

# **Orange County Sanitation District**

## **MINUTES**

### **BOARD MEETING**

**April 26, 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 April 26, 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**

X	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
	Richard Freschi	X	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 Beaman
A	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
A	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; Bret Colson; Bob Ghirelli; Jim Herberg; Dave Ludwin; Lisa Tomko; Lorenzo Tyner; Lilia Kovac; Jeff Reed; Mary Sue Thompson; Deon Carrico; Paula Zeller; Kelly Christiansen; Jim Burror; Bob Bell; Ryal Wheeler; Juanita Skillman

**OTHERS PRESENT:** Brad Hogin, General Counsel; Barry Newton; Toby Weissert; Arlene Schafer; Liz Ostair; Bryan Neil; Mark Miller; Greg Heiertz; Steve Weisberg

### PUBLIC COMMENTS

There were no public comments.

### REPORT OF THE CHAIR

Jim Herberg, Director of Operations & Maintenance, was recognized who introduced and congratulated Paula Zeller, Sanitation District employee, for her recent election as president of the California Water Environment Federation.

Bob Ghirelli, Director of Technical Services, recognized Mary Sue Thompson and Deon Carrico for 20 years of service to the Sanitation District.

Chair Anderson reported he and Vice Chair Ferryman were planning a trip to Washington, DC in May to pursue federal funding for secondary treatment and the relocation of the Santa Ana River Interceptor line.

The meeting schedule for the working committees was then reviewed for the month of May. It was noted that the Cooperative Projects Grant Committee would meet on May 10<sup>th</sup> at 4:00 p.m., and a benefits workshop for the FAHR Committee would be held on May 18<sup>th</sup>.

### REPORT OF THE GENERAL MANAGER

Jim Ruth, Interim General Manager, highlighted a few of the items included in his status report placed in the Directors' meeting folders, as well as a memo regarding the two proposed rate increase options that would be considered later in the meeting.

### REPORT OF THE GENERAL COUNSEL

General Counsel Brad Hogin reported on a memo included in the Directors' meeting folders regarding pending design-build legislation, and urged the Directors to consider and support both bills.

### APPROVAL OF MINUTES

The Chair ordered that the minutes of the regular meeting held March 22, 2006, be deemed approved as corrected.

Director Bob Fauteux abstained.

**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>03/15/06</u>	<u>03/31/06</u>
<u>Totals</u>	\$22,961,505.02	\$8,889,005.74

Director Cavecche abstained from discussion and voting on Warrant Nos. 79207, 79555, 79676 and 79859. Director Davert abstained from discussion and voting on Warrant Nos. 79204, 79363 and 79471. Director Shawver abstained. Abstentions were pursuant to California Government Code Section 84308.

**CONSENT CALENDAR**

9. a. MOVED, SECONDED AND DULY CARRIED: (1) Approve Reorganization of Annexation No. OCSD-50 - Sullivan Annexation, previously approved April 28, 2005, annexing 1.019 acres to the Orange County Sanitation District in the vicinity of Randall Street and Clark Lane, in an unincorporated area of Orange County; and,  
  
(2) Adopt Resolution No. OCSD 06-04, authorizing initiation of proceedings to annex said territory to the Sanitation District (Reorganization of Annexation No. OCSD-50 – Sullivan Annexation).
- b. MOVED, SECONDED AND DULY CARRIED: (1) Receive and file petition requesting annexation of 71.24 acres to Orange County Sanitation District in the vicinity of Bolsa Chica Street and Los Patos Avenue, an unincorporated area in Orange County; and,  
  
(2) Adopt Resolution No. OCSD 06-05, making certain findings pursuant to the California Environmental Quality Act and authorizing initiation of proceedings to annex certain territory to OCSD (Proposed Annexation No. OCSD-55 – Bolsa Chica Annexation).
- c. MOVED, SECONDED AND DULY CARRIED: (1) Receive and file petition from Irvine Ranch Water District requesting annexation of 12,000 acres to the Orange County Sanitation District in the vicinity of Irvine Lake, Santiago Canyon Road, extending east to the Orange County/Riverside County boundary in an unincorporated area of Orange County;  
  
(2) Adopt Resolution No. OCSD 06-06, Considering Addendum No. 1 to the 1985 Addendum No. 1 to the Final Environmental Impact Report for the Formation of Sanitation District No. 14; and,  
  
(3) Authorize initiation of proceedings to annex certain territory to Orange County Sanitation District (Proposed Annexation No. OCSD-56 – Irvine Ranch Water District ID-253 Annexation).

