

AGENDA

**BOARD OF DIRECTORS
ORANGE COUNTY SANITATION DISTRICT**

**DISTRICT'S ADMINISTRATIVE OFFICES
10844 ELLIS AVENUE
FOUNTAIN VALLEY, CA 92708
www.ocsd.com**

REGULAR MEETING

MAY 23, 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. 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.

City/Agency

Irvine
Irvine Ranch Water District

Active Director

Beth Krom
Brian Brady

Alternate Director

Greg Smith
Darryl G. Miller

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. [Open nominations](#) for Chair of the Board of Directors (Election to be held at regular June Board Meeting).
8. If no corrections or amendments are made, the minutes for the joint regular meeting with Orange County Water District on March 28, 2001, and the minutes for the regular meeting held on April 25, 2001 will be deemed approved as mailed and be so ordered by the Chair.
9. Ratifying [payment of claims](#) of the District, by roll call vote, as follows:

<u>ALL DISTRICTS</u>	<u>04/15/01</u>	<u>04/30/01</u>
Totals	\$4,902,067.85	\$5,456,619.31

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.

10. 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, City of Los Alamitos, a charter city v. Orange County Sanitation District, et al., Orange County Superior Court Case No. 01CC02192, in connection with eminent domain of the public road project commonly known as the "[Katella Smart Street Improvement Project](#)" in the City of Los Alamitos; and authorize District's General Counsel to appear and defend the interests of the District.

END OF CONSENT CALENDAR

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

NON-CONSENT CALENDAR

12. a. Verbal report by Chair of Steering Committee re May 23, 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 April 25, 2001 to be filed.
13. a. Verbal report by Chair of Operations, Maintenance and Technical Services Committee re May 2, 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 May 2, 2001 to be filed.
- c. Approve a sole source [Consultant Services Agreement](#) with Karen Monaco and Associates to provide technical consulting support for the District's Financial Information System in an amount not to exceed \$192,192 for a one year period effective July 1, 2001, with option to renew for one year.
- d. Approve the Purchase of an IBM AS400 Model 820 ([Specification No. E-2001-44BD](#)) in support of the District's Financial Information System, for an amount not to exceed \$400,000 including all hardware, software, all applicable maintenance and applicable taxes. The purchase to be made by soliciting sealed bids from authorized IBM dealers.
- e. (1) Authorize the General Manager to conduct sole source contract negotiations and approve Amendment No. 1 to the [Consultant Services Agreement with SeaVisual Consulting](#), Inc. for services to analyze, interpret and report current meter data, for an additional amount of \$30,000, increasing the total amount not to exceed \$129,884, and extending the term of the contract to June 30, 2002 with an option to renew for three one-year periods; and (2) authorize the General Manager to conduct sole source contract negotiations and approve Amendment No. 1 to the Consultant Services Agreement with Tetra Tech, Inc. for services to evaluate the effects to the coastal marine environment of the discharge of treated wastewater effluent, for an additional amount of \$95,000, increasing the total amount not to exceed \$186,000, and extending the term of the contract to June 30, 2002 with an option to renew for three one-year periods.
- f. (1) Authorize the General Manager to approve an amount not to exceed \$50,000 from the FY 2000-2001 budget for a naval architect to provide a preliminary design and cost analysis for an ocean monitoring vessel; and (2) approve in concept the purchase of an ocean monitoring vessel ([Specification No. V2001-43-BD](#)) for a total amount not to exceed \$1,300,000 for FY 2001-2002.
- g. (1) Approve a budget amendment of \$1,575,000 for laboratory and miscellaneous supplies, equipment, consulting service agreements, staff time and miscellaneous contracts, and an additional \$350,000 for AES Power Plant portion of studies, for the Huntington Beach Shoreline Contamination Investigation, Phase III, [Job No. J-85](#), for a total project budget of \$2,925,000; (2) authorize staff to seek reimbursement from AES Power Plant for \$350,000; (3) authorize the General Manager to negotiate and award sole source contracts, including those in excess of \$100,000, with government agencies, universities,

consulting, equipment, supply, and service companies qualified to carry out those contracts; and (4) pledge that any and all necessary future funding for studies relating to said project would be made available by the District.

14. a. Verbal report by Chair of Planning, Design and Construction Committee re May 17, 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 May 17, 2001 to be filed. (*Minutes to be distributed at 05/23/01 Board Meeting.*)
- c. Approve a Sole Source Consulting Services Agreement with the [Lewis Group](#) for development of the Capital Project Management Process Phase 2 for a total amount not to exceed \$308,000.
- d. Approve Professional Services Agreements with *Law/Crandall, Ninyo & Moore, and Converse Consultants* to provide for materials testing, inspection, and geotechnical engineering services for capital projects, [Specification No. PSA-2001-33BD](#), for an amount not to exceed \$80,000 for each consultant for July 2001/2002 (\$240,000 total), with the option to renew for two additional one-year periods for an amount not to exceed \$130,000 for each agreement for July 2002/2003 (\$390,000 total), and for an amount not to exceed \$100,000 for each agreement for July 2003/2004 (\$300,000 total).
- e. Approve Professional Services Agreements with Bell Land Surveying, MDS Consulting, and Bush & Associates, to provide for surveying services for capital projects, [Specification No. PSA-2001-34BD](#), for an amount not to exceed \$120,000 for each agreement for July 2001/2002 (\$360,000 total), with the option to renew for two additional one-year periods for an amount not to exceed \$170,000 for each agreement for July 2002/2003 (\$510,000 total), and for an amount not to exceed \$95,000 for each agreement for July 2003/2004 (\$285,000 total).
- f. Approve Professional Services Agreements with Power Systems Testing Co. and Electro Test Inc., to provide electrical acceptance testing services for capital projects, [Specification No. PSA-2001-35BD](#), for an amount not to exceed \$70,000 for each agreement for July 2001/2002 (\$140,000 total), with the option to renew for two additional one-year periods for an amount not to exceed \$150,000 for each agreement for July 2002/2003 (\$300,000 total), and for an amount not to exceed \$175,000 for each agreement for July 2003/2004 (\$350,000 total).
- g. (1) Ratify Change Order No. 8 to Improvements to Miller-Holder Trunk Sewer System, Reach 1, [Contract No. 3-38-1](#), with Fleming Engineering, Inc., authorizing an addition of \$23,722 and 27 calendar days, increasing the total contract amount to \$8,810,056.56; (2) Ratify Change Order No. 9 for an adjustment of Engineer's Quantities authorizing an addition of \$90,780, increasing the total contract amount to \$8,900,836.56; and (3) Accept Improvements to Miller-Holder Trunk Sewer System, Reach 1, Contract No. 3-38-1, as complete, authorizing execution of the Notice of Completion and approving the Final Closeout Agreement.

- c. Motion to introduce Ordinance No. OCSD-15, and pass to second reading and public hearing on June 27, 2001.

19.

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
 - 1. Confer with General Counsel re Crow Winthrop Development Limited Partnership v. Orange County Sanitation District, Orange County Superior Court Case No. 000002012 (Government Code Section 54956.9)
 - 2. Confer with General Counsel – Anticipated Litigation – Government Code Section 54956.9(c), one potential case.
 - b. Reconvene in regular session
 - b. Consideration of action, if any, on matters considered in closed session
20. Matters which a Director may wish to place on a future agenda for action and staff report
21. Other business and communications or supplemental agenda items, if any
22. 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

BOARD OF DIRECTORS

AGENDA REPORT

Meeting Date	To Bd. of Dir. 05/23/01
Item Number	Item Number 7

Orange County Sanitation District

FROM: Penny Kyle, Board Secretary

SUBJECT: NOMINATIONS FOR CHAIR OF BOARD OF DIRECTORS

GENERAL MANAGER'S RECOMMENDATION

Open nominations for Chair of Board of Directors (Election to be held at regular June Board Meeting)

SUMMARY

As provided in the Board's Rules of Procedures, nominations for the Chair are made at the regular May meeting and remain open until election, which takes place at the June meeting.

Nominations and election of the Vice Chair will be conducted at the June regular meeting.

For new Directors' information, we have included below an excerpt from the current Rules of Procedures for meetings relative to the election of the Chair and Vice Chair of the Joint Administrative Organization.

"G. CHAIRPERSON AND VICE CHAIRPERSON OF THE BOARD. A Chairperson and Vice Chairperson of the Board shall be elected by a majority vote of Directors at the regular meeting in June of each year, and will assume office July 1st. The nominations for Chairperson shall be made at the regular Board meeting in May of each year, and the nominees may prepare a statement setting forth their qualifications for the office of Chairperson. The statements shall be mailed to members of the Board of Directors with the agenda and other meeting material for the June regular meeting.

The nominations and election for Vice Chairperson shall be made at the regular Board meeting in June of each year and shall be made immediately following the election of the Chairperson. The elected Vice Chairperson will assume office July 1st.

The Chairperson and Vice Chairperson shall serve at the pleasure of a majority of the Directors. In the event the office of Chairperson becomes vacant due to resignation or retirement of the incumbent prior to the expiration of the regular term, the Vice Chairperson shall automatically succeed to the office of the Chairperson and shall continue to serve through the remainder of the regular term unless sooner removed by action of a majority of the Directors. In the event the office of Vice Chairperson becomes vacant prior to the expiration of the regular term, nominations and the election of a Director to serve in that capacity shall be conducted at the next regular Board meeting. The person so elected shall serve the balance of the regularly-scheduled term unless sooner removed as a result of action by a majority of the Directors.

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

N/A

ALTERNATIVES

N/A

CEQA FINDINGS

N/A

ATTACHMENTS

None

BOARD OF DIRECTORS

AGENDA REPORT

Meeting Date	To Bd. of Dir. 05/23/01
Item Number	Item Number 9

Orange County Sanitation District

FROM: Gary Streed, Director of Finance
Originator: Lenora Crane, Executive 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 04/01/01 - 04/15/01 and 04/16/01 - 04/30/01

BOARD OF DIRECTORS

AGENDA REPORT

Meeting Date	To Bd. of Dir. 5/23/01
Item Number	Item Number 10(a)

Orange County Sanitation District

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

SUBJECT: SUMMONS RE EMINENT DOMAIN ACQUISITION OF REAL PROPERTY BY THE CITY OF LOS ALAMITOS V. ORANGE COUNTY SANITATION DISTRICT, ET AL.

GENERAL MANAGER'S RECOMMENDATION

1) Receive and file Summons and Complaint, City of Los Alamitos, a charter city v. Orange County Sanitation District, et al., Orange County Superior Court Case No. 01CC02192, in connection with eminent domain of the public road project commonly known as the "Katella Smart Street Improvement Project" in the City of Los Alamitos; and 2) authorize General Counsel to appear and defend the interests of the District.

SUMMARY

Please see attached memo from General Counsel.

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.

OMTS COMMITTEE
AGENDA REPORT

Meeting Date 5/02/01	To Bd. of Dir. 05/23/01
Item Number OMTS01-18	Item Number 13(c)

Orange County Sanitation District

FROM: Patrick B. Miles, Director of Information Technology
Originator: Robert Thiede, Information Technology

SUBJECT: Financial Information System Technical Support

GENERAL MANAGER'S RECOMMENDATION

Approve a sole source Consultant Service Agreement with Karen Monaco and Associates to provide technical consulting support for the District's Financial Information System in an amount not to exceed \$192,192 for a one-year period effective July 1, 2001, with an option to renew for one year.

SUMMARY

The current JDEdwards Financial Information System provides an integrated system for the input, processing and tracking of financial data. The system is used District-wide to provide processes such as: Financial Reporting, Employee Payroll, Requisitioning, Purchasing, Warehouse Management, Human Resources, Budgeting etc.

The Information Technology Department has made the strategic decision to outsource the on-going maintenance effort of the current version of the JDEdwards Financial Information System. The goal is to concentrate in-house resources on learning the new version and upgrading the current JDEdwards World software to the more open systems version called OneWorld Xe. Once the upgrade is complete, the skill set needed to support the legacy World software will not be needed.

Since June of 2000, Karen Monaco and Associates has been contracted to provide technical support for the current version of the JDEdwards Financial Information System. These services have been provided on a three days per week schedule as required. Total amount paid will be approximately \$150,000 for the period June 2000 through July 2001. Our current JD Edwards technical support contract with Karen Monaco & Associates expires as of June 30, 2001. The District's current Financial Information System will continue to require three days per week of directed technical support for the period of July 1, 2001 through June 30, 2002.

In order to provide continued technical support for the District's Finance Information System, staff request that the consulting services provided by Karen Monaco and Associates be continued for a twelve-month period starting in July of 2001.

PROJECT/CONTRACT COST SUMMARY

Staff is recommending utilizing the consultant services for a 12-month period as follows:

<u>Hours/Week</u>	<u>Rate Not to Exceed</u>	<u>No. of Weeks</u>	<u>Total</u>
24	\$140.00	52	\$174,720
Contingency @ 10%			<u>\$ 17,472</u>
Total NTE			\$192,192

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

Duties consist of on site advanced JDE assistance and include additional tasks and responsibilities as directed by the Information technology staff. Examples of task are as follows:

JD Edwards Software Tasks

- Minor programming customization of modules per District specifications or as directed from manufacturer. Cumulative upgrade of World and One World software as needed.
- Assist in production of year-end and Quarterly required Financial Reporting.
- Assist in testing software in a development environment, and migrate upgraded software into production environment.
- Create reports for users as needed using World Writer or modifying canned Dream Writers per user specifications.
- Provide assistance with development of alternative reporting methods (Business Objects / Oracle, etc.)
- Provide technical knowledge in development of alternative reporting solutions for end users.
- Assist users in becoming familiar with functions within World and One World.
- As directed, modify business unit security and account number access for requisition entry.
- Provide Help Desk support with all aspects pertaining to the AS400, JD Edwards software, and third party software on the AS400 as they relate to JD Edwards.
- Software support – PTF installation, O/S support, maintenance, upgrades.
- Software support, maintenance, administration – DBU software.
- Troubleshoot any problems with the JD Edwards software.
- Provide technical expertise on file details and application processes

ALTERNATIVES

Formally bid for these services. This could potentially cost more based on other quotes received for similar services. Additionally, effective time would be lost bringing this person “up to speed” on the District’s Financial Information System needs. Lastly, flexibility to respond to needs as they arise might be jeopardized.

