

**REVISED SUPPLEMENTAL AGENDA**

**BOARD OF DIRECTORS  
ORANGE COUNTY SANITATION DISTRICT**

**DISTRICT'S ADMINISTRATIVE OFFICES  
10844 ELLIS AVENUE  
FOUNTAIN VALLEY, CA 92708**

**REGULAR MEETING**

**April 26, 2006 – 7:00 P.M.**

Agenda Posting: 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.

Items Not Posted: 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 because there is a need to take immediate action, which need came to the attention of the Board subsequent to the posting of agenda, or as set forth on a supplemental agenda posted in the manner as above, not less than 72 hours prior to the meeting date.

Accommodations for the Disabled: The Board of Directors Meeting Room is wheelchair accessible. If you require any special disability related accommodations, please contact the Orange County Sanitation District Board Secretary's office at (714) 593-7130 at least 72 hours prior to the scheduled meeting. Requests must specify the nature of the disability and the type of accommodation requested.

Items Continued: Items may be continued from this meeting without further notice to a Committee or Board meeting held within five (5) days of this meeting per Government Code Section 54954.2(b)(3).

Meeting Adjournment: This meeting may be adjourned to a later time and items of business from this agenda may be considered at the later meeting by Order of Adjournment and Notice in accordance with Government Code Section 54955 (posted within 24 hours).

26. Other business and communications or supplemental agenda items, if any.
  - a. Authorize the General Manager to sign the Southern California Coastal Water Research Project Office Lease Guarantee, in a form approved by General Counsel.
  - b. Authorize the General Manager to execute an agreement with the Irvine Community Development Company re relocation of SARI Line and Mountain Park Sewer Line, in a form approved by General Counsel.

# STEERING COMMITTEE

## AGENDA REPORT

|                           |                             |
|---------------------------|-----------------------------|
| Meeting Date<br>4/26/2006 | To Bd. of Dir.<br>4/26/2006 |
| Item Number               | Item Number<br>26(a)        |

Orange County Sanitation District

**FROM:** Robert P. Ghirelli, D.Env., Director of Technical Services  
Originator: George Robertson, Senior Scientist

**SUBJECT:** AUTHORIZATION FOR GENERAL MANAGER TO SIGN THE  
SOUTHERN CALIFORNIA COASTAL WATER RESEARCH PROJECT  
OFFICE LEASE GUARANTEE.

### GENERAL MANAGER'S RECOMMENDATION

Authorize the General Manager to sign the Southern California Coastal Water Research Project Office Lease Guarantee, in a form approved by General Counsel.

### SUMMARY

The Southern California Coastal Water Research Project (SCCWRP) was established in 1969 under a joint powers agreement (JPA) by five southern California wastewater ocean dischargers to study the effects of discharging treated effluent to the marine environment. SCCWRP and its Commission (on which the District has a representative) have identified the need to move to a new facility to better carry out their mission. As a JPA, SCCWRP is funded in four year increments, with the most recent extending to June 30, 2009. The proposed lease is for 10 years and the landlord has requested a guarantee in the event that the JPA is not renewed. The District has offered to provide this guarantee, with the provision that in the event of the dissolution of SCCWRP JPA that the District receives priority in any disbursements of SCCWRP assets.

### PRIOR COMMITTEE/BOARD ACTIONS

SCCWRP JPA approved by the Board on December 15, 2004 (Resolution No. OCSD 04-29).

