

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 22, 2002 – 6:30 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. Appointment of Chair pro tem, if necessary
- 4.

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 Lisa Tomko, Human Resources Director, and Doug Johnson, Johnson & Associates consultant, re Classification and Compensation Study Results (Government Code Section 54957.6)
 2. Confer with Lisa Tomko, Human Resources Director, re Classification and Compensation Study implementation for Manager Group (Government

Code Section 54957.6).

3. Confer with General Counsel re Pall Corporation v. Orange County Sanitation District, et al., Orange County Superior Court Case No. 2CC06622 (Government Code Section 54956.9).
- b. Reconvene in regular session
- c. Consideration of action, if any, on matters considered in closed session
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 three 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 regular meeting held on April 24, 2002, and the minutes for the special meeting held on May 15, 2002, 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>04/15/02</u>	<u>04/30/02</u>
Totals	\$10,159,129.46	\$4,912,991.68

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 or staff member, 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.

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. (1) [Receive and file petition](#) from Gene Sobel requesting annexation of 0.505 acres to the District in the vicinity of Via Vista Drive and Cooks Corner in an unincorporated area of Orange County; and (2) Adopt Resolution No. OCSD 02-08, authorizing initiation of proceedings to annex said territory to the District (Proposed Annexation No. OCSD-24 - Sobel Annexation).
 - b. [Ratify Change Order](#) No. 2 to Purchase Order No. 100535-0B, issued to OCB Reprographics for Specification No. 9900-05, for an additional amount of \$14,000, for a total amount not to exceed \$124,000, providing for additional copying services.
 - c. [Receive and file Summons](#) and Complaint, Pall Corporation v. Orange County Sanitation District, et al., Orange County Superior Court Case No. 02CC06622, and authorize 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 22, 2002 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 24, 2002 to be filed.
- c. Review and consideration of agenda items considered by the Steering Committee re the May 22, 2002 meeting.
13. a. Verbal report by Chair of Operations, Maintenance and Technical Services Committee re the May 1, 2002 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 1, 2002 to be filed.
- c. [Approve Amendment No. 6 to](#) Agreement for Removal and Disposal/Reuse of District's Residual Solids with Synagro West, Inc. (formerly known as Pima Gro Systems, Inc.), providing for an extension of the contract for the period July 1, 2002 through June 30, 2005, with two additional one-year extensions, at the current all-weather cost of \$39.50 per wet ton of biosolids managed for an annual amount not to exceed \$2,054,000.

14.
 - a. Verbal report by Chair of Planning, Design and Construction Committee re the May 2, 2002 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 2, 2002 to be filed.
 - c. (1) [Ratify Change Order](#) No. 7 to Chemical Facility Modifications, Job No. P1-46-2, and Chemical Flow Pacing for Primary Influent, Job No. J-53, with SS Mechanical Corporation, authorizing an addition of \$4,784 and a time extension of 28 calendar days, increasing the total contract amount to \$2,676,925; and (2) Accept Chemical Facility Modifications, Job No. P1-46-2, and Chemical Flow Pacing for Primary Influent, Job No. J-53, as complete, authorizing execution of the Notice of Completion and approving the Final Closeout Agreement.
 - d. [Approve Addendum](#) No. 2 to the Professional Services Agreement with Black & Veatch Corporation for Effluent Pump Station Annex, Job No. J-77, providing for additional design engineering services in the amount of \$229,600, for a total amount not to exceed \$3,711,523.
15.
 - a. Verbal report by Chair of Finance, Administration and Human Resources Committee re the May 8, 2002 meeting.
 - b. DRAFT FINANCE, ADMINISTRATION AND HUMAN RESOURCES COMMITTEE MINUTES – NO ACTION REQUIRED (Information only): The Chair will order the draft Finance, Administration and Human Resources Committee Minutes for the meeting held on May 8, 2002 to be filed. (*Minutes to be distributed at 05/22/02 Board Meeting.*)
 - c. Receive and file [Treasurer's Report](#) for the month of April 2002.
 - d. Receive and file the 2001-02 [Third Quarter Financial Report](#) for the period ending March 31, 2002.
 - e. Receive and file [Quarterly Investment Management Program Report](#) for the period January 1, 2002 through March 31, 2002.
 - f. Renew the District's [Boiler & Machinery Insurance Program](#) for the period May 15, 2002 to May 15, 2003, with CNA Insurance Company, in an amount not to exceed \$91,696.
 - g. Approve [SAFETY-POL-104 and 106](#), as provided for in Resolution No. OCSD 02-05, regarding the District's Injury and Illness Prevention Program Policy.
 - h. Adopt [Resolution No. OCSD 02-09](#), Amending Resolution No. OCSD 98-33, Amending Human Resources and Policies Procedures Manual, providing for (1) Change the title and pay range of current Engineering Contracts Administrator classification at pay range E7 (\$4,469 - \$6,324) to Principal

Contracts Administrator at pay range E12 (\$5,708 - \$8,076); and (2) Create Employee Development Supervisor classification at pay range E11 (\$5,430 - \$7,683).

16.
 - a. Verbal report by Vice Chair of Joint Groundwater Replenishment System Cooperative Committee re May 13, 2002 meeting.
 - b. DRAFT JOINT GROUNDWATER REPLENISHMENT SYSTEM COOPERATIVE COMMITTEE MINUTES – NO ACTION REQUIRED (Information only): The Chair will order the draft Joint Groundwater Replenishment System Cooperative Committee Minutes for the meeting held on April 22, 2002 to be filed.
 - c. (1) Approve [Trojan Technologies](#) as the ultraviolet light (UV) equipment manufacturer for the Groundwater Replenishment System based on lowest calculated present worth life cycle cost of \$20,253,000, and a total capital cost of \$9,749,405, plus tax; (2) Approve a Pre-Selection Agreement between Orange County Water District (OCWD) and Trojan Technologies to provide engineering details for the equipment design in the total amount of \$250,000 to be equally shared between OCWD and Orange County Sanitation District; (3) Grant authority to the Board of Directors of OCWD to assign the value of the UV equipment to the contract to install the permanent UV system at a total estimated capital cost of \$8,649,563, plus tax.
17. (1) Approve plans and specifications for [Fiber Optics Extension](#) at Plant No. 2, Job No. SP2000-61, on file at the office of the Board Secretary; (2) Approve Addendum No. 1 to the plans and specifications; (3) Receive and file bid tabulation and recommendation; and (4) Award a Construction Contract to Manuel Bros., Inc. for Fiber Optics Extension at Plant No. 2, Job No. SP2000-61, for an amount not to exceed \$243,500.
18. (1) Approve Addendum No. 1 to plans and specifications for [Landscape and Irrigation](#) at Plant No. 2, Job No. P2-84, on file at the office of the Board Secretary; (2) Receive and file bid tabulation and recommendation; and (3) Award a construction contract to Green Giant Landscape, Inc. for Landscape and Irrigation at Plant No. 2, Job No. P2-84, for an amount not to exceed \$400,426.
19. Adopt proposed [Ordinance No. OCSD-18](#), 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 No. OCSD-15:
 - a. Verbal report of General Counsel
 - b. Receive and file written comments, if any
 - c. Open hearing
 - d. Close hearing
 - e. Discussion by Board of Directors

- f. Recommended actions:
1. Motion to read Ordinance No. OCSD-18 by title only and waive reading of said entire ordinance. (The waiver of the reading of the entire ordinance must be adopted by a unanimous vote of Directors present.)
 2. Motion to adopt Ordinance No. OCSD-18, 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 No. OCSD-15.
20. Adopt Resolution No. OCSD 02-10, directing the [County Tax Collector-Treasurer](#) to include sanitary sewer service charges on the 2002-03 property tax bill.
21. Consideration of motion to receive and file minute excerpts of member agencies relating to appointment of Directors, if any. (See listing in Board Meeting folders)
22. Matters which a Director may wish to place on a future agenda for action and staff report
23. Other business and communications or supplemental agenda items, if any
24. Future Meeting Date: The next Board of Directors special meeting is scheduled for June 19, 2002, at 6:00 p.m.
25. Adjournment

NOTICE TO DIRECTORS: To place items on the agenda for the Regular Meeting of the Board of Directors, items shall be submitted 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.

General Manager	Blake Anderson	(714) 593-7110
Board Secretary	Penny Kyle	(714) 593-7130
Director of Finance	Gary Streed	(714) 593-7550
Director of Human Resources	Lisa Tomko	(714) 593-7145
Director of Engineering	David Ludwin	(714) 593-7300
Director of Operations & Maintenance	Bob Ooten	(714) 593-7020
Director of Technical Services	Bob Ghirelli	(714) 593-7400
Director of Information Technology	Patrick Miles	(714) 593-7280
Communications Manager	Lisa Murphy	(714) 593-7120
Assistant to General Manager	Greg Mathews	(714) 593-7104

BOARD OF DIRECTORS

AGENDA REPORT

Meeting Date	To Bd. of Dir. 05/22/02
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.

Subject to the provisions about serving at the pleasure of a majority of the Directors, the Chairperson shall not serve more than two consecutive one-year terms for which he/she has been elected to the office of Chairperson.”

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

BOARD OF DIRECTORS

AGENDA REPORT

Meeting Date	To Bd. of Dir. 05/22/02
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:)
- 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

1. Copies of Claims Paid reports from 04/01/02 – 04/15/02 and 04/16/02 – 04/30/02

BOARD OF DIRECTORS

AGENDA REPORT

Meeting Date	To Bd. of Dir. 5/22/02
Item Number	Item Number 10(a)

Orange County Sanitation District

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

SUBJECT: PROPOSED ANNEXATION NO. OCSD-24 – SOBEL ANNEXATION

GENERAL MANAGER'S RECOMMENDATION

(1) Receive and file petition from Gene Sobel requesting annexation of 0.505 acres to Orange County Sanitation District (OCSD) in the vicinity of Via Vista Drive and Cooks Corner in an unincorporated area of Orange County; and (2) Adopt Resolution No. OCSD 02-08, authorizing initiation of proceedings to annex said territory to OCSD (Proposed Annexation No. OCSD-24 - Sobel Annexation).

SUMMARY

- OCSD received a request from Gene Sobel to annex 0.505 acres to OCSD. This property will be annexed into Revenue Area 2.
- Mr. Sobel's property is located within the boundaries of the City of Anaheim, but outside the boundaries of OCSD and needs to be annexed.
- Mr. Sobel's septic system is no longer working properly and will connect to an existing City of Anaheim sewer in Via Vista Drive.

PROJECT/CONTRACT COST SUMMARY

This annexation is in accordance with the terms of the negotiated agreement with the County of Orange regarding A.B.8 Tax Exchange for annexing properties, Board approved and effective March 14, 1989. Under this Tax Exchange, OCSD does not receive a percentage of the basic levy, and instead, collects a higher annexation fee. The fee of \$8,066 includes the following:

LAFCO Processing Fee	\$ 1,150
OCSD Processing Fee	500
State Board of Equalization Processing Fee	300
CA Environmental Quality Act Filing Fee	43
OCSD house connection fee (4 bedrooms)	2,165
Annexation Acreage Fee	<u>3,908</u>
TOTAL ANNEXATION AND SEWER CONNECTION FEE	\$ 8,066

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

Notice of Exemption will be filed.

ATTACHMENTS

1. Exhibit A Legal Description
2. Exhibit B Map

BOARD OF DIRECTORS

AGENDA REPORT

Meeting Date	To Bd. of Dir. 5/22/02
Item Number	Item Number 10(b)

Orange County Sanitation District

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

SUBJECT: SPECIFICATION NO. 9900-05

GENERAL MANAGER'S RECOMMENDATION

Ratify Change Order No. 2 to Purchase Order No. 100535-0B, issued to OCB Reprographics for Specification No. 9900-05, for an additional amount of \$14,000, for a total amount not to exceed \$124,000, providing for additional copying services.

SUMMARY

- Outside blueprinting, photocopying, and related services are used for the purposes of high-volume reproduction of engineering construction project plans for bidding, and various reports and binding services required during the year that cannot be performed economically with the Orange County Sanitation District's (District) copying equipment.
- OCB Reprographics has just finished the first one-year time extension of their contract that expired on January 31, 2002.
- Due to unanticipated printing costs that were discovered in the annual summary report submitted by OCB Reprographics, Staff recommends that the Blanket Purchase Order be increased by \$14,000 to cover these printing costs for invoices the District had not yet received through January 31, 2002. All invoices have been accounted for and this additional change order is the final increase in the Blanket Purchase Order amount for that year's contract.

PROJECT/CONTRACT COST SUMMARY

The contract for reprographic services is a Blanket Purchase Order and is charged initially to the Joint Operating fund. The Budget allocation is reassigned to the Capital Project or overhead number for which the work is requested at the time service is provided.

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

Consolidating purchase of copy services and awarding an annual contract to a single vendor through the formal bidding process has resulted in a reduction of staff time, and paperwork in individual ordering and invoice processing for payment of these services each time they are required.

OCB Reprographics was awarded a one-year contract by the Board of Directors on January 26, 2000, for a gross annual amount not to exceed \$100,000 for all services bid under Specification No. 9900-05, with an option to renew up to four, one-year extensions.

OCB Reprographics has been issued a second time extension under Blanket Purchase Number 100536-OB for the period February 1, 2002 through January 31, 2003, by the Purchasing Department for an amount not to exceed \$100,000, as previously approved by the Board of Directors on January 26, 2000.

ALTERNATIVES

There are no known cost efficient alternatives.

CEQA FINDINGS

N/A

ATTACHMENTS

None

BOARD OF DIRECTORS

AGENDA REPORT

Meeting Date	To Bd. of Dir. 5/22/02
Item Number	Item Number 10(c)

Orange County Sanitation District

FROM: Gary Streed, Director of Finance
Originator: Michael D. White, Risk Manager

SUBJECT: SUMMONS & COMPLAINT RE PALL CORPORATION V. ORANGE
COUNTY SANITATION DISTRICT

GENERAL MANAGER'S RECOMMENDATION

Receive and file summons and complaint re Pall Corporation v. Orange County Sanitation District, et al., Orange County Superior Court Case No. 02CC06622, and authorize General Counsel to appear and defend the interests of the District.

SUMMARY

Please see attached memo dated 5/15/02 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.

MEMORANDUM

TO: Chair and Members of Board of Directors
Orange County Sanitation District

FROM: General Counsel

DATE: May 14, 2002

RE: Pall Corporation v. Orange County Water District, Orange County
Sanitation District, et al., Orange County Superior Court No. 02CC06622

On May 14, 2002, the Orange County Sanitation District was served with a summons and complaint filed on behalf of Pall Corporation, alleging that the contract to construct specialized equipment and provide materials and supplies relating to microfiltration equipment for the Groundwater Replenishment System ("GWRS") Project was improperly awarded to the lowest bidder. As the Directors are aware, all contracts relating to the GWRS Project are awarded by and made and entered into with the Orange County Water District.

This Office will be reviewing the files, records, and documents relating to the bid protest and final award of the contract. At this point in time, however, it is recommended that this matter be referred to General Counsel to appear and defend the interests of the District, as necessary.

It is recommended that a joint defense of OCSD and OCWD be undertaken with single legal counsel, so as to avoid conflicting positions and the payment of double fees and costs.

THOMAS L. WOODRUFF
GENERAL COUNSEL

TLW:pj

cc: Mr. B.P. Anderson
Mr. G.G. Streed
Mr. D.A. Ludwin
Mr. M. White

OMTS COMMITTEE

AGENDA REPORT

Meeting Date 5/01/02	To Bd. of Dir. 5/22/02
Item Number OMTS02-31	Item Number 13(c)

Orange County Sanitation District

FROM: Robert P. Ghirelli, D.Env., Director of Technical Services
Originator: Layne Baroldi, Senior Regulatory Specialist

SUBJECT: Synagro Biosolids Management Contract Amendment

GENERAL MANAGER'S RECOMMENDATION

Approve Amendment No. 6 to Agreement for Removal and Disposal/Reuse of Districts Residual Solids with Synagro West, Inc. (formerly known as Pima Gro Systems, Inc.) providing a contract extension from June 30, 2002 to June 30, 2005 with two additional one-year extensions at the current all-weather cost of \$39.50 per wet ton of biosolids managed for an annual amount not to exceed \$2,054,000.

