

Orange County Sanitation District
MINUTES
ADJOURNED REGULAR MEETING
JULY 2, 2003



ADMINISTRATIVE OFFICES
10844 ELLIS AVENUE
FOUNTAIN VALLEY, CALIFORNIA 92708-7018

ROLL CALL

An adjourned regular meeting of the Board of Directors of the Orange County Sanitation District was held on July 2, 2003, at 5:30 p.m., in the District's Administrative Offices. Following the Pledge of Allegiance the roll was called and the Secretary reported a quorum present as follows:

ACTIVE DIRECTORS

ALTERNATE DIRECTORS

X	Shirley McCracken, Chair	Bob Hernandez
X	Steve Anderson, Vice Chair	Steve Simonian
X	Don Bankhead	Leland Wilson
X	Brian Brady	Darryl Miller
X	Patricia Campbell	Paul Yost
X	Carolyn Cavecche	Steve Ambriz
X	Alberta Christy	Mike Garcia
X	John Collins	Larry Crandall
X	Debbie Cook	Connie Boardman
X	Bill Dalton	Bruce Broadwater
X	Brian Donahue	David Shawver
X	Michael Duvall	Keri Lynn Wilson
X	Norman Z. Eckenrode	Constance Underhill
X	James M. Ferryman	Arlene Schafer
X	Alice B. Jempsa	Marilynn M. Poe
X	Tony Kawashima	Doug Davert
X	Beth Krom	Christina Shea
X	Patsy Marshall	Jim Dow
X	Robert McGowan	Richard A. Freschi
X	Roy Moore	John Beauman
X	Joy Neugebauer	Grace Epperson
X	Anna L. Piercy	Tim Keenan
X	Tod Ridgeway	Don Webb
X	Jim Silva	Chuck Smith
X	Paul Walker	Larry Herman

STAFF MEMBERS PRESENT: Blake P. Anderson, General Manager; Penny Kyle, Board Secretary; Carol Beekman; Bob Ghirelli; Jim Herberg; Greg Mathews; Patrick Miles; Bob Ooten; Gary Streed; Lisa Tomko; Jim Burror; Jennifer Cabral; Lynn Jensen; Jeff Reed

OTHERS PRESENT: Thomas L. Woodruff, General Counsel; Jim Adams; Randy Fuhrman; Garry Brown; Doug Korthof; Darrell A. Nolta; Greg Jewell; Don Hyatt; Terry E. Lane; Mary Clyburn; G. Van Drie; Adol Meda; Fred Young; Jan Vandersloot; Patrick Shea; Rich von Langen; Florence Leach; Margaret Murphey; Larry Murphey; Myron Staffelbach; Setelo P. Makoni; Les Jones; Paul Durazo; Larry Porter; Joey Racano; Don Schulz; Ken Hansen; Joan

Irvine Smith; Steve Bone; Doug Traub; Wendy Deeleez; Dan Bruns; Andy Casario; Terry Martin; Mike Cline; Jim Raff

REPORT OF THE CHAIR

The Chair had no report.

REPORT OF THE GENERAL MANAGER

General Manager Blake Anderson reported that at the June 25th meeting 53 people commented regarding the adoption of an ordinance to increase sewer use fees, of which most were opposed to increasing the rates. The Directors voted on two separate motions to raise the rates that did not pass.

Reconsideration to adopt the proposed ordinance is required in order to set appropriate user fees to generate revenue for the capital improvement program, implementation of full secondary treatment, disinfection of the effluent, as well as the groundwater replenishment system. The costs of these programs will be an estimated \$2.1 billion over the next 10 years, and another \$300 million in the following 10 years, for a total of \$2.4 billion. Mr. Anderson noted the District had never spent this amount of money in such a short period of time. To put it into perspective, the District would be doing for the next 10 years what it did in the last 50 years. It was also noted that the District's user rates are in the bottom 5% of user rates charged across the United States.

REPORT OF THE GENERAL COUNSEL

General Counsel Thomas L. Woodruff reported briefly on the process and procedure regarding the continuation of the public hearing from the meeting held on June 25, 2003. It was noted those who wished to give testimony that did not speak at the June 25th meeting would be given the opportunity to speak first, to be followed by those who wish to re-address the board with new or additional comments not addressed in the previous week's comments. At the conclusion of public testimony, and closing of the public hearing, consideration to adopt the ordinance would then take place and the ordinance would be adopted if approved by an affirmative 17 votes. However, if an alternative motion is made to establish a different rate structure or duration of the rates, it would be considered a first reading of the ordinance, to be followed by a second reading and adoption at the July 23rd board meeting. There would not be a public hearing on July 23rd.

CONSENT CALENDAR

6. a. **MOVED, SECONDED AND DULY CARRIED:** Read all Ordinances by title only, and waive reading of entire Ordinances.

NON-CONSENT CALENDAR

8. Continuation of consideration to adopt proposed Ordinance No. OCSD-20, An Ordinance of the Board of Directors of Orange County Sanitation District, Adopting Revised Sanitary Sewer Service Charges; Reaffirming Established Capital Facilities

Capacity Charges; Reaffirming Established Miscellaneous Charges and Fees Relating to Industrial Dischargers, Source Control Permittees and Wastehaulers; and Repealing Ordinance Nos. OCSD-18 and OCSD-19:

- a. OPEN MEETING: The Chair declared the hearing opened at 5:54 p.m.

MOVED, SECONDED AND DULY CARRIED: Receive and file additional written comments distributed in the Directors' meeting folders, and those placed in their notebooks.

PUBLIC COMMENTS: Public comments were received by the following who were opposed to the rate increase: Paul Durazo; Florence Leach

Public comments were received by the following who focused on a compromise to the proposed rate increase: Darrell A. Nolta; Joey Racano

Public comments were received by the following who were in support of the rate increase: Jim Adams; Garry Brown; Randy Fuhrman; Donald Hyatt; Joan Irvine Smith; Steve Bone; Doug Traub; Greg Jewell; Doug Korthoff; Jan Vandersloot.

- b. CLOSE HEARING: The Chair declared the hearing closed at 6:25 p.m.
- c. Directors entered into discussion regarding: a) the cost to repay borrowed monies for the capital improvement program; b) the level of District's reserves and their designated purpose; and c) the size of the CIP. Annual review of the rates was also discussed, and it was noted there is no legal requirement to annually notice and approve increased rates, with the approval of a multi-year rate structure ordinance.
- d. MOVED AND SECONDED: To adopt Ordinance No. OCSD-20, An Ordinance of the Board of Directors of Orange County Sanitation District, Adopting Revised Sanitary Sewer Service Charges; Reaffirming Established Capital Facilities Capacity Charges; Reaffirming Established Miscellaneous Charges and Fees Relating to Industrial Dischargers, Source Control Permittees and Wastehaulers; and Repealing Ordinance Nos. OCSD-18 and OCSD-19.

In response to Directors' questions, Jim Herberg, Engineering Manager, provided clarification for the increase to the Capital Improvement Program (CIP) from \$271 million to \$423 million and the difference between the 50/50 level of treatment plan and full secondary (a difference of \$152 million). He also noted that the CIP has 132 projects scheduled for the next 20 years, which were the subject of a workshop held in April 2003. Approximately 100 of those projects would be active within the next five years. A large number of these are rehabilitation projects which underwent an independent review to determine their level of ranking in terms of compliance, safety, risk of spills/failure, full secondary treatment, and the groundwater replenishment system project. Staff also responded that the rate structure was developed to provide payment according to flow and strength of discharge.

A roll call vote was then taken on this motion to adopt Ordinance No. OCSD-20. After additional discussion, the motion failed by a vote of 16 ayes and 9 nays, as follows:

Ayes: Patricia Campbell; John Collins; Debbie Cook; Brian Donahue; Mike Duvall; Jim Ferryman; Alice Jempsa; Tony Kawashima; Beth Krom; Shirley McCracken; Bob McGowan; Roy Moore; Anna Piercy; Tod Ridgeway; Jim Silva; Paul Walker

Nays: Steve Anderson; Don Bankhead; Brian Brady; Carolyn Cavecche; Alberta Christy; Bill Dalton; Norm Eckenrode; Patsy Marshall; Joy Neugebauer

Absent: N/A

In response to Directors' questions, General Counsel confirmed that the proposed ordinance could be approved as introduced with a contingency added to the record that an annual rate increase must be reaffirmed by a vote of 17 Directors or more, prior to implementing the increase in said rates established by the Ordinance for each subsequent year.

Directors briefly discussed the implications of a simple majority vote vs. a super (two-thirds) majority vote.

MOVED, SECONDED AND DULY CARRIED: Adopt Ordinance No. OCSD-20, as introduced by action of the Board of Directors on May 28, 2003, without modification or amendment; and provided further that upon adoption of this Ordinance the Board of Directors shall conduct an annual review of the prescribed increases in the Sanitary Sewer Service Charges set forth in Article II, Section 2.02, Table A of said Ordinance, and said rate of charges is to be reaffirmed by an affirmative vote of two-thirds of the members of the Board of Directors prior to implementing the increased charges set forth in said Ordinance, by the following vote (17 ayes, 8 nays):

Ayes: Brian Brady; Patricia Campbell; John Collins; Debbie Cook; Brian Donahue; Mike Duvall; Jim Ferryman; Alice Jempsa; Tony Kawashima; Beth Krom; Shirley McCracken; Bob McGowan; Roy Moore; Anna Piercy; Tod Ridgeway; Jim Silva; Paul Walker

Nays: Steve Anderson; Don Bankhead; Carolyn Cavecche; Alberta Christy; Bill Dalton; Norm Eckenrode; Patsy Marshall; Joy Neugebauer

Absent: N/A

9. MOVED, SECONDED AND DULY CARRIED: Adopt Resolution No. OCSD 03-13, Directing the County Tax Collector to Include Sanitary Sewer Service Charges on Fiscal Years 2003/04 through 2007/08 Property Tax Bills, and Repealing Resolution No. OCSD 02-10.

Directors Anderson, Bankhead, Cavecche, Christy, Eckenrode, Marshall and Neugebauer opposed.

10. Direct staff to evaluate, as follows, and report back to the Board of Directors at a future date but no later than May 2004:
 1. A water usage-based or other methodology-based user fee program for residential users;
 2. The user fee structure for condominiums vs. that associated with the single family residential rate (SFR) and the multi-family residential rates (MFR); and,
 3. The legal and policy implications of establishing a low-income user fee subsidy program.

Directors briefly discussed fair and equitable assessment based on use but were concerned with an assumption the agency would be chronicling personal habits of residents, and perhaps the Board should re-evaluate anything of that nature.

MOVED, SECONDED AND DULY CARRIED: Delay consideration of directing staff to evaluate a water usage-based user fee program for residential users; user free structure for condominiums vs. single family and multi family residential rates; and the legal and policy implications of establishing a low-income user fee subsidy program.

11. PUBLIC COMMENTS

Darrell A. Nolta expressed concern regarding a blocked storm drain which contributed to a hot spot at the mouth of the Santa Ana River, and a structure placed in the same location.

Joey Racano addressed the Directors stating the epicenter of the 1933 Long Beach earthquake was Brookhurst and Pacific Coast Highway. He suggested the District move away from utilizing an outfall and the District's effluent be sent to AES.

ADJOURNMENT: The Chair declared the meeting adjourned at 7:44 p.m.


Secretary of the Board of Directors of
Orange County Sanitation District