### 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**

### Financial Liability

The District's finance staff has evaluated the potential financial liability. Their findings are:

- The total lease payments for 12 years equal \$4.8 million. This results in a net present value liability of \$3.7 million when applying the Sanitation District's budgeted earnings yield rate of 4%. That would be the maximum exposure if SCCWRP defaulted on day one of the lease and the building was left empty for 12 years. However, if for some reason the JPA was not renewed in three years, the facility could be sub-leased minimizing potential losses.
- SCCWRP recently approved a resolution granting OCSD priority distribution of SCCWRP's net assets in case of lease default. As of June 30, 2005, SCCWRP had current assets consisting of cash and accounts receivables, of \$3,612,000. SCCWRP's total liabilities at June 30, 2005, were \$2,060,000, resulting in total unrestricted net assets of \$1,552,000.
- Staff has reviewed the SCCWRP Audited Financial Reports for the years ended June 30, 2005, 2004, and 2003. All three years received unqualified opinions from the independent auditors, the highest level of opinion possible. In addition, staff obtained a Dunn & Bradstreet report on SCCWRP as of June 30, 2004, and SCCWRP received Credit Class and Financial Stress Class Scores of 1, the best rating that is given. SCCWRP also received a "prompt rating" on the Dunn & Bradstreet payment index scale.

## **ALTERNATIVES**

NA

## **CEQA FINDINGS**

NA

## **ATTACHMENTS**

NONE.

**STEERING COMMITTEE**  
**AGENDA REPORT**

|                           |                             |
|---------------------------|-----------------------------|
| Meeting Date<br>4/26/2006 | To Bd. of Dir.<br>4/26/2006 |
| Item Number               | Item Number<br>26(b)        |

Orange County Sanitation District

**FROM:** Jim Ruth, Interim General Manager

**SUBJECT:** RELOCATION OF SARI LINE

**GENERAL MANAGER'S RECOMMENDATION**

Authorize the general manager to execute an agreement with the Irvine Community Development Company re relocation of SARI line and Mountain Park Sewer Line, in a form approved by General Counsel.

**SUMMARY**

The Army Corps of Engineers is currently preparing an Environmental Impact Report/Environmental Impact Statement ("EIR/EIS") for the SARI line relocation project. Part of the project involves relocating the SARI line between the Green River Golf Course and the SAVI Ranch Control Gate. The EIR/EIS contains several alternative alignments. The preferred alignment in the EIR/EIS is known as the "Relocate to the South" alternative, and commonly referred to as the "South Bank Alternative." Under the South Bank Alternative, the pipeline would be placed at a depth of as much as 60 feet.

OCSD would like to consider a variation on the South Bank Alternative where the pipeline would be placed at a much shallower level. This proposed variation can be called the Shallow Profile Alternative. The Shallow Profile Alternative might be less costly than the South Bank Alternative. To date, the Shallow Profile Alternative has not been studied in any detail by the various agencies involved in the SARI relocation project planning.

The Irvine Community Development Company ("ICDC") is planning a 2,500 unit development project in the Anaheim Hills area. The ICDC would like to connect a 15 inch sewer line from the eastern portion of the Mountain Park development to the SARI line. In exchange for this connection, ICDC is willing to retain engineering and environmental consultants, at a cost of up to \$200,000, to study the Shallow Profile Alternative. The engineering consultants would consider the feasibility of the Shallow Profile Alternative and develop information regarding required easements. The environmental consultants will prepare analysis for the EIR/EIS relating to potential environmental impacts of the Shallow Profile alternative.

The SARI line relocation project may not be complete by the time that ICDC is ready to connect to the line. Thus, the draft agreement provides for a temporary connection to the existing SARI line in the event that ICDC seeks to connect to the SARI line before the relocation is complete. Once the SARI line relocation is complete, the Mountain Park line would be permanently connected to the new SARI line.

### **PRIOR COMMITTEE/BOARD ACTIONS**

The Board has approved feasibility studies for the SARI line relocation and various emergency repair projects. The Board has not yet considered the Mountain Park sewer connection.

### **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**

### **ALTERNATIVES**

NA

### **CEQA FINDINGS**

NA

### **ATTACHMENTS**

1. The Irvine Company Memorandum from dated March 31, 2006



**THE IRVINE COMPANY**

# MEMORANDUM

To: Steve Anderson  
From: Sat Tamaribuchi  
Date: March 31, 2006  
Subject: SARI Project

cc:

---

Enclosed are the letter and exhibits previously discussed for your review and consideration.  
I will be available to discuss these with you on Monday if you'd like.

Sat Tamaribuchi

[Type on OCSD Letterhead]

April , 2006

Bryan Austin  
Vice President  
Irvine Community Development Company  
LLC 550 Newport Center Drive  
Newport Beach, CA 92658-8904

Re: Mountain Park: Letter Agreement Regarding Relocation of SARI Sewer

Dear Mr. Austin:

This letter memorializes the understandings and agreement of the Orange County Sanitation District ("OCSD") and Irvine Community Development Company LLC ("ICDC") regarding the connection of a 15-inch sewer line (the "**Mountain Park Sewer Line**") from the East Village portion of ICDC's 2500 unit Mountain Park project (the "**Development**") into the Santa Ana Regional Interceptor ("SARI") Sewer. As we have discussed, the Los Angeles District of the U.S. Army Corps of Engineers is currently preparing an Environmental Impact Report/Environmental Impact Statement ("EIS") in connection with its Santa Ana River Mainstream Project, including the proposed relocation of a portion of the existing SARI Sewer located between the Green River Golf Course area and the SAVI Ranch Control Gate as depicted by the dashed white line shown on Exhibit A to this letter (the "**Affected Segment**"). Under the preferred relocation plan, the Affected Segment would be moved from its present location within the Santa Ana River to a location that parallels the SR-91 Riverside Freeway that is depicted in red on Exhibit A (the "**South Bank Alternative**"). OCSD is willing to allow ICDC to connect the Mountain Park Sewer Line into the SARI Sewer subject to the terms of this letter agreement ("**Agreement**"). The parties to this Agreement agree as follows:

1. Mountain Park Sewer Line Connection Into SARI Sewer. In consideration for ICDC's performance of the obligations described in Section 2 below, OCSD agrees that ICDC may connect the Mountain Park Sewer Line into the SARI Sewer. The location of the connection shall depend on the timing of completion of construction of the South Bank Alternative and the needs of the Development:

a. SARI Sewer Relocation Completed First. If the Affected Segment of the SARI Sewer has been relocated to the South Bank Alternative prior to the time that ICDC desires to connect the Mountain Park Sewer Line to the SARI Sewer, then the Mountain Park Sewer Line shall be connected into the relocated SARI Sewer at Connection Point 1 as shown on Exhibit B to this Agreement.

b. Mountain Park Sewer Line Connection Prior to SARI Sewer Relocation. If the Affected Segment of the SARI Sewer has not been relocated to the South Bank Alternative at the time that ICDC desires to connect the Mountain Park Sewer Line to the SARI Sewer, then ICDC shall be allowed to connect to the SARI Sewer at Connection Point 2 as shown on Exhibit B to this Agreement. After the relocation of the Affected Segment of the SARI Sewer to the South Bank Alternative is completed, the Mountain Park Sewer Line connection will thereafter be at Connection Point 1.

The connection of the Mountain Park Sewer Line under either of the above alternatives shall be completed at no expense to OCSD and shall be made pursuant to plans approved by OCSD and the City of Anaheim prior to commencement of construction. No plan check fee shall be charged by OCSD for its review of the proposed connection of the City of Anaheim-owned Mountain Park Sewer Line under either of the alternatives described above.

2. ICDC Obligations. In consideration for OCSD's agreement to allow the connection of the Mountain Park Sewer Line to the existing or South Bank Alternative SARI Sewer, ICDC agrees to perform the following:

a. Administration of Preliminary Engineering and Environmental Analysis. ICDC shall retain and manage engineering and environmental services consultants (collectively, the "*Consultants*") approved by OCSD to prepare (1) the preliminary engineering feasibility report for the relocation of the Affected Segment of the SARI Sewer to the South Bank Alternative (the "*Engineering Work*"), and (ii) the portion of the EIS describing the biological resource impacts that will result from the relocation of the Affected Segment of the SARI Sewer to the South Bank Alternative (the "*Environmental Work*"). The purpose of the Engineering Work will be to provide sufficient information to demonstrate the feasibility of building a shallow-profile South Bank Alternative and to obtain approvals for easements for the new SARI Sewer alignment from all landowners within the South Bank Alternative alignment. The purpose of the Environmental Work will be to analyze and quantify the impacts of building the shallow-profile South Bank Alternative and determine mitigation measures that may be appropriate. All work performed by the Consultants shall be subject to the approval of the OCSD, and OCSD shall not charge any plan check fees in connection with its review of the Engineering Work and the Environmental Work.

b. ICDC Financial Obligation. ICDC shall pay the Consultants for their services in performing the Engineering Work and the Environmental Work; provided, however, that in no event shall ICDC be responsible for the payment of any amounts for the cost of such consulting services (for both the Engineering Work and the Environmental Work) in excess of Two Hundred Thousand Dollars (\$200,000.00). Subject to the foregoing limitation, ICDC shall pay the Consultants in a timely manner for their services, and shall provide copies of all contracts, invoices and payments to OCSD. In the event that the cost of the services provided by the Consultants exceeds the above amount, OCSD shall determine if they want ICDC to direct that the Engineering Work and the Environmental Work be completed at the cost of OCSD or another agency or organization.

3. Term of Consultant Contracts. The parties agree that the contracts entered for the performance of the Engineering Work and the Environmental Work shall each require that the services be completed on or before June 30, 2006.

4. Project Coordination. With respect to review of consulting services, plans for connection of the Mountain Park Sewer Line, and any other matters requiring coordination of efforts or the implementation of this Agreement, OCSD designates Hardat Khublall, telephone (714) 593-7377 (fax 714-964-4775) to act as its project representative, and ICDC designates Terry Hartman, telephone (949) 720-2707 (fax 949-720-2692) to act as its project representative. Either party may change its designated representative by providing written notice of same to the other party.

5. Attorneys' Fees. If any action or proceeding is brought to enforce or interpret any provision of this letter, the prevailing party or parties shall be entitled to recover reasonable attorneys' fees and court costs in addition to any other available remedy.

6. Authorization. OCSD and ICDC represent and warrant that this Agreement has been duly authorized and executed and constitutes the legally binding obligation of their respective organization or entity, enforceable in accordance with its terms.

7. Entire Agreement. This letter, together with the attachments hereto, constitutes the entire agreement of the parties with respect to the subject matter contained herein, and supersedes all prior agreements and understandings, whether oral or written.

If the above provisions accurately reflect our mutual understandings regarding the parties' respective obligations regarding the matters described above, please sign the enclosed copy of this letter and return it to me. Thank you for your cooperation.

Sincerely,

James D. Ruth  
Interim General Manager

APPROVED AS TO FORM:

*[Firm Name]*

By: \_\_\_\_\_  
Legal Counsel,  
Orange County Sanitation District

**ICDC Concurrence**

The terms of this Agreement are accepted and agreed to by the undersigned.

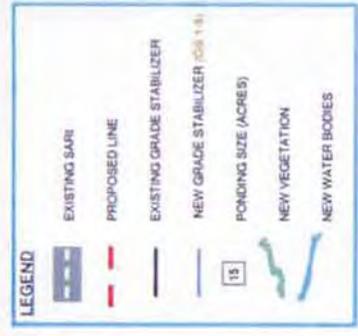
**IRVINE COMMUNITY DEVELOPMENT COMPANY LLC**

By:  
Bryan Austin  
Vice President, Community Development

By:  
Mary K. Westbrook  
Assistant Secretary

Exhibit A

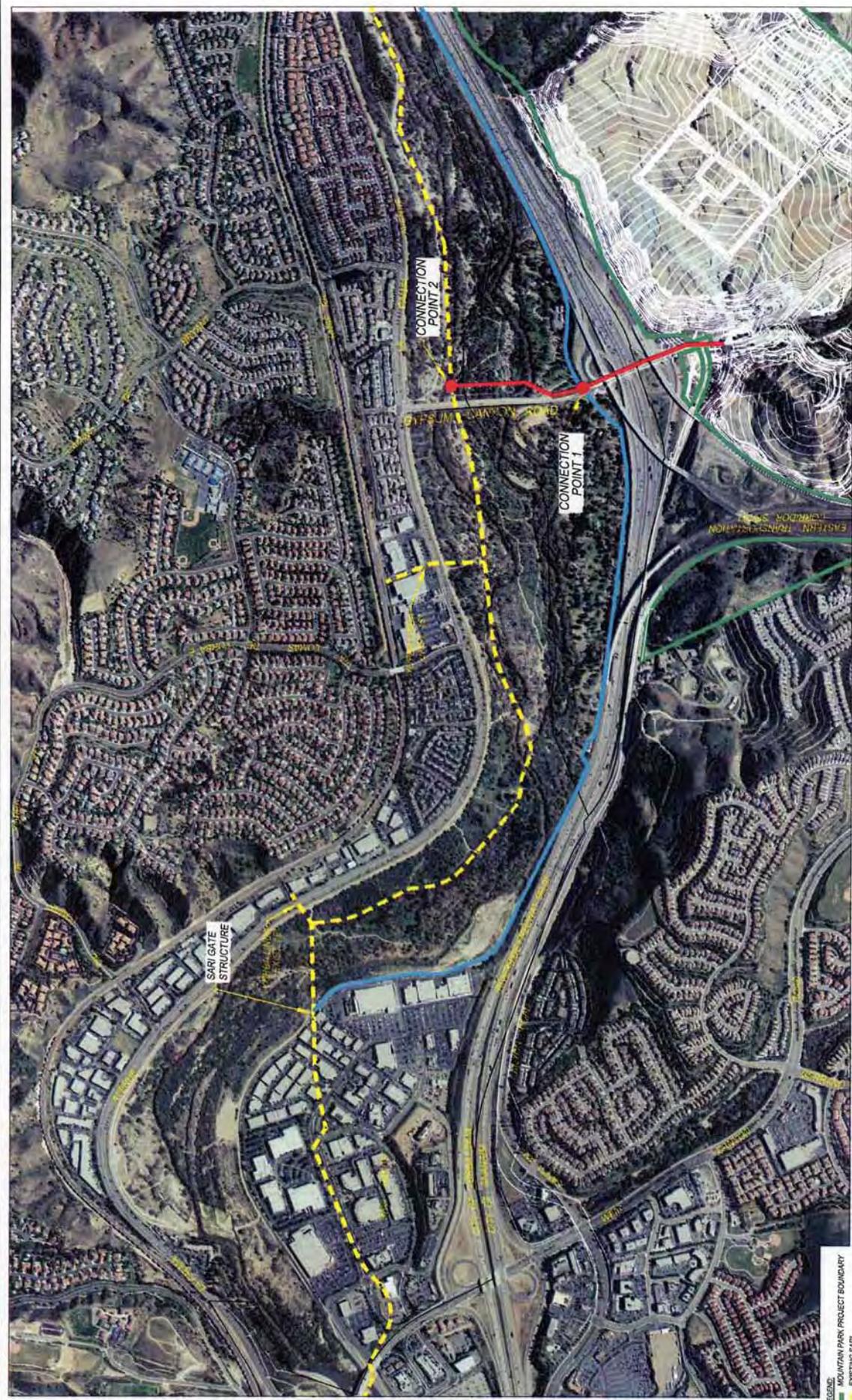
Depiction of Existing Location of SARI Sewer and South Bank Alternative



**SOUTH BANK ALTERNATIVE  
EXHIBIT A**

Exhibit B

Depiction of Mountain Park Sewer Connection Points 1 and 2



**LEGEND:**

- MOUNTAIN PARK PROJECT BOUNDARY
- EXISTING SARI
- MOUNTAIN PARK CENTER LINE
- SOUTH BANK SARI RELOCATION

Scale: 1"=1000'  
 ENR 04/12/08

## MOUNTAIN PARK CONNECTION INTO SARI EXHIBIT B