | 39.2     | 25.0     |
| Temporary     | 7        | 11.1     | 9        | 7.7      | 7.8      |

Contained at the end of this report is a glossary describing, among other terms, each position type. In brief, significant increases are noted in the limited-term employee classification-- those employees that have a contract for specific services and who will be released upon completion of those services. The increase in limited-term employees is, for the most part, driven by our rapidly increasing Capital Improvement Program (CIP). These positions will be budgeted and expensed in our Capital Outlay Revolving Fund (CORF) budget. The CIP implementation of the \$1.5 billion in new projects identified in the 20-year Strategic Plan will increase the projected annual engineering capital expenditures from \$61 million in FY 2001 to over \$110 million each year through FY 2005. This temporary increase in capital project work over the next five years will require limited-term engineering staff to accomplish the planned work. If the work is not conducted, the limited-term positions will not be hired.

In addition to the limited-term employees, regular employee numbers show an increase and then a decline through the five-year planning period. The table below shows the change in staffing levels, by department, from the end of FY 2000-01 to FY 2001-02.

**Table 2 Staffing FY 2001 vs. Staffing FY 2002**

| Department   | FY 00-01     | FY 01-02   |
|--|--------------|------------|
| <i>General Manager's Office*</i>                           | 12.5         | 14.5       |
| <i>Finance Department</i>                                  | 35.5         | 38.5       |
| <i>Human Resources and Employee Development Department</i> | 10.75        | 10.75      |
| <i>Technical Services Department</i>                       | 92.5         | 94.5       |
| <i>Engineering Department</i>                              | 72.75        | 73.75      |
| <i>Operations &amp; Maintenance Department</i>             | 250.5        | 256.5      |
| <i>Information Technology Department</i>                   | 33           | 39.5       |
| <b>TOTAL:</b>  | <b>507.5</b> | <b>528</b> |

*\*Includes Communications and Administrative Services*

The department chapters contained within the report detail the listed staffing increases and also projected declines as the staffing plan moves forward. However, the types of positions recommended for hire over the next year will provide an overview of how new staff should be assigned. These are shown as follows:

- 1 Certified Records Management Professional (GM's Office)
- 1 Public Information Assistant (GM's Office)
- 1 Assistant to the Engineering Contracts Administrator (Finance)
- 2 Storekeepers (Finance)
- 1 Environmental Specialist (Technical Services)
- 1 Regulatory Specialist (Technical Services)
- 1 Instrumentation Engineer (Engineering)
- 4 Collections Technicians (Operations & Maintenance)
- 1 Engineer (Operations & Maintenance)
- 1 Senior Engineer (Operations & Maintenance)
- 1 Entry-level Technician (Information Technology)
- 2 Project Specialists (Information Technology)
- 2 Programmer Analysts (Information Technology)
- 1 Senior Project Specialist (Information Technology)
- .5 Technician (Information Technology)

In conclusion, the proposed Five-year Staffing and Business Plan contains a significant level of analyses and is predicated on the changing and ever-increasing role the District plays in environmental stewardship. Despite the increases recommended, the highest regular staffing level proposed in FY 2002-03 remains close to 14 percent below our authorized staffing in FY 1996-97. Although many limited-term contractual employees will be required to complete the robust CIP, these positions will be eliminated upon completion of these projects. With this new staffing plan, it is believed the spirit of the original five-year plan, with its goal of significant staff decreases, has been maintained, while ensuring sufficient staff are hired, as needed, to effectively continue our expanded mission, goals and objectives.

### **ALTERNATIVES**

No alternatives suggested.

### **ATTACHMENTS**

Five-year Staffing and Business Plan

## **BOARD OF DIRECTORS**

### **AGENDA REPORT**

|              |                            |
|--------------|----------------------------|
| Meeting Date | To Bd. of Dir.<br>02/28/01 |
| Item Number  | Item Number<br>8           |

Orange County Sanitation District

**FROM:** Gary Streed, Director of Finance  
Originator: Lenora Crane, Administrative Assistant

**SUBJECT:** PAYMENT OF CLAIMS OF THE ORANGE COUNTY SANITATION DISTRICT

### **GENERAL MANAGER'S RECOMMENDATION**

Ratify Payment of Claims of the District by Roll Call Vote.