Hire a full-time employee and train them to the equivalent level of knowledge and experience. To acquire equivalent skills and abilities would require years of hands on training and experience. There is a risk of losing this individual once training is complete.

CEQA FINDINGS

N/A

ATTACHMENTS

N/A

OMTS COMMITTEE
AGENDA REPORT

Meeting Date 05/02/01	Bd. Of Dir. 05/23/01
Item Number OMTS01-19	Item Number 13(d)

Orange County Sanitation District

FROM: Patrick Miles, Director of Information Technology
Originator: Richard Castillon, Manager Customer & Network Support

SUBJECT: PURCHASE OF IBM AS400 SERVER

GENERAL MANAGER'S RECOMMENDATION:

Recommend to the Board of Directors to approve the Purchase of an IBM AS400 Model 820 (Specification No. E-2001-44BD) in support of the District's Financial Information System, for an amount not to exceed \$400,000 including all hardware, software, all applicable maintenance and applicable taxes. The purchase to be made by soliciting sealed bids from authorized IBM dealers.

SUMMARY:

The District is currently leasing an IBM AS400 Model S20. This lease will expire June 30, 2001. The AS400 is required to operate the JDEdwards Financial Information System (FIS) application. The current hardware and operating system technology is at the end of its technological life and will not meet the District's future needs.

Staff recommends that the General Manager, or his designee, as authorized by Delegation of Authority Resolution No. OCSD 99-23, purchase an AS400 Model 820 for the following reasons:

1. In 1998, staff leased an IBM AS400 Model S20 in support of the FIS System. The District is currently using nearly all of the disk and processor capacity on this system. The new AS400 Model 820 will provide the needed capacity to effectively support FIS for the next three years. The District will be gaining approximately 100 percent processor speed and approximately 400 percent disk capacity to keep up with growing demands.
2. The District is required to upgrade the operating system for the AS400 to the most current version since IBM no longer supports the operating system currently installed on the model S20. The operating system upgrade is required in order for IBM to support the software and hardware.
3. Leasing the AS400 820 would be more costly to the District. If the hardware were leased, the cost would include an additional \$20,000 in finance charges.
4. International Business Machines has promptly maintained and provided support to the District for the FIS since 1996. JDEdwards, the FIS vendor, is partnered with IBM.

PROJECT/CONTRACT COST SUMMARY:

N/A

BUDGET IMPACT

- This item has been budgeted.
(CIP SP-64 Financial Information System Upgrade)
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted as a lease, but operating funds exist.
- Not applicable (information item)

ADDITIONAL INFORMATION:

Contact Rich Castillon at: (714) 593-7283 or e-mail at: rcastillon@ocsd.com

ALTERNATIVES:

Lease at same cost plus finance charges.

CEQA FINDINGS:

N/A

ATTACHMENTS:

OMTS COMMITTEE

AGENDA REPORT

Meeting Date May 2, 2001	To Bd. of Dir. May 23, 2001
Item Number OMTS01-20	Item Number 13 (e)

Orange County Sanitation District

FROM: Robert Ghirelli, Director of Technical Services
Originator: George Robertson, Senior Scientist, ECM

SUBJECT: SOLE SOURCE OCEAN MONITORING PROFESSIONAL SERVICES
SUPPORT CONTRACTS FOR SEAVISUAL CONSULTING, INC. AND TETRA
TECH, INC.

GENERAL MANAGER'S RECOMMENDATION

- (1) Authorize the General Manager to conduct sole source contract negotiations and approve Amendment No. 1 to the Consultant Services Agreement with SeaVisual Consulting, Inc. for services to analyze, interpret and report current meter data, for an additional amount of \$30,000, increasing the total amount not to exceed \$129,884, and extending the term of the contract to June 30, 2002 with an option to renew for three one-year periods; and
- (2) Authorize the General Manager to conduct sole source contract negotiations and approve Amendment No. 1 to the Consultant Services Agreement with Tetra Tech, Inc. for services to evaluate the effects to the coastal marine environment of the discharge of treated wastewater effluent, for an additional amount of \$95,000, increasing the total amount not to exceed \$186,000, and extending the term of the contract to June 30, 2002 with an option to renew for three one-year periods.

SUMMARY

The District has in-sourced most elements of its required ocean monitoring program. However, there is a need to continue to have external high-level professional support in the analysis, interpretation and reporting of complex physical, chemical and biological oceanographic data. In particular, this type of consulting support is needed when integrating the three ocean monitoring program components (Core, Strategic Process Studies, and Regional).

In 1999, the District entered into two agreements with consulting firms to (1) analyze, interpret, and report current data obtained by District staff and (2) to provide high level review of ocean monitoring results and provide recommendations for future monitoring work. Task 1 has been done by SeaVisual Consulting, Inc. (SeaVisual), and Task 2 has been done by Tetra Tech, Inc. (Tetra Tech). Staff has concluded that both of these support activities are still required, especially as we develop our ocean discharge permit reapplication that is due in December 2002.

Both SeaVisual and Tetra Tech have completed their respective tasks to the satisfaction of District's ocean monitoring staff, and staff has recommended continuing with both companies through at least June 30, 2002 with three one-year contract renewal options.

PROJECT/CONTRACT COST SUMMARY

SeaVisual Consulting, Inc.: Increase existing contract amount of \$99,844 by an additional \$30,000 for a total amount not to exceed \$129,844.

TetraTech, Inc: Increase existing contract amount of \$91,000 by an additional \$95,000 for a total amount not to exceed \$186,000.

BUDGET IMPACT

- This item has been budgeted. (Line item: 101)
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

ADDITIONAL INFORMATION

At the present time, the District has a resource limitation in the number and expertise of available ocean monitoring staff to analyze all of the data generated by the ocean monitoring program. For the time being, management has decided to rely on external consulting support for these services.

ALTERNATIVES

- 1) Allow contracts to expire and not renew.
- 2) Send contracts out for competitive bids.

CEQA FINDINGS

Not applicable.

ATTACHMENTS

None.

OMTS COMMITTEE

AGENDA REPORT

Meeting Date 05-02-01	To Bd. of Dir. 05-23-01
Item Number OMTS 01-21	Item Number 13(f)

Orange County Sanitation District

FROM: Robert Ghirelli, Director of Technical Services
Originator: Fred O'Brien, Scientist, ECM

SUBJECT: PURCHASE OF OCEAN MONITORING VESSEL

GENERAL MANAGER'S RECOMMENDATION

- (1) Authorize the General Manager to approve an amount not to exceed \$50,000 from FY 2000-2001 budget for a naval architect to provide a preliminary design and cost analysis for an ocean monitoring vessel; and,
- (2) Approve in concept the purchase of an ocean monitoring vessel (Specification No. V2001-43-BD) for a total amount not to exceed \$1,300,000 for FY 2001-2002.

SUMMARY

In 1998, a decision was made to insource the Ocean Monitoring Program (OMP). The Environmental Compliance and Monitoring Division (ECM) has successfully accomplished all field elements of the ocean monitoring program for the past 2 years. In the process, the OMP budget has been reduced by \$500,000 per year.

To accomplish the field sampling, staff has had to rely on contract vessels for our monitoring needs. The number of contract vessels in the area is limited, and their availability is even more limited. The District's program is outgrowing some of the vessels that are used most frequently because of the increased size of the monitoring equipment and the number of staff needed for particular surveys.

ECM staff has evaluated the feasibility of the District purchasing a vessel for ocean monitoring. Key factors such as safety, working conditions, financial feasibility, projected needs, and the availability of adequately sized contract vessels were examined and addressed in the attached staff report.

Staff has concerns about the quality, efficiency, effectiveness, and limited capability of the vessels currently used. The need for a correctly sized and adequately equipped vessel is of paramount importance. The purchase of a monitoring vessel for \$1.3 million will dramatically increase the safety of our monitoring staff, increase our productivity, and set our OMP as a world class operation.

Staff recommends employing the services of a naval architect to evaluate the District's monitoring needs and provide a more detailed vessel cost evaluation and final design.

PROJECT/CONTRACT COST SUMMARY

BUDGET IMPACT

- This item has been budgeted. (Line item: FY Budget 2001-02, Capital Equipment)
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

ADDITIONAL INFORMATION

ALTERNATIVES

Submit an RFP for a long-term contract (on the order of 10 years) for a contractor to provide a vessel meeting our specifications for annual usage between 175 and 225 days at a rate between \$1,500 and \$2,200 per day. The annual cost at these rates is:

	\$1,500 / day	\$2,200 / day
175 days	\$262,500	\$385,000
225 days	\$337,500	\$495,000

ECM staff feels that this alternative is not the most cost-effective use of District's capital.

CEQA FINDINGS

N/A

ATTACHMENTS

Ocean Monitoring Vessel Feasibility Evaluation

April 6, 2001

STAFF REPORT

Ocean Monitoring Vessel Feasibility Evaluation

EXECUTIVE SUMMARY

The purpose of this report is to evaluate the feasibility of purchasing a monitoring vessel for the Orange County Sanitation District's (District) Ocean Monitoring Program (OMP). The conclusion of this effort has lead staff to make the recommendation for the District to purchase a monitoring vessel. The reasons for this recommendation are based on not only financial feasibility, but other key factors such as the safety of staff, availability of contract vessels, and future vessel needs. These and other issues are discussed in this report to provide management with a detailed evaluation of this recommendation.

The District's Environmental Compliance and Monitoring Division (ECM) administers the comprehensive and multifaceted OMP in support of the National Pollutant Discharge Elimination System (NPDES) permit and 301(h) waiver. Part of this program includes using ocean research vessels to support the monitoring of receiving waters, sediments and organisms in the coastal environment.

During the fiscal year 1999 to 2000 (FY 99-00), ECM conducted all fieldwork associated with the OMP to fulfill one of management's decisions to conduct the monitoring in-house rather than rely on outside contractors. As a result, we have increased our reliance on contract vessels for field sampling. The total cost for OMP contractor vessel support for 173 boat days during FY 99-00 was \$172,250. Under ideal sea conditions this arrangement is marginally acceptable. However, under any other condition safety is compromised.

The total cost of the ocean monitoring field sampling will increase as we shift to a vessel of adequate size and stability to accommodate sampling equipment and crew size. It is projected that the cost to contract such a vessel would be \$2,200 per day. Based on last year's usage and projected needs, contracted field sampling would cost approximately \$495,000 per year.

Recently, state and federal regulators have expressed a desire to make various ocean-monitoring programs more compatible. Over the last two years, the District has been involved in an effort sponsored by the Southern California Coastal Water Research Project (SCCWRP) to develop a "Model POTW Monitoring Program." This program would be used by the Environmental Protection Agency (EPA) and the various Regional Water Quality Control Boards (RWQCB) to modify monitoring programs in future permits. The model program will include three major elements – core monitoring, special studies and regional monitoring. This model template is the same one used by the District for its ocean-monitoring program, therefore staff does not anticipate major changes to our program when the model-monitoring program is finally adopted.

ECM staff has concerns about the safety of the contract research vessels that are available in southern California. The vessels used most frequently by the District are small and relatively unstable in moderate (wind speeds in excess of 10 MPH) sea conditions. The shipboard environment is a potentially dangerous environment. Contributing factors are motion, noise, vibration, exposure to weather, close working conditions, vessel machinery, sampling gear, wet surfaces, and lines under tension. All pose a threat to the safety of the scientific crew. Providing a larger vessel would greatly reduce the risk of personnel injury and equipment damage.

The District's OMP was compared to the programs of Los Angeles County Sanitation District (LACSD), the City of Los Angeles and the City of San Diego. Program elements are comparable in scope and size. All three agencies conduct all of their monitoring in-house and each own two or three vessels.

Staff also surveyed these three POTW's regarding their vessel operating costs. Costs varied among agencies and no per-vessel dollar amounts were given. The City of San Diego's budget is \$50,000 per year for maintenance of their two vessels, but rarely spends that amount. The vessel captain performs most of the maintenance. Work that is beyond the captain's capabilities is performed by contractors or in some cases by other agency personnel.

Staff presents a couple of options with regard to providing a licensed captain to pilot the proposed vessel. The District could either hire a captain or contract out the position. A licensed captain ensures that a minimum level of competency and experience is achieved. On a vessel the size needed for our monitoring program, it is reasonable to expect the captain to have a thorough working knowledge of the mechanical systems on board and possess the ability to perform the maintenance of those systems.

Staff has determined that we would need a vessel between 55 and 65 feet in length. The vessel must be stable and properly equipped to deploy a variety of monitoring devices to effectively complete all elements of our monitoring program. The estimated cost of a vessel this size, designed to our specifications and equipped with all of the electronics for navigation, would cost between \$900,000 and \$1.2 million (calculation is based on an industry estimate of \$15,000 to \$20,000 per linear foot of vessel, using a 60-foot vessel).