SUMMARY

Amendment No. 5 to the District's contract with Synagro West, Inc. (Synagro) expires on June 30, 2002. Synagro (and its predecessor Pima Gro) has been providing the District with reliable biosolids management services since June 1988. Synagro has a multi-disciplined staff of technical and scientific environmental professionals working in its biosolids land application program. Synagro continues to have the capability to provide site evaluations, permitting, and operational controls to insure that the District's biosolids are applied in compliance with all applicable regulations at sites that are approved by District's staff.

PROJECT/CONTRACT COST SUMMARY

N/A

BUDGET IMPACT

- This item has been budgeted. (Line item: 84, Solids Disposal - Currently \$6.222 million)
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

ADDITIONAL INFORMATION

The District currently land applies 100% of the approximately 195,000 wet tons of Class B biosolids generated annually in California's Kings, Kern, San Bernardino. and San Diego counties and in Arizona through contracts with three biosolids management

contractors. Recently enacted bans on the land application of Class B biosolids in Riverside, Kern, and Kings counties have resulted in decreased capacity and increased costs to manage biosolids. The viability of the land application of Class B biosolids on California's "county lands" beyond January 2003 is in serious doubt. It is clear that any long-term diverse biosolids management program supporting biosolids recycling must be flexible and based on developing relationships with host communities and farmers that continue to accept Class B biosolids and on-producing Class A biosolids products.

In response to these regulatory developments the District retained the services of Carollo Engineers to assist in the development of a short-term biosolids management plan (Plan). The Plan analyzed several different technologies so that the District could maintain its policy of providing environmentally sound biosolids management with an emphasis on maintaining multiple, independent reuse alternatives. As a result of this Plan, the District has reviewed several Class A biosolids technology options and has entered into a biosolids management contract with California Soil Products for the production of a Class A chemically stabilized biosolids product. California Soil Products should be producing this Class A product by October 2002.

Synagro is one of three contractors that have managed the District's Class B biosolids on land application sites in nearby counties and in Arizona. In December 2001, the District approved a program to have Synagro manage its biosolids on the Avi Kwa Ame Farms owned by the Fort Mojave Indian Tribe. The farm is located in the Mojave Valley and covers portions of California, Nevada, and Arizona. This farm provides the District with a secure site to manage Class B biosolids for the foreseeable future. Prior to approving this site, District's staff required that the site and biosolids management program be in strict compliance with federal, state, and local biosolids regulations. This site provides the District with thousands of acres of land in the Mojave Valley currently used to grow cotton and alfalfa.

Biosolids management, by Synagro, at the Fort Mojave Indian Tribe site supports the organic residuals management for the Santa Ana River Watershed. The Chino Basin dairy industry needs to expand the "local" crops production of corn, and other silage for dairy cows. Water transfers, encroaching urbanization, and rising transportation and production costs, threaten the continued long-term production of these feed crops. Class B biosolids and manure have improved crop yields, reduced water usage rates, and provides nutrients at a more economical rate than the petroleum-based fertilizers currently used. In addition, the trucks used to deliver the biosolids to the farm, will be sterilized and used to haul the feed back into the Chino basin dairies where the District and the dairies will benefit from reduced hauling costs.

The annual Biosolids Management budget is approximately \$5,959,030. This budget is managed as a pool and funds are distributed to the haulers from the pool. The District's contractors and costs are shown in the following Table.

Contractor	Cost (\$/Wet Ton)	Application Site(s)	Contract Term	Biosolids Managed (Est. Tons/Year)	Current Cost/Year (\$)
Synagro	39.50	Fort Mojave, San Diego Co., Arizona	6/30/2002	39,000	1,540,500
Tule Ranch	25.60 (Kings) 27.35 (Kern)	Kern County, Kings County	6/30/2004	117,000	3,097,600 ¹
Yakima	33.87	Kern County, Arizona (proposed)	1/10/2012	39,000	1,320,930
CA Soil Products	32.70	Riverside County, Imperial County	3/11/2007	0 (Under Construction)	0

¹ Blend of 58,500 tons of biosolids managed in Kings County and 58,500 tons being managed in Kern County

ALTERNATIVES

N/A

CEQA FINDINGS

N/A

ATTACHMENTS

N/A

PDC COMMITTEE

AGENDA REPORT

Meeting Date 05/02/02	To Bd. of Dir. 05/22/02
Item Number PDC02-29	Item Number 14(c)

Orange County Sanitation District

FROM: David Ludwin, Director of Engineering
Originator: John Falkenstein, Project Manager

SUBJECT: CHEMICAL FACILITY MODIFICATIONS, JOB NO. P1-46-2, AND
CHEMICAL FLOW PACING FOR PRIMARY INFLUENT, JOB NO. J-53

GENERAL MANAGER'S RECOMMENDATION

(1) Ratify Change Order No. 7 to Chemical Facility Modifications, Job No. P1-46-2, and Chemical Flow Pacing for Primary Influent, Job No. J-53, with SS Mechanical Corporation, authorizing an addition of \$4,784 and a time extension of 28 calendar days, increasing the total contract amount to \$2,676,925; and (2) Accept Chemical Facility Modifications, Job No. P1-46-2, and Chemical Flow Pacing for Primary Influent, Job No. J-53, as complete, authorizing execution of the Notice of Completion and approving the Final Closeout Agreement.

SUMMARY

Background

- This project permanently replaces the chlorine odor control and plant water disinfection at Plant No. 1 with hydrogen peroxide and bleach facilities and replaces four existing ferric chloride pumps, which have reached the end of their useful life.
- The plans and specifications were prepared by Black and Veatch, and the contract was awarded to SS Mechanical Corporation on April 28, 1999.

Contract Schedule

Contract Start Date	June 22, 1999
Original Contract Completion Date	June 22, 2000
Total Number of Change Orders to Date	7
Current Contract Completion Date	February 1, 2002
Actual Completion Date	February 28, 2002
Days Subject to Liquidated Damages	0
Liquidated Damage Assessment	0

Change Order No. 7 Content

Item No.	Description	Amount	Days	Type
1	Panel labels	\$1,049	14	Design Change
2	Bleach station programming	588	0	Design Change
3	Bleach pump station bleed valves	580	14	Design Change
4	Modify East-West RAS bleach connections	2,567	0	Design Change
	Total – Change Order No. 7	\$4,784	28	

Job Completion

The contract is now 100% complete.

PROJECT/CONTRACT COST SUMMARY

Original Contract Price	\$2,229,251.00
Previously Authorized Changes	\$ 442,890.00
This Change	\$ 4,784.00
Change Orders to Date	\$ 447,675.00
Percentage Increase to Date	20.08%
Final Contract Price	\$2,676,925.00

BUDGET IMPACT

- This item has been budgeted. (Line item: 5F, CIP Reclamation Plant No. 1)
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

ADDITIONAL INFORMATION

None

ALTERNATIVES

None

CEQA FINDINGS

This project is exempt from CEQA requirements

ATTACHMENTS

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

PDC COMMITTEE

AGENDA REPORT

Meeting Date 05/02/02	To Bd. of Dir. 05/22/02
Item Number PDC02-31	Item Number 14(d)

Orange County Sanitation District

FROM: David Ludwin, Director of Engineering
Originator: Robyn A. Wilcox, Project Manager

SUBJECT: EFFLUENT PUMP STATION ANNEX, JOB NO. J-77

GENERAL MANAGER'S RECOMMENDATION

Approve Addendum No. 2 to the Professional Services Agreement with Black & Veatch Corporation for Effluent Pump Station Annex, Job No. J-77, providing for additional design engineering services in the amount of \$229,600, for a total amount not to exceed \$3,711,523.

SUMMARY

Background

- The Effluent Pump Station Annex (EPSA) will replace the existing Foster Booster Pump Station with a new pumping facility that is capable of providing adequate backup capacity to the existing Ocean Outfall Booster Station (OOBS) during excess flow events and routine maintenance. The EPSA structure will house 3-120 million gallons per day (mgd) pumps. Two of these pumps will provide a firm backup capacity of 240 mgd, which is half of the nominal capacity of the existing OOBS facility. The third 120 mgd pump will serve as a backup for these two units.
- The EPSA is being designed to accommodate the pumping of secondary treated water exclusively through the 78-inch outfall during excess flow events. The EPSA facility will also have the ability to provide backup for half of the OOBS facility during high flow occurrences and routine maintenance of the OOBS facility and pump to either outfall.
- Addendum No. 2 with Black & Veatch Corporation (B&V) consists of several additional work items:
 1. Upgrade to Current Revision of Engineering Design Standards: This item covers the negotiated costs for updating to Revision D of the new Engineering Design Standards. The additional cost for this item is \$68,000.
 2. Underground Utility Identification and Verification: There are approximately 85 underground utility conflicts (to date) which have been identified inside of the limits of construction for this project. The District is in the process of compiling a comprehensive Utility Atlas from existing As-Builts and other historic data. To

date, very little in-field verification has been completed to confirm its accuracy. As this is one of the first projects of any significance that will occur since the development of the Utility Atlas, Staff has recognized the value of having the Consultant provide extra care in locating and protecting said utilities. District staff requested a proposal for the Consultant for potholing and other location techniques in an effort to protect and provide verification of utilities. The additional cost for this item is \$37,000.

3. 42" Raw Sewage Pipeline Design: After careful consideration and extensive District staff input, the Consultant has determined that an inverted siphon will be necessary for implementation of this project. As this is outside of the current Scope of Work (SOW), an additional \$13,000 to perform design of this item is requested.
4. Additional I&C Requirements for the Standby Power Facility: Similar to Item 1 of this addendum, additional work is required of the Consultant to update the design to the current Engineering Standard Revision D for the Instrumentation and Control for the Standby Power Facility. The additional cost for this item is \$39,000.
5. Demolition of Foster Pump Station: Demolition of the existing Foster Pump Station facility was not included in the original Scope of Work. In light of potential demands for land due to the potential secondary treatment expansion, and disinfection facilities, Staff recommends that a full demolition of this facility be included in this design. As removal of this facility would be best accomplished during the construction of the new structure, District staff recommends that the demolition be included. The additional cost for this item is \$33,000.
6. 96" Butterfly Valve Replacement: The original SOW anticipated installation of new butterfly valves. However as design evolved, it was recommended that one of the existing valves be replaced in an existing valve structure. Design for replacement as opposed to new construction will require more effort by the Consultant. The additional cost for this extra design effort for this item will be \$13,000.
7. Plant No. 2 North Entry Gate Modifications: Construction personnel will utilize the North Gate at Plant No. 2 for this project. With increased security awareness at the District in recent months, Staff requested an estimate to automate the operation of the existing manual gate at the North Entrance of Plant No. 2. The additional cost for this item is \$7,000.
8. Additional Pump Testing with Northwest Hydraulic Consultants (NHC): After witnessing the testing in Vancouver in December 2001, the subconsultant NHC found some irregularities with the proposed flow modifications. These abnormalities caused the subconsultant to remodel a portion of these modifications to improve the overall pump station model performance. These

changes were necessary to ensure that we have the best modeling available for this facility. The additional cost for this item is \$9,600.

PROJECT/CONTRACT THE ADDITIONAL COST SUMMARY

Authorization of an additional \$229,600 is being made under the “Consultant Professional Services Agreement (PSA)” budget as indicated in the attached Budget Information Table.

BUDGET IMPACT

- This item has been budgeted. (Line item: FY 2000-01, Section 8, Page 95, Capital Improvement Program, Ocean Outfall Systems, Effluent Pumping station Annex, Job No. J-77)
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

Transfer of \$25,000 from the contingency budget is being requested with no change to the overall project budget.

ADDITIONAL INFORMATION

As design of this project has progressed, the necessity for several out-of-scope items has evolved. Staff recommends the inclusion of these items in the overall design of this facility.

Staff has negotiated all costs with Black & Veatch (B&V) after extensive review and discussion and has found them to be reasonable to perform the work.

A table summarizing costs for individual items is given below:

Item Number	Additional Work Items Request	Money per Work Item
1	Upgrade to Current I&C Standards—Main Facilities	\$ 68,000
2	Underground Utility Identification and Verification	\$ 37,000
3	42" Raw Sewage Inverted Siphon Design	\$ 13,000
4	Additional I&C Requirements for Standby Power Facility	\$ 39,000
5	Demolition of Foster Pump Station	\$ 33,000
6	96" Butterfly Valve Replacement	\$ 13,000
7	North Gate Entry Modification	\$ 7,000

8	Additional Pump Model Testing	\$ 9,600
9	Direct The additional costs/Expenses	\$ 10,000
	Total Request for Additional Work Items	\$229,600

ALTERNATIVES

No Alternatives are proposed.

CEQA FINDINGS

The rehabilitation of Foster Pump Station (FPS) was included in the 1999 Strategic Plan EIR. The EIR was certified on October 27, 1999, and a Notice of Determination was filed on October 29, 1999. A supplemental EIR has been initiated to update the Program EIR to reflect replacement of FPS rather the rehabilitation indicated in the Strategic Plan.

ATTACHMENTS

- 1 Budget Information Table
- 2 PSA Status Report

FAHR COMMITTEE

AGENDA REPORT

Meeting Date 5/08/02	To Bd. of Dir. 5/22/02
Item Number FAHR02-37	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 2002

GENERAL MANAGER'S RECOMMENDATION

Receive and file Treasurer's Report for the month of April 2002.

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. Some funds are also deposited in the State of California Local Agency Investment Fund for liquidity.

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.

As shown on page 2 of the attached PIMCO's Performance Monitoring and Reporting Report, the District is holding a United Airlines (UAL) Asset Backed Security that carried an acceptable credit rating at the time of purchase. Since that time, the rating from Moody's has fallen twice, first from A3 to BA1, and then to BA3. Also, the security rating from Standard & Poor's fell once from A- to BBB. Although these ratings are less than what is required at the time of purchase, PIMCO believes, based on the financial strength of UAL and the underlying collateral of the security, that the District would suffer an unwarranted loss if this security was sold. The District's investment policy does not require any action because of "credit watch" notices or the decline in credit standing. PIMCO will continue to monitor the credit very closely.

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.

Also provided is a summary of monthly investment balances and transactions within the State of California Local Agency Investment Fund.

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, 2002	Estimated Yield (%)
State of Calif. LAIF	\$ 20,100,964	2.85
Union Bank Checking Account	439,285	N/A
Union Bank Overnight Repurchase Agreement	545,000	1.09
PIMCO – Short-term Portfolio	43,214,055	4.40
PIMCO - Long-term Portfolio	356,214,232	4.60
Debt Service Reserves w/Trustees	35,205,283	4.09
Petty Cash	<u>5,000</u>	N/A
TOTAL	<u>\$455,723,819</u>	

ATTACHMENTS

1. Monthly Investment Reports
2. Monthly Transaction Report

FAHR COMMITTEE

AGENDA REPORT

Meeting Date 05/08/02	To Bd. of Dir. 05/22/02
Item Number FAHR02-42	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 FOR THE PERIOD
ENDED MARCH 31, 2002

GENERAL MANAGER'S RECOMMENDATION

Receive and file the 2001-02 Third Quarter Financial Report for the period ended March 31, 2002.

SUMMARY

Attached, in a separately bound document, is the District's Third Quarter Financial Report for the period ended March 31, 2002. Contained within the Third Quarter Financial Report are budget summary reviews of the Joint Operating & Working Capital Funds, the Capital Improvement Program, individual Revenue Areas, and the self-insurance funds.

As indicated within the Overview Section of this report, 70.85 percent, or \$36.95 million of the 2001-02 net joint operating budget of \$52.16 million has been expended. Net costs have increased \$1.94 million, or 5.54 percent in comparison with the same period last year. The total cost per million gallons at March 31, 2002 is \$575.59 based on flows of 64.2 billion gallons, or 234.3 million gallons per day. This is \$4.03, or 0.71 percent above the budgeted cost per million gallons of \$571.56. Capital improvement outlays through the third quarter were 36.14 percent, or \$52,975,600 of the revised budget of \$146,585,900.