### **SUMMARY**

See attached listing.

### **PROJECT/CONTRACT COST SUMMARY**

N/A

### **BUDGET IMPACT**

- This item has been budgeted. (Line item: N/A)
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

### **ADDITIONAL INFORMATION**

None.

### **ALTERNATIVES**

N/A

### **CEQA FINDINGS**

N/A

### **ATTACHMENTS**

1. Copies of Claims Paid reports from 01/01/01 - 01/15/01 and 01/16/01 - 0128/01

## **BOARD OF DIRECTORS**

### **AGENDA REPORT**

|              |                           |
|--------------|---------------------------|
| Meeting Date | To Bd. of Dir.<br>2/28/01 |
| Item Number  | Item Number<br>9(a)       |

Orange County Sanitation District

**FROM:** Gary Streed, Director of Finance  
Originator: Mike White, Risk Manager

**SUBJECT:** SUMMONS & COMPLAINT RE MICHAEL REZVAN, MIKE ENTERPRISES, INC. V. ORANGE COUNTY SANITATION DISTRICT, BARNARD CONSTRUCTION, INC.

#### **GENERAL MANAGER'S RECOMMENDATION**

Receive and file Summons and Complaint for Negligence, Nuisance, and Waste, Michael Rezvan, et al. v. Orange County Sanitation District, et al., Orange County Superior Court Case No. 01NL10525, in connection with Rehabilitation of Magnolia Trunk Sewer, Contract No. 3-35R, and refer to District's contractor, Barnard Construction Company, Inc., St. Paul Insurance Companies, and General Counsel, to appear and defend the interests of the District.

#### **SUMMARY**

Service of summons and complaint by Michael Rezvan, Mike Enterprises, Inc., arising out of Contract No. 3-35R (REBID), Rehabilitation of the Magnolia Trunk Sewer.

#### **BUDGET IMPACT**

- This item has been budgeted.
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

#### **ADDITIONAL INFORMATION**

#### **ALTERNATIVES**

#### **CEQA FINDINGS**

#### **ATTACHMENTS**

Memo from General Counsel.



**BOARD OF DIRECTORS**

**AGENDA REPORT**

|              |                           |
|--------------|---------------------------|
| Meeting Date | To Bd. of Dir.<br>2/28/01 |
| Item Number  | Item Number<br>9(b)       |

Orange County Sanitation District

**FROM:** David Ludwin, Director of Engineering  
Originator: Bob Chenowith, Principal Engineering Associate

**SUBJECT:** PROPOSED ANNEXATION NO. OCSD -19 - HUGHES ANNEXATION

**GENERAL MANAGER'S RECOMMENDATION**

(1) Receive and file petition from Michael Hughes requesting annexation of 1.12 acres to the Orange County Sanitation District at the intersection of Amapola Avenue and Ranch Wood Trail in the City of Orange; and (2) Adopt Resolution No. OCSD 01-05, authorizing initiation of proceedings to annex said territory to the Orange County Sanitation District (Proposed Annexation No. OCSD -19 Hughes Annexation).

**SUMMARY**

The Orange County Sanitation District (District) received a request from Michael Hughes to annex 1.12 acre, consisting of one lot, to the District. This lot is located at 20361 Amapola Avenue in the City of Orange. This lot will connect to an existing 8-inch sewer that belongs to the City of Orange. The property owner will build a single-family dwelling. This property to be annexed is located in Revenue Area No. 7.