PURPOSE

The purpose of this staff report is to evaluate whether or not the District should purchase a vessel for its OMP. Currently, ECM staff administers a comprehensive and multifaceted OMP in support of the District's NPDES permit and 301(h) waiver. Part of this OMP includes using ocean research vessels to support the monitoring of receiving waters, sediments, and organisms in the local coastal environment.

This report gives the background of the OMP and discusses recent program changes, safety concerns, current program costs, and projected costs for the vessel and related expenses of ownership.

Because one of management's overall objectives is to make ECM the primary service provider for the OMP, relying on contractor support only where necessary, this will ultimately change the OMP from a "contractor-driven" program to a "contractor-supported" program.

During FY 1999-00, the OMP insourced monitoring fieldwork that was previously performed by contractors. This has increased the demand for vessel usage by OMP staff, which has resulted in a number of logistical problems.

The working assumption for this report is that the District could own and operate its own vessel in a safe and cost-effective manner that would enhance our ability to meet our current and future monitoring needs.

BACKGROUND

The District has a long history of monitoring the effects of our discharge on the coastal marine waters in support of our ocean discharge permit. The District's offshore monitoring effort includes sampling for water quality, benthic environment (sediment geochemistry and biological

assessment), and trawls for assessing fish and invertebrate community health and structure. Each program element contains the following types of work: field sampling, sample analysis, data handling and reporting, data interpretation, and summary report writing, culminating in the OMP Annual Report.

From the early 1970's until 1985, District's staff did all the work, including all field sample collection, oceanography, and marine biology studies. With the issuance of the 301(h) waiver in 1985, the mandated OMP was redesigned with additional program components to determine compliance with the California Ocean Plan and 301(h) criteria. A management decision for this new Ocean Monitoring Program was made to out-source the program because it was determined that the elements of the mandated OMP were beyond the District's resources at that time. Being a high-profile program, it was also felt that having a "third-party" contractor conduct the program added a degree of objectivity and "instant credibility" that would allow the program to better stand up to scrutiny by regulators, environmental groups and the public. Science Applications International Corporation (SAIC) was subsequently selected through a competitive bid process.

While the contractor-driven approach to the OMP was appropriate at the time, the paradigm has changed. With the re-issuance of our 301(h) waiver in 1998, the OMP was redesigned to include three program elements – Core, Regional, and Strategic Process Studies (SPS). The Core Monitoring Program has been designed to address two major issues. First, to determine permit compliance with state and federal criteria. Second, to continue a long-term time line to identify data trends and determine whether any observed changes are due to natural conditions or to human impacts. Participation in regional monitoring is also a requirement of our permit. This involves cooperative monitoring of the Southern California Bight (SCB) with other local, state and federal agencies. Finally, SPS are stated goals of the District's ocean monitoring program. The purpose of SPS is to gain a better understanding of the physical, chemical, and biological processes that affect discharges into the marine environment. The OMP staff also carries out additional special projects, such as the Huntington Beach 9 North investigation.

In July 1998, District management made a decision to in-source the OMP. The initial phases were completed in May 1999, with the in-sourcing of the benthic and trawl field sampling and chemistry program components. Phase II of the in-sourcing project brought the OMP database management system and the writing of the annual report in-house. This phase is currently in progress. The largest remaining contract dependency in the OMP is contract vessels. The other three major southern California POTWs, including the City of San Diego with a 301(h) waiver, conduct in-house ocean monitoring programs with support of their own vessels.

Increased Need for Vessels

Changes to District's Ocean Monitoring Program

Recently, state and federal regulators have expressed a desire to make various ocean-monitoring programs more compatible. Over the last two years the District has been involved in an effort with SCCWRP to develop a "Model POTW Monitoring Program" that would be used by the Environmental Protection Agency (EPA) and the various Regional Water Quality Control Boards (RWQCB) to modify monitoring programs in future permits. The model program will include three major elements – core monitoring, special studies, and regional monitoring. This model template is the same one used by the District for its ocean-monitoring program so staff does not anticipate major changes to our program when the model monitoring program is finally adopted.

Core Monitoring: The District's Core Monitoring Program has been designed to address two major issues. One is to determine permit compliance with state and federal criteria. The other is to continue long-term sampling that will allow the District to identify data trends and determine

whether observed changes are due to natural conditions or to human impacts. While the type of monitoring for this program element won't change, the methods will. For example, future water quality sampling will probably include the use of oceanographic moorings in conjunction with routine water quality surveys to better capture and understand temporal variability of the receiving waters. The use of moorings will require additional vessel needs for deployment and servicing. The number of days needed is dependent upon the number and type of instrumentation deployed on these moorings.

Regional Monitoring: Participation in regional monitoring is a requirement of our permit. This involves cooperative monitoring of the SCB with other local, state, and federal agencies. The frequency of this sampling has been every four years (1994, 1998) with the next sampling to occur in 2002. The level of effort and vessel days required for this monitoring should be consistent with past efforts. Fourteen boat days were required to complete the Regional Monitoring in 1998.

Strategic Process Studies (SPS): One of the stated goals of the District's ocean monitoring program – and one that is being adopted for the Model POTW Monitoring Program – is to gain a better understanding of the physical, chemical and biological processes that affect discharges into the marine environment. This knowledge will lead to improved management of the discharge of urban runoff and treated wastewater into the coastal marine environment. Each year, the District, in concert with EPA and the RWQCB, adopts the SPS that then become permit requirements. Future SPS will require vessel time to deploy oceanographic equipment, and collect sediment and biological samples.

Special or Co-operative Studies: Non-permit required studies require the use of an oceanographic research vessel. Examples are the 1999 Huntington Beach beach closure and the studies to identify the source. Both studies required significant vessel support. Ongoing investigations off Huntington Beach also require vessel support. SCCWRP research done in our study area often requires the use of a vessel provided by the District. In addition, other research groups (e.g., NOAA, USGS, and EPA) have expressed interest in doing studies in our area that would benefit from the use of a District-owned vessel. Finally, routine operational inspections of the outfall pipe require the support of a research vessel.

SAFETY ISSUES

Vessels for hire are chosen based on the specific vessel characteristics, cost, and the survey to be performed. The number of available and affordable research vessels in southern California is small. Each vessel has limitations and staff has concerns about those limitations with regard to safety and comfort of the scientific crew.

As a member of the scientific crew, one must learn to work safely in a potentially dangerous shipboard environment. Such factors as motion, noise, vibration, exposure to weather, close working conditions, vessel machinery, sampling gear, uneven surfaces, wet surfaces, and lines under tension are not normally encountered on shore.

As such, the size and stability of the vessel is important. Most monitoring equipment is heavy and awkward when being deployed and retrieved. There is a risk of personal injury or equipment damage when equipment is being launched and recovered from a small boat that is pitching and rolling. Staff uses every precaution to avoid personal injury and equipment damage. However, sea conditions, vessel stability, and fatigue dictate the success or failure of a deployment. A larger more stable vessel with a larger working area would significantly reduce the risk of personal injury and equipment damage.

Another concern is that sea conditions usually deteriorate in the afternoon as the wind increases. The vessels we currently use to perform much of the monitoring are relatively small

and are unstable in somewhat light to moderate sea conditions (wind speeds in excess of 10 mph). Monitoring has been canceled when conditions deteriorated, and rescheduled when sea conditions were more favorable. Staff spends considerable effort and time mobilizing for each survey. Using a more stable survey vessel would decrease the number of aborted surveys, and reduce costs associated with rescheduling and mobilizing a survey.

Crew fatigue while conducting field sampling is also an important safety consideration. Trying to maintain balance on a small boat that is pitching and rolling while handling heavy monitoring equipment is physically exhausting. Couple this with a three or four-day survey and even the most fit are fatigued. This is when the potential for accidents increases.

The vessels we currently contract also lack adequate cabin space. The majority of the cabin space is used for scientific instrumentation, sample collection equipment, and personal gear. As a consequence, the crew is displaced. With limited cabin space, conditions are cramped and congested. Typically, staff has two meals onboard each day, and with limited space, there is virtually no place to sit, other than the cabin floor or outside on the deck in the work area.

Current Vessel Costs

Each OMP element requires the services of a boat that is suitable for the survey to be undertaken. The vessel is required to have state-of-the-art equipment for navigation, positioning, and mechanical systems for equipment deployment and sample processing.

The table below provides a breakdown for vessel expenses and non-tangibles for fiscal year 1999.

Organization	Enchanter	Seaventures	SCMI	Davey's Locker	Total
Price per day	\$700	\$1550	\$2,500	\$800	
# of days used in 1999	137	9	24	3	173
Total Cost	\$95,900	\$13,950	\$60,000	\$2,400	\$172,250
Support all monitoring program elements	No	No	Yes	No	
Safety	Fair	Fair	Good	Good	
Efficiency (transit time, deck space, etc).	Poor	Poor	Good	Good	
Availability	Excellent	Limited	Limited	Poor	

An evaluation of the commercial vessels available for the District's OMP shows that only one is capable of handling all of the requested field sampling. However, the availability of this vessel (SCMI) is limited due to the extensive use as an educational platform and support for the USC Wrigley Institute. This vessel is also expensive. In addition, use of these platforms requires District staff to adapt sampling methods and equipment based on the constraints of the vessel and not on optimal sampling methodologies.

The total cost of the ocean monitoring field sampling will increase as we shift to a vessel of adequate size and stability to accommodate sampling equipment and crew size. It is projected that the cost to contract such a vessel would be \$2,200 per day. Based on last year's usage and projected needs, contracted field sampling would cost approximately \$495,000 per year.

A major problem with contract vessels is their availability. There are no guarantees that the District can obtain a vessel at the required time. Routine monitoring takes place within specific

time frames for each program element. At other times a rapid response is necessary to sample during specific oceanographic conditions or during “events”, as was the case of the Huntington Beach beach closure. It is critical that a vessel is readily available for the District's OMP.

In addition to the direct cost of contracting and chartering a vessel, there are significant internal administrative costs associated with securing a vessel for the ocean-monitoring program. These costs are for time spent by ECM, Purchasing, and Accounting staff in preparing bid proposals for contracted vessels, attorney contract evaluation, bid evaluations, checking insurance coverage, purchase requisitions, approving invoices, and paying contractors.

How do we compare with other agencies?

There are three sanitation agencies in Southern California that have ocean monitoring programs similar in size and scope to the District that were contacted to compare their vessel operational needs. The agencies are Los Angeles County Sanitation District (LACSD), the City of Los Angeles, and the City of San Diego.

Agency	Own / Contract	# Vessels	Length (ft.)
LACSD	Own	3	66, 25, 19
City of LA	Own	2	85, 65
San Diego	Own	2	42, 30
OCSD	Contract	4	39 -65

PROJECTED VESSEL EXPENSES

Vessel Requirements

In an effort to eliminate our dependence on contracted vessels to conduct our ocean monitoring, staff has conducted a work boat audit to determine the size of the boat and equipment needed to best support the District's ocean monitoring program. We have evaluated the pros and cons of the vessels we currently work with as well as those operated by the City of LA, LA County, and San Diego.

There are no "off the shelf" work boat designs in production that will fill the District's needs. Work boats are typically designed for specific functions. This, however, doesn't mean that we need to start from the costly design stage. There are boats being manufactured for functions other than research that would provide us with a vessel of adequate length and propulsion. Choosing a proven hull design and modifying the superstructure to meet our monitoring requirements will significantly reduce overall costs.

Staff has determined we would need a boat between 55- and 65-feet in length. It has to be stable and properly equipped to deploy a variety of monitoring devices to complete all elements of our monitoring program. The estimated cost of a vessel this size, designed to our specifications and equipped with all the electronics for navigation, would cost between \$900,000 and \$1.2 million (calculation is based on an industry estimate of \$15,000 to \$20,000 per linear foot of vessel, using a 60-foot vessel).

Maintenance Costs

The City of San Diego budgets \$50,000 per year for routine contract maintenance of the two vessels. They indicated that most years they don't spend that amount. They have exceeded \$50,000 on occasion when they had to replace major mechanical systems.

Routine maintenance, per vessel, includes annual haul-out to clean and repaint the bottom, \$3,500 - \$5,000; monthly in the water, hull cleaning, \$1,000 - \$1,500 per year; oil and filter

changes, engine tune up, hydraulic system maintenance, engine and wash down pump maintenance, winch and mechanical cable service, battery service and replacement, paint, etc. All of the maintenance is performed by the captain or is contracted out. The City of San Diego OMP staff performs no maintenance work.

The City of San Diego also budgets \$15,000 per year for fuel and has a contract with a supplier. The cost of fuel for commercial use is less than that for recreational boats.

LACSD didn't provide fixed dollar figures but implied the yearly maintenance of the three vessels is minimal, with the biggest expense being the annual haul-out (\$5,000) of the 66-foot boat. The captain and crew (2) are responsible for all the maintenance of the three boats. Other agency maintenance personnel or contractors perform any maintenance beyond the crews' capabilities.

Mooring Costs

Location: There are two harbors that are most suitable for mooring a District vessel, Newport Harbor and Sunset/Huntington Harbor. Both are located within ten miles of District's Plant 1 and Plant 2 facilities that minimizes staff travel time and allows rapid transit to the District's offshore sampling area. Using other local harbors (e.g., Dana Point and Long Beach) would significantly increase mobilization and transit time.

Mooring types: Three groups offer moorings that could be used by the District. These are the County of Orange, the City of Newport Beach, and various private marina operators. The two basic types of vessel moorings offered are slips and offshore "cans" or moorings. With the need to load heavy gear, to have a freshwater source and electricity, the cost of offshore cans was not evaluated.

County of Orange: The County has few slips available and none that would accommodate a vessel 45- to 50- feet in length. These slips are used as guest slips for very limited duration. They do offer offshore cans.