PROJECT/CONTRACT COST SUMMARY

N/A

BUDGET IMPACT

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

ADDITIONAL INFORMATION

None.

ALTERNATIVES

N/A

CEQA FINDINGS

N/A

ATTACHMENTS

1. District's Third Quarter Financial Report for the period ended March 31, 2002.

FAHR COMMITTEE

AGENDA REPORT

Meeting Date 05/08/02	To Bd. of Dir. 05/22/02
Item Number FAHR02-43	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, 2002 THROUGH MARCH 31, 2002

GENERAL MANAGER'S RECOMMENDATION

Receive and file the Quarterly Investment Management Program Report for the period January 1, 2002 through March 31, 2002.

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 Service Quarterly Review, prepared by Callan Associates, are attached for reference. Also attached are Long-Term and Liquid Operating Monies Portfolio Characteristics Charts that depict the sector diversification and credit quality of the District's portfolios, as of December 31, 2001 and March 31, 2002. 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, 2002.

Portfolio Performance Summary Quarter Ended March 31, 2002				
	Liquid Operating Monies (%)		Long-Term Operating Monies (%)	
	Total Rate of Return	Benchmark ⁽¹⁾	Total Rate of Return	Benchmark ⁽¹⁾
3 Months	0.53	0.44	0.43	-0.11
6 Months	1.27	1.09	0.57	0.25
9 Months	2.55	2.01	3.79	4.44
12 Months	3.84	3.11	4.91	5.52
Since inception 30 Sept. 95	5.34	4.95	6.61	6.49
Market Value per PIMCO 31 Dec 01	\$43.6M		\$355.8M	
Average Quality	"AA+"		"AA+"	
Current Yield (%)	4.6		4.8	
Estimated Yield to Maturity (%)	2.5		4.1	
Quarterly Deposits (Withdrawals)	\$0.0M		\$0.0M	
Estimated Annual Income	\$2.0M		\$16.5M	

(1) Benchmarks:

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

Market Recap

PIMCO has reported that signs of a rebound in the U.S. economy and expectations of Federal Reserve tightening drove interest rates higher in the third quarter, depressing bond market returns. Treasury yields rose across all maturities, led by the two-year and the five-year, which climbed 70 and 50 basis points, respectively. Yields fell earlier in the quarter but reversed course sharply in late February and March after positive economic reports suggested that a cyclical turning point was at hand, including:

- Industrial production rose in February for the second straight month; the increase signaled that battered manufactures were gearing up to meet demand after businesses slashed inventories at a record pace in the fourth quarter;
- Consumer confidence rose in March in the largest monthly gain since the last recession ended in 1991;
- Housing starts climbed to their highest level in three years while growth in durable goods orders beat expectations; and

- Government spending, particularly higher outlays on defense, homeland security and Medicare/Medicaid, provided stimulus.

Bonds received no support from the Federal Reserve during the third quarter, as the central bank remained on the sidelines after easing 11 times last year. In a shift from its previous stance, the Fed laid the groundwork for rate increases by declaring that risks in the economy were no longer tilted toward weakness.

Despite clear indications of a rebound, reduced capital spending continued to exert a drag on the economy during the first quarter. The ongoing corporate retrenchment, which also featured a reduction in equity buybacks, was designed to enhance free cash flow and rehabilitate credit quality that has been eroded by the borrowing and investment binge of the late 1990s. Credit agencies had become too reliant on short-term financing such as commercial paper. New corporate bond issuance surged during the first quarter as companies refinanced much of their commercial paper with longer-term notes.

Bond yield cushions, such as mortgages and non-investment grade corporates, posted positive absolute returns during the quarter despite the headwind of rising rates. The following summarizes sector performance:

- Mortgages outperformed Treasuries and corporates on a duration-adjusted basis. The sector benefited from relatively low volatility, high yields and demand from investors worried about corporate credit and accounting issues.
- While absolute returns from investment grade corporates were negative amid rising rates, the sector still outpaced Treasuries despite concern about high debt levels, tighter lending standards and accounting problems. Below investment grade bonds fared better than high-grade issues due to a greater yield cushion and optimism about recovery.

Portfolio Results

The Long-Term portfolio that PIMCO manages on behalf of the District turned in a 0.43 percent return over the quarter, outperforming the Merrill Lynch 1-5 year Government Corporate Index by 54 basis points. This portfolio's performance was due in part to the following factors:

- Emphasis on bonds that provide additional yield over Treasuries, such as mortgages and select corporate bonds, protected the portfolio amid a turn in the interest rate cycle;
- Below-index duration was positive for returns as rates rose;
- A broader-than-index yield was positive as yields within the 1-3 year sector rose the most as markets began to anticipate Fed tightening;
- A corporate underweight detracted from returns as yield premiums narrowed;

- Real return bonds were positive for performance given expectations for an uptick in inflation.

The Liquid portfolio that PIMCO manages on behalf of the District turned in a 0.53 percent return over the quarter, outperforming the three-month Treasury Bill Index by 9 basis points. This portfolio's performance was due in part to the following factors:

- Above-benchmark duration paid off as very short term interest rates fell amid a weak economy;
- Investment grade corporate holding added value as credit premiums narrowed amid optimism for an economic recovery;
- High quality commercial paper and agency discount notes contributed to performance.

Market Outlook

PIMCO believes that the global downturn, centered in the manufacturing sector, is over. Coming out of a short and shallow recession, the recovery will be relatively moderate. The U.S. will lead the rebound, with average growth over the next several quarters of 3 to 3.5 percent, as a sharp inventory liquidation winds down and provides growth through the *addition by the elimination of subtraction*. Key elements of PIMCO's forecast include:

- During the first half of 2002, the recent cycle of U.S. inventory liquidation, one of the steepest and fastest on record, will decelerate and then reverse course. Inventory restocking will boost demand in manufacturing worldwide;
- In another example of *addition by the elimination of subtraction*, business investment will be less of a drag on growth. These are signs that the collapse in information technology spending, one of the major sources of weakness in the U.S. economy, is bottoming out;
- Consumer demand will remain resilient, but not accelerate, as the recovery bolsters confidence in employment prospects and income stability; and
- As growth resumes, the Federal Reserve will take back its post-September 11 emergency easing, raising federal funds rate to near three percent by the end of the year.

However, growth will be slower in the second half of 2002. By that time, gains from the reversal of inventory liquidation will have largely worked their way through the economy and the follow through effects will be weaker. While the consumer and housing sectors show no signs of contracting, they will not provide an impetus for growth after the inventory impact fades. These sectors never followed manufacturing into recession, leaving little pent-up demand to propel growth. Investment will be restrained by excess capacity and companies' need to pay down debt to satisfy increasingly demanding credit markets. The strong dollar will keep export growth in check. Inflation will remain well behaved in an environment of muted growth, discount-conscious consumers and low capacity utilization.

With inflation benign and growth constrained, the bond market will not be biased in any direction. Ten-year Treasury yields will trade between 4.75 percent and 5.75 percent, but volatility within this range is likely because we are at monetary and cyclical turning points. In this setting, limited potential for capital gains from interest rate strategies calls for emphasis on high quality income-generating bonds.

While mortgages are fully valued after their recent rally, they still offer a substantial yield cushion against price erosion with minimal credit exposure. High-grade corporates are more attractively priced than their below investment grade counterparts. However, credit concerns demand a selective approach to this sector by owning corporates with strong balance sheets and sound accounting practices that can withstand disappointments in the recovery.

PIMCO's portfolio strategy for the Long-Term Portfolio

- Focus on high-quality securities with attractive yields, rather than interest rate strategies, to generate excess returns;
- Target duration slightly above the benchmark to take advantage of opportunities for incremental yield that persist under the present steep yield curve environment;
- Retain emphasis on mortgages which continue to offer attractive yield premiums and strong credit quality;
- Look for opportunities to add high-grade corporate securities with strong balance sheets and sound accounting practices that will withstand economic uncertainty;
- Limit real return holdings as modest inflation expectations reduce their appeal relative to nominal bonds;
- Hold high-quality asset-backed securities to benefit from attractive yields and strong collateral protection.

PIMCO's portfolio strategy for the Liquid Operating Portfolio

- Target duration up to 0.25 year above the benchmark to capture additional yield and take exposure where markets are pricing in Fed tightening that is unlikely to occur;
- Take advantage of compelling values and improving credit fundamentals in the corporate sector, emphasizing floating rate notes that add incremental yield and also add to the non-investment grade holdings;
- Maintain holdings of high quality commercial paper and agency discount notes to add value and liquidity to the portfolio.

Portfolio Market Values

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

Quarter Ending	Liquid Operating Monies (\$M)	Long-Term Operating Monies (\$M)
-------------------	-------------------------------------	--

30 June 01	42.5	386.8
30 Sept. 01	43.1	368.7
31 Dec. 01	43.4	354.3
31 Mar. 02	43.6	355.8

ALTERNATIVES

N/A

CEQA FINDINGS

N/A

ATTACHMENTS

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

FAHR COMMITTEE

AGENDA REPORT

Meeting Date 05/08/02	To Bd. of Dir. 052202
Item Number FAHR02-44	Item Number 15(f)

Orange County Sanitation District

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, 2002 to May 15, 2003, with CNA Insurance Company, in an amount not to exceed \$91,696.

SUMMARY

Staff recommends the annual renewal of Boiler & Machinery insurance coverage for the District covering the period from May 15, 2002 through May 15, 2003. 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 2001-02 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 2002-03 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 that covers perils such as fire, flood, and earthquake.

May 15, 2002 – May 15, 2003 Renewal Cycle

Driver Alliant Insurance Services, the District's Broker of Record, has reviewed the current state of the 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, 2002 through May 15, 2003.

CNA Insurance Company is proposing a 21.8 percent increase over the prior year from \$75,272 to \$91,696. Driver Alliant believes, based on their review of the current marketplace deterioration and the substantial increase in industry rates, that CNA continues to offer the broadest coverage available at the most competitive cost.

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 (\$91,696).

ALTERNATIVES

N/A

CEQA FINDINGS

N/A

ATTACHMENTS

Broker of Record Letter dated May 1, 2002.

FAHR COMMITTEE

AGENDA REPORT

Meeting Date 05/08/02	To Bd. of Dir. 05/22/02
Item Number FAHR02-45	Item Number 15(g)

Orange County Sanitation District

FROM: Lisa Tomko, Director of Human Resources
Originator: Jeff Reed, Human Resources Manager

SUBJECT: Additions to Safety Policies as Authorized by Resolution No. OCSD 02-5

GENERAL MANAGER'S RECOMMENDATION

Approve attached Safety Policies as provided for in Resolution No. OCSD 02-5 and SAFETY-POL-101, Injury and Illness Prevention Program Policy.

SUMMARY

Title 8 of the California Code of Regulations, Section 3203, and California Labor Code, Section 6401.7, require employers to establish, implement and maintain an effective injury prevention program. The District's written Injury and Illness Prevention (IIP) Program was approved in February 2002. The IIP Program provides that written safety and health policies, procedures and programs will be developed and maintained to ensure compliance with applicable Federal OSHA and Cal-OSHA requirements and to carryout effective accident prevention in the workplace, thereby reducing injury incidence rates.

To ensure that the IIP Program is effectively implemented, various Safety Policies are being developed to address targeted compliance areas. The compliance areas identified for program development and policy implementation at this time are indicated in the following policies:

- SAFETY-POL-104 Confined Spaces
- SAFETY-POL-106 Hearing Conservation Program

PROJECT/CONTRACT COST SUMMARY

Not Applicable

BUDGET IMPACT

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

ADDITIONAL INFORMATION

Written safety compliance programs are detailed in specific Safety Policies, Procedures or Programs. The policies being submitted for approval are the following:

SAFETY-POL-104 CONFINED SPACES

This policy ensures that confined spaces are properly identified and marked. It also establishes the procedures and necessary training required for entering a confined space. This policy provides definitions for confined spaces and associated factors, identifies hazards and lays out requirements for related work activities. It applies to all district employees, contractors, visitors, rescue personnel or regulatory personnel who may enter confined spaces for any reason.

SAFETY-POL-106 HEARING CONSERVATION PROGRAM

This policy is designed to prevent employees from developing noise induced hearing loss on the job. This is accomplished through equipment selection, noise exposure assessments, training, and annual hearing tests. It includes requirements for designating areas where hearing protection is required and the selection, use and care for hearing protection devices.

ALTERNATIVES

Not Applicable

CEQA FINDINGS

Not Applicable

ATTACHMENTS

Attachment 1 - SAFETY-POL-104 Confined Spaces

Attachment 2 - SAFETY-POL-106 Hearing Conservation Program

ORANGE COUNTY SANITATION DISTRICT

CLASS SPECIFICATION

Job Code: 1812
FLSA Status:
Bargaining Unit: Professional
Effective Date:

CLASS TITLE: PRINCIPAL CONTRACTS ADMINISTRATOR PAGE: 39

Class specifications are intended to present a descriptive list of the range of duties performed by employees in the class. Specifications are not intended to reflect all duties performed within the job.

SUMMARY DESCRIPTION

Under general direction, performs and oversees the most complex contracts involved in the procurement of engineering services including professional design services, maintenance contracts, and construction services in coordination with District staff, legal counsel, and outside contractors; participates in the development and fulfillment of contract requirements in accordance with District's policies and local, state and federal regulations; and provides consistency and oversight in contracts and contractual relationships.

DISTINGUISHING CHARACTERISTICS

This is the advanced journey level class in the professional Contracts Administrator series. Positions at this level are distinguished from other classes within the series by the level of responsibility assumed and the complexity of duties assigned. Employees perform the most difficult and responsible types of duties assigned to classes within this series requiring advanced knowledge of the concepts, practices, and procedures of contract administration including those related to engineering contracts. Employees at this level are required to be fully trained in all procedures related to assigned area of responsibility and may oversee and lead lower level contract administration staff.

REPRESENTATIVE DUTIES

The following duties are typical for this classification. Incumbents may not perform all of the listed duties and/or may be required to perform additional or different duties from those set forth below to address business needs and changing business practices.

1. Develop formal procedures and guidelines for all engineering related procurements; provide guidance and monitor the engineering contract administrative processes involved in the implementation of engineering and construction services.
2. Perform and oversee the procurement of engineering services including design services, maintenance contracts, and construction services; conduct solicitations and procurement of professional design services and construction services.
3. Identify all documents to be maintained in conjunction with the procurement and administration of engineering contracts; select appropriate contractual instruments

and language for engineering procurements; establish required documentation systems for each project.

4. Oversee the bid process for assigned construction projects or contracts; conduct pre-bid conferences and meetings; issue revisions, addenda, or announcements; open and evaluate bids; issue notice of awards and notices to proceed; address bid protests.
5. Serve as liaison between the engineering and procurement divisions and coordinate with District staff, legal counsel, and outside contractors to manage the business relationship of contract parties for engineering, public works, and other contracts as assigned; participate in the development and fulfillment of contract requirements in accordance with District's policies and local, state and federal regulations; provide consistency and oversight in contracts and contractual relationships.
6. Review and/or prepare bid documents, contract stipulations, process specifications, liability and insurance requirements, bonds, and faithful performance warranties; assure conformity and compliance with District policies, procedures, and service provision expectations.
7. Coordinate, approve, and administer contract change orders, amendments, addendums, extensions, stop notices, releases, and closeout agreements to ensure that all contractual obligations have been met.
8. Review progress payments to insure payments are processed in a timely manner and that value is received for any payments made.
9. Advise departments of contractual rights and obligations under approved terms and conditions; assume responsibility for interpretation of contract language; resolve disputes between parties.
10. Manage the contractual relationship including the conduct of parties, relationship with contractor, communications, business systems, authority for procedures, and duties of all parties; assume responsibility for handling any claims or disputes not resolved in the field.
11. Negotiate contracts with vendors; direct major contract purchases; interface with service providers to expedite timely completion of contract agreements.
12. Manage and track the flow of paperwork involved for procurement and execution of engineering contracts; maintain comprehensive contractual records and periodically monitor progress of all goods and service agreements, from inception through completion, to enforce milestones, deliverables and post-contract warranties; conduct periodic internal audits to ensure that proper documentation and procedures have been maintained.
13. As assigned, lead and oversee the work of contract administration staff; assign and review work; train assigned employees in their area of work; ensure work quality and

adherence to established policies and procedures.