**PROJECT/CONTRACT COST SUMMARY**

This annexation is in accordance with the terms of the negotiated agreement with the County of Orange regarding A.B.8 tax exchange for annexing properties, Board approved and effective March 14, 1989. Under this tax exchange, the District does not receive a percentage of the basic levy, and instead, collects a higher annexation fee. The fee of \$9,083.00 includes the following:

|   |                   |
|---|-------------------|
| District Processing Fee   | \$500.00          |
| State Board of Equalization Processing Fee                      | \$300.00          |
| Revenue Area Study Fee  | \$100.00          |
| Notice of Exemption Filing Fee                                  | \$43.00           |
| LAFCO Processing Recording Fee                                  | \$1,150.00        |
| Annexation Acreage Fee  | \$4,460.00        |
| Permit House Connection Fee (5 bedroom) at 25871 Amapola Avenue | <u>\$2,530.00</u> |
| <b>TOTAL FEE TO ANNEX</b>                                       | <b>\$9,083.00</b> |

**BUDGET IMPACT**

- This item has been budgeted. (Line item: )
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

### **ADDITIONAL INFORMATION**

This annexation was initiated after the Orange County Sanitation District (District) consolidation. District Annexation numbers now begin at OCSD – 1.

### **ALTERNATIVES**

N/A

### **CEQA FINDINGS**

Exempt (Notice of Exemption was filed on 1/25/01).

### **ATTACHMENTS**

1. Exhibit A Legal Description
2. Exhibit B Map
3. Petition for Annexation

## **BOARD OF DIRECTORS**

### **AGENDA REPORT**

|              |                           |
|--------------|---------------------------|
| Meeting Date | To Bd. of Dir.<br>2/28/01 |
| Item Number  | Item Number<br>9(c)       |

Orange County Sanitation District

**FROM:** David Ludwin, Director of Engineering  
Originator: William Cassidy, Project Manager

**SUBJECT:** REHABILITATION OF THE "A" STREET PUMP STATION,  
CONTRACT NO. 5-52

#### **GENERAL MANAGER'S RECOMMENDATION**

(1) Approve the purchase of real property located at 810 East Balboa Boulevard, Newport Beach, California at an amount not to exceed \$540,000; and (2) Approve a budget amendment of \$600,000 for Rehabilitation of "A" Street Pump Station, Contract No. 5-52, for a total project budget of \$2,848,000.

#### **SUMMARY**

In January 1999, MacDonald-Stephens Engineering (MSE), completed an assessment of 17 of the Orange County Sanitation District's (District) outlying pump stations as part of Miscellaneous Improvements and Rehabilitation to Outlying Pump Stations, Contract No. 2-37. The resulting report documented the mechanical, electrical, structural, seismic, safety, and hydraulic capacity deficiencies of each facility. The report also recommended improvements and additions to, or replacement of each facility to meet national and state codes, current District standards, and the District's 1999 Strategic Plan projected peak flows. Individual projects were then established on the basis of the MSE assessment report.

In April 2000, a Professional Services Agreement (PSA) with Lee & Ro, Inc. was approved for the design of the rehabilitation/replacement of the "A" Street, 14<sup>th</sup> Street, Rocky Point, and Bitter Point pump stations. In addition to preparation of a Siting Report, Preliminary Design Report, Construction Documents, and Construction Support Services for each station, the PSA's Scope of Work included review of the details of the assessment report and its recommendations as part of the District's Quality Assurance/Quality Control Program. The findings of the review were to be incorporated into the Siting Report for each station.

The Siting Report for "A" Street Pump Station is now complete. The report recommends a new pump station, instead of rehabilitation. The recommendation is based on: (1) Lack of adequate reinforcement in the station's floor to prevent damage due to liquefaction of the adjacent soil during an earthquake; (2) Lack of OSHA code clearances in the station for personnel; (3) Minimization of disruption to the community during construction; and (4) Availability of property adjacent to the existing pump station.

The available property, 810 East Balboa Blvd., is adjacent to the existing station. The new station will use approximately 1,700 square feet (sq. ft.) of the 3,415 sq. ft. site. Uses for the unused portion of the site have yet to be determined. A closed restaurant, currently for sale by its owner, occupies the site. The Staff, with direction from the Planning, Design, and Construction Committee (PDC), entered negotiations with the owner. The Staff and owner have reached an agreed price for the site, subject to the Board of Directors' approval, of \$540,000, plus miscellaneous title and escrow fees of approximately \$5,000. The proposed site has been discussed with City staff.