City of Newport Beach: Operates the Balboa Yacht Basin. Monthly slip fees are \$17.00/foot for vessels up to 50-feet in length and \$20.00/foot for vessels over 50-feet or \$765 - \$1,000. There is currently a two-year wait for slips.

Private Marina Operators: Several privately operated marinas are available. Monthly slip fees range from \$12.50 – 23.75 /foot or \$600 - \$1,000. Waiting lists for private marinas are a minimum of one year.

Staff recommends submitting our name to the waiting list at the Balboa Yacht Basin Marina until a slip is available. In the interim, we would secure a berth at another marina. As mentioned above, the monthly fee would be about \$1,000. This is the worst case scenario, and it may be possible to reduce or eliminate the charges if an agreement can be worked out with the City of Newport Beach.

Captain and Crew

Staff has conducted a survey of the City of San Diego, LACSD, and the City of Los Angeles to determine how they captain their vessels. All have hired full time licensed captains to operate their respective vessels. In addition, they have staff hired as crew who help with the operation while at sea, and are qualified small boat operators. As mentioned, all three agencies have two or three boats. The captain and crew are also responsible for the maintenance of the boats.

The captain's responsibilities include the legal overall charge of the entire operation of the vessel. Licensed personnel insure that they meet the minimum level of competency and experience. The captain is ultimately responsible for the safety of the crew. On a vessel, the size needed for our monitoring program, it is not unreasonable to expect the captain to possess a thorough working knowledge of the vessel's mechanical systems and possess the ability to perform maintenance to those systems.

The District has several options with regard to a vessel captain:

- 1) The District could hire a full time licensed captain to pilot the boat and perform the routine maintenance similar to the operation of other agencies. Other District trade persons or contractors would perform maintenance tasks beyond his expertise.
- 2) The duties of captain and routine maintenance could be contracted out.
- 3) District personnel could be trained to obtain the U.S. Coast Guard operator's license. (The cost of the training class is \$850 and takes approximately 80 hours. (The U.S. Coast Guard license fee is \$250.) District personnel and contractors would perform routine maintenance.

The District's Human Resources Division conducted a salary survey of other agency's Boat Captain positions. The following summarizes their findings.

Agency	Agency Job Title	Salary Range Minimum	Maximum	Benefits Rate
CSDLA	Boat Captain	\$4,303	\$5,346	36%
City of San Diego	Senior Boat Operator	\$3,072	\$3,665	30%
City Of Los Angeles	Fireboat Pilot	\$6,111	\$6,810	30%
County of Los Angeles	Senior Rescue Boat captain	\$5,089	\$6,322	34.7%

Insurance

Other POTWs were surveyed with regard to how they insure their vessels. All are self-funded.

The District's Finance Department obtained an estimate of what it would cost to insure a 60-ft. vessel, if we were to go with an insurance carrier. They derived the following:

	Limit	Deductible	Annual Premium
Vessel P&I (Liability)	\$1 Million	\$2,500	\$1,000
Jones Act Coverage for Captain & Crew	\$1 Million	\$2,500	\$2,000
Vessel Hull (Property)	Value of vessel	\$10-\$50 K	1.35% of vessel value

Based on a vessel value of \$975,000 the total annual premium would be \$16,162.

Financial Analysis

The District's Finance Division performed a cost analysis for a contract vessel versus the cost of vessel ownership. The analysis uses a vessel purchase price of \$975,000. The estimated annual vessel operating cost is \$162,762. Respective opportunity costs (the loss of the 6% investment return) of \$58,500 was added to determine the total estimated cost.

As mentioned, the cost of chartering ocean-monitoring vessels will increase in the future. We will employ the services of a larger, more stable vessel for the safety of the crew and equipment.

Two scenarios are presented using costs per day of vessels that are capable of fulfilling all District's monitoring vessel needs. In the scenario the daily rate is \$2,200. Scenario one is based on the current usage and Scenario 2 is based on the projected needs. The annual projected charter costs is \$385,000 and \$495,000, respectively. The savings from ownership would range from \$163,738 to \$272,738. The pay back would be 3.56 to 5.95 years.

Ocean Monitoring Vessel Purchase vs. Contract

Assumptions (Annualized)

Purchase Price:		\$975,000
Amortization period in years		20
Annual depreciation		\$48,750

Annual Cost

Fuel		
Maintenance		
Engine Maintenance	\$6,600	
Clean and Paint	\$5,000	
Normal Maintenance	\$10,000	
Engine Rebuild \$20,000 @ 5 year intervals	\$4,000	
	Total Maintenance	\$25,600

Salary & Benefits: (Captain)		\$94,000
Mooring cost		\$12,000
Insurance premium		
Vessel P&I	\$1,000	
Jones Act	\$2,000	
Vessel Hull	\$13,162	
	Total Insurance	\$16,162

Estimated operating cost		\$162,762
Opportunity cost		\$58,500
Total estimated cost (excluding depreciation)		\$221,262
Projected contract cost for equivalent	175 days	225 days
Vessel: @ \$2,200 / day	<u>\$385,000</u>	<u>\$495,000</u>
Purchase vs. Contract Increase (Decrease)		
Projected - Total estimated	(\$163,738)	(\$273,738)
Pay Back	5.95 years	3.56 years

Conclusion

It is recommended that management support the purchase of an ocean monitoring vessel and that monies be budgeted for the design and construction. There are no "off the shelf" monitoring vessels. However, there are vessels of similar design and function that will closely match many of the District's requirements. To move forward on this recommendation staff suggests performing a thorough search of research vessels of proven design in the specified size class. Once the field of acceptable vessels has been narrowed down, we should employ the services of a naval architect to incorporate our requirements into the design.

OMTS COMMITTEE

AGENDA REPORT

Meeting Date 5/2/01	To Bd. of Dir. 5/23/01
Item Number OMTS01-22	Item Number 13(g)

Orange County Sanitation District

FROM: Robert Ghirelli, Director of Technical Services
Originator: Deirdre Hunter, Senior Environmental Specialist

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

GENERAL MANAGER'S RECOMMENDATION

Recommend to the Board of Directors to:

- (1) Approve a budget amendment of \$1,575,000 for laboratory and miscellaneous supplies, equipment, consulting service agreements, staff time and miscellaneous contracts, and an additional \$350,000 for AES Power Plant portion of studies, for the Huntington Beach Shoreline Contamination Investigation, Phase III, Job No. J-85, for a total project budget of \$2,925,000;
- (2) Authorize staff to seek reimbursement from AES Power Plant for \$350,000;
- (3) Authorize the General Manager to negotiate and award sole source contracts, including those in excess of \$100,000, with government agencies, universities, consulting, equipment, supply, and service companies qualified to carry out those contracts; and,
- (4) Pledge that any and all necessary future funding for studies relating to said project would be made available by the District.

SUMMARY

Staff has planned a series of integrated studies to look at whether the elevated bacteria counts seen along portions of Huntington Beach during the previous two summers, especially in the vicinity of the AES power plant, can be attributed to the District's wastewater plume. Staff initially proposed a \$1,620,000 budget for the project, although only \$1,000,000 was actually approved because of the way the recommendation was crafted. In accordance with the Board's request, staff is continuing to seek external funding sources. However, these monies will not be available before the studies are scheduled to begin in May and resource commitments need to be made now. Therefore, staff is requesting that the Board authorize the additional \$1.575 million as part of an overall not to exceed budget of \$2.575 million. The OMTS Committee approved this proposal in concept at the April 4, 2001 meeting.

The first 24-hour receiving water study will be performed on May 21-22, 2001 and the moorings will be deployed by June. The contracts and supply purchases need to be made in a very short timeframe. Therefore, staff is requesting that the General Manager be given authorization to negotiate and award the necessary contracts (including sole source contracts in excess of \$100,000) to ensure that all the planned studies can be performed this summer.

PROJECT/CONTRACT COST SUMMARY

Approved budgeted amount is \$1 million. This request is for an additional \$1,575,000 to cover upfront expenses while staff is continuing to search for funding.

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

Beginning in late fall 2000, staff began planning the studies needed to evaluate Dr. Stanley Grant's (UCI) hypothesis that oceanographic processes along with an interaction between the AES power plant in Huntington Beach could entrain and transport bacteria to the beach from our ocean outfall discharge plume. During the spring through fall of 2001, the District will conduct a series of integrated studies of the offshore and shoreline waters, currents, and sediments off Huntington Beach to test the hypothesis.

This month's update includes information on the following topics:

- Background
- Funding Status and Update on Costs
- Technical Advisory Committee (TAC) meetings
- Coordination of OCSD Investigation with Other Studies

Huntington Beach Shoreline Investigation Background

To be able to investigate the question regarding the potential that the District's plume reaches the beach, staff has designed a series of studies with input from a Technical Advisory Committee (TAC) and oceanographic consultants. The general objectives of these studies are:

- Determine whether indicator bacteria are present in the nearshore region between the District's deep-water ocean outfall and the shore;
- Determine if the District's outfall is a source for these bacteria; and
- Determine the oceanographic or meteorological mechanisms that can transport the District's treated wastewater toward shore.

Funding Status and Update on Costs

At the February 2001 meeting, the Board approved a \$1,000,000 budget for consulting services to support the Huntington Beach summer investigation surveys. The agenda report, presentations, and verbal discussions at the Board meeting all referred to a \$1.62 million budget estimate. The General Manager's Recommendation did not include the staff and supply costs as they were referenced in the text of the agenda report and job plan. At the direction of members of the OMTS Committee, staff was advised to seek outside funding and grants to support expenses in excess of the approved \$1 million. Although potential sources of funding

are being pursued, they will not be available in time for the summer studies. As cost-sharing money becomes available, the District's costs may be reimbursed and applied to the cost of this project.

The five 48-hour and one 24-hour receiving water studies to be performed this summer will require over 51,000 microbiological tests. As a result, staff must order about \$350,000 worth of materials from the supply houses. Two hundred seventy one thousand dollars of microbiological media, sample bottles and bacteriological quantification trays must be ordered from a single manufacturer, Idexx Corp. Idexx is the only company that sells this bacteria rapid test method. Because of the volume of supplies, the logistics of receiving the shipments, and the importance of receiving these supplies in time for the first sampling event in May, an initial order has been placed with Idexx under the General Manager's signature authority for approximately \$99,000. This amount is included in the total budget amount of \$2.575 million.

Table 1 contains the most recent estimated project costs and the funding gap that staff is requesting from the Board.

Table 1: Phase III Huntington Beach Shoreline Contamination Investigation Costs		
Study Element	Approximate Schedule	Estimated Cost
Physical Oceanographic Moorings	<i>Field work:</i> June – September 2001 <i>Analytical work:</i> October 2001 – June 2002	\$1,000,000
Receiving Water Quality Measurements	May –September 2001	\$ 800,000*
Caged Mussel Biomonitoring	June 1 – September 30, 2001	\$ 125,000
Nearshore Sediments	July-August 2001	\$ 125,000
Data Mining	On-going	\$ 150,000
Plume Modeling	On-going	\$ 125,000
Data Analysis & Reporting	October 2001 – June 2002	\$ 250,000
	Total Cost for District's Studies	\$2,575,000
	Approved Budget	\$1,000,000
	Funding Gap	(\$1,575,000)

*This cost includes reimbursements to other the agencies for their participation in the study. The study is logistically too large for the District to accomplish by itself. Although agencies will contribute as much in-kind services as possible, the District may need to reimburse them for overtime and material costs.

Therefore, staff is requesting that the Board authorize the additional \$1.575 million as part of the overall \$2.575 million. At the April 4, 2001 meeting of the OMTS Subcommittee, this proposal was approved in concept.

Coordination of OCSD Investigation with Other Studies

The District is one of several institutions funding studies related to the Huntington Beach pollution. Staff understands the importance of coordinating with the other agencies and researchers to ensure the most integrated and clear understanding of the data. Listed below is a brief description of the studies presently underway or being planned to investigate the Huntington Beach shoreline contamination issue, the responsible agency, and how the District sees its participation. Key participants include the County of Orange (Public Facilities and Resources Department), UCI, AES and their environmental consultant MBC Applied

Environmental Sciences, USC SeaGrant, National Water Research Institute, the Orange County Health Care Agency, the Regional Water Quality Control Board, and possibly Scripps Institute of Oceanography.

County of Orange / NWRI / UCI Santa Ana River Study

In December 1999 and May 2000, principal investigator, Dr. Stanley Grant, from UCI performed extensive investigations at the mouth of the Talbert Marsh that looked at the amount of bacteria that was contributed to the surfzone from upstream stormwater pump stations and the marsh. A similar study of loadings to the surfzone from the mouth of the Santa Ana River will be performed during the summer of 2001. The District sends a representative to the regular coordination meetings sponsored by the County of Orange and UCI. The District will likely be contributing microbiology services and/or materials to the Santa Ana River study. The District will coordinate with the UCI group to ensure data collection is optimized to provide information that can be used by other area studies.

USC SeaGrant Nearshore Process & Microbiological Study

USC investigators Burton Jones, Jed Fuhrman, and Douglas Sherman will be examining the contamination transport and concentration processes that occur in the nearshore area, close to the AES power plant, during the summer of 2001. The investigation will also include source tracking using a virus fingerprinting method. The District will coordinate with the USC group to ensure data collection is optimized to provide information that can be used by other area studies. The data should be part of the overall understanding of the linkage between nearshore and offshore processes. The District will be assisting USC with their investigation of shoreline microbiology and nearshore receiving water conditions.

AES Power Plant / MBC Applied Environmental Services Nearshore Processes Study

The AES power plant currently has applied to California Energy Commission (CEC) to increase its operating capacity. The CEC, the California Coastal Commission, and the public have expressed concerns regarding the AES-OCSD plume interactions. AES and its environmental consultant, MBC Applied Environmental Services, is expected to perform monitoring in the nearshore area. AES and MBC have attended coordination meetings in which their assistance was discussed. The District will be presenting a proposal to AES that should include nearshore moorings by Scripps, nearshore monitoring using MBC's boat, and tasks that should help reduce the cost of the District's project by an amount yet to be determined. These studies add a more thorough element that will help explain what is occurring in the nearshore.

NWRI Source Tracking Methods Study

One of the major dilemmas in solving the bacteria problems on Huntington Beach and across the world is determining where the bacteria are coming from. Currently there is no standardized bacteria source identification method. NWRI will be funding a study to utilize various source-tracking techniques. The participants in source-tracking investigations include Roger Fujioka from the University of Hawaii, David White from the University of Tennessee, Harry Ridgway from the Orange County Water District, Douglas Moore from the Orange County Health Care Agency, and Dr. Stanley Grant and Sunny Jiang from UCI. These results can also be compared with the results of USC's fingerprinting study and routine standardized sampling methods for enterococci, total coliform, and fecal coliform. The researchers will be comparing whether the bacteria populations from the river, marsh, surfzone station 9N, and the District's effluent are similar or different.

Orange County PFRD / US Army Corps of Engineers (ACOE)

Understanding nearshore and shoreline transport mechanisms is also important in maintaining sand on local beaches. Presently the County of Orange's Public Facilities and Resources Department (PFRD) and the ACOE are developing a circulation sampling and modeling project for the lower reaches of the Santa Ana River. The study is currently trying to secure funding and may start by fall 2001. Through coordination efforts, the two studies' data can still be complementary.

Technical Advisory Committee

The District invited a group of individuals representing, local stakeholders, regulators, academics, consultants, interested environmental groups, and the general public to serve as independent reviewers of the Phase III study design. The TAC meetings also ensure an open meeting process for the public and the press to observe the study's progress and findings.

The final TAC meeting to review the draft workplan has been scheduled for April 20, 2001 with the draft workplan due to the TAC by April 13, 2001.

ALTERNATIVES

N/A

CEQA FINDINGS

N/A

ATTACHMENTS

N/A

PDC COMMITTEE

AGENDA REPORT

Meeting Date 5/17/01	To Bd. of Dir. 5/23/01
Item Number PDC01-26	Item Number 14(c)

Orange County Sanitation District

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

SUBJECT: CAPITAL PROJECT MANAGEMENT PROCESS REINVENTION

GENERAL MANAGER'S RECOMMENDATION

Approve a Sole Source Consulting Services Agreement with the Lewis Group for development of the Capital Project Management Process Phase 2 for a total amount not to exceed \$308,000.

SUMMARY

In June 2000, the Engineering Department initiated an effort to improve project management and project delivery practices. This effort is referred to as the Capital Project Management Process (CPMP) Reinvention, and is planned as a three-phase project. The goal of the CPMP Reinvention is to improve delivery of capital projects. The District's \$1.5 Billion, 20 year Capital Improvement Project (CIP) includes approximately \$300M in design, project management, and administration costs. Even a small improvement in project delivery efficiency has the potential for significant savings.

Improvements to the CPMP include implementation of practices from the Project Management Institute *Project Management Body of Knowledge* (PMBOK) that have been found to be applicable to the District's projects. Phase 1, of the CPMP reinvention effort completed in February 2001, assessed present procedures, defined the Orange County Sanitation District's (District) project management requirements, and developed 37 specific recommendations for improvements.

With Phase 1 completed, a Scope of Work has been developed for Phase 2. Phase 2 of the CPMP Reinvention will develop an implementation plan for the 37 recommended improvements, including development of customized written guidelines for project management. Phase 3 will consist of implementation of the procedures developed in Phase 2, including a training program. Full implementation of the reinvented CPMP is planned for a two-year period.

Staff recommends awarding a Consulting Services Agreement to the Lewis Group for Phase 2 for a total fee not to exceed \$308,000. This is a sole source recommendation based on the Lewis Group's qualifications and excellent performance on Phase 1. The proposed fee was negotiated with the Lewis Group based upon the Scope of Work developed in Phase 1.

PROJECT/CONTRACT COST SUMMARY

Please refer to the attached Consulting Services Agreement Status Report.

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)

The proposed Consulting Services Agreement fee, not to exceed \$308,000, is included in the Engineering Department Joint Operating budget. The budget includes a total of \$460,000 from FY2000/01 through FY2001/02 for Capital Project Management Process (CPMP) Reinvention. The estimated expenditure for Phase 1 in FY2000/01 is \$116,000, leaving \$344,000 to complete the project in FY2001/02.

ADDITIONAL INFORMATION

The proposed CPMP Reinvention Phase 1 recommendations are based upon principles from the Project Management Institute's *Project Management Body of Knowledge* (PMBOK). The Project Management Institute (PMI) is an international organization fostering professionalism and providing guidelines and education in the field of project management. The practice of project management is a field distinct from engineering or other technical disciplines.

The intent of the Phase 2 implementation plan is to have the positive results listed below:

- Significant savings in project delivery costs.
- A standard project life cycle and project management methodology is used throughout the Orange County Sanitation District (District).
- The Operations & Maintenance Department participates fully as partners and members of the project organization.
- Project work is integrated with on-going District operations and asset management.
- Customer satisfaction is measured at a high level.
- Quality and risk management practices are incorporated into all projects.
- Projects are evaluated, controlled and managed proactively through project schedules and budgets.
- A District-wide project management information system is operating.
- All capital projects are evaluated upon completion and the best practices and lessons learned will be captured for inclusion in a reference file for future projects.
- Project management is established as a core professional competency in the District, and is rewarded as such.

The proposed Phase 2 will form task forces including Staff from Engineering and other departments that will be impacted by the 37 specific recommendations included in the Capital Project Management Process (CPMP) Phase 1 Report. The task forces will work with the Consultant to develop improved work processes to make improvements in the nine categories below. Phase 3 will provide training for implementation of the improved processes. The CPMP Reinvention process is planned for implementation over the next two years.

- Capital Project Process
- Capital Project Planning
- Capital Project Scheduling
- Capital Project Execution
- Project Manager Authority
- Engineering Department Structure
- Engineering Department Planning

- Engineering Department Talent
- Policies and Procedures

ALTERNATIVES

Not proceeding with Phase 2 of the CPMP Reinvention. If we do not proceed with Phase 2, improvements to the District's project delivery may not be realized.

CEQA FINDINGS

Not Applicable

ATTACHMENTS

1. Consulting Services Agreement Status Report
2. Consultant Proposal Letter for Phase 2 Services

PDC COMMITTEE
AGENDA REPORT

Meeting Date 5/17/01	To Bd. of Dir. 5/23/01
Item Number PDC01-27	Item Number 14(d)

Orange County Sanitation District

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

SUBJECT: PROFESSIONAL SERVICES AGREEMENTS FOR MATERIALS TESTING AND GEOTECHNICAL ENGINEERING SERVICES, SPECIFICATION NO. PSA-2001-33BD

GENERAL MANAGER'S RECOMMENDATION

Approve Professional Services Agreements with Law/Crandall, Ninyo & Moore, and Converse Consultants, to provide for materials testing, inspection, and geotechnical engineering services for capital projects, Specification No. PSA-2001-33BD, for an amount not to exceed \$80,000 for each consultant for July 2001/2002 (\$240,000 total), with the option to renew for two additional one-year periods for an amount not to exceed \$130,000 for each agreement for July 2002/2003 (\$390,000 total), and for an amount not to exceed \$100,000 for each agreement for July 2003/2004 (\$300,000 total).

SUMMARY

Capital projects require materials testing and geotechnical engineering consultation services for successful construction of the projects. Material testing services include soils, concrete, asphalt, and metals testing. Geotechnical engineering services may be required when unexpected or unusual soil conditions arise. Geotechnical consultants have traditionally provided these services for the District.

Staff has selected Ninyo & Moore, Law/Crandall, and Converse Consultants to provide materials testing and geotechnical engineering services to the District.

The Professional Services Agreements will be structured to cover the July 2001/2002 period, with the option for renewal with each consultant for two additional one-year periods at District's discretion.

The proposed yearly PSA amounts for each consultant will be used on an as-needed basis. Funds remaining at the end of each year will not carry over to the following one-year period.

Services are budgeted on each capital project as required. All testing and geotechnical engineering services will be charged to the project budgets.

PROJECT/CONTRACT COST SUMMARY

Amounts as shown in the table below are proposed PSA allocations for each consultant for the next three years, starting in July 2001. Staff derived the proposed numbers by considering average testing hours of past years along with present testing and geotechnical fees and scheduled future capital projects.

	01/02	02/03	03/04	3-Year Total
Law/Crandall	\$80,000	\$130,000	\$100,000	\$310,000
Ninyo & Moore	\$80,000	\$130,000	\$100,000	\$310,000
Converse Cons.	\$80,000	\$130,000	\$100,000	\$310,000
<u>Total per Year</u>	\$240,000	\$390,000	\$300,000	

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)

This item does not impact the overall budget because it is not paid separately as a lump sum item. Materials testing and geotechnical services funds have been included in the individual project budgets that require these services. They are expensed as the services are used on the projects.

ADDITIONAL INFORMATION

In February 2001 the District solicited proposals from the following consulting firms:

- Smith-Emery
- Ninyo & Moore
- Converse
- PSI
- NMG Geotechnical
- MTGL
- Harrington Geotechnical
- Leighton & Associates
- Law/Crandall
- Levine Fricke

Eight consultants responded, and District staff selected three of those firms for recommendation to the Board of Directors. Each firm will provide materials testing and geotechnical services for July 2001/2002, with the option to renew for two additional one-year periods at District's discretion.

Six District staff members evaluated the proposals in reference to the following evaluation factors:

- Layout of a plan for task performance and handling of requirements (point score)
- Applicable consultant staff qualifications (point score)
- Related service experience (point score)
- Prior work experience with the consultants
- Proposed fees

Staff is recommending Ninyo & Moore, Law/Crandall, and Converse Consultants to provide services to the District. These three firms received the highest evaluation point scores and were ranked the highest with all evaluation factors considered.

Leighton & Associates submitted a fair proposal and low fees for most often used services. However, negative prior work experience with the consultant prompted non-consideration for final selection.

MTGL received low scores for their proposal in the areas of related service experience and applicable staff qualifications. Service experience did not include wastewater projects. It centered mostly on small buildings and streets. Staff qualifications were good for engineers. However, no qualifications were given for field technicians, who will perform the majority of the testing work under this PSA.

See attachment "Materials Testing/Geotechnical Services Evaluation Summary" for additional information.

ALTERNATIVES

The selection of three geotechnical firms to provide services to the District may be changed.

CEQA FINDINGS

N/A

ATTACHMENTS

Materials Testing/Geotechnical Services Evaluation Summary

PDC COMMITTEE
AGENDA REPORT

Meeting Date 5/17/01	To Bd. of Dir. 5/23/01
Item Number PDC01-28	Item Number 14(e)

Orange County Sanitation District

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

SUBJECT: PROFESSIONAL SERVICES AGREEMENTS FOR SURVEYING SERVICES,
SPECIFICATION NO. PSA-2001-34BD

GENERAL MANAGER'S RECOMMENDATION

Approve Professional Services Agreements with Bell Land Surveying, MDS Consulting, and Bush & Associates, to provide for surveying services for capital projects, Specification No. PSA-2001-34BD, for an amount not to exceed \$120,000 for each agreement for July 2001/2002 (\$360,000 total), with the option to renew for two additional one-year periods for an amount not to exceed \$170,000 for each agreement for July 2002/2003 (\$510,000 total), and for an amount not to exceed \$95,000 for each agreement for July 2003/2004 (\$285,000 total).

SUMMARY

Capital projects require a variety of surveying services for successful construction of the projects. These services include preliminary and construction alignments, contractor's staking, pipe casing/tunnel survey, and pipeline heading checks. Survey consultants have traditionally provided these services for the District.

Staff has selected Bell Land Surveying, MDS Consulting, and Bush & Associates to provide surveying services to the District.

The Professional Services Agreements will be structured to cover the July 2001/2002 period, with the option for renewal with each consultant for two additional one-year periods at District's discretion.

The proposed yearly PSA amounts for each consultant will be used on an as-needed basis. Funds remaining at the end of each year will not carry over to the following one-year period.

Surveying services are budgeted on each capital project as required. All services will be charged to the project budgets.

PROJECT/CONTRACT COST SUMMARY

Amounts as shown in the table below are proposed PSA allocations for each consultant for the next three years, starting in July 2001. Staff derived the proposed numbers by considering average survey hours of past years along with present survey fees and scheduled future capital projects.

	01/02	02/03	03/04	3-Year Total
Bell Land Survey.	\$120,000	\$170,000	\$95,000	\$385,000
MDS Consulting	\$120,000	\$170,000	\$95,000	\$385,000
Bush & Assoc.	\$120,000	\$170,000	\$95,000	\$385,000
<u>Total per Year</u>	\$360,000	\$510,000	\$285,000	

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)

This item does not impact the overall budget because it is not paid separately as a lump sum item. Surveying funds have been included in the individual project budgets that require these services. They are expensed as the services are used on the projects.

ADDITIONAL INFORMATION

In February 2001 the District solicited proposals from the following consulting firms:

- MDS Consulting
- Forkert Engineering & Surveying
- DGA Consultants
- Bell Land Surveying
- Bush & Associates
- Thomas A. King

Five consultants responded, and District staff selected three of those firms for recommendation to the Board of Directors. Each firm will provide surveying services for July 2001/2002, with the option to renew for two additional one-year periods at District's discretion.

Six District staff members evaluated the proposals in reference to the following evaluation factors:

- Layout of a plan for task performance and handling of requirements (point score)
- Applicable consultant staff qualifications (point score)
- Related service experience (point score)
- Prior work experience with the consultants
- Proposed fees

Staff is recommending Bell Land Surveying, MDS Consulting, and Bush & Associates to provide surveying services to the District. These three firms received the highest evaluation point scores and were ranked the highest with all evaluation factors considered.

Forkert Engineering & Surveying did not meet required qualifications for field personnel.

DGA submitted a fair proposal and low fees. However, staffing difficulties for the new PSA and negative prior work experience with the consultant prompted non-consideration for final selection. See attachment "Survey Services Evaluation Summary" for additional information.

ALTERNATIVES

The selection of three surveying firms to provide services to the District may be changed.

CEQA FINDINGS

N/A

ATTACHMENTS

Survey Services Evaluation Summary

PDC COMMITTEE
AGENDA REPORT

Meeting Date 5/17/01	To Bd. of Dir. 5/23/01
Item Number PDC01-29	Item Number 14(f)

Orange County Sanitation District

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

SUBJECT: PROFESSIONAL SERVICES AGREEMENTS FOR ELECTRICAL
ACCEPTANCE TESTING SERVICES, SPECIFICATION NO. PSA-2001-35BD

GENERAL MANAGER'S RECOMMENDATION

Approve Professional Services Agreements with Power Systems Testing Co. and Electro Test Inc., to provide electrical acceptance testing services for capital projects, Specification No. PSA-2001-35BD, for an amount not to exceed \$70,000 for each agreement for July 2001/2002 (\$140,000 total), with the option to renew for two additional one-year periods for an amount not to exceed \$150,000 for each agreement for July 2002/2003 (\$300,000 total), and for an amount not to exceed \$175,000 for each agreement for July 2003/2004 (\$350,000 total).

SUMMARY

Capital projects require extensive electrical acceptance testing for successful completion of the projects. Testing procedures follow the National Electrical Testing Association's (NETA) Acceptance Testing Specifications for Electric Power Distribution Equipment and Systems. Some of the equipment tested includes transformers, circuit breakers, and motors.

On past capital projects the prime contractor was generally required to perform electrical testing. The District has decided to modify that approach and work directly with NETA-certified testing firms to accomplish acceptance testing for increased quality assurance.

Staff has selected Power Systems Testing Co. and Electro Test Inc. to provide electrical acceptance testing services to the District.

The Professional Services Agreements will be structured to cover the July 2001/2002 period, with the option for renewal with each consultant for two additional one-year periods at District's discretion.

The proposed yearly PSA amounts for each consultant will be used on an as-needed basis. Funds remaining at the end of each year will not carry over to the following one-year period.

Electrical acceptance testing services are budgeted on each capital project as required. All testing will be charged to the project budgets.

PROJECT/CONTRACT COST SUMMARY

Amounts as shown in the table below are proposed PSA allocations for each consultant for the next three years, starting in July 2001. Staff derived the proposed numbers by considering average testing hours of past years along with present electrical testing fees and scheduled future capital projects.

	01/02	02/03	03/04	3-Year Total
Power Systems	\$70,000	\$150,000	\$175,000	\$395,000
Electro Test	\$70,000	\$150,000	\$175,000	\$395,000
<u>Total per Year</u>	\$140,000	\$300,000	\$350,000	

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)

This item does not impact the overall budget because it is not paid separately as a lump sum item. Electrical testing funds have been included in the individual project budgets that require these services. They are expensed as the services are used on the projects.

ADDITIONAL INFORMATION

In February 2001 the District solicited proposals from the following consulting firms:

- Electro-Test Incorporated
- Brar Electrical Systems
- Power Systems
- Applied Engineering Concepts

Three consultants responded, and District staff selected two of those firms for recommendation to the Board of Directors. Each firm will provide electrical testing services for July 2001/2002, with the option to renew for two additional one-year periods at District's discretion.

Five District staff members evaluated the proposals in reference to the following evaluation factors:

- Layout of a plan for task performance and handling of requirements (point score)
- Applicable consultant staff qualifications (point score)
- Related service experience (point score)
- Prior work experience with the consultants
- Proposed fees

Staff is recommending Electro-Test Incorporated and Power Systems to provide electrical acceptance testing services to the District. Brar Electrical Systems could not provide the required NETA-certified technicians or registered electrical engineers for field personnel, prompting non-consideration for final selection.

Power Systems received the highest evaluation point score. Electro-Test Incorporated received a lower evaluation score on their proposal. However, after interviewing the firm and considering several years of positive prior work experience with the consultant, District staff decided to select the company. See attachment "Electrical Testing Services Evaluation Summary" for additional information.

ALTERNATIVES

The selection of two electrical testing firms to provide services to the District may be changed

CEQA FINDINGS

N/A

ATTACHMENTS

Electrical Testing Services Evaluation Summary

PDC COMMITTEE

Meeting Date 5/17/01	To Bd. of Dir. 5/23/01
Item Number PDC01-31	Item Number 14(g)

AGENDA REPORT

Orange County Sanitation District

FROM: David Ludwin, Director of Engineering
Originator: Bud Palmquist, Senior Engineer

SUBJECT: IMPROVEMENTS TO MILLER-HOLDER TRUNK SEWER SYSTEM, REACH 1,
CONTRACT NO. 3-38-1

GENERAL MANAGER'S RECOMMENDATION

(1) Ratify Change Order No. 8 to Improvements to Miller-Holder Trunk Sewer System, Reach 1, Contract No. 3-38-1, with Fleming Engineering, Inc., authorizing an addition of \$23,722 and 27 calendar days, increasing the total contract amount to \$8,810,056.56, (2) Ratify Change Order No. 9 for an adjustment of Engineer's Quantities authorizing an addition of \$90,780, increasing the total contract amount to \$8,900,836.56 and (3) Accept Improvements to Miller-Holder Trunk Sewer System, Reach 1, Contract No. 3-38-1, as complete, authorizing execution of the Notice of Completion and approving the Final Closeout Agreement.

SUMMARY

Change Order No. 8 includes 3 items of added work and one credit item to Contract No. 3-38-1. There is a 27 calendar day time extension associated with this change order. Change Order No. 9 is for the adjustment of Engineer's Quantities. Liquidated damages on this contract are \$750 per day and there are no bonus provisions.

Contract Start Date	May 18, 1999
Original Contract Completion Date	November 27, 2000
Total Number of Change Orders to Date	9
Current Contract Completion Date	March 4, 2001
Actual Completion Date	February 5, 2001
Days Subject to Liquidated Damages	N/A

PROJECT/CONTRACT COST SUMMARY

Original Contract Price	\$8,363,796.00
Previously Authorized Changes	\$ 422,538.56
This Change (CO No. 8) (add)	\$ 23,722.00
This Change (CO No. 9) (add)	\$ 90,780.00
Change Orders to Date	\$ 537,040.56
Percentage Increase to Date	6.42%
Final Contract Price	\$8,900,836.56

BUDGET IMPACT

- This item has been budgeted. (Section 8, Page 27)
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

Please refer to the attached Budget Information Tables

ADDITIONAL INFORMATION

Contract No. 3-38-1, Improvements to Miller-Holder Trunk Sewer System, Reach 1, includes the installation of 15,933 feet of sewer pipe, manholes, and appurtenant facilities in the City of Buena Park, and along the Caltrans right-of-way in Beach Boulevard. Boyle Engineering Corporation prepared the plans and specifications and the contract was awarded on April 28, 1999 to Fleming Engineering, inc. The contract is now complete.

The following summarizes Change Order No. 8

Item No.	Description	Amount	Days	Type
1	Shoring and excavation for two sewer lateral bores.	\$ 15,120	0	Other
2	Delays attributed to bypass approval	\$ 21,598	15	Other
3	Compensible delay costs associated with CO No. 7	\$ 20,574	0	Changed Condition
4	Credit for realignment on Beach Boulevard	\$(33,570)	10	Changed Condition
6	Time extension for inclement weather	\$ 0	2	Other
	Total Change Order No. 8	\$ 23,722	27	

The following summarizes Change Order No. 9

Item No.	Description	Amount	Days	Type
1	Adjustment of Engineer's Quantities	\$90,780	0	Other
	Total Change Order No. 9	\$90,780	0	

ALTERNATIVES

None

CEQA FINDINGS

This project was included in the Programmatic EIR for the 1989 Master Plan. The final EIA was approved July 19, 1998, and the Notice of Determination was filed on July 20, 1989.

ATTACHMENTS

1. Budget Information Table
2. Change Order Status Report
3. Change Order No. 8
4. Change Order No. 9

PDC COMMITTEE

AGENDA REPORT

Meeting Date 5/17/01	To Bd. of Dir. 5/23/01
Item Number PDC01-33	Item Number 14(h)

Orange County Sanitation District

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

SUBJECT: OCEAN OUTFALL FLOWMETER REPLACEMENT AT PLANT 2,
JOB NO. J-66

GENERAL MANAGER'S RECOMMENDATION

Ratify Change Order No. 1 to Ocean Outfall Flowmeter Replacement at Plant No. 2, Job No. J-66, with Urbantec Engineers, Inc., authorizing a credit of \$2,692 and a time extension of 290 calendar days, decreasing the total contract amount to \$943,308.

SUMMARY

Change Order No. 1 includes one item of added work and one credit item for a design change to Job No. J-66. There is one omission and no errors associated with this change order. Liquidated damages on this job are \$500 per day and there are no bonus provisions.

Contract Start Date	September 18, 2000
Original Contract Completion Date	March 16, 2001
Total Number of Change Orders to Date	1
Current Contract Completion Date	December 31, 2001
Actual Completion Date	N/A
Days Subject to Liquidated Damages	0

PROJECT/CONTRACT COST SUMMARY

Original Contract Price	\$ 946,000.00
Previously Authorized Changes	0.00
This Change (Add) (Deduct)	(\$ 2,692.00)
Change Orders to Date	0.00
Percentage Decrease to Date	(0.28%)
Amended Contract Price	\$ 943,308.00

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 project is for the construction of a new meter vault and the installation of a new flowmeter on the existing 120-inch outfall at Plant No. 2. Tran Consulting Engineers prepared the plans and specifications and the contract was awarded to Urbantec Engineers, Inc on June 28, 2000.

The contract is now 4% complete. The completed work includes excavation and relocation of a six-inch and a four-inch gas lines and additional work as described in Item 1 of this Change Order.

The following summarizes Change Order No. 1

Item No.	Description	Amount	Days	Type
1	Relocate Gas Lines	\$7,108	0	Omission
2	Install Ocean Outfall Flowmeter (Revised Drawings	(\$9,800)	290	Design Change
	Total Change Order No. 1	(2,692.00)	290	

Item No. 2 is for costs to install the flowmeter per the revised design. During construction, unknown subsurface soil conditions combined with the review of shoring, pipe support, and dewatering submittals revealed concerns of potential settlement to the adjacent standby outfall pipe.

Due to the critical nature of this project and the serious consequences of a failure to the District's main effluent discharge pipe, staff hired a team of experts to review the contractor's methods of construction. The team consisted of Engineers familiar with the original outfall installation, Geotechnical and Structural Engineers and a Construction consultant. The review team along with District staff, reviewed the contractor's procedures for dewatering, shoring, and temporary pipe supports for the 120-inch pipe and concluded that there was a potential for the adjacent standby-outfall pipe to settle significantly during construction of this project due to the existing soils and groundwater conditions. The standby outfall pipe bedding had changed significantly since its original installation due to continual ocean tidal actions.

Since both outfall pipelines are critical to District's operations, staff decided to redesign the entire structure to minimize risk. The redesign eliminated the need to excavate below the main outfall pipe and reconfigured the entire access structure. The decision to discontinue construction of design and to redesign the facility was discussed with the PDC in the April 2001 meeting.

Summary of Change Order No. 1, Item No. 2 Costs

Description	Costs
Work Completed to Date (Relocation of Gas Lines)	\$ 38,000
Total Contractor's Costs for Redesigned Work*	\$898,200
Total Cost	\$936,200
Original Contract Amount	\$946,000
Net Credit	(\$9,800)

Costs for work completed to date includes relocation of gas lines as required in the original contract, but does not include costs for the redesigned work.

**Breakdown of the Contractor's total cost for the redesigned work is as follows:*

<i>Redesigned Work</i>	<i>\$809,200</i>
<i>Submittal Preparation Costs for Original Design</i>	<i>\$ 36,000</i>
<i>Equipment Rental Loss</i>	<i>\$ 25,000</i>
<i>Contractor's Office and Field Overhead (290 Days)</i>	<i>\$ 28,000</i>
<i>Total contractor's costs for the redesigned work</i>	<i>\$898,200</i>

The Engineer's estimate for the redesign is \$ 742,300 and does not include costs for submittal preparation, equipment rental loss, and contractor's office and field overhead.

ALTERNATIVES

The alternative of terminating the existing contract and rebidding the new design was discussed with the PDC in April 2001 and staff was directed to proceed with the execution of a change order to the existing contract for the redesigned work.

Terminate Contract and Rebid

Description	Cost
<i>Work Completed to Date</i>	<i>38,000</i>
<i>Termination Costs**</i>	<i>156,440</i>
<i>In-house staff labor and misc. costs to rebid the project</i>	<i>8,000</i>
<i>Estimated Low Bid (Engineer's Estimate)</i>	<i>742,300</i>
<i>Total Cost</i>	<i>944,740.00</i>
<i>Original Contract Amount</i>	<i>946,000</i>
<i>Net Credit</i>	<i>(1,260)</i>

***Breakdown of the termination costs is as follows:*

<i>Mobilization and Demobilization Costs</i>	<i>\$ 47,300</i>
<i>Bonds and Insurance Costs</i>	<i>\$ 39,840</i>
<i>Overhead and Profit</i>	<i>\$ 33,300</i>
<i>Submittal Preparation Costs for Original Design</i>	<i>\$ 36,000</i>
<i>Total</i>	<i>\$156,440</i>

CEQA FINDINGS

This project was included in the Programmatic EIR for the 1999 Strategic Plan. The final EIR was approved on October 27, 1999 and the Notice of Determination was filed on October 29, 1999.

ATTACHMENTS

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

PDC COMMITTEE
AGENDA REPORT

Meeting Date 5/17/01	To Bd. of Dir. 5/23/01
Item Number PDC01-34	Item Number 14(l)

Orange County Sanitation District

FROM: David Ludwin, Director of Engineering
Originator: Kelly Lew, Contract Project Manager

SUBJECT: NEWLAND STREET INTERCEPTOR SEWER PROTECTION PROJECT,
CONTRACT NO. 11-14R

GENERAL MANAGER'S RECOMMENDATION

Establish a budget of \$144,000 for the Newland Street Interceptor Sewer Protection Project, Contract No. 11-14R.

SUMMARY

The Newland Street Interceptor Sewer was built in 1981. The sewer consists of a 48-inch pipe crossing under the Huntington Beach Channel.

The County of Orange Public Facilities and Resources Department (PFRD) owns the right-of-way and prior rights to the Huntington Beach Channel. PFRD is proceeding to widen and deepen this channel. This construction project requires that Orange County Sanitation District (OCSD) construct a bridge-type concrete encasement to protect the existing sewer pipe. The proposed sewer protection project has an estimated cost of \$144,000.

PFRD will design the sewer protection plans and specifications and will add them to their bid package. PFRD will administer both projects in one construction contract.

PROJECT/CONTRACT COST SUMMARY

The total budget estimate for the Newland Street Interceptor Sewer Protection, Contract No. 11-14R is \$144,000. Authorization of \$6,000 for project development, \$1,000 for studies/permitting, and \$12,000 for design staff is being requested. This project was not known at the time the FY2000/01 budget was finalized. The requested authorization will allow OCSD staff personnel to monitor the construction of the job by PFRD.

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.
- This item has not been budgeted.
- Not applicable (information item)

The project is not currently budgeted. This budget request will allow for the protection of the Newland Street Interceptor Sewer where it crosses the Huntington Beach Channel. This budget request includes \$6,000 for project development, \$1,000 for studies/permitting, \$12,000 for design staff, \$60,000 for a construction contract, \$26,000 for construction administration, \$21,000 for construction inspection, and \$18,000 for project contingencies. A budget breakdown is included in the attached Budget Information Table for this project.

ADDITIONAL INFORMATION

County of Orange Public Facilities and Resources Department (PFRD) is preparing a Reimbursement Agreement for OCSD to reimburse PFRD for the construction of this project. PFRD has prior rights to the land where the existing flood control channel resides. OCSD has an easement and license agreement from PFRD to operate and maintain the sewer line in PFRD right-of-way.

ALTERNATIVES

There are no cost effective alternatives for this sewer protection work. By coordinating the two projects together with each other, there will be less inconvenience and cost to the public.

CEQA FINDINGS

PFRD is handling the CEQA documentation for this project.

ATTACHMENTS

Budget Information Table

BOARD OF DIRECTORS

AGENDA REPORT

Meeting Date 05/09/01	To Bd. of Dir. 05/23/01
Item Number FAHR01-25	Item Number 15(c)

Orange County Sanitation District

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

SUBJECT: TREASURER'S REPORT FOR THE MONTH OF APRIL 2001

GENERAL MANAGER'S RECOMMENDATION

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

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 April 30, 2001	Estimated Yield (%)
State of Calif. LAIF	\$ 28,468,891	5.8
Union Bank Checking Account	392,451	N/A
Union Bank Overnight Repurchase Agreement	1,173,000 34,662,767	4.7 5.7
PIMCO – Short-term Portfolio	378,529,266	5.9
PIMCO - Long-term Portfolio	1,761	5.8
District 11 GO Bond Fund 921	35,809,651	5.9
Debt Service Reserves w/Trustees	8,000	N/A
Petty Cash		
TOTAL	<u>\$479,045,787</u>	

ALTERNATIVES

None.

CEQA FINDINGS

None.

ATTACHMENTS

1. Monthly Investment Reports
2. Monthly Transaction Report

FAHR COMMITTEE

AGENDA REPORT

Meeting Date 5/09/01	To Bd. of Dir. 5/23/01
Item Number FAHR01-28	Item Number 15(d)

Orange County Sanitation District

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

SUBJECT: THIRD QUARTER FINANCIAL REPORT PREPARED BY STAFF FOR THE PERIOD ENDED MARCH 31, 2001.

GENERAL MANAGER'S RECOMMENDATION

Receive, file and approve the Third Quarter Financial Report for the period ended March 31, 2001.

SUMMARY

Attached in a separately bound document is the District's Third Quarter Financial Report for the period ended March 31, 2001. This report is a consolidation of the financial accomplishments of the District through the third quarter of the 2000-01 fiscal year.

Contained within the Third Quarter Financial Report are budget summary reviews of the Joint Operating & Working Capital Funds, the Capital Improvement Program, the Revenue Areas, and the self-insurance funds.

As indicated within the Overview Section of this report, 76.11 percent, or \$35 million of the 2000-01 net joint operating budget of \$46.0 million has been expended. Net costs have increased 6.71 percent in comparison with the same period last year.

The total cost per million gallons at March 31, 2001 is \$518.25 based on flows of 67.56 billion gallons, or 246.55 million gallons per day. This is \$3.85, or 0.75 percent above the budgeted cost per million gallons of \$514.40. This overage is primarily due to net expenses being 1.48 percent, or \$511,200 higher than budget through March 31, offset slightly by flows being 0.63 percent higher than the budgeted amount of 245 million gallons per day.

Capital improvement outlays through March 31 were 50.71 percent of budget, or \$42,360,300. Outlays during the fourth quarter are expected to bring the total to \$57,706,970.

Collection system operations and maintenance expenses of all Revenue Areas totaled \$7.6 million, or 79.31 percent of the annual budget through March 31.

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)

ATTACHMENTS

1. Third Quarter Financial Report for the period ended March 31, 2001.

FAHR COMMITTEE

AGENDA REPORT

Meeting Date 05/9/01	To Bd. of Dir. 5/23/01
Item Number FAHR01-29	Item Number 15(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 JANUARY 1, 2001 THROUGH MARCH 31, 2001

GENERAL MANAGER'S RECOMMENDATION

Receive and file the Quarterly Investment Management Program Report for the period January 1, 2001 through March 31, 2001.

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**Performance Reports**

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 December 31, 2000 and March 31, 2001. 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 January 1 through March 31, 2001.

Portfolio Performance Summary Quarter Ended March 31, 2001				
	Liquid Operating Monies (%)		Long-Term Operating Monies (%)	
	Total Rate of Return	Benchmark ⁽¹⁾	Total Rate of Return	Benchmark ⁽¹⁾
3 Months	1.6	1.4	2.7	3.2
6 Months	3.5	3.0	6.0	6.4
9 Months	5.2	4.5	8.5	9.1
12 Months	6.9	6.0	10.5	10.9
Since inception 30 Sept. 95	5.8	5.3	6.9	6.7
Market Value per PIMCO 31 Dec 00				
	\$35.0M		\$382.7	
Average Quality				
	"AA+"		"AA+"	
Current Yield (%)				
	5.6		6.1	
Estimated Yield to Maturity (%)				
	4.6		5.1	
Quarterly Deposits (Withdrawals)				
	\$0.0M		\$9.4M	
Estimated Annual Income				
	\$1.9M		\$22.6M	

(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

Positive returns from fixed income securities helped anchor diversified portfolios during a quarter in which every major global stock market finished in negative territory. All bond market sectors gained as investors anticipated more easing by the Federal Reserve to stimulate a weakening economy. Stocks retreated as the correction in the technology sector that began last year spread to other industries.

Investors looking for safety pushed Treasury yields lower during the quarter, with short/intermediate maturities falling the most. The two to 30-year portion of the yield curve steeped sharply as the two-year yield fell 20 basis points to close at 4.92 percent. The backdrop for falling interest rates was the ailing U.S. economy. U.S. growth slowed to 1.0 percent in the final quarter of 2000, the weakest pace in 5 ½ years. This sudden deceleration prompted two 50 basis point rate cuts by the Fed in January to prevent a slowdown from turning into a recession.

Signs of economic weakness continued to mount, however, including a relentless procession of profit warnings from companies in a diverse range of industries. On March 20, the Fed cut

another 50 basis points and suggested that more easing could soon be on the way. The central bank stated that it “will need to monitor events closely” as “the economic situation could be evolving rapidly.” Consumer confidence revived late in the quarter as employment levels remained relatively high. Even so, pessimists who thought the Fed should have acted more aggressively at its March meeting could point to retrenchment in business investment as a sign that the economy would continue to weaken.

The corporate sector staged a recovery in the first quarter, regaining some ground lost during a difficult period last year. The following is a comparison of fixed income sector returns:

- Corporates outperformed Treasuries, helped by a strong January when Fed easing stimulated investors’ risk appetites. Demand for corporates cooled later in the quarter, however, as investors refocused on deteriorating credit fundamentals in the slowing economy. A major source of weakness was the telecom sector, which suffered its biggest slump in five years in March.
- Mortgages lagged Treasuries on a duration-adjusted basis. Rising prepayments after the recent fall in mortgage rates created price pressure that was not completely offset by mortgages’ relatively high yields.

Performance results of the Long-Term Portfolio

The long-term portfolio managed by PIMCO turned in a 2.66 percent return over the quarter, underperforming the Merrill Lynch 1-5 year Government Corporate Index by 51 basis points. This portfolio’s performance was due in part to the following factors:

- near-benchmark duration was neutral for performance;
- greater-than-index exposure to longer maturities was negative as short maturity rates fell most and the yield curve steepened;
- corporate holdings added to returns as Fed easing sparked a recovery early in the quarter that allowed corporates to regain some ground lost last year;
- mortgage exposure was slightly negative as price pressure due to repayments offset relatively high yields; and
- Real return bonds added to relative returns, outperforming like-duration Treasuries as real yields fell.

Performance results of the Liquid Operating Portfolio

The liquid portfolio managed by PIMCO turned in a 1.63 percent return over the quarter, outperforming the three-month Treasury Bill Index by 23 basis points. This portfolio’s performance was due in part to the following factors:

- 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

The U.S. will be mired in the first recession of the New Age Economy over the next three to four quarters as consumption and investment bubbles deflate. Global growth will weaken as demand in Europe, Japan and emerging markets will not compensate for the loss of the U.S. as consumer and borrower of last resort. Monetary and fiscal stimulus worldwide will mitigate, but not halt ongoing deceleration in global growth.

- As PIMCO feared in its secular outlook last May, the U.S. economy will fall into a recession as growth slows well below recent trends. The recession in a New Age Economy will arise from correction of imbalanced consumption, investment and borrowing. Weakness in the near term will be exacerbated by inventory corrections in the manufacturing and technology sectors.
- Greater savings by debt-laden and increasingly anxious consumers will shackle the economy. Weak equity markets will confront consumers with a negative wealth effect whereby they must save more of their disposable income to achieve their wealth objectives. Confidence will erode as layoffs mount, encouraging consumers to curtail spending.
- U.S. capital spending will continue to decline. Weak demand will crimp companies' internally generated funds even as their leveraged balance sheets and heightened investor risk aversion restrict their access to capital. To protect cash flow and service debt, companies will curtail investment and cut expenses via more layoffs.
- Monetary and fiscal policy in the U.S. will be stimulative, mitigating the severity of the recession. The Federal Reserve will move toward a zero real federal funds rate, which means cutting the nominal rate to four percent or lower over the coming months.
- U.S. inflation will be subdued. Corporations do not have the pricing power to pass on rising costs stemming from tight labor markets and higher energy prices. A softer economy will reduce these price pressures going forward.

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

- Target duration above benchmark as a slumping economy puts a cap on interest rates and the longer duration will also offset refinancing risk from mortgage holdings;
- Maintain a broader-than-index maturity structure to take advantage of value across the yield curve, especially in mortgages and high quality corporates;
- Continue to emphasize mortgages to take advantage of relatively high yields and strong credit quality;
- Hold top quality, short-duration corporates with compelling valuations; and
- Continue to focus on real return bonds as yields are expected to decline in the face of a slower global economy.

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

- Maintain extended duration as weaker growth puts a cap on interest rate risks and the longer duration will also offset refinancing risk arising from mortgage holdings;
- Take advantage of relatively high yields on select short-maturity, high-quality corporate issues;

- Continue to invest in high quality commercial paper as a means to add value and liquidity to the portfolio; and
- Utilize agency discount notes, which offer 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 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
31 March 01	35.0	382.7

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

Orange County Sanitation District

Meeting Date 05/9/01	To Bd. of Dir. 5/23/01
Item Number FAHR01-33	Item Number 15(f)

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

SUBJECT: ANNUAL RENEWAL OF BOILER & MACHINERY INSURANCE PROGRAM

GENERAL MANAGER'S RECOMMENDATION

Renew the District's Boiler & Machinery Insurance Program for the period May 15, 2001 to May 15, 2002, with CNA Insurance Company, in an amount not to exceed \$75,724.

SUMMARY

Staff recommends the annual renewal of Boiler & Machinery insurance coverage for the District covering the period from May 15, 2001 through May 15, 2002. The Boiler & Machinery insurance program provides comprehensive coverage for loss caused by machinery breakdown and explosion of steam boilers or other covered process equipment, including damage to the equipment itself and damage to other property caused by covered accident. Sufficient funds have been budgeted within the 2000-01 budget to cover premium costs.

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 District's FY 2000-01 Boiler & Machinery insurance program provides coverage (\$100 million per occurrence/\$100,000 deductible) for losses caused by covered machinery breakdown (e.g., motors, steam turbines, digesters, co-gen engines). Damages to the equipment, as well as damages to other property and improvements caused by the machinery breakdown, are covered by the boiler & machinery insurance. This program augments the District's all-risk property insurance which covers perils such as fire, flood, and earthquake.

May 15, 2001 – May 15, 2002 Renewal Cycle

Robert F. Driver Associates, the District's Broker of Record, has compiled their survey of the current Boiler & Machinery insurance market and recommends that the District renew Boiler & Machinery insurance coverage with CNA Insurance Company, the District's current boiler & machinery insurance underwriter, for the period of May 15, 2001 through May 15, 2002.

To analyze available coverage levels and premium costs, Driver marketed the District's Boiler and Machinery insurance requirements to three carriers. Kemper Insurance Company and Travelers Indemnity Company both gave preliminary indications of approximately \$125,000 to \$150,000 at the same basic coverage limits comparable to the District's existing program. However, CNA Insurance Company is proposing a modest seven-percent increase over the prior year from \$70,792 to \$75,724.

Conclusion

CNA Insurance Company, with more than \$2 billion in reserves, is rated "A"/FSC XV (Excellent) by A.M. Best Company (the insurance industry rating agency) for its overall ability to meet its obligations to policyholders.

CNA is a strong insurance company and can offer Boiler & Machinery insurance with high coverage levels for operations as large and complex as the District. Additionally, they offer the most competitive pricing for the upcoming renewal period. Staff concurs with Driver's findings and recommendation. Sufficient funds are contained in the current budget to cover premium costs (\$75,724).

ALTERNATIVES

N/A

CEQA FINDINGS

N/A

ATTACHMENTS

1. Broker of Record Letter dated May 1, 2001

FAHR COMMITTEE
AGENDA REPORT

Meeting Date 05/09/01	To Bd. of Dir. 05/23/01
Item Number FAHR01-32	Item Number 15(g)

Orange County Sanitation District

FROM: Gary Streed, Director of Finance

SUBJECT: INCLUDING ANNUAL SANITARY SEWER SERVICE CHARGES ON THE 2001-02 PROPERTY TAX BILL

GENERAL MANAGER'S RECOMMENDATION

Recommend to the Board of Directors to adopt Resolution No. OCSD 01-10, directing the County Tax Collector-Treasurer to include sanitary sewer service charges on the 2001-02 property tax bill.

SUMMARY

Section 5473 of the California Health & Safety Code provides that sanitary sewer service charges may be collected as a separate line item on the annual property tax bill. The District has utilized this method of fee collection since the inception of these fees.

The two principal benefits of this collection method are that the District does not need to develop or fund a utility billing division, and that failure to pay these fees results in a lien against the property, so all fees are ultimately received.

The Code requires a new Resolution from the District directing the County Tax Collector to collect these fees every time the rates change. The rates for 2001-02 were adopted on June 28, 2000. Although these rates were lower than or equal to those adopted in 1997 as a part of a five-year rate schedule, they are a change from the prior year and this Resolution is required.

PROJECT/CONTRACT COST SUMMARY

The County Tax Collector-Treasurer charges us for a copy of the database, updates, and for minor programming. The County Auditor charges us, via deduction from fees collected, for the actual collection expenses. Annual collections costs are approximately \$220,000 or .3% of the sewer service fees.

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

None.

ALTERNATIVES

Collect these fees with OCSD staff and a direct billing program. This is a more costly alternative and one without a method to force payment.

CEQA FINDINGS

N/A

ATTACHMENTS

1. Resolution No. OCSD-01-10.

BOARD OF DIRECTORS

AGENDA REPORT

Meeting Date	To Bd. of Dir. 05/23/01
Item Number	Item Number 17

Orange County Sanitation District

FROM: Robert J. Ooten, Director of Operations & Maintenance
Originator: MarcoPolo Velasco, Project Manager

SUBJECT: PURCHASE OF CAUSTIC SODA SOLUTION, SPECIFICATION NO. C-150

GENERAL MANAGER'S RECOMMENDATION

- 1) Receive and file bid tabulation and recommendation;
- 2) Award a contract to Pioneer Americas, Inc. for the Purchase of Caustic Soda Solution, Specification No. C-150, for the period of July 1, 2001 through June 30, 2002, with four (4) one-year renewal options, for an estimated annual amount not to exceed \$969,117.00.

SUMMARY

At the March 7, 2001 OMTS meeting, staff requested Board approval for price increases from our current provider of caustic soda, Great Western. The OMTS Committee directed staff to solicit bids through a competitive bid process for a new contract for caustic soda to ensure the District was paying the lowest competitive price for the chemical. The Committee's direction was in response to the requested unit price increases from Great Western.

Caustic soda (sodium hydroxide) is used for odor and sulfide control in the foul air scrubbers at both treatment plants and in the District's main trunk sewer lines. It is estimated that the District will use a cumulative total of 2,162 dry tons of caustic soda during fiscal year 2001/02. It is projected that approximately 1,300 dry tons of caustic soda will be consumed in the trunk lines and 862 dry tons for both treatment plants.

Under the existing contract with Great Western, the unit price for caustic soda is \$515 per dry ton. Under the recommended new contract with Pioneer Americas, Inc., our unit price is \$448.25 including sales tax. This represents an estimated decrease of \$66.75 per dry ton or about 13 percent.

PROJECT/CONTRACT COST SUMMARY

The General Manager is seeking Board approval to award the Caustic Soda Solution, Specification No. C-150, contract to Pioneer Americas, Inc. for an estimated amount not to exceed \$969,117.00.

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

ALTERNATIVES

There are no other feasible alternatives at this time. Caustic soda is necessary to control odors and sulfides in the collection system and treatment plants and is the only liquid chemical treatment method that can be applied to the trunklines directly from a mobile tractor. All other treatment strategies require dosing stations to be sited in the collection system. Staff is currently investigating other alternatives that, if successful, may be available next fiscal year.

CEQA FINDINGS

N/A

ATTACHMENTS

OMTS Committee Agenda Report (03-28-01)

FAHR COMMITTEE

AGENDA REPORT

Meeting Date 5/09/01	To Bd. of Dir. 5/23/01
Item Number FAHR01-31	Item Number 18

Orange County Sanitation District

FROM: Gary G. Streed, Director of Finance

SUBJECT: SANITARY SEWER SERVICE CHARGES, INDUSTRIAL WASTE DISCHARGER PERMITTEE CHARGES, SOURCE CONTROL AND NON-COMPLIANCE SAMPLING FEES, SPECIAL PURPOSE DISCHARGE PERMITTEE CHARGES AND WASTEHAULER CHARGES FOR 2001-02

GENERAL MANAGER'S RECOMMENDATION

Adopt Ordinance No. OCSD-15, An Ordinance of the Board of Directors of Orange County Sanitation District Adopting Sewer Service Charges; Adopting Capital Facilities Connection Charges; Establishing Miscellaneous Charges and Fees Relating to Industrial Dischargers, Source Control Permittees and Wastehaulers; and Repealing Ordinance Nos. OCSD-05, OCSD-06, OCSD-11, and OCSD-13:

- a. Receive and file General Counsel's memo dated May 11, 2001.
- b. Motion to read Ordinance No. OCSD-15 by title only and waive reading of said entire ordinance.
- c. Motion to introduce Ordinance No. OCSD-15, and pass to second reading and public hearing on June 27, 2001.

SUMMARY

In 1997, the Directors of the eight separate Districts each adopted a 5-year schedule of annual sanitary sewer service charges through the 2001-02 fiscal year. In fiscal year 2000-01, these previously adopted rates were set aside, but not rescinded, in some of the service areas and a uniform rate was implemented. That basic rate for 2000-01 was \$78 per year for a single-family residence, and other users are charged a percentage of that rate based upon quantity and strength of the average wastewater discharge. The previously adopted basic rate for 2001-02, which is proposed for implementation, is \$80 per year for a single-family residence.

Preliminary budget analysis for 2001-02 indicates this fee will be sufficient to meet our cash flow needs. No Committee or Board actions are required to implement this adopted rate.

The Source Control program also contains fees for various services. Last year the Board adopted a policy to base the Class I and II Permit User rates for flow, biochemical oxygen demand (BOD) and suspended solids (SS) on the sanitary sewer service charge rates. Tonight's action would implement that policy for 2001-02.

Last month the Operations, Maintenance and Technical Services (OMTS) Committee considered a charge for Special Purpose Discharge Permits that had inadvertently been omitted during prior Ordinance revisions and recommended that the FAHR Committee reinstitute the charge. The OMTS agenda report is attached and tonight's action will implement their request.

Finally, this action will combine various fees and charges that are currently distributed amongst three separate Ordinances into one. While the rules for the various fees will remain intact, the annual fee revisions will all be found in one document. A proposed Ordinance will be distributed at the meeting.

PROJECT/CONTRACT COST SUMMARY

General User Fee revenue for 2001-02 is expected to be approximately \$70 million, a 3.7% increase from the current year as a result of these rates combined with service area growth. The County Tax Collector-Treasurer charges us for a copy of the database, updates, and for minor programming. The County Auditor charges us, via deduction from fees collected, for the actual collection expenses. Annual collection costs are approximately \$210,000 or .3% of the sewer service fees.

Industrial Waste Permit User Fee revenue for 2001-02 is budgeted to be \$6.6 million.

Revenues from the Special Purpose Discharge Permit program are projected to be \$410,000 in the first year.

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

General Users and Background

In 1997, the individual District Boards of Directors adopted multi-year Sewer Service User Fee Rates. These rate schedules were confirmed during the consolidation process through 2001-02. In 2000, the Directors voted to complete the consolidation by combining the books of account for the various Revenue Areas, except RA7 and RA14, and implementing a single sewer service charge.

In order not to raise annual fees for any user above those previously adopted, the appropriate rates for 2000-01 became those previously adopted by RA3. These rates are based upon the single-family residential rate of \$78 per year. (Rates for other types of users are based upon flow and strength average assumptions are set forth in Ordinance No. OCSD-05 and OCSD-06, and are discussed below.)

It is important to note that this action did not replace those higher rates that were adopted in some areas in 1997. They were only set aside until such time as they may again become the appropriate rates for that area. Setting aside, rather than rescinding these higher rates, will allow the District to reimplement them at a later date, if appropriate, without repeating the Proposition 218 notification and hearing process that was conducted when the rate structure was revised subsequent to the Rate Advisory Committee public participation process.

Because of other governance and service issues that remain unresolved, the Board decided not to include Revenue Area 7 in this rate consolidation. Therefore, the 2000-01 rates for RA7 were those that were previously adopted by District 7 and confirmed by the 1998 consolidation.

However, for 2001-02 the base rate, the single family-residential rate previously adopted for RA7, is the same as the rate adopted for the rest of the service area; \$80 per year.

Non-Residential and Permit Users

In 1998, after the Rate Advisory Committee process, the Board adopted a revised user fee rate structure. A focal point of this structure was that the non-residential rates became based upon wastewater flow and strength (BOD and SS) per 1,000 square feet of development, rather than being the same flat rate per 1,000 square feet for all types of non-residential users. During the past two years, staff has been monitoring the claims for fee reductions and has been working with a consultant to evaluate the ratios for various categories of users.

This year, staff is recommending that the ratios be reduced from 41% to 30% for the "High Rise Office" category, from 97% to 70% for both "Low and High Rise Retirement Buildings." Ratios for "Light Industrial-Single and Multiple Tenant," "Research and Development" and "Industrial Park" are all proposed to be increased from 30% to 50% as flows for these categories have exceeded the estimates. A new category "Septic Tank Property" will be established at 0% in order to facilitate the monitoring of these properties. These proposed changes will result in increased costs for 3,368 parcels and decreases for 220. The net impact of these adjustments is projected to be a net fee increase of \$1.1 million.

Rates for General User Fees, those collected as a separate line item on the property tax bill, have been adopted through 2001-02. The rates for fees collected from Class I and Class II Permit users were not included in that action and must be considered annually.

In 2000, the Directors adopted a rate calculation methodology that standardized the constituent rates (Flow, BOD, and SS) for these permit users so that they are consistent with the rates used for the general user. The proposed 2001-02 rates based upon the single-family residential sewer service user fee and the actual costs to treat Flow, BOD and SS follow:

Permit User	Flow Per MG	BOD Per 1,000#	SS per 1000#	Domestic Equivalent
Class I and II, SPDP	\$224.94	\$185.07	\$177.07	\$80.00

The General Counsel has ruled that these charges for service are not subject to the Proposition 218 notification process.

ALTERNATIVES

Maintain the current rates for Class I and Class II Permit Users and the current ratios for non-residential General Sanitary Sewer Service User Fee calculation. This would result in Permit users paying different rates per sewage constituent than residential users, in additional user fee refund adjustments and in lower than appropriate fees for some users.

CEQA FINDINGS

N/A

ATTACHMENTS

Ordinance No. OCSD-15