14. Perform related duties as required.

QUALIFICATIONS

The following generally describes the knowledge and ability required to enter the job and/or be learned within a short period of time in order to successfully perform the assigned duties.

Knowledge of:

Engineering design and construction practices and processes.
Processes involved in the construction and design of wastewater treatment facilities.
Principles and practices used in the development of contracts.
Public contracting authority and responsibility.
Principles and practices of contract administration.
Principles and practices of project management and administration.
Principles and practices of contract law.
Principles and practices of accounting.
Legal language and terminology.
Methods and techniques of negotiation.
Office procedures, methods, and equipment including computers and applicable software applications such as word processing, spreadsheets, and data basis.
Principles of business letter writing and basic report preparation.
Principles and practices of fiscal, statistical, and administrative research and report preparation.
Pertinent federal, state, and local codes, laws, and regulations including contract law and Uniform Commercial Code.
English usage, spelling, grammar and punctuation.
Principles of lead supervision and training.

Ability to:

Interpret and apply applicable federal, state, and local laws, codes and regulations.
Interpret and apply administrative and departmental policies and procedures.
Negotiate contracts and contract changes.
Resolve contractual disputes.
Work cooperatively with other departments, district officials, and outside agencies including engineers.
Prepare and compose contracts, change orders, bid documents, and specifications.
Effectively represent the District to outside individuals and agencies to accomplish the goals and objectives of the unit.
Design and implement administrative communication and reporting systems.
Operate office equipment including computers and supporting word processing, spreadsheet, and database applications.
Handle multiple complex procurements simultaneously.
Provide work direction, coordination, and training to assigned staff.
Plan and organize work to meet changing priorities and deadlines.

Communicate clearly and concisely, both orally and in writing.
Establish and maintain effective working relationships with those contacted in the course of work.

Education and Experience Guidelines - Any combination of education and experience that would likely provide the required knowledge and abilities is qualifying. A typical way to obtain the knowledge and abilities would be:

Education/Training:

Equivalent to a Bachelor's degree from an accredited college or university with major course work in engineering, architecture, business, contract law, or related field. A Master's degree in business administration or management is desirable.

Experience:

Five years of increasingly responsible experience in the development and administration of a variety of contracts, including engineering contracts, at a level comparable to a Senior Contracts Administrator in the District.

License or Certificate:

Possession of certification in the Management of Business Contracts or comparable contracts administration program is desirable.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT

The conditions herein are representative of those that must be met by an employee to successfully perform the essential functions of *this job*. *Reasonable accommodations may be made to enable individuals with disabilities to perform the essential job functions.*

Environment: Standard office setting.

Physical: Incumbents require sufficient physical ability to work in an office setting; stand or sit for prolonged periods of time; operate office equipment including use of a computer keyboard; push, pull, lift, and/or carry light amounts of weight.

Vision: See in the normal visual range with or without correction; vision sufficient to read computer screens and printed documents; and to operate assigned equipment.

Hearing: Hear in the normal audio range with or without correction.

FAHR COMMITTEE

Meeting Date 05/08/02	To Bd. of Dir. 05/22/02
Item Number FAHR02-48	Item Number 15(h)

AGENDA REPORT

Orange County Sanitation District

FROM: Lisa Tomko, Director of Human Resources
Originator: Jan Collins, Senior Human Resources Analyst

SUBJECT: CLASSIFICATION STRUCTURE ADJUSTMENTS

GENERAL MANAGER'S RECOMMENDATION

Adopt Resolution No. OCSD 02-09, Amending Resolution No. OCSD 98-33, Amending Human Resources and Policies Procedures Manual, providing for:

1. Change the title and pay range of current Engineering Contracts Administrator classification at pay range E7 (\$4,469 - \$6,324) to Principal Contracts Administrator at pay range E12 (\$5,708 - \$8,076) and 2. Create Employee Development Supervisor classification at pay range E11 (\$5,430 - \$7,683).

SUMMARY

From time to time, adjustments need to be made to classification structures. As new duties and responsibilities are identified as critical to the mission of the organization, classifications must be modified or added. Staff is proposing two adjustments that need to be made to the classification structure outside of the Classification and Compensation study due to immediate organization needs.

1. An Engineering Contracts Administrator classification at pay range E7 (\$4,469 - \$6,324) was added to the classification structure in November 2000. As part of the district-wide Classification and Compensation study, Johnson & Associates has recommended that this classification be retitled to Principal Contracts Administrator and have a pay range maximum of \$8,222. The classification modification and assigned pay grade were approved by the FAHR committee on 01/09/02 and 02/13/02.

The District has tried unsuccessfully to recruit for this position for over one year. At this time, we are requesting that the FAHR committee approve the modification of the title and upgrade the compensation for this classification prior to the full implementation of the study due to the critical need of the position. Therefore, staff recommends that the Engineering Contracts Administrator classification be retitled to Principal Contracts Administrator and upgraded to pay grade E12 (\$5,708 - \$8,076) which is the pay range in the current structure that has a range maximum closest to the proposed range maximum in the recommended structure. Please see the attached classification description, Attachment 2.

2. In FY98/99, a decision was made to combine the HR Administration Division with the Training Division. One result of this change has been a de-emphasis on the training function within the District; this is not due to a change in the training philosophy but has happened inadvertently due to the necessity for resources on the HR Administration side. There have been a number of politically-driven initiatives such as disinfection, treatment process changes and the beach study that have increased and will continue to increase the need for technical training at the District. In order to successfully manage this expanded role of Employee Development, we are requesting that the former Training Supervisor classification be changed to an Employee Development Supervisor and reinstated at pay range E11 (\$5,430 - \$7,683), the same range as the Human Resources Supervisor and the Safety Supervisor classifications. Please see attached classification description, Attachment 3.

Human Resources Policy C10.10, Exhibit A, Salary Schedule, has been updated to reflect the proposed modifications and is attached for review and acceptance as Attachment 4.

PROJECT/CONTRACT COST SUMMARY

FTEs have been budgeted for these two positions which are currently vacant. Salary costs for the remaining two months of FY01/02 are estimated at \$26,900.

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

Classification and compensation program remains unchanged until meet and confer process is completed with SPMT bargaining units.

CEQA FINDINGS

N/A

ATTACHMENTS

1. Resolution No. OCSD 02-__

2. Principal Contracts Administrator classification specification.
3. Employee Development Supervisor classification specification.
4. Human Resources Policy and Procedure C10.10, Exhibit A, Salary Schedule.

**Orange County Sanitation District
Classifications By Employee Group
Professional**

Pay Range	Hourly Minimum	Monthly Minimum	Annual Minimum	Hourly Maximum	Monthly Maximum	Annual Maximum	Classifications	FLSA Status
E14	36.243	6,282	\$75,385	51.294	8,891	\$106,692	Chief Scientist	Exempt
E13	34.568	5,992	\$71,901	48.888	8,474	\$101,687	Senior Engineer	Exempt
E12	32.932	5,708	\$68,499	46.590	8,076	\$96,907	Senior Scientist	Exempt
E12	32.932	5,708	\$68,499	46.590	8,076	\$96,907	Senior Regulatory Specialist	Exempt
E12	32.932	5,708	\$68,499	46.590	8,076	\$96,907	Principal Contracts Administrator	Exempt
E11	31.329	5,430	\$65,164	44.323	7,683	\$92,192	Engineer	Exempt
E11	31.329	5,430	\$65,164	44.323	7,683	\$92,192	IT Strategic Implementation Leader	Exempt
E10	29.792	5,164	\$61,967	42.201	7,315	\$87,778	Secretary to the Board of Directors	Exempt
E9	28.432	4,928	\$59,139	40.250	6,977	\$83,720	Principal Administrative Analyst	Exempt
E9	28.432	4,928	\$59,139	40.250	6,977	\$83,720	Principal Engineering Associate	Exempt
E9	28.432	4,928	\$59,139	40.250	6,977	\$83,720	Project Specialist	Exempt
E9	28.432	4,928	\$59,139	40.250	6,977	\$83,720	Regulatory Specialist	Exempt
E9	28.432	4,928	\$59,139	40.250	6,977	\$83,720	Scientist	Exempt
E9	28.432	4,928	\$59,139	40.250	6,977	\$83,720	Principal Accountant	Exempt
E9	28.432	4,928	\$59,139	40.250	6,977	\$83,720	Principal Financial Analyst	Exempt
E8	27.039	4,687	\$56,241	38.261	6,632	\$79,583	Associate Engineer III	Exempt
E8	27.039	4,687	\$56,241	38.261	6,632	\$79,583	Principal Environmental Specialist	Exempt
E8	27.039	4,687	\$56,241	38.261	6,632	\$79,583	Safety & Emergency Response Specialist	Exempt
E7	25.785	4,469	\$53,633	36.486	6,324	\$75,891	Programmer Analyst	Exempt
E7	25.785	4,469	\$53,633	36.486	6,324	\$75,891	Computer Hardware Specialist	Exempt
E7	25.785	4,469	\$53,633	36.486	6,324	\$75,891	Telecommunications Specialist	Exempt
E7	25.785	4,469	\$53,633	36.486	6,324	\$75,891	Maintenance Planner	Exempt
E7	25.785	4,469	\$53,633	36.486	6,324	\$75,891	Contracts Administrator	Exempt
E7	25.785	4,469	\$53,633	36.486	6,324	\$75,891	Engineering Contracts Administrator	Exempt
E6	24.537	4,253	\$51,037	34.706	6,016	\$72,188	Principal Laboratory & Research Analyst	Exempt
E6	24.537	4,253	\$51,037	34.706	6,016	\$72,188	Senior Administrative Analyst	Exempt
E5	23.380	4,053	\$48,630	33.070	5,732	\$68,786	Associate Engineer II	Exempt
E5	23.380	4,053	\$48,630	33.070	5,732	\$68,786	Senior Accountant	Exempt
E5	23.380	4,053	\$48,630	33.070	5,732	\$68,786	Senior Financial Analyst	Exempt
E5	23.380	4,053	\$48,630	33.070	5,732	\$68,786	Senior Environmental Specialist	Exempt
E4	22.271	3,860	\$46,324	31.539	5,467	\$65,601	Safety Representative	Exempt
E4	22.271	3,860	\$46,324	31.539	5,467	\$65,601	Programmer	Exempt
E4	22.271	3,860	\$46,324	31.539	5,467	\$65,601	Senior Buyer	Exempt
E3	21.185	3,672	\$44,065	30.004	5,201	\$62,408	Associate Engineer I	Exempt
E2	20.214	3,504	\$42,045	28.576	4,953	\$59,438	Contracts Specialist	Exempt
E1	19.203	3,329	\$39,942	27.249	4,723	\$56,678	Accountant	Exempt
E1	19.203	3,329	\$39,942	27.249	4,723	\$56,678	Buyer	Exempt
E1	19.203	3,329	\$39,942	27.249	4,723	\$56,678	Financial Analyst	Exempt
E1	19.203	3,329	\$39,942	27.249	4,723	\$56,678	Management Analyst	Exempt

**Orange County Sanitation District
Classifications By Employee Group
Supervisory**

Pay Range	Hourly Minimum	Monthly Minimum	Annual Minimum	Hourly Maximum	Monthly Maximum	Annual Maximum	Classifications	FLSA Status
E14	36.243	6,282	\$75,385	51.294	8,891	\$106,692	Engineering Supervisor	Exempt
E13	34.568	5,992	\$71,901	48.888	8,474	\$101,687	Environmental Management Supervisor	Exempt
E12	32.932	5,708	\$68,499	46.590	8,076	\$96,907	Laboratory Supervisor	Exempt
E11	31.329	5,430	\$65,164	44.323	7,683	\$92,192	Senior Operations Supervisor	Exempt
E11	31.329	5,430	\$65,164	44.323	7,683	\$92,192	Senior Maintenance Supervisor	Exempt
E11	31.329	5,430	\$65,164	44.323	7,683	\$92,192	Information Technology Supervisor	Exempt
E11	31.329	5,430	\$65,164	44.323	7,683	\$92,192	Contracts & Purchasing Supervisor	Exempt
E11	31.329	5,430	\$65,164	44.323	7,683	\$92,192	Accounting Supervisor	Exempt
E11	31.329	5,430	\$65,164	44.323	7,683	\$92,192	Safety Supervisor	Exempt
E11	31.329	5,430	\$65,164	44.323	7,683	\$92,192	Employee Development Supervisor	Exempt
E9	28.432	4,928	\$59,139	40.250	6,977	\$83,720	Maintenance Supervisor	Exempt
E9	28.432	4,928	\$59,139	40.250	6,977	\$83,720	Operations Supervisor	Exempt
E9	28.432	4,928	\$59,139	40.250	6,977	\$83,720	Source Control Supervisor	Exempt
E9	28.432	4,928	\$59,139	40.250	6,977	\$83,720	Supervising Construction Inspector	Exempt
E9	28.432	4,928	\$59,139	40.250	6,977	\$83,720	Warehouse Supervisor	Exempt

BOARD OF DIRECTORS

AGENDA REPORT

Meeting Date	To Bd. of Dir. 05/22/02
Item Number	Item Number 16(c)

Orange County Sanitation District

FROM: David Ludwin, Director of Engineering
Originator: Wendy Sevenandt, Project Manager

SUBJECT: GROUNDWATER REPLENISHMENT SYSTEM, JOB NO. J-36,
ULTRAVIOLET LIGHT EQUIPMENT PRE-SELECTION

GENERAL MANAGER'S RECOMMENDATION

(1) Approve Trojan Technologies as the Ultraviolet Light (UV) Equipment manufacturer for the Groundwater Replenishment System (GWR) based on lowest calculated present worth life cycle cost of \$20,253,000, and a total capital cost of \$9,749,405, plus tax; (2) Approve a Pre-Selection Agreement between Orange County Water District (OCWD) and Trojan Technologies to provide engineering details for the equipment design in the total amount of \$250,000, to be equally shared between OCWD and Orange County Sanitation District; (3) Grant authority to the Board of Directors of OCWD to assign the value of the UV Equipment to the construction contract to install the demonstration UV system at a total cost of \$849,842, plus tax; and (4) Grant authority to the Board of Directors of OCWD to assign the value of the UV Equipment to the contract to install the permanent UV system at a total estimated capital cost of \$8,649,563, plus tax.

SUMMARY

- In March 2002, the Joint Cooperative Committee (JCC) recommended the actions as written above regarding the award of UV disinfection equipment for the GWR System.
- The Board of Directors deferred action back to staff to address a letter issued by Calgon Carbon Corporation dated March 1, 2002.
- Staff has addressed the issues in a response letter dated April 9, 2002, to Calgon Carbon Corporation.
- The Chair of the JCC received a letter dated April 18, 2002, from Congresswoman Loretta Sanchez recommending award of future contracts to United State firms.
- Staff has addressed the "Buy American" concern set forth in her letter and presents the reasons to reconsider awarding to Trojan Technologies in the additional information section below.
- Staff recommends selecting Trojan Technologies as the UV Equipment manufacturer for the GWR System.
- Approval is requested to award a \$250,000 contract to Trojan Technologies for engineering design documents at this time.

PROJECT/CONTRACT COST SUMMARY

See the attached Budget Information Table. The value of the agreement award for each agency with this action is \$250,000 to be equally shared with OCWD in the amount of \$125,000. The authorization of funds was made in October 2001, for the engineering documents only in the amount of \$125,000. There is no increase in the cost for engineering documents.

Authorization of expenditures for the UV Equipment will be requested with the award of the construction contracts in the future. Although the proposal by Trojan Technologies was over the engineer's estimate, a budget increase is not requested at this time. Sufficient Funds are available existing in contingency for the increase over the engineer's estimate, but adjustments will not be requested until the construction contracts are awarded.

BUDGET IMPACT

- This item has been budgeted. (Line item: 2001-02 CIP Budget Sec. 8, page 152)
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

Please refer to the Budget Information Table.

ADDITIONAL INFORMATION

In October 2001, the Orange County Sanitation District (OCSD) Board of Directors authorized issuance of a Request for Proposals for the pre-selection of Ultraviolet Light (UV) Equipment estimated at \$10,250,000, and granted authority to the Orange County Water District (OCWD) Board of Directors to award a contract for equipment design in the amount of \$250,000, also granted authority to the OCWD Board of Directors to assign the value of equipment to construction contracts for installation.

The request for proposals was sent to four firms specializing in UV disinfection equipment and two proposals were received. Proposals were received from Calgon Carbon Corporation and Trojan Technologies on February 27, 2002. Both proposals were over the engineer's estimate of \$10,250,000 with tax included in the total cost.

Trojan Technologies proposes the lowest capital cost of \$10,439,990.61 with tax included at 7.75% and the lowest calculated present worth life cycle cost of \$20,253,000.

With this approval, a contract in the amount of \$250,000 will be awarded to Trojan Technologies for engineering design documents. The value of the UV disinfection equipment as proposed by Trojan Technologies will be assigned to the demonstration

unit construction contractor and the permanent facilities construction contractor. These contracts are scheduled for bid and award in the Summer of 2002 and Spring of 2003. These installation contracts will be brought before the Joint Cooperative Committee (JCC) and the OCSD and OCWD Board of Directors in accordance with the adopted procedures that will be in effect at that time.

The Joint Cooperative Committee (JCC) approved the recommended action on March 11, 2002. Please refer to the attached March 11, 2002 JCC Agenda Item Submittal. Staff reported on the Calgon Carbon Corporation letter and responded at the April 22, 2002 JCC meeting.

Staff also distributed a letter dated April 18, 2002, from Congresswoman Loretta Sanchez at the JCC meeting on April 22, 2002. Staff has investigated the issues brought forth in the letter and recommends the Board consideration of the recommendation to award a contract to Trojan Technologies for the following reasons:

1. Considering all principal Groundwater Replenishment System (GWR) equipment; Microfiltration/ Reverse Osmosis/Ultraviolet Light the majority of expenditures will be from domestic manufacturers (all pre-qualified Reverse Osmosis manufacturers are domestic);
2. The "Buy American" provision in Federal regulations (40 CFR, 35-936-13.d) indicates that domestic equipment may be used in preference to non-domestic equipment if the cost difference is no more than 6%, and a greater differential is deemed unreasonable; Calgon's equipment cost is 24% greater than Trojan's costs (12% higher in life-cycle cost);
3. Because of the size of the Groundwater Replenishment System (GWR) construction contracts, it is expected (not guaranteed) that only domestic contractors will submit bids;
4. Recent questions raised by Calgon concerning the technical and financial viability of Trojan Technologies proposal have been resolved to the satisfaction of the GWR System staff; and,
5. This action only involves a \$250,000 commitment to complete the final design of the Ultraviolet Light Equipment (now one of the critical path items of the AWTF design); future authorizations to award construction contracts for installation of this equipment will be approved by the Orange County Sanitation District (OCSD) Board of Directors.

ALTERNATIVES

Alternatives to issuing a proposal for pre-selection of the UV Equipment included pre-purchase of the equipment or preparing final designs for all equipment options. Pre-purchase of the equipment was not selected to reduce liability to the agencies and place

liability for the equipment on the Contractor. With substantial differences in each equipment design, preparing final designs for each manufacturer was determined to be cost prohibitive.

CEQA FINDINGS

The OCSD and Orange County Water District (OCWD) Boards of Directors certified the Environmental Impact Report for the GWR System on March 24, 1999. Addendum No. 1 was approved on March 28, 2001, Addendum No. 2 was approved by OCSD on January 23, 2002, and by OCWD on January 16, 2002.

ATTACHMENTS

1. Budget Information Table
2. March 11, 2002 Joint Cooperative Committee Agenda Item Submittal re: Ultraviolet Light Equipment Pre-selection.
3. Letter dated March 1, 2002 from Calgon Carbon Corporation.
4. Letter dated April 9, 2002 from OCWD to Calgon Carbon Corporation.
5. Letter dated April 18, 2002, from Congresswoman Loretta Sanchez.
6. April 22, 2002 Joint Cooperative Committee Agenda Item Submittal re: Ultraviolet Equipment Update

BOARD OF DIRECTORS

AGENDA REPORT

Meeting Date	To Bd. of Dir. 05/22/02
Item Number	Item Number 17

Orange County Sanitation District

FROM: David Ludwin, Director of Engineering
Originator: Robyn Wilcox, Project Manager

SUBJECT: FIBER OPTICS EXTENSION AT PLANT NO. 2, JOB NO.
SP2000-61

GENERAL MANAGER'S RECOMMENDATION

(1) Approve plans and specifications for Fiber Optics Extension at Plant No. 2, Job No. SP2000-61, on file at the office of the Board Secretary; (2) Approve Addendum No. 1 to the plans and specifications; (3) Receive and file bid tabulation and recommendation; and (4) Award a Construction Contract to Manuel Bros., Inc. for Fiber Optics Extension at Plant No. 2, Job No. SP2000-61, for an amount not to exceed \$243,500.

SUMMARY

- This project is an extension to the backbone fiber optic network cabling at Plant No. 2.
- Plans and specifications for the Fiber Optics Extension at Plant No. 2, Job No. SP2000-61, were completed in February 2002. Tran Consulting Engineers performed the design.
- Addendum No. 1 was issued on April 29, 2002 including the revised routing to accommodate the proposed Temporary Disinfection Project Sodium Bisulfate Tanks. The Addendum added the fiber line that was not included in the original bid document.
- The plans and specifications were bid on May 7, 2002.

Project Budget	\$403,000
Construction Budget	\$325,000
Engineers Estimate	\$325,000
Low Responsible Bid	\$243,500
High Bid	\$368,000
Number of Bids	3

- The Director of Engineering recommends award of the Construction Contract to Manuel Bros., Inc. for an amount not to exceed \$243,500.

PROJECT/CONTRACT COST SUMMARY

Authorization is being requested \$243,500 for Construction Contract Budget and \$10,000 for Construction Management and Staff time. See the attached Budget Information Table.

BUDGET IMPACT

- This item has been budgeted. (Line item: Section 8, Page 151)
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

ADDITIONAL INFORMATION

Plant No. 2 is in need of a redundant fiber optic line along the perimeter of the plant which will service a number of recently constructed and upcoming projects, including the sampler building, Outfall Flowmeter, Sodium Bisulfate Tanks for Temporary Disinfection, and existing facilities including the Surge Towers. This project will add approximately 3,500 feet of concrete-encased conduit and fiber, and instrument panels to the South end of Plant No. 2, with the intention of future connection to the north end fiber optic facilities. This will ensure that the plant has necessary redundancy for its Instrumentation & Control (I&C) and monitoring programs along the east side of Plant No. 2. The size of the fiber optic cable to be installed will also ensure that the Orange County Sanitation District does not have to install parallel facilities to accommodate future needs.

ALTERNATIVES

No other cost-effective alternatives have been identified. Reliable fiber optic cabling is necessary for instrumentation, control, and monitoring of all Plant No. 2 Facilities.

CEQA FINDINGS

This project was not included in a previously approved Master Plan/EIR. This Project is exempt per CEQA Guideline Section 15302 for Facilities Engineering Projects at Plant No. 2. A Notice of Exemption was filed on November 22, 2000.

ATTACHMENTS

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

BOARD OF DIRECTORS

Meeting Date	To Bd. of Dir. 05/22/02
Item Number	Item Number 18

AGENDA REPORT

Orange County Sanitation District

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

SUBJECT: LANDSCAPE AND IRRIGATION AT PLANT NO. 2, JOB NO. P2-84

GENERAL MANAGER'S RECOMMENDATION

(1) Approve Addendum No. 1 to plans and specifications for Landscape and Irrigation at Plant No. 2, Job No. P2-84, on file at the office of the Board Secretary; (2) Receive and file bid tabulation and recommendation; and (3) Award a construction contract to Green Giant Landscape, Inc. for Landscape and Irrigation at Plant No. 2, Job No. P2-84, for an amount not to exceed \$400,426.

SUMMARY

- This project is required to comply with the City of Huntington Beach, Plant No. 2, Coastal Development permit and the Urban Design Element of the 1999 Strategic Plan.
- The purpose of this project is to shield views of Plant No. 2 from Pacific Coast Highway as effectively as possible given restrictions imposed by the California Department of Fish and Game.
- The plans and specifications for Job No. P2-84 were completed in April 2002 and bid on April 23, 2002. Addendum No. 1 was issued to revise the contractor's license requirements to allow specialty landscaping contractors to bid the project.

Current Project Budget	\$810,000
Construction Budget	\$460,000
Engineer's 100% Design Estimate	\$458,144
Low Responsive Bid	\$400,426
High Bid	\$668,000
Number of Bids	3

The Director of Engineering recommends award of the construction contract to Green Giant Landscape, Inc. for an amount not to exceed \$400,426.

PROJECT/CONTRACT COST SUMMARY

See the attached Budget Information Table. Authorization of \$80,000 is being

requested for construction, administration, and inspection and \$400,426 for the construction contract.

BUDGET IMPACT

- This item has been budgeted. (Line item: Section 8 – Page 145)
- This item has been budgeted, but there are insufficient funds.
- This item has not been budgeted.
- Not applicable (information item)

The overall budget total remains unchanged.

ADDITIONAL INFORMATION

In 1996, the Orange County Sanitation District (District) was issued a Coastal Development Permit for the replacement of Surge Tower No. 1 and the City Water Pump Station located at Plant No. 2. The permit required that the District prepare a plan that provides for additional landscaping along the Pacific Coast Highway (PCH) side of the facility. The plan was required to provide for landscaping improvements that shield views of Plant No. 2 from PCH as effectively as possible, given restrictions imposed by the Department of Fish and Game (DF&G) and constraints resulting from the plant infrastructure, both above and below ground. The plan was required to be completed at the conclusion of the Strategic Plan or June of 1998, whichever occurred sooner. Implementation of the plan was to commence immediately thereafter.

In October 2000, the District issued a Professional Services Agreement (PSA) to Borthwick, Guy and Bettenhausen for final design and services during construction for landscaping and irrigation at Plant No. 2. During final design, the project concept was discussed with the City of Huntington Beach and the DF&G who are the main stakeholders. The concept was approved by the stakeholders and presented at a City of Huntington Beach Council Meeting.

Design features include:

- Two undulating mounds approximately 11 feet high utilizing a manufactured soil retention system along the ocean facing boundary of Plant No. 2, between Brookhurst Avenue and the dissolved air flotation thickeners.
- Native vegetation on top and sides of the mounds and at the base of the mounds between the Plant No. 2 boundary and the bike path.
- A series of fluted concrete panels to add aesthetic appeal and provide further screening to the public.
- Green vinyl clad fencing between the dissolved air flotation thickeners and the secondary clarifiers. Vines will grow on the fencing to provide additional screening.

This design maximizes the screening height within the available area and eliminates the potential for raptors to threaten endangered species that inhabit the adjacent Talbert

Marsh.

In April 2002, the District opened three bids for the Landscape and Irrigation Project at Plant No. 2, Job No. P2-84. The following summarizes the submitted bids:

<u>Contractor</u>	<u>Total Bid</u>
Green Giant Landscape, Inc.	\$400,426
Terra-Cal Construction, Inc.	\$635,250
Ark Construction Company	\$668,000

Staff recommended award of a construction contract to Green Giant Landscape, Inc. in an amount not to exceed \$400,426.

ALTERNATIVES

Do not award the construction contract. Not awarding the contract would mean that the Orange County Sanitation District would not be able to meet the visual screening required by the Coastal Permit.

CEQA FINDINGS

Addendum No. 2 to the Strategic Plan Environmental Impact Report, Job No. J-40-5, was received and filed by the Board of Directors on December 19, 2001.

ATTACHMENTS

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

FAHR COMMITTEE

AGENDA REPORT

Meeting Date 05/08/02	To Bd. of Dir. 05/22/02
Item Number FAHR02-46	Item Number 19

Orange County Sanitation District

FROM: Gary G. Streed, Director of Finance

SUBJECT: SANITARY SEWER SERVICE CHARGES, CAPITAL FACILITIES
CAPACITY CHARGES, PERMIT USER CHARGES AND
MISCELLANEOUS CHARGES FOR 2002-03

GENERAL MANAGER'S RECOMMENDATION

Recommend to the Board of Directors to adopt proposed Ordinance No. OCSD-18, 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 No. OCSD-15.

SUMMARY

Last month the Committee considered this action in concept. Tonight's action is to actually recommend the fees to the Board for adoption.

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. Beginning with 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 2001-02 was \$80 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.

Preliminary budget analysis for 2002-03 indicates a fee of \$87.50 will be sufficient to meet our cash flow needs. This will be an increase in fees for Revenue Areas 2, 3, 6 and 7, and a recapture of a portion of previously implemented, but set aside fees in Revenue Areas 1, 5, 11 and 13.

PROJECT/CONTRACT COST SUMMARY

General User Fee revenue for 2002-03 is expected to be approximately \$78 million, a 9.7% increase from the current year as a result of these rates and 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 \$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

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 and 2001-02 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 average flow and strength assumptions, type of user and building size.)

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 re-implement 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 and 2002-03 the base rate, the single family-residential rate adopted for RA7, is the same as the rate adopted for the rest of the service area.

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 become based upon wastewater flow and strength per 1,000 square feet of development, rather than the same flat rate for all non-residential users.

In 2000, the Directors adopted a rate calculation methodology that would standardize 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 2002-03 rates are

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	\$282.92	\$190.65	\$184.55	\$87.50
Special Purpose Discharge Permit	\$282.92	\$190.65	\$184.55	\$87.50

If the Directors choose to implement the previously adopted sanitary sewer service charges and to continue this calculation methodology for permit users, then a proposed Ordinance will be submitted at a later meeting. The General Counsel has ruled that these charges for service are not subject to the Proposition 218 notification process.

Capital Facilities Capacity Charge

The charge new development pays to connect to our sewerage system through a local sewer is called a Capital Facilities Capacity Charge (CFCC). The existing rates were developed as a part of the Rate Advisory Committee process during the adoption of the 1999 Strategic Plan.

The rates for residential and non-residential development are based upon the average projected system demand for that type of user. The rates are designed to capture the costs of existing facilities and new capacity that should be allocated to new users.

In 2000, the Committee recommended and the Board approved a policy that maintains the CFCC rates for the years between Master Plan or Strategic Plan updates. The theory behind that action was that only at that time did we revise our total capital improvement program and the future total number of users.

Since the Strategic Plan will not be changed until after the start of the 2002-03 fiscal year, staff is recommending that the CFCC rates remain unchanged.

ALTERNATIVES

- Maintain existing fees for 2002-03 pending determination of level of treatment and NPDES permit.

CEQA FINDINGS

N/A

ATTACHMENTS

Preliminary Cash Flow
Draft Ordinance

ORDINANCE NO. OCSD 18
AN ORDINANCE OF THE BOARD OF DIRECTORS OF ORANGE
COUNTY SANITATION DISTRICT ADOPTING SANITARY 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
NO. OCSD-15

WHEREAS, the Board of Directors of the Orange County Sanitation District (“District”) has previously adopted Ordinance No. OCSD-15, establishing annual Sanitary Sewer Service Charges for all uses, which Ordinance is presently in full force and effect; and

WHEREAS, the Board of Directors of District has previously adopted Ordinance No. OCSD-15, establishing Capital Facilities Capacity Charges to be imposed when properties either newly-connect to the District’s system, or expand the use of the property previously connected to the District; and

WHEREAS, the Board of Directors of District has previously adopted Ordinance No. OCSD-15, establishing miscellaneous industrial discharger fees, source control/non-compliance sampling fees, and wastehauler charges; and

WHEREAS, for purposes of improved efficiency and effectiveness of the District’s operations, it is the intent, by the adoption of this Ordinance, to re-enact the existing Ordinances that establish fees and charges, into one comprehensive, master Ordinance.

NOW, THEREFORE, the Board of Directors of the Orange County Sanitation District does hereby ORDAIN:

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- F. Administrative Fee
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ARTICLE I
RECITAL OF FINDINGS

Section 1.01. Findings – Declaration of Intent. The Board of Directors of District has previously adopted Master Plans, as more particularly described in Findings B, C, D, and E below, setting forth the financial and engineering needs of the District, and hereby adopts the following Findings supporting the amounts of charges and fees adopted pursuant to this Ordinance.

A. That the former County Sanitation Districts Nos. 1, 2, 3, 5, 6, 7, 11, 13 and 14 of Orange County, California (the “Predecessor Districts”), were nine individual County Sanitation Districts, organized pursuant to the County Sanitation District Act (California Health & Safety Code Section 4700 et seq.). By action of the Board of Directors of the Predecessor Districts, pursuant to specific legislation enacted by the California State Legislature in 1996, an application was submitted to the Orange County Local Agency Formation Commission to legally consolidate the nine Predecessor Districts into one single Sanitation District for all purposes. The application

was approved, with an effective date of July 1, 1998. As of July 1, 1998, the Predecessor Districts ceased to exist, and one single consolidated County Sanitation District, known as the Orange County Sanitation District, came into existence in place of the Predecessor Districts. The District was formed to carry on the functions of the Predecessor Districts.

B. That a comprehensive 30-year Master Plan of Capital Facilities, entitled "Collection, Treatment and Disposal Facilities Master Plan – 1989", hereinafter referred to as the "Master Plan", which includes detailed financial and engineering reports, was prepared, approved, and adopted by the Boards of Directors of the Predecessor Districts in 1989, setting forth and identifying the required future development of District Facilities, including the financial projections for providing sewer service to all properties within the individual service areas of each of the nine Predecessor Districts.

C. That the financial and engineering reports of the Master Plan were made available to the public, both prior to and subsequent to the adoption of the Master Plan, and were subject to noticed public hearings, all in accordance with the provisions of California Government Code Section 66016, and other provisions of law.

D. That the Predecessor Districts, during the years 1997 and 1998, commenced comprehensive planning, engineering, and financial studies to develop an updated Comprehensive Master Plan of Capital Facilities, which studies are referred to as the District's "Strategic Plan", which was approved and adopted by the Resolution No. 99-21 of Board of Directors on October 27, 1999.

E. That the District, in 1997, as part of its Strategic Plan studies, undertook a comprehensive evaluation and study of its operational and financial needs for the next 20 years, including a detailed assessment of all types and categories of users; the demands on the system and capacity needs of the system to provide necessary service to the multiple categories of users; the total costs of the existing and future facilities in the system; and alternate methodologies for establishing fair and equitable charges to connect to and gain access to the system.

F. That the financial requirements of the District, as shown in reports prepared by Staff and Consultants relating to the Strategic Plan, are based on current, reliable information and data relating to population projections, wastewater flow, and capital facilities' needs, and are expected to be realized in each year as described in the reports.

G. That the revenues derived under the provisions of this Ordinance will be used for the acquisition, construction, reconstruction, maintenance, and operation of the sewage collection, wastewater treatment and disposal facilities of the District; to repay principal and interest on debt instruments; to repay federal and state loans issued for the construction and reconstruction of said sewerage facilities, together with costs of administration and provisions for necessary reserves; and to assist in the

payment of costs to the District to provide all regulatory administration and laboratory services related to the industrial dischargers, source control permittees, and waste hauler users of the District's systems.

H. That the owners or occupants of properties upon which all fees and charges established by this Ordinance are levied, discharge wastewater to the District's collection, treatment and disposal facilities. The costs of operating and maintaining said facilities have constantly increased due in part to increased regulatory requirements to upgrade the treatment process.

I. That the need for upgraded and improved treatment of all wastewater collection, treatment and disposal facilities is required to protect the public health and safety, and to preserve the environment without damage.

J. That the Sanitary Sewer Service Charges established and levied by this Ordinance are to allow the District to recover the reasonable costs to provide a service to individual parcels of real property which have been improved for any of numerous types of uses. The basis for the respective charge is the request of the owner of a parcel, for the benefit of him/her/itself, or the occupants of the property, to receive a service based upon actual use, consumption, and disposal of water to the District's system in lieu of disposal by other means.

K. That the Sanitary Sewer Service Charges established by this Ordinance are not imposed as a condition of approval of a development project, as defined in California Government Code Section 66001, and do not exceed the estimated reasonable cost to provide the sewer service for which the fee is levied, as provided in Government Code Sections 66013 and 66016 and California Constitution Article XIID.

L. That the Sanitary Sewer Service Charges adopted herein will not necessarily result in an expansion of facilities to provide for growth outside the existing service area. The adoption of these Sanitary Sewer Service Charges will not result in any specific project, nor result in a direct physical change in the environment.

M. That the Sanitary Sewer Service Charges adopted herein are established upon a rational basis between the fees charged each customer and the service and facilities provided to each new customer to the District, a portion of which are necessary to replace the loss of ad valorem property taxes to the State General Fund as a result of state legislative action on September 2, 1992, and in subsequent years.

N. That the Board of Directors has previously, by duly adopted Ordinances, commencing in 1969, and most recently by Ordinance No. OCSD-15, established Capital Facilities Connection Charges, formerly known commonly as "connection charges" or "fees", to be paid by all persons obtaining a permit to connect to the District's system. Said Charges are required as a financial payment to have access

to and use of the District's wastewater collection, treatment and disposal facilities in existence at the time of connecting to the system, and for future facilities to be constructed.

O. That the District's previous and present Capital Facilities Connection Charges Ordinances, include[d] authority for the District to levy an excess or supplemental capacity charge upon commercial and industrial users who discharge quantities or high strength wastewater greater than the established base line of authorized discharge.

P. That the Capital Facilities Connection Charges re-enacted by this Ordinance are non-discriminatory, as applied to all users of the system, and are established upon a rational basis between the fees charged each category of property that is connecting, and the service and facilities provided to each connected property by the District within a given category.

Q. That the miscellaneous charges and fees re-enacted by this Ordinance are established upon a rational basis between the fees charged to each industrial discharger, source control permittee, or waste hauler and the service and facilities provided to each.

R. That the District is required by federal and state law, including the Federal Water Pollution Control Act, also known as the Federal Clean Water Act (33 U.S.C. 1251, et seq.), the General Pretreatment Regulations (40 C.F.R. 403), and the Porter-Cologne Water Quality Control Act (California Water Code Sections 13000 et seq.) to implement and enforce a program for the regulation of wastewater discharges to the District's sewers.

S. That the District is required by federal, state and local law, to meet applicable standards of treatment plant effluent quality.

T. That pursuant to these requirements, the Board of Directors has adopted Ordinance No. OCSD-01, as amended, Establishing Wastewater Discharge Regulations.

U. That the District incurs additional costs in conducting non-compliance sampling of those industrial wastewater dischargers who violate the District's Wastewater Discharge Regulations and in administering the industrial, waste hauler, and special discharge permit programs.

V. That Ordinance No OCSD-01, as amended, Establishing Wastewater Discharge Regulations, provides that the Board of Directors is to establish various fees and charges to recover those costs to the District which are made necessary by industrial dischargers and waste haulers who violate the District's Wastewater Discharge Regulations.

W. That the industrial discharger, source control, and wastehauler fees and charges hereby established by this Ordinance do not exceed the estimated reasonable costs to the District of industrial discharger, source control, or wastehauler use of the District's facilities and for the administration and implementation of permit and fee processing, non-compliance sampling, and related services associated with the District's Source Control Program.

X. That all fees and charges established herein have been approved by the District's Board of Directors at a public meeting, all in accordance with applicable provisions of law.

Y. That the adoption of this Ordinance is statutorily exempt under the California Environmental Quality Act pursuant to the provisions of Public Resources Code Section 21080(b)(8) and California Code of Regulations Section 15273(a).

Z. That each of the Findings set forth in previous Ordinances Nos. OCSD-05, OCSD-06, OCSD-11, OCSD-13, and OCSCD-15 are reaffirmed and readopted hereat, except to the extent that they have been specifically superseded or otherwise amended by specific Findings herein.

ARTICLE II

SANITARY SEWER SERVICE CHARGES

Section 2.01. Purpose and Scope. The purpose of this Ordinance is to establish Sanitary Sewer Service Charges required to be paid by property owners for the services and facilities furnished by the District in connection with its sanitation treatment works and sewage collection system. Revenues derived under the provisions of this Ordinance shall be used for the acquisition, construction, reconstruction, maintenance, and operation of the wastewater collection, treatment and disposal facilities of the District; to repay principal and interest on debt instruments; or to repay federal and state loans issued for the construction and reconstruction of said sewerage facilities, together with costs of administration and provisions for necessary reserves.

Section 2.02. Annual Sanitary Sewer Service Charge. Commencing with the effective date of this Ordinance, the owner of each parcel of real property located within the District which is improved with structures designed for residential, commercial, or industrial use and which, at the request of the owner or the owner's predecessor-in-interest, is connected to the District's system, shall pay an annual Sanitary Sewer Service Charge based on the respective class of users, in the sum or sums, as set forth in Tables A and B of this Ordinance, both attached hereto and incorporated herein by reference. The annual Sanitary Sewer Service Charges for residential users are set forth in Table A. The annual Sanitary Sewer Service Charges for commercial or industrial users are dependent upon the respective classifications of property use, determined by reference to Table B; the applicable percentage figure shown on Table B with respect to the particular use classification is multiplied by the

applicable single family residential rate shown in Table A, to arrive at the annual Sanitary Sewer Service Charge rate per 1,000 square feet for the commercial or industrial user. Table A establishes separate rates with respect to each of the nine Revenue Areas, with the exception of Revenue Area No. 14, as to which costs are paid by the Irvine Ranch Water District.

Section 2.03. A. Exemptions. It is the intent of the District that the legal owner(s) of parcels of real property, otherwise subject to the levy and payment of the Sanitary Sewer Service Charges, as prescribed herein, be relieved, in whole or in part, from the payment of said charges, in certain circumstances and under conditions prescribed herein, and be entitled to either a rebate or a refund with respect to charges paid, as more specifically set forth in Subparagraphs 2.03B and 2.03C below, provided an inequity is established or a billing error is proven, as specified in Subparagraphs B or C.

B. Application for Rebate. Any property owner may apply to the District for a rebate of Sanitary Sewer Service Charges paid to the District by establishing that an unfair valuation of the property has been made by the District. An applicant for a rebate must establish, by proof satisfactory to the General Manager of the District, or his designee, that an inequity exists between the amount of the charge paid and the amount of wastewater discharged to the District's system, resulting in an unfair valuation. Satisfactory proof shall establish that either:

(1) The principal water use is agricultural or horticultural; or

(2) The property is devoted to any other use wherein the amount of wastewater discharged to the District's system is significantly less on a regular basis than the amount that would normally be expected to be discharged by the class of property in question.

Satisfactory proof shall include, but not be limited to, documentation showing actual water usage for each billing cycle during the entire period for which the rebate is sought.

The amount of any rebate shall not reduce the charge payable by any property owner, whose property is connected to the District's system, to less than the single family residential charge shown on the applicable Table attached hereto.

C. Application for Refund. Any property owner may apply to the District for a refund of Sanitary Sewer Service Charges paid to the District by establishing that the amount paid was pursuant to an error in the amount billed or the amount paid. The applicant for a refund must submit proof satisfactory to the General Manager of the District, or his designee, that a billing error has been made by the District, or the County Tax Collector. Such proof shall include, but not be limited to, proof that:

(1) The owner's parcel of property is not connected to the District's system; or

- land use category; or
- (2) The property has not been classified in the proper
 - (3) A clerical error has been made.

D. Limitations Period. Applications for rebates and refunds shall be deemed to be governed by the provisions of California Revenue & Taxation Code Sections 5096 and 5097, allowing for refunds for a period of four (4) years from the date of payment of the second installment of the bill claimed to be either inequitable or incorrect.

E. Determination. All applications for rebates or refunds of the Sanitary Sewer Service Charge will be determined by the General Manager of the District, or his designee, who, based on the submitted proof, may grant a full or partial rebate or refund.

F. Administrative Fee. At the time of filing the application for rebate or refund, the property owner shall pay District an administrative fee for the processing of such application. The amount of the fee shall be equal to the total of all fees and charges imposed on the District by any other public entity, such as the Orange County Tax Collector, the Orange County Auditor, or the Orange County Recorder, in connection with the rebate or refund.

Section 2.04. Annual Charge Based on Fiscal Year. The Sanitary Sewer Service Charges established by this Ordinance shall be effective as of July 1 of each year, as set forth in Tables A and B, attached hereto, for the District's fiscal year, and shall remain in effect until such time as the rates adopted herein are changed by District Ordinance. There shall be no proration of such charges in any fiscal year.

Section 2.05. Method of Collection.

A. Pursuant to the authority granted by California Health & Safety Code Section 5473, and except as otherwise provided in Subparagraph 2.05B below, all sanitary sewer service charges established herein shall be collected on the County Tax Roll in the same manner, by the same persons, and at the same time as, together with, and not separately from, its general taxes. The County Tax Collector is authorized and hereby ordered to make said collections in accordance with the terms and conditions of agreements between the County of Orange and the District.

B. In the event District determines that, due to billing or payment error, or to inequity in the amount billed, a property owner has underpaid annual Sanitary Sewer Service Charges payable to District, District, within four (4) years after the date of mailing of the tax bill, may:

- (1) collect the amount of any deficiency directly on the County Tax Roll;

(2) off-set the amount of any deficiency against any amounts that District determines is owing, by District, to the property owner, as a rebate or refund under this Ordinance; or

(3) submit, directly to the property owner, a bill for the amount of any deficiency, which shall be due and payable within thirty (30) days of the invoice date and which, if not paid, shall become a lien on said property.

Section 2.06. Credit for Industrial Permittees. A credit shall be allowed to all dischargers permitted pursuant to Article 3 of District Ordinance No. OCSD-01, as amended, in an amount equal to the annual Sanitary Sewer Service Charge established by Section 2.02 of this Ordinance, in the same manner as credit is allowed for ad valorem taxes pursuant to Sections 302.6(B), and 303.6(B) of District Ordinance No. OCSD-01, as amended.

TABLE A
ANNUAL SEWER SERVICE CHARGES
FOR RESIDENTIAL USERS

Single Family Residential Rates

	2002-03
	<u>Adopted SFR</u>
Consolidated Revenue Areas	\$87.50
Revenue Area No. 7	\$87.50
Revenue Area No. 14	All Revenue Area No. 14 Costs Are Paid Directly by the Irvine Ranch Water District

Multi-Family Residential Rates Per Unit

	2002-03
	<u>Adopted MFR</u>
Consolidated Revenue Areas	\$61.25
Revenue Area No. 7	\$61.25
Revenue Area No. 14	All Revenue Area No. 14 Costs Are Paid Directly by the Irvine Ranch Water District

TABLE B
ANNUAL SEWER SERVICE CHARGES
PROPERTY USE CLASSIFICATIONS FOR
COMMERCIAL OR INDUSTRIAL USERS

<u>Assessor Use Code</u>	<u>Description</u>	<u>Percentage of SFR Per 1,000 SF or Unit</u>
1	Vacant Land Parcel	0%
5	Common Area Parcel	0%
6	"Hold" Parcel	0%
8	Equivalent to Vacant	0%
121	Parcel of Minimal or No Value	0%
122	Subsurface Parcels	0%
124	Oil/Mineral Rights	0%
125	Mineral Rights Equipment	0%
126	Vacant Comm. Area-IMP Alloc.	0%
201	Homeowners Exemption Add'l.	0%
666	Unassigned Vacant	0%
777	Septic Tank Property	0%
112	Steel Building	7%
113	Mini-Warehouse	7%
58	Nurseries (Plants)	10%
100	Drive-In Theater	10%
44	Lumber/Constr. Material Yard	17%
71	Parking Garage	17%
72	Paved Parking Lot	17%
110	Warehouse – Single Tenant	17%
111	Warehouse – Multi Tenant	17%
115	Recreational Vehicle Storage	17%
116	Truck Terminal	17%
33	Church Buildings	20%
94	Department Store	23%
95	Discount Store	23%
96	Unattached Single Store	23%
97	Strip Store	23%
74	Recreational Vehicle Park	27%
36	Financial Buildings	27%
40	Health Club	29%
68	High Rise Office	30%
21	Automobile Dealership	41%
22	Auto Repair Shop	41%
23	Automotive Service	41%
24	Used Car Lot	41%
39	Golf Course	41%
57	Motorcycle/Small Vehicle Building	41%
83	Automotive Service Station	41%

TABLE B (CONTINUED)
ANNUAL SEWER SERVICE CHARGES
PROPERTY USE CLASSIFICATIONS FOR
COMMERCIAL OR INDUSTRIAL USERS

<u>Assessor Use Code</u>	<u>Description</u>	<u>Percentage of SFR Per 1,000 SF or Unit</u>
84	Marine Service Station	41%
86	Combin.-Service Station/Convenience	41%
65	Single Office Bldgs. to 3 Stories	41%
66	Small Office Center	41%
67	Office Complex	41%
69	Converted Residence to Office	41%
7	Mobile Home	50%
55	Mobile Home Park	50%
107	Light Industrial – Single Tenant	50%
108	Light Industrial – Multi Tenant	50%
109	Research and Development	50%
114	Industrial Park	50%
37	Fraternal Buildings	51%
101	Unattached Theater	51%
26	Airport and Related Buildings	53%
45	Marinas	53%
88	Low Flow Shopping Center	53%
3	Two or More Residences	70%
10	Duplex Only	70%
11	Triplex Only	70%
12	04-Units Only	70%
13	5 to 16 Units	70%
14	17 to 25 Units	70%
15	26 to 40 Units Only	70%
16	41-99 Units Only	70%
17	100 or More Units	70%
18	Developed with a Mix of Forms	70%
63	Low Rise Retirement Building	70%
64	High Rise Retirement Building	70%
81	Pre-Schools, Nursery or Care	82%
82	Private Schools	82%
98	Store with Offices or Living Quarter	82%
99	Store with Office Upstairs	82%
118	Governmental Use Vacant/Develop.	82%
19	<i>SFR with 1or 2 rental units</i>	85%
34	Dormitory	97%
42	Hospital	97%
43	Hotel	97%
56	Motels and Motor Hotels	97%

TABLE B (CONTINUED)
ANNUAL SEWER SERVICE CHARGES
PROPERTY USE CLASSIFICATIONS FOR
COMMERCIAL OR INDUSTRIAL USERS

<u>Percentage of SFR Assessor Use Code</u>	<u>Description</u>	<u>Per 1,000 SF or Unit</u>
0	Conversion-C/1, Rural PC	100%
2	One Residence	100%
4	Miscellaneous Improvement	100%
85	Comb. Serv. Stn./Restaurant	100%
103	Chemical Tank and Bulk Storage	100%
104	Food Processing Plant	100%
105	Cold Storage Plant	100%
106	Factory	100%
119	Public Utility	100%
120	Water Mutual or Company	100%
888	Conversion-Composite Prop.	100%
32	Cemetery & Related Buildings	101%
38	Funeral Home	101%
60	Nursing Home	102%
61	Convalescent Hospitals	102%
62	Converted Res. Used as Nursing	102%
28	Bowling Alleys	112%
92	Skating Rinks	112%
50	Single Medical Bldgs. to 3 Stories	124%
51	Small Medical Center	124%
52	Medical Center Complex	124%
53	High Rise Medical	124%
54	Converted Residence to Medical	124%
89	Average Flow Shopping Center	139%
20	Amusement Parks	144%
35	Entertainment Center	144%
73	Recreation	144%
30	Coin Operated Car Wash	151%
47	Supermarket	151%
48	Convenience Market	151%
90	High Flow Shopping Center	226%
76	Restaurant – Take Out	300%
77	Restaurant – Coffee Shop	600%
78	Restaurant – Dinner House	600%
79	Restaurant – Conversion from SF	600%
29	Conventional Car Wash	796%

NOTE: Multiply the applicable percentage figure by the Table A Single Family Residential Rate for the applicable Revenue Area, in order to determine the rate per 1,000 square feet for the commercial or industrial user.

ARTICLE III
CAPITAL FACILITIES CONNECTION CHARGES

Section 3.01. Purpose and Scope. The purpose of this Ordinance is to impose Capital Facilities Capacity Charges when properties, either newly-connect to the District's system, or expand the use of the property previously connected to the District. Revenues derived under the provisions of this Ordinance will be used for the acquisition, construction, reconstruction, maintenance, and operation of the wastewater collection, treatment and disposal facilities of the District; to repay principal and interest on debt instruments; or to repay federal or state loans for the construction and reconstruction of said sewerage facilities, together with costs of administration and provisions for necessary reserves.

Section 3.02. Definitions.

A. "Actual construction costs" include the cost of all activities necessary or incidental to the construction of a District facility, such as financing, planning, designing, acquisition of the property or interests in the property, construction, reconstruction, rehabilitation, and repair.

B. "Capital Facilities Capacity Charge" means a one-time, non-discriminatory charge imposed at the time a property is connected to the District's system, directly or indirectly, or an existing structure or category of use is expanded or increased. Said charge is to pay for District facilities in existence at the time the charge is imposed, or to pay for new facilities to be constructed in the future, that are of benefit to the property being charged. This charge does not apply to temporary facilities or operations that are regulated under the provisions of a Special Purpose Discharge Permit. The Supplemental Capital Facilities Connection Charge, as provided for in Sections 3.07, 3.08, 3.09, and 3.10 of this Ordinance, is an annual charge payable to the District on a quarterly or annual basis, as determined by the District.

C. "Connection fee" means a fee equal to the cost necessary to physically connect a property to the District's system, including but not limited to, installation of meters, meter boxes, pipelines, and appurtenances to make the connection and which fee does not exceed the actual cost of labor, materials, and overhead for the installation of those facilities.

D. "Non-discriminatory" means that the Capital Facilities Capacity Charge does not exceed an amount determined on the basis of the same objective criteria and methodology applicable to comparable public or non-public users, and is not in excess of the proportionate share of the cost of the District's facilities of benefit to the person or property being charged, based upon the proportionate share of use of those facilities.

E. "Public agency" means the United States or any of its agencies, the State or any of its agencies, the Regents of the University of California, a county, city, district, school district, local or regional

public authority, or any other political entity, subdivision or public corporation of the State

Section 3.03. Connection Permits: Required.

A. Connection permits are required of all dwelling units, buildings, and structures connecting directly or indirectly to the District's sewerage system facilities. Included are the connections of laterals to local municipal sewerage facilities, and the connection of local municipal sewerage facilities and laterals to the District's facilities.

B. Except as authorized by the issuance of a Special Purpose Discharge Permit under Sections 305 – 305.6 of Ordinance No. OCSD-01, or as amended, or as authorized pursuant to a special extra territorial service agreement approved by the Board of Directors, no permit shall be valid unless the real property to be served by use of the permit is included within the boundaries of the District and within the boundaries of a local sewerage agency authorized to maintain public sewerage facilities. However, a permit, as authorized above, may be issued for property to be served outside the boundaries of a local sewerage agency if a local sewerage agency makes application for the issuance of such permit.

There will be a non-discriminatory Capital Facilities Capacity Charge assessed to public agencies for connecting directly or indirectly to the District's sewerage system facilities, and a connection permit must be obtained.

Section 3.04. Capital Facilities Capacity Charge: Payment Required. No application for a permit for a connection to a District sewerage facility, or to any sewerage facility which discharges into a District sewerage facility, shall be approved, nor a permit issued, until a District Capital Facilities Capacity Charge is paid by the applicant, except as provided for discharges under a Special Purpose Discharge Permit. No connection permit shall be issued unless there is an established category of use of the property to be served or a valid building permit issued which establishes the category of use of said property.

Section 3.05. Capital Facilities Capacity Charge: Time of Payment.

A. Payment of the Capital Facilities Capacity Charge established by this Ordinance for connection to the District's sewerage system facilities shall be required at the time of issuance of the building permit for all construction within the District, excepting in the case of a building legally exempt from the requirement of obtaining a permit. The payment of the Capital Facilities Capacity Charge for such exempt buildings will be required at the time of and prior to the issuing of a plumbing connection permit for any construction within the territorial limits of the District., or if none, prior to the issuance of a Certificate of Occupancy.

B. Upon application of any property owner seeking to connect to the District's system, the Board of Directors of District, in its sole and absolute discretion

and upon a finding of compelling need, may, pursuant to the authority of California Health & Safety Code Section 5474, approve of an agreement with the property owner for the payment of the applicable connection charge in installments over a period of not to exceed five (5) years, bearing an interest rate on the unpaid balance of not to exceed ten (10%) percent per annum, and that the charges and interest shall constitute a lien on the property.

Section 3.06. Capital Facilities Capacity Charge: Schedule of Amounts.

Every person or entity newly-connecting any building or structure to the District's system facilities shall pay a Capital Facilities Capacity Charge in the amount for the applicable category of use set forth on Table D, attached hereto and incorporated herein by reference.

Section 3.07. Supplemental Capital Facilities Capacity Charge: Significant Commercial – Industrial Users and Special Purpose Dischargers – Definitions.

A. A Significant Commercial – Industrial User ("SCIU") is any person or entity who discharges commercial or industrial process flow, but excluding domestic sewage flow, in an amount greater than 25,000 gallons per day ("gpd"), or Biochemical Oxygen Demand ("BOD") greater than 150 pounds per day, or Suspended Solids ("SS") greater than 150 pounds per day, or who is required to obtain a Waste Discharge Permit, as prescribed by Ordinance No. OCSD-01, as amended, Article 3, due to having federally or District regulated or significant discharges.

B. A special purpose discharger ("SPD") is any person or entity who discharges to the sewer system wastewater or process flow in an amount greater than 25,000 gpd (excluding domestic, industrial or commercial) and who is required to obtain a Special Purpose Discharge Permit as prescribed in Section 305 of Ordinance No. OCSC-01 or its successor.

C. An Existing SCIU or SPD is any SCIU or SPD discharger connected and discharging to the District's system prior to January 1, 2000.

D. A New SCIU or SPD is any discharger who connects and discharges to the District's system pursuant to a Waste Discharge Permit issued on or after January 1, 2000; or if previously connected and not an SCIU, as defined in Subparagraphs 3.07A and B above, but, subsequent to January 1, 2000, increases flow, or BOD, or SS to a level as to constitute an SCIU or SPD.

E. The maximum discharge allowed to a user, for which a base Capital Facilities Capacity Charge is paid, as per Table D, attached hereto, is 25,000 gallons per day ("gpd"), or 150 pounds each of BOD and SS (the "base use"). Discharge of flow, or BOD, or SS in amounts greater than allowed by this Subparagraph 3.07E shall be subject to the provisions of Sections 3.08 and 3.09 hereof.

F. Each Existing SCIU shall have a baseline of allowed discharge of

flow, and BOD, and SS established by the District as of January 1, 2000. The baseline shall be based upon the discharge for Fiscal Year 1998-99, or upon such other discharge data which the District determines is representative of the user's actual annual discharge to the sewerage system. Dischargers who are deemed to be SCIU's solely because of the requirements to obtain a Waste Discharge Permit, pursuant to Section 3.07A above, shall have a minimum baseline established as follows: Flow – 25,000 gallons per day; BOD – 150 pounds per day; and SS – 150 pounds per day. The SCIU shall be authorized to discharge flow, and BOD, and SS up to the baseline amounts without payment of a Supplemental Capital Facilities Capacity Charge.

G. Each existing SPD shall have a baseline of 25,000 gpd, 150 pounds per day of BOD and 150 pounds of SS. The SPD shall be authorized to discharge flow up to 25,000 gpd without payment of a Supplemental Capital Facilities Capacity Charge.

H. The Supplemental Capital Facilities Capacity Charge, as prescribed by Sections 3.08, 3.09, and 3.10 below, shall be payable commencing with the effective date of this Ordinance.

I. Within two (2) years from the date of the District's written notice to the SCIU of its baseline amounts, the SCIU shall have a right to appeal the District's established baseline for the SCIU. The appeal shall be to the General Manager, or his designated representative, who shall have discretion, based upon extraordinary circumstances, wherein the established baseline is not representative of the historical average daily discharge by the SCIU for a yearly period, to modify the baseline amounts for the current year, or on a permanent basis, subject to terms and conditions as prescribed by the General Manager. The decision of the General Manager shall be final.

Section 3.08. Supplemental Capital Facilities Capacity Charge: New Significant Commercial – Industrial Users. In addition to the base Capital Facilities Capacity Charge, as prescribed in Table D, attached hereto, for commercial – industrial use category properties, all New SCIU's shall pay a Supplemental Capital Facilities Capacity Charge for each gallon of flow, or pound of BOD, or SS, exceeding the base use discharge maximums, in the amount shown in Table C:

Section 3.09. Supplemental Capital Facilities Capacity Charge: New Special Purpose Dischargers. All new SPDs shall pay a Supplemental Capital Facilities Capacity Charge of \$0.00057 per gallon per day for each gallon of flow exceeding 25,000 gallons per day. Upon issue of permission to discharge, SPD with discharges above 25,000 gpd shall pay a nonrefundable Supplemental Capital Facilities Capacity Charge, prior to discharge, for one million gallons above 25,000 gpd. The deposit will be credited by the District against future Supplemental Capital Facilities Capacity Charges.

Section 3.10. Supplemental Capital Facilities Capacity Charge: Existing

Significant Commercial – Industrial Users and Special Purpose Dischargers.

A. All Existing Significant Commercial – Industrial Users connected to and discharging to the District’s system shall be required to pay a Supplemental Capital Facilities Capacity Charge upon the occurrence of either (i) an increase of discharge flow of 25,000 gallons per day (“gpd”), or 25% per day over its established baseline authorization, whichever is lesser; or (ii) an increase of either BOD or SS discharge of 150 pounds each per day, or 25% each per day, whichever is lesser, over its established baseline authorization.

B. The Supplemental Capital Facilities Capacity Charge shall be in the following amounts for each component that is increased as provided in Section 3.09A above:

TABLE C
SUPPLEMENTAL CAPITAL FACILITIES CAPACITY CHARGES

		<u>Daily Charge</u>
Flow	Gallons Per Day	\$0.00057
BOD	Pounds Per Day	\$0.14461
SS	Pounds Per Day	\$0.16025

C. All existing SPDs connected and discharging to the sewer shall be required to pay a Supplemental Capital Facilities Capacity Charge upon occurrence of an increase of discharge flow over 25,000 gpd. The Supplemental Capital Facilities Capacity Charge shall be \$0.00057 per gallon per day of discharge for each gallon above 25,000 gpd.

D. The Supplemental Capital Facilities Capacity Charge shall be calculated on the basis of the average daily quantity of discharge in excess of the User’s baseline or 25,000 gpd for SPDs. The daily averages will be based on the daily discharges for a year, utilizing discharge records and reports of the District.

Section 3.11. Capital Facilities Capacity Charge: Replacement Structures.
For new construction replacing former structures, the Capital Facilities Capacity Charge shall be calculated and paid to the District on the rate basis of the category of the new use and the amounts as set forth in Table D, attached hereto, less a credit amount, up to the amount of the new Capital Facilities Capacity Charge, equal to a charge, as prescribed in Table D that would be for the prior category of use which was terminated and removed.

Section 3.12. Capital Facilities Capacity Charge: Remodeled Structures.
In the case of existing structures connected to the District’s system facilities, to which new construction or alteration is made to change or increase the category of use, a Capital Facilities Capacity Charge shall be calculated and paid to the District on the rate basis of the category of the new use and the amounts as set forth in Table D, attached

hereto, less a credit amount, up to the amount of the new Capital Facilities Capacity Charge, equal to a charge, as prescribed in Table D for the prior category of use.

Section 3.13. Payment of Capital Facilities Capacity Charge: Off-Site Sewers Not Part of Master Plan Relative to Reimbursement Agreements. A charge for connection to off-site sewers which are not included as part of the District Master Plan and for which a Non-Master Plan Reimbursement Agreement has been entered into between the District and the property owner, shall be paid in the amount provided for in said Agreement, to be known as a Non-Master Plan Capital Facilities Capacity Charge. The amount set forth in said Agreement shall be the amount due, whether the original Agreement is still in force, has been extended, or has expired. The Non-Master Plan Capital Facilities Capacity Charge shall be in addition to the other Capital Facilities Capacity Charges provided for in Sections 3.06 through 3.10 hereinabove, established for property connecting to said facilities.

Section 3.14. No Refund or Transfer. A Capital Facilities Capacity Charge is paid for the connection of a specific building or structure on a parcel of property. No refund of any charge shall be made because of non-use or change of use, or any other reason. The connection permit is non-transferable to any other parcel of property.

Section 3.15. Baseline Transferability. The baseline of allowed discharge of flow, BOD and SS used to calculate a Supplemental Capital Facilities Capacity Charge shall not be transferable, nor shall a credit for such previously existing baseline be provided to another SCIU concurrently or subsequently occupying the same property. Each such SCIU shall pay Supplemental Capital Facilities Capacity Charges in accordance with Section 3.08 above.

TABLE D
CAPITAL FACILITIES CAPACITY CHARGES

<u>Use Category</u>	<u>Rate Basis</u>	<u>Base Charge</u>
Commercial – Industrial	Per 1,000 square feet ¹	
Low Demand	Per 1,000 square feet	\$ 110.00 ¹
Average Demand	Per 1,000 square feet	\$ 675.00 ¹
High Demand	Per 1,000 square feet	\$1,600.00 ¹
Single Family Residential	Per Unit	
5+ Bedrooms	Per Unit	\$2,530.00
4 Bedrooms	Per Unit	\$2,165.00
3 Bedrooms	Per Unit	\$1,820.00
2 Bedrooms	Per Unit	\$1,475.00
1 Bedroom	Per Unit	\$1,130.00
Multi-Family Residential	Per Unit	
4+ Bedrooms	Per Unit	\$1,965.00
3 Bedrooms	Per Unit	\$1,620.00

2 Bedrooms	Per Unit	\$1,275.00
1 Bedroom	Per Unit	\$ 910.00
Studio	Per Unit	\$ 580.00

¹Provided that the minimum Capital Facilities Capacity Charge for such new construction shall be \$1,820.00; and all calculations shall be on a 1,000 square foot, or portion thereof, basis.

A schedule of the Capital Facilities Capacity Charges specified herein will be on file in the Office of the Board Secretary of the District, and in the Building Department of each City within the District.

*Low Demand connections are the following categories of Users: Nurseries; Warehouses; Parking Structures; RV Storage; Churches; Truck Terminals; RV Parks; Lumber/Construction Yards; and other dischargers whose flow is similar in volume to these listed categories.

**High Demand connections are the following categories of users: Restaurants, Supermarkets; Car Washes; Coin Laundries; Amusement Parks; Shopping Centers with Restaurants; Food Processing Facilities; Textile Manufacturers; and other dischargers whose flow is similar in volume to these listed categories.

***All other connections are Average demand users.

ARTICLE IV
MISCELLANEOUS CHARGES AND FEES RELATING
TO INDUSTRIAL DISCHARGERS, SOURCE CONTROL
PERMITTEES AND WASTEHAULERS

Section 4.01. Purpose and Scope. The purpose of this Ordinance is to recover those costs incurred by the District (i) on account of industrial dischargers' and wastehaulers' use of the District's facilities; (ii) when administering the District's Source Control Program; and (iii) when performing non-compliance sampling of industrial wastewater dischargers who have violated the District's Wastewater Discharge Regulations or the terms and conditions of the discharger's permit. Revenues derived under the provisions of this Ordinance shall be used to defray the costs incurred by the District (i) on account of such use of the District's facilities; and (ii) in performing these tasks.

Section 4.02. Administrative Fees and Charges Relating to Permittees. Administrative fees and charges relating to permittees are hereby established in the sum or sums as set forth in Table E, attached hereto and incorporated herein by reference.

Section 4.03. Industrial Discharger, Source Control, and Non-Compliance Sampling Fees. Industrial discharger, source control, and non-compliance sampling fees are hereby established in the sum or sums as set forth in Table F, attached hereto and incorporated herein by reference.

Section 4.04. Special Purpose Discharge Permittees; Charges for Use.
As authorized by Sections 305.5 and 305.6 of the District’s Wastewater Discharge Regulations adopted by Ordinance No. OCSD-01, as amended, charges for use are hereby established for Special Purpose Discharge Permittees, as set forth in Table G, attached hereto and incorporated herein by reference.

Section 4.05. Class I and Class II Permittees – Charges for Use. As authorized by Sections 302.3, 302.6, 303.3 and 303.6 of the District’s Wastewater Discharge Regulations adopted by Ordinance No. OCSD-01, as amended, the charges for use are hereby established for Class I and Class II Permittees as set forth in Table G, attached hereto and incorporated herein by reference.

Section 4.06. Wastehauler Charges for Use. As authorized by Sections 306.3 and 306.7 of the District’s Wastewater Discharge Regulations adopted by Ordinance No. OCSD-01, as amended, the charges for use are hereby established for wastehaulers as set forth in Table H, attached hereto and incorporated herein by reference.

Section 4.07. Administrative Appeals.

A. Any user, permit applicant, or permittee affected by any decision, action, or determination by the District may, within forty-five (45) days of the date of mailing by the District of the initial invoice for fees imposed pursuant to this Ordinance, request that the District reconsider imposition of such fees. Following review of such a request, the District shall notify the user, permit applicant, or permittee by certified mail of the District’s decision on the reconsideration request.

B. Any user, permit applicant, or permittee adversely affected by the District’s decision on the reconsideration request, may file an appeal in accordance with Sections 617 and 619 of the District’s Wastewater Discharge Regulations Ordinance No. OCSD-01, as amended.

TABLE E
ADMINISTRATIVE FEES AND CHARGES
RELATING TO PERMITTEES

<u>Permit Fees</u>	<u>Charges</u>
A. Class I Wastewater Discharge Permit	\$335.00/year
B. Class II Wastewater Discharge Permit	\$70.00/year
C. Special Purpose Discharge Permit	\$250.00/year
- One-Time Application	\$975.00/permit
- Nonrefundable Deposit for First One Million Gallons – New Permit Only	\$282.94
D. Wastehauler Discharge Permit	\$75.00/year

<u>Wastehauler Fees</u>	<u>Charges</u>
F. Permit Decal Initial Issue	\$25.00
G. Permit Decal Replacement	\$50.00
H. Entry Card Initial Issue	\$50.00
I. Entry Card Replacement	\$100.00
J. After Hours Discharge – Prearranged	\$85.00/event
K. After Hours Discharge – Emergency	\$100.00/event

<u>Administrative/Processing Fees:</u>	<u>Charges</u>
L. District’s Collection of Tax Data	\$100.00/permit
M. District’s Collection of Water Consumption Data	\$100.00/permit
N. Appeal Hearing Filing Fee	\$400/appeal

TABLE F
INDUSTRIAL DISCHARGER, SOURCE CONTROL
AND NON-COMPLIANCE SAMPLING FEES

	<u>Charge</u>
Cost of Processing and Sampling Following a Minor Violation	\$225.00/event
Cost of Processing and Sampling Following a Major Violation	\$500.00/event
<u>Cost of Analysis</u>	<u>Charge</u>
Heavy Metals:	\$35.00/each
- Aluminum	
- Antimony	
- Arsenic	
- Cadmium	
- Chromium	
- Copper	
- Gold	
- Lead	
- Molybdenum	
- Nickel	
- Palladium	
- Platinum	
- Selenium	
- Silver	
- Thallium	
- Zinc	
Mercury	\$78.00
601/602	\$152.00
604	\$223.00
606	\$254.00
608	\$523.00

610	\$73.00
612	\$200.00
624	\$355.00
625	\$661.00
Ammonia Analysis as Nitrogen	\$21.00
Biochemical Oxygen Demand (“BOD”)	\$44.00
BOD and Suspended Solids (“SS”) Analysis	\$67.00
Chemical Oxygen Demand	\$44.00
Conductivity	\$15.00
Cyanide (Amenable)	\$70.00
Dissolved Mineral Solids	\$15.00
Gamma Radiation Determination	\$115.00
Gross Alpha and Beta Determination	\$50.00
Tritium Determination	\$50.00
Grease and Oil (Hexane Soluble Matter)	\$74.00
Grease and Oil (Mineral Partition)	\$74.00
Total Organic Nitrogen	\$48.00
pH	\$8.00
Fluoride	\$51.00
Suspended Solids (Total)	\$23.00
Suspended Solids (Total and Volatile)	\$44.00
Total Dissolved Solids	\$14.00
Total Sulfides	\$29.00

TABLE G
CLASS I AND CLASS II PERMITTEES AND
SPECIAL PURPOSE DISCHARGE PERMITTEES
CHARGES FOR USE

<u>Revenue Area</u>	<u>Flow (*)</u>	<u>S.S. (**)</u>	<u>B.O.D.(***)</u>
Consolidated Revenue Areas	\$282.92	\$190.65	\$184.55
Revenue Area No. 7	\$282.92	\$190.65	\$184.55
Revenue Area No. 14	All Revenue Area 14 operations and maintenance costs are paid directly by the Irvine Ranch Water District		

* Flow - Per million gallons of flow

** S.S. - Per thousand pounds of suspended solids

***B.O.D. - Per thousand pounds of biochemical oxygen demand

TABLE H
WASTEHAULER CHARGES FOR USE

<u>Wastehauler Fees</u>	<u>Charges</u>
Charge for Use – Waste originating within Orange County	\$0.035/gallon of truck capacity

Charge for Use – Waste originating
outside Orange County

\$0.035/gallon of
truck capacity

ARTICLE V
MISCELLANEOUS

Section 5.01. Application of Ordinance. The provisions of this Ordinance shall be in addition to the provisions of District Ordinance No. OCSD-01, as amended, Establishing Wastewater Discharge Regulations for Use of District's Sewage Facilities, including provisions for payment of charges or fees related thereto; District Ordinance No. OCSD-03, as amended, Establishing Fees Concerning Annexations of Territory to the District; and any other District Ordinances and Resolutions not in conflict herewith.

Section 5.02. Exceptions. The provisions of this Ordinance shall apply to all owners of properties within the District, including those properties otherwise deemed exempt from payment of taxes or assessments by provisions of the State Constitution or statute, including properties owned by other public agencies or tax-exempt organizations, except as expressly provided herein.

Section 5.03. Severability. If any provision of this Ordinance, or the application to any person or circumstances is held invalid by order of Court, the remainder of the Ordinance, or the application of such provision to other persons or other circumstances, shall not be affected.

Section 5.04. Effective Date. This Ordinance shall take effect July 1, 2002.

Section 5.05. Repeal. Ordinance No. OCSD-15 is hereby repealed.

Section 5.06: Certification and Publication. The Secretary of the Board shall certify to the adoption of this Ordinance, and shall cause a summary to be published in a newspaper of general circulation as required by law.

PASSED AND ADOPTED by a vote of not less than two-thirds of the Board of Directors of the Orange County Sanitation District at a Regular Meeting held May 22, 2002.

FAHR COMMITTEE

Meeting Date 04/10/02	To Bd. of Dir. 05/22/02
Item Number FAHR02-35	Item Number 20

AGENDA REPORT

Orange County Sanitation District

FROM: Gary Streed, Director of Finance

SUBJECT: INCLUDING ANNUAL SANITARY SEWER SERVICE CHARGES ON
THE 2002-03 PROPERTY TAX BILL

GENERAL MANAGER'S RECOMMENDATION

Adopt Resolution No. OCSD 02-10, directing the County Tax Collector-Treasurer to include sanitary sewer service charges on the 2002-03 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 FAHR Committee will discuss potential annual rates as a separate agenda item at the April meeting. The rates for 2002-03 will be considered for adoption at the May 22, 2002 Board meeting.

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-02-10

**RESOLUTION NO. OCSD 02-10
DIRECTING COUNTY TAX COLLECTOR TO COLLECT SANITARY
SEWER SERVICE CHARGES ON 2002-03 PROPERTY TAX BILLS**

A RESOLUTION OF THE BOARD OF DIRECTORS OF ORANGE COUNTY SANITATION DISTRICT DIRECTING THE COUNTY TAX COLLECTOR TO INCLUDE SANITARY SEWER SERVICE CHARGES ON THE 2002-03 PROPERTY TAX BILLS AND REPEALING RESOLUTION NO. OCSD 01-10

WHEREAS, by adoption of Ordinance No. OCSD-15, and as amended by Ordinance No. OCSD-XX, the Board of Directors of the Orange County Sanitation District elected to adopt, impose, and collect rates and charges for sanitary sewer services and facilities provided by the District, and established procedures related thereto. The sanitary sewer service charges were set by Ordinance No. OCSD-15, and as amended by Ordinance No. OCSD-XX, as set forth therein; and

WHEREAS, California Health & Safety Code Section 5473 provides that such charges, as adopted by District Ordinance, may be collected on the County tax roll in the same manner, by the same persons, and at the same time as, together with, and not separate from, its general taxes; and

WHEREAS, as part of the budget preparation process, the District's Management has prepared financial and engineering reports, setting forth financial projections for providing the wastewater collection, treatment, and disposal services and facilities to the District's service areas for Fiscal Year 2002-03. Said reports have been made available to the public for Fiscal Year 2002-03. The charges established by Ordinance No. OCSD-15, and as amended by Ordinance No. OCSD-XX, reflect an allocation of the costs of operation and maintenance, such that the charges do not exceed the estimated reasonable costs to provide the wastewater collection, treatment, and disposal services and facilities.

NOW, THEREFORE, the Board of Directors of Orange County Sanitation District,

DOES HEREBY RESOLVE, DETERMINE, AND ORDER:

Section 1: Pursuant to California Constitution Article XIID (Proposition 218), as of July 1, 1997, sanitary sewer service charges are deemed assessments. The sanitary sewer service charges set by Ordinance No. OCSD-15, and as amended by Ordinance No. OCSD-XX, comply with the provisions of Article XIID, in that they are existing charges first set by the Board of Directors of the District prior to November 6, 1996. The charges are not increased in all areas but are increased in some, and the methodology for the rate is the same as in previous years. The charges are imposed exclusively to finance the capital costs, maintenance, and operating expenses of the District's sewer facilities.

Section 2: That the rates and charges set forth in Ordinance No. OCSD-15, and as amended by Ordinance No. OCSD-XX, are affirmed or modified by the Board of Directors, as consistent with the findings hereinabove stated, for Fiscal Year 2002-03, in the following amounts:

Single Family Residential Rates

<u>Revenue Area</u>	<u>2002-03 Rate</u>
1	\$87.50
2	\$87.50
3	\$87.50
5	\$87.50
6	\$87.50
7	\$87.50
11	\$87.50
13	\$87.50
14	All Revenue Area 14 Costs Are Paid Directly By IRWD

Section 3: That pursuant to California Health & Safety Code Section 5473, the County Tax Collector is hereby ordered and directed to include sanitary sewer service charges, as adopted by Ordinance No. OCSD-15, and as amended by Ordinance No. OCSD-XX, by the same persons, and at the same time as, together with and not separate from, the general taxes; and that such sewer service charges be included in the annual property tax bills for each year thereafter, for so long as the rates do not change and this Resolution remains in effect.

Section 4: That pursuant to California Health & Safety Code Section 5473, this Resolution shall remain in full force and effect until amended or repealed, or until such time as the rate of sewer service charges, as established by Ordinance No. OCSD-15 and as amended by Ordinance OCSD-XX, is changed.

Section 5: That the General Manager be, and is hereby authorized and directed to execute any necessary documents or agreements to effect the order set forth in Section 1 herein.

Section 6: That Resolution No. OCSD 01-10 is hereby repealed.

PASSED AND ADOPTED at a regular meeting held May 22, 2002.

CHAIR

ATTEST:

BOARD SECRETARY