## **PROJECT/CONTRACT COST SUMMARY**

The total budget estimate for the Rehabilitation of the "A" Street Pump Station, Contract No. 5-52, needs to be increased by \$600,000, from \$2,248,000 to an amount not to exceed \$2,848,000. The cost of real property was not included in the original budget.

See the attached Budget Information Table for more information.

## **BUDGET IMPACT**

- This item has been budgeted. (Line item: \_\_\_\_\_ )
- This item has been budgeted, but there are insufficient funds.  
**2000-01 CIP Budget:** Rehabilitation of the "A" Street Point Pump Station, Contract No. 5-52, Section 8, Page 38.
- This item has not been budgeted.
- Not applicable (information item)

## **ADDITIONAL INFORMATION**

The "A" Street Pump Station is located underneath Balboa Boulevard at "A" Street on the Balboa Peninsula. The station was built in 1948, for the City of Newport Beach, but currently owned and operated by the Orange County Sanitation District (District). The station is a 16-foot inside diameter reinforced concrete wet well/dry well facility. The District's last upgraded electrical equipment in 1992, the wet well lined in 1972.

The rehabilitation of the station recommended by the 1999 Assessment Report consisted principally of the following:

- Seismic (earthquake) supports within the station,
- Replacement of the access to the station,
- Installation of an underground electrical vault to house new electrical and control equipment (remove the existing electrical equipment from the existing facility),
- Installation of an underground flow meter vault (no meter currently exists),
- Installation of a side storage vault to receive and store influent flow during the time the station is down due to a power loss prior to the Staff arriving with a mobile diesel generator. (Side storage is opposed by the City of Newport Beach).

The new station located on the adjacent property is to consist principally of the following:

- Below grade wet well/dry well structure (housing the pumps),
- Above grade electrical building (housing the control/electrical equipment and standby electric generator),
- On site parking,
- Approximate 1,700 square feet open space (use to be determined)

The station is to meet all current national and state codes (including seismic requirements), and Orange County Sanitation District (District) standards.

A new station is recommended for "A" Street on the basis of: (1) Lack of adequate reinforcement to prevent damage due to liquefaction of the adjacent soil during an earthquake; (2) Lack of adequate clearances in the station for personnel; (3) Minimization of disruption to the community during construction; and (4) Availability of property.

## **ALTERNATIVES**

The upgrade of the "A" Street Pump Station could be limited to the rehabilitation of the existing facilities. Rehabilitation of the existing facilities would leave in place, beneath a major street, a 53-year-old structure subject to failure due to an earthquake or lost of power to the station.

## **CEQA FINDINGS**

The rehabilitation of the outlying pump stations is addressed in the 1999 Strategic Plan EIR. Several, but not all of the pump stations were individually addressed. CEQA EIR requirements will be evaluated and addressed by the District's consultant, K.P. Lindstrom, Inc. Lee & Ro, Inc. will provide support to K.P. Lindstrom under this Professional Services Agreement

## **ATTACHMENTS**

1. Budget Information Table
2. Figure 1, Location Map
3. Figure 2, Location Map

**BOARD OF DIRECTORS**

**AGENDA REPORT**

|              |                           |
|--------------|---------------------------|
| Meeting Date | To Bd. of Dir.<br>2/28/01 |
| Item Number  | Item Number<br>9(d)       |

Orange County Sanitation District

**FROM:** David Ludwin, Director of Engineering  
Originator: Andrei Ioan, Project Manager

**SUBJECT:** SANTA ANA RIVER INTERCEPTOR RELOCATION AND PROTECTION,  
CONTRACT NO. 2-41

**GENERAL MANAGER'S RECOMMENDATION**

Approve an easement appraisal procedure for the acquisition of private easements in connection with Santa Ana River Interceptor Relocation and Protection, Contract No. 2-41.