**COMMITTEE REPORTS AND RECOMMENDED ACTIONS**

11. **STEERING COMMITTEE:** A verbal report was presented by Chair Anderson re the April 26, 2006 meeting.

Consent Calendar

- a. **MOVED, SECONDED AND DULY CARRIED:** Order draft Steering Committee Minutes for the meeting held on March 22, 2006, to be filed.

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 April 5, 2006, to be filed.
- b. **MOVED, SECONDED AND DULY CARRIED:** Receive and file the 2005 Ocean Monitoring Annual Report.
- c. **MOVED, SECONDED AND DULY CARRIED:** Receive and file the 2005 Biosolids Management Compliance Annual Report.
- d. **MOVED, SECONDED AND DULY CARRIED:** (1) Authorize the General Manager to issue a Request for Proposals for Biosolids Management for Energy Production, Specification No. S-2003-168BD, and Biosolids Management with Thermal Drying for the Production of Pellets or Granules, Off-Site, Specification No. S-2003-169A BD; and,
- (2) Approve Amendment No. 8 to the Agreement for Removal and Disposal/Reuse of District's Residual Solids with Synagro West, Inc., increasing the minimum tonnage to be tendered from 200 tons to 250 tons per day of Class B biosolids to be composted at the South Kern Industrial Center (SKIC) upon SKIC's commissioning, and increasing the cost from \$53.11 to \$60.11 per ton for an annual amount not to exceed \$6,580,000 plus cost escalators.

Non-Consent Calendar

No items were considered.

13. PLANNING, DESIGN AND CONSTRUCTION COMMITTEE

Tod Ridgeway, Committee Chair, clarified that the approval at the March 22, 2006 meeting for a 66kV Substation at Plant No. 1, Job No. P1-97 with Southern California Edison also included a 20-year renewable commitment while the substation is in operation.

PDC Consent Calendar

- a. **MOVED, SECONDED AND DULY CARRIED:** Order draft Planning, Design and Construction Committee Minutes for the regular meeting held on April 6, 2006, to be filed.
- b. **MOVED, SECONDED AND DULY CARRIED:** (1) Ratify Change Order No. 1 for Headworks Construction Trailers at Plant No. 2, Job No. P2-66-2, with Dalke & Sons Construction, Inc., authorizing an addition of \$13,585 and six calendar days, increasing the total contract amount to \$832,085; and,  
  
(2) Accept Headworks Construction Trailers at Plant No. 2, Job No. P2-66-2, as complete, authorizing execution of the Notice of Completion and approving the Final Closeout Agreement.
- c. **MOVED, SECONDED AND DULY CARRIED:** (1) Ratify Change Order No. 1 to Santa Ana River Interceptor, 2005 Emergency Repairs from 10,000 CFS Release, Contract No. 2-41-4B, with Ken Thompson, Inc., authorizing an addition of \$91,221 and six calendar days, increasing the total contract amount to \$1,440,286; and,  
  
(2) Ratify Change Order No. 2 to Santa Ana River Interceptor, 2005 Emergency Repairs from 10,000 CFS Release, Contract No. 2-41-4B, with Ken Thompson, Inc., for an Adjustment of Engineering Quantities, authorizing a decrease of \$9,713, decreasing the total contract amount to \$1,430,573.
- d. **MOVED, SECONDED AND DULY CARRIED:** (1) Ratify Change Order No. 7 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 \$169,962 and 27 calendar days, increasing the total contract amount to \$20,394,286; and,  
  
(2) Approve a reimbursement to the City of Tustin in the amount of \$24,000 for deletion of the final asphalt overlay along Holt Avenue between Irvine Boulevard and Newport Avenue intersection.
- e. **MOVED, SECONDED AND DULY CARRIED:** (1) Approve a budget amendment of \$2,068,822 for Area Classification Study Implementation Plan, Plant Nos. 1 and 2, Job No. J-35-2, for a total project budget of \$29,038,822;

(2) Ratify Change Order No. 15 to Area Classification Study Implementation Plan, Plant Nos. 1 and 2, Job No. J-35-2, with J.F. Shea Construction, Inc. authorizing an addition of \$1,056,372 and 256 calendar days, increasing the total contract amount to \$18,717,547;

(3) Ratify Change Order No. 16 for an Adjustment of Engineered Quantities authorizing an increase of \$18,000, increasing the total contract amount to \$18,735,547; and,

(4) Accept Area Classification Study Implementation Plan, Plant Nos. 1 and 2, Job No. J-35-2, as complete, authorizing execution of the Notice of Completion and approving the Final Closeout Agreement with J.F. Shea Construction, Inc.

Director Davert abstained on Item 13(e)(2) and (4).

f. MOVED, SECONDED AND DULY CARRIED: Approve Amendment No. 2 to the Joint Exercise of Powers Agreement for the Development, Operation, and Maintenance of the Groundwater Replenishment System and the Green Acres Project with the Orange County Water District, providing for a revised Change Order Policy, in a form approved by General Counsel.

g. MOVED, SECONDED AND DULY CARRIED: (1) Approve specification documents for Tule Ranch Biosolids Water Management Needs, Kings County, Job No. SP-79, on file at the office of the Board Secretary;

(2) Receive and file bid tabulation; and,

(3) Reject all bids for Tule Ranch Biosolids Water Management Needs, Kings County, Job No. SP-79.

#### 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 April 12, 2006, to be filed.

b. MOVED, SECONDED AND DULY CARRIED: Adopt Resolution No. OCSD 06-07, amending Resolution No. OCSD 98-33, amending Human Resources Policies and Procedures Manual.

c. MOVED, SECONDED AND DULY CARRIED: Adopt Resolution No. OCSD 06-08, Adopting the Updated Records Retention Schedule and Records Series Definitions, Authorizing Destruction of Obsolete Records, and Repealing Resolution No. OCSD 05-08.

- d. MOVED, SECONDED AND DULY CARRIED: Approve the New Performance Appraisal System for EMT and Managers.
- e. MOVED, SECONDED AND DULY CARRIED: Adopt Resolution No. OCSD 06-09, Establishing a Policy Regarding Board of Directors' Business and Travel Expense Reimbursement, and Meeting Attendance and Compensation; and Repealing Resolution No. OCSD 04-16.

FAHR Non-Consent Calendar

No items were considered.

15. CIP OVERSIGHT COMMITTEE

Consent Calendar

- a. MOVED, SECONDED AND DULY CARRIED: Order draft CIP Oversight Committee Minutes for the meetings held on March 15, 2006, March 29, 2006, and April 5, 2006, as corrected, to be filed.
- b. Item pulled to Non-Consent Calendar for discussion.

Non-Consent Calendar

- c. Interim General Manager Jim Ruth responded to Directors' questions and provided clarification on the FAHR Committee's direction to provide, if possible, a rate increase of less than 10%. He identified those areas that were subjected to additional reductions allowing two options for rate increases: 14.24% and 9.8%. It was then:

MOVED, SECONDED AND DULY CARRIED: (1) Approve reduction of approximately \$474 million to the Capital Improvement Program through the year 2020 as presented by staff;

(2) Direct staff to include the modified Capital Improvement Program in the Fiscal Year 2006-07 Budget; and,

(3) Direct the General Manager to obtain services for an independent review of the Capital Improvement Program.

16. LEGISLATIVE AFFAIRS COMMITTEE

Legislative Affairs Committee Consent Calendar

- a. MOVED, SECONDED AND DULY CARRIED: Order Legislative