

Orange County Sanitation District
MINUTES
BOARD MEETING
February 22, 2006



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

ROLL CALL

A regular meeting of the Board of Directors of the Orange County Sanitation District was held on February 22, 2006 at 7:00 p.m., in the District's Administrative Offices. Following the Pledge of Allegiance and invocation the roll was called and the Secretary reported a quorum present as follows:

ACTIVE DIRECTORS**ALTERNATE DIRECTORS**

A	Steve Anderson, Chair	Steve Simonian
X	James M. Ferryman, Vice Chair	Arlene Schafer
X	Charles Antos	Paul Yost
X	Don Bankhead	Leland Wilson
X	Carolyn Cavecche	Steve Ambriz
X	Alberta Christy	Mike Garcia
X	Larry Crandall	John Collins
X	Bill Dalton	Mark Rosen
X	Doug Davert	Tony Kawashima
X	Michael Duvall	Jim Winder
X	Norman Eckenrode	Constance Underhill
X	Richard Freschi	Bob Fauteux
X	Sukhee Kang	Steven Choi
X	Phil Luebben	Lydia Sondhi
A	Patsy Marshall	Jim Dow
X	Darryl Miller	Douglas Reinhart
X	Roy Moore	John Beauman
X	Joy Neugebauer	Vivian Kirkpatrick-Pilger
X	Ken Parker	Catherine Driscoll
X	Tod Ridgeway	Don Webb
X	David Shawver	Brian Donahue
X	Harry Sidhu	Bob Hernandez
X	Jim Silva	Lou Correa
X	Dave Sullivan	Debbie Cook
X	Mark Waldman	Ralph Rodriguez

STAFF MEMBERS PRESENT: Jim Ruth, Interim General Manager; Penny Kyle, Board Secretary; Nick Arhontes; Bob Ghirelli; Jim Herberg; Dave Ludwin; Patrick Miles; Lisa Tomko; Lorenzo Tyner; Lilia Kovac; Jeff Reed; Layne Baroldi; Jeff Reed; Daisy Covarrubias; Mike Moore; Mike Larkin; Paula Zeller; Simon Watson

OTHERS PRESENT: Brad Hogin, General Counsel; Larry Porter; Jan Vandersloot; Rusty Rustan; Irwin Haydock; Eileen Murphy; Mark Miller

MOVED, SECONDED AND DULY CARRIED: Receive and file minute excerpts from the following re appointment of active and alternate Directors, as follows:

<u>City/Agency</u>	<u>Active Director</u>	<u>Alternate Director</u>
Fountain Valley	Larry Crandall	John Collins
Newport Beach	Tod Ridgeway	Don Webb
Tustin	Doug Davert	Tony Kawashima
Villa Park	Richard A. Freschi	Bob Fauteux
Board of Supervisors	Jim Silva	Lou Correa

PUBLIC COMMENTS

The public requested their comments be made after the update on treatment costs and level of treatment under the General Manager's report.

REPORT OF THE CHAIR

In the absence of Chair Steve Anderson, Vice Chair Ferryman reported on the Biosolids Compost Workshop in Fountain Valley held on February 9th. He also reported that Chair Anderson requested the Directors' attendance to one of two CIP Orientation Workshops scheduled for March 15th and March 29th.

REPORT OF THE GENERAL MANAGER

Jim Ruth, Interim General Manager, referred to the monthly status report included in the Directors' meeting folders that identifies the major issues challenging the District.

Jim Herberg, Director of Operations and Maintenance, provided a presentation on the costs associated with the levels of treatment to wastewater discharged to the ocean.

The following persons expressed support for the District to continue the current level of treatment to the wastewater: Rusty Rustan; Jan Vandersloot; Larry Porter; Eileen Murphy; and Irwin Haydock.

REPORT OF THE GENERAL COUNSEL

General Counsel Brad Hogin had no report.

APPROVAL OF MINUTES

The Chair ordered that the minutes of the regular meeting held January 25, 2006, be deemed approved as corrected.

RATIFICATION OF PAYMENT OF CLAIMS

MOVED, SECONDED AND DULY CARRIED: Ratify payment of claims set forth on exhibits "A" and "B", attached hereto and made a part of these minutes.

<u>ALL DISTRICTS</u>	<u>01/15/06</u>	<u>01/31/06</u>
<u>Totals</u>	\$15,960,672.83	\$18,182,410.63

Director Cavecche abstained from discussion and voting on Warrant Nos. 77830 and 78010. Director Davert abstained from discussion and voting on Warrant Nos. 77827 and 77991. Abstentions were pursuant to California Government Code Section 84308.

CONSENT CALENDAR

9. No items considered.

COMMITTEE REPORTS AND RECOMMENDED ACTIONS

11. STEERING COMMITTEE: A verbal report was presented by Vice Chair Ferryman re the February 22, 2006 meeting.

Vice Chair Ferryman reported the Steering Committee was briefed on the meeting between the General Manager and SAWPA. Nick Arhontes, Director of Regional Assets and Services, reported on the SARI line breach and the repairs scheduled to be completed the week of March 3, 2006.

Steering Committee Consent Calendar

- a. MOVED, SECONDED AND DULY CARRIED: Order draft Steering Committee Minutes for the meeting held on January 25, 2006, to be filed.
- b. MOVED, SECONDED AND DULY CARRIED: Approve Amendment No. 1 to the contract with James D. Ruth, Interim General Manager, extending the contract to December 31, 2006; three weeks paid leave; and a \$100,000 life insurance policy.

Director Crandall opposed.

Steering Committee Non-Consent Calendar

No items were considered.

12. OPERATIONS, MAINTENANCE AND TECHNICAL SERVICES COMMITTEE

OMTS Consent Calendar

- a. MOVED, SECONDED AND DULY CARRIED: Order draft Operations, Maintenance and Technical Services Committee Minutes for the meeting held on February 1, 2006, to be filed.
- b. MOVED, SECONDED AND DULY CARRIED: Award a contract to V & A Consulting Engineering, Inc. for Sewer Line Video Inspection Review Services, Specification No. S-2005-241, providing services for assessing the physical condition of sewers from existing CCTV videotapes, for an amount not to exceed \$469,800.
- c. Item pulled for discussion.
- d. MOVED, SECONDED AND DULY CARRIED: (1) Authorize the General Manager to participate in the Santa Ana Watershed Stormwater Quality Task Force project for reevaluation of water quality standards as they relate to storm water and dry weather flows; and,

(2) Authorize an additional amount of \$20,000 for a total amount not to exceed \$30,000 to the Santa Ana Watershed Project Authority (SAWPA), for participation in Phases II and III of the project.

Director Cavecche opposed.
- e. Item pulled for discussion.

Non-Consent Calendar

- c. Approve Change Order No. 5 to Purchase Order No. 101758-OB for Purchase of Cationic Polymer, Specification No. C-2003-143, issued to Polydyne Inc., for a unit rate increase of \$0.70 per active pound for Solution Polymer increasing the total price to \$1.75 per active pound plus tax, and a unit rate increase in Mannich Polymer of \$0.249, increasing the total price to \$1.529 per active pound plus tax, for an estimated amount of \$1,280,000 for the period July 1, 2006 through June 30, 2007.

Staff was directed to review with legal counsel the purchase order terms and conditions to define the legitimacy of this price increase and to resubmit to the Board of Directors in March.

MOVED, SECONDED AND DULY CARRIED: That this item be continued to the March 22, 2006 Board of Directors meeting for consideration.
- e. In response to Directors' questions, Nick Arhontes, Director of Regional Assets and Services, briefed the Board members on the limited services that would be included in the agreement with the city of Placentia. The rates charged back to the city will be fully-burdened and services would be provided on a pre-planned,

scheduled basis without affecting the effectiveness of the Sanitation District's collection systems.

MOVED, SECONDED AND DULY CARRIED: Approve a Reimbursement Agreement with the City of Placentia for a two-year pilot project to assist the city in improving their sewer system management program and operations and maintenance, to achieve improved compliance with the Regional Water Quality Control Board's Waste Discharge Requirements Order (WDR), in a form acceptable to the General Counsel.

Director Bankhead opposed.

13. PLANNING, DESIGN AND CONSTRUCTION COMMITTEE

PDC Consent Calendar

- a. **MOVED, SECONDED AND DULY CARRIED:** Order draft Planning, Design and Construction Committee Minutes for the special meeting held on January 26, 2006, and the regular meeting held on February 2, 2006, to be filed.
- b. **MOVED, SECONDED AND DULY CARRIED:** Ratify Change Order No. 6 to Gisler-Redhill Trunk Improvements, Reach "A", Contract No. 7-36; Orange Trunk Improvements, Contract No. 7-39; Gisler-Redhill/North Trunk Improvements, Contract No. 7-41; and City of Tustin Project Nos. 6106 and 6151 with ARB, Inc., authorizing an addition of \$55,000 and five calendar days time extension, increasing the total contract amount to \$20,224,324.
- c. **MOVED, SECONDED AND DULY CARRIED:** (1) Ratify Change Order No. 11 to Effluent Pump Station Annex, Job No. J-77, with J.F. Shea Construction, Inc., authorizing an addition of \$100,302, increasing the total contract amount to \$44,393,556; and,

(2) Ratify Change Order No. 12 for an Adjustment of Engineered Quantities, authorizing an increase of \$138,502, increasing the total contract amount to \$44,532,058.

Director Davert abstained.

- d. **MOVED, SECONDED AND DULY CARRIED:** Ratify Change Order No. 18 to Bushard Trunk Sewer Rehabilitation, Job No. I-2-4, with Steve P. Rados, Inc., authorizing a credit of \$823,407 for deletion of work scope from the contract, decreasing the total contract amount to \$34,886,706.
- e. **MOVED, SECONDED AND DULY CARRIED:** Ratify Change Order No. 25 to Primary Clarifiers 16-31 and Related Facilities, Job No. P1-37, with Margate Construction, authorizing an addition of \$116,822, increasing the total contract amount to \$72,088,850.

- f. **MOVED, SECONDED AND DULY CARRIED:** Approve a Professional Services Agreement with Camp, Dresser & McKee, Inc. for engineering services for 66kV Substation at Plant No. 1, Job No. P1-97, for an amount not to exceed \$779,381.
- g. **MOVED, SECONDED AND DULY CARRIED:** (1) Approve budget increase of \$96,000, increasing the total project budget to \$3,172,000; and,

(2) Approve Amendment No. 1 to the Professional Services Agreement with M. J. Schiff & Associates, Inc. providing for final design and construction support services for Interplant Gas Line Rehabilitation, Job No. J-106, for an additional amount of \$119,147, increasing the total amount not to exceed \$257,526.
- h. **MOVED, SECONDED AND DULY CARRIED:** Approve Amendment No. 2 to the Professional Services Agreement with MWH Americas, Inc. to provide construction support services for Rehabilitation of the Activated Sludge Plant at Plant No. 2, Job No. P2-74, for an additional amount of \$564,338, increasing the total contract amount not to exceed \$2,753,699.
- i. **MOVED, SECONDED AND DULY CARRIED:** Approve Amendment No. 5 to the Professional Services Agreement with Lee & Ro, Inc., providing for additional design engineering services for Replacement of the Bitter Point Pump Station, Contract No. 5-49; Replacement of the Rocky Point Pump Station, Contract No. 5-50; Rehabilitation of the 14th Street Pump Station, Contract No. 5-51; and Rehabilitation of the "A" Street Pump Station, Contract No. 5-52, for an additional amount of \$1,017,316, increasing the total amount not to exceed \$4,480,816.
- j. **MOVED, SECONDED AND DULY CARRIED:** Authorize the General Manager to enter into a sole source agreement with Southern California Edison for the procurement of a temporary power service connection at the intersection of Ellis Avenue and Bushard Street in connection with Bushard Trunk Sewer Rehabilitation, Job No. I-2-4, for the duration of construction at the intersection, for an estimated amount of \$350,000.
- k. **MOVED, SECONDED AND DULY CARRIED:** Approve time extensions to Cooperative Project Contract Agreements: Contract No. 0403 with Costa Mesa Sanitary District; Contract No. 0409 with Garden Grove Sanitary District; Contract No. 0404 with the City of Fountain Valley; and Contract No. 0130 with the City of Orange.
- l. **MOVED, SECONDED AND DULY CARRIED:** Approve a budget amendment of \$1,511,800 for a total project budget of \$3,810,376 for Realignment and Rehabilitation of the Big Canyon Offsite Trunk Sewer, Contract No. 5-62.

Non-Consent Calendar

No items were considered.

14. FINANCE, ADMINISTRATION AND HUMAN RESOURCES COMMITTEE

FAHR Consent Calendar

- a. **MOVED, SECONDED AND DULY CARRIED:** Order draft Finance, Administration and Human Resources Committee Minutes for the meeting held on February 8, 2006, to be filed.
- b. **MOVED, SECONDED AND DULY CARRIED:** Receive and file report of General Manager approved purchases in amounts exceeding \$50,000 in accordance with Board purchasing policies.
- c. **MOVED, SECONDED AND DULY CARRIED:** Receive and file the FY 2005-06 Quarterly and Mid-Year Consolidated Financial Reports for the period ended December 31, 2005.

Director Christy abstained.

- d. **MOVED, SECONDED AND DULY CARRIED:** Approve the FY 2006-07 and FY 2007-08 Budget Assumptions and direct staff to prepare the FY 2006-07 – 2007-08 Budgets incorporating these parameters.
- e. **MOVED, SECONDED AND DULY CARRIED:** (1) Approve a Purchase Order Contract with Lance, Soll & Lunghard, Certified Public Accountants, as the District's contracted internal auditors for FY 2005-06, for the period of March 1, 2006 through February 28, 2007, for an amount not to exceed \$58,670, with an option to renew the contract for two one-year periods based on approval by the FAHR Committee; and,

(2) Direct Lance, Soll & Lunghard to perform specific internal auditing assignments as the FAHR Committee deems necessary.
- f. **MOVED, SECONDED AND DULY CARRIED:** Approve revised pricing with Cambridge Integrated Services Group, Inc. for third-party administration of Workers' Compensation as provided in Flat Fee Option B.
- g. **MOVED, SECONDED AND DULY CARRIED:** (1) Adopt Resolution No. OCSD06-02, a Resolution of the Board of Directors of the Orange County Sanitation District Authorizing the Execution and Delivery by the District of an Installment Purchase Agreement, a Trust Agreement, a Standby Certificate Purchase Agreement, a Purchase Contract and a Remarketing Agreement in connection with the execution and delivery of Orange County Sanitation District Certificates of Participation, Series 2006, Authorizing the Execution and Delivery of such Certificates Evidencing Principal in an Aggregate Amount of Not to Exceed \$200,000,000, Authorizing the Distribution of an Official Statement in Connection Therewith and Authorizing the Execution of Necessary Documents and Certificates and Related Actions.

Director Christy abstained.

FAHR Non-Consent Calendar

No items were considered.

15. CIP OVERSIGHT COMMITTEE

CIP Oversight Consent Calendar

- a. **MOVED, SECONDED AND DULY CARRIED:** Order the draft CIP Oversight Committee Minutes for the meeting held on February 9, 2006, to be filed.

Committee Chair Luebben provided a brief review of the complexities reviewed by the Committee on the Capital Improvement Program, and encouraged all Directors to attend one of the two workshops to be held on March 15 and March 29, in order to consider several scenarios and make informed decisions as they relate to the user rate increases.

CIP Oversight Non-Consent Calendar

No items were considered.

16. LEGISLATIVE AFFAIRS COMMITTEE

Legislative Affairs Committee Consent Calendar

- a. **MOVED, SECONDED AND DULY CARRIED:** Order draft Legislative Affairs Committee Minutes for the meeting held on February 14, 2006, to be filed.

Legislative Affairs Committee Non-Consent Calendar

No items were considered.

17. GWR SYSTEM STEERING COMMITTEE

GWRSSC Consent Calendar

- a. **MOVED, SECONDED AND DULY CARRIED:** Order Joint Groundwater Replenishment System Steering Committee Minutes for the meeting held on January 9, 2006, to be filed.

GWRSSC Non-Consent Calendar

No items were considered.

NON-CONSENT CALENDAR

18. MOVED, SECONDED AND DULY CARRIED: (1) Adopt Resolution No. OCSD 06-03, Certifying the Initial Study/Negative Declaration for the College Avenue Pump Station Rehabilitation Project, Contract No. 7-47, prepared by CH2MHill; and (2) Approve the College Avenue Pump Station Rehabilitation Project, Contract No. 7-47.
19. MOVED, SECONDED AND DULY CARRIED: Consideration of the following actions regarding environmental documentation required to modify the certified 1999 Strategic Plan Final Program Environmental Impact Report (PEIR):
 - (a) Receive and file Addendum No. 8 to 1999 PEIR for the Bushard Trunk Sewer Rehabilitation, Job No. I-2-4, prepared by Environmental Science Associates;
 - (b) Approve a budget amendment of \$2,000,000 increasing the total project budget to \$65,580,000;
 - (c) Approve Plans and Specifications for Bushard Trunk Sewer Rehabilitation, Job No. I-2-4A, on file at the office of the Board Secretary;
 - (d) Approve Addenda Nos. 1, 2, 3, 4, and 5 to the plans and specifications;
 - (e) Receive and file bid tabulation and recommendation; and,
 - (f) Award a construction contract to Mike Bubalo Construction Co., Inc. for Bushard Trunk Sewer Rehabilitation, Job No. I-2-4A, for an amount not to exceed \$11,191,500.
20. Vice Chair Ferryman declared a recess of the Board of Directors of the Orange County Sanitation District at 8:31 p.m.

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ORANGE COUNTY SANITATION DISTRICT FINANCING CORPORATION
ROLL CALL

A regular meeting of the board of Directors of the Orange County Sanitation District Financing Corporation (OCSDFC) was called to order on February 22, 2006 at 8:32 p.m., in the District's Administrative Offices. The roll was called, Director Christy removed herself from the room, and the Secretary reported a quorum present as follows:

ACTIVE DIRECTORS

ALTERNATE DIRECTORS

A	Steve Anderson, Chair	Steve Simonian
X	James M. Ferryman, Vice Chair	Arlene Schafer
X	Charles Antos	Paul Yost
X	Don Bankhead	Leland Wilson
X	Carolyn Cavecche	Steve Ambriz
A	Alberta Christy	Mike Garcia
X	Larry Crandall	John Collins
X	Bill Dalton	Mark Rosen
X	Doug Davert	Tony Kawashima
X	Michael Duvall	Jim Winder
X	Norman Eckenrode	Constance Underhill
X	Richard Freschi	Bob Fauteux
X	Sukhee Kang	Steven Choi
X	Phil Luebben	Lydia Sondhi
A	Patsy Marshall	Jim Dow
X	Darryl Miller	Douglas Reinhart
X	Roy Moore	John Beauman
X	Joy Neugebauer	Vivian Kirkpatrick-Pilger
X	Ken Parker	Catherine Driscoll
X	Tod Ridgeway	Don Webb
X	David Shawver	Brian Donahue
X	Harry Sidhu	Bob Hernandez
X	Jim Silva	Lou Correa
X	Dave Sullivan	Debbie Cook
X	Mark Waldman	Ralph Rodriguez

STAFF MEMBERS PRESENT: Jim Ruth, Interim General Manager; Penny Kyle, Board Secretary; Nick Arhontes; Bob Ghirelli; Jim Herberg; Dave Ludwin; Patrick Miles; Lisa Tomko; Lorenzo Tyner; Lilia Kovac; Jeff Reed; Layne Baroldi; Jeff Reed; Daisy Covarrubias; Mike Moore; Mike Larkin; Paula Zeller; Simon Watson

OTHERS PRESENT: Brad Hugin, General Counsel; Larry Porter; Jan Vandersloot; Rusty Rustan; Irwin Haydock; Eileen Murphy; Mark Miller

APPROVAL OF MINUTES

The Vice Chair ordered that the minutes of the regular meeting held June 22, 2005, be deemed approved, as written.

REPORT OF THE DIRECTOR OF FINANCE

Lorenzo Tyner, Director of Finance, reported that the Financing Corporation Board is required to meet annually.

MOVED, SECONDED AND DULY CARRIED: Adopt Resolution No. FC-03, Authorizing the Execution and Delivery by the Corporation of an Installment Purchase Agreement and a Trust Agreement in connection with the execution and delivery of Orange County Sanitation District Certificates of Participation, Series 2006; Authorizing the Execution and Delivery of such Certificates Evidencing Principal in an Aggregate Amount of Not to Exceed \$200,000,000 and; Authorizing the Execution of Necessary Documents and Certificates and Related Actions..

ADJOURNMENT: The Vice Chair declared the meeting of the Orange County Sanitation District Financing Corporation adjourned at 8:35 p.m.

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23. Reconvene, Board of Directors, Orange County Sanitation District.
24. There was no closed session.
25. Director Miller suggested further discussion on the Sanitation District's regional activity on watershed operations.

ADJOURNMENT: The Chair declared the meeting adjourned at 8:36 p.m.



Penny M. Kyle
Secretary to the Board of Directors of
Orange County Sanitation District