**SUMMARY**

The Orange County Sanitation District (District) needs to acquire right of way easements across sixty-nine private properties in the City of Yorba Linda for the relocation of the Santa Ana River Interceptor (SARI) sewer line. Because the current schedule shows starting negotiations on February 22, 2001, there is not time to perform separate appraisals for each individual property. Therefore, Staff recommends that the Board approve an abbreviated easement appraisal procedure for this process in accordance with State law. When the property interest to be acquired is an easement for the construction of a sub-surface sewer, State law allows certain procedures regarding completion of appraisals and offers to purchase to be adopted, (California Government Code Sec. §7267).

California Government Code §7267 et. seq. applies to the acquisition of property by public agencies. It is the code section that requires real property be appraised prior to the initiation of negotiations. This law allows a public body to dispense with the appraisal requirement if they are seeking a non-possessory right of way for sewers, which is the situation for this project.

Brown and Caldwell, the Consultant for this project, will therefore prepare a "right of way agent's opinion of value" for use in the negotiation process. This opinion will be comprised of a survey of land values in the area and an individual calculation of the discounted value of the right of way to be acquired. For each affected property, the Consultant will prepare an individual summary of the calculations for use in the negotiation process. It is important to note that the Consultant's summary is not an appraisal; it is simply a summary used as a basis of good faith negotiations with each property owner. It is this process that the Board is being asked to adopt for the project, in order to meet the current project schedule.

The schedule associated with the easement acquisition process is as follows:

2/20/01                      The Design Consultant will complete the "right of way agent's opinion of value" in lieu of separate appraisals for each property easement.

2/21/01                      The District will sponsor a public meeting at the Yorba Linda City Council Chambers to discuss the project with the public. The easement property owners will be invited to meet separately with a representative of the District to discuss details of the easement acquisition.

- 2/28/01 District formally approves alternate easement appraisal process.
- 3/22/01 The District expects to conclude negotiations regarding acquisition of easements based on "right of way agent's opinion of value"
- 4/25/01 The District expects to complete the full appraisal(s) on any potential property, where the District could not conclude negotiations with the property owners. The District expects to present to the Board, the status of negotiations (in closed session) and obtain Board authorization to make a "Final Offer" for the purchase of necessary easement property based on full appraisal value for any such easement that negotiations were not completed.
- 4/26/01 The District will mail any "Final Offer," if needed.
- 5/04/01 After a Seven day waiting period, the District will provide written notice of hearing on a "resolution of public necessity" by first class mail to each private property owner with whom easement negotiations were not concluded.
- 5/23/01 The Board will conduct a hearing on "resolution of public necessity" for all "hold out" private property owners.
- 6/01/01 Legal Council will file and serve complaint and "lis pendens," commencing eminent domain proceedings, if necessary.
- 6/15/01 The District expects to receive the court's "Order of Immediate Possession" starting the 90-day waiting period prior to the District taking possession of the property.
- 9/14/01 The District expects to take possession of the property described regarding easement(s) for which eminent domain proceedings were conducted by the District.
- 10/24/01 The District plans to award the contract for Relocation of the Santa Ana River Interceptor, Contract No. 2-41.

Most of the properties affected by the easement are single-family residential properties. Each easement will be located along the rear portion of the affected properties. The area necessary for construction is along the bicycle path behind the houses and is outside the fenced portion of the properties. No habitable structure will be affected and no one will be displaced or otherwise relocated either temporarily or permanently as a result of acquiring the easements and constructing the project. During the negotiation phase, the District negotiators will rely on a "right of way agent's opinion of value" to establish a fair and reasonable price.

**PROJECT/CONTRACT COST SUMMARY**

Not Applicable.

**BUDGET IMPACT**

- This item has been budgeted. (Line item )
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item). This item is for approval of the process, not for establishing a purchase price and budget for the easements.

**ADDITIONAL INFORMATION**

Not Applicable.

### **ALTERNATIVES**

This abbreviated alternative easement appraisal procedure may be eliminated and the easement acquisition process extended, thereby delaying the construction start date.

### **CEQA FINDINGS**

An Environmental Impact Report for this project was certified on July 19, 2000. A Notice of Determination was filed on July 20, 2000.

### **ATTACHMENTS**

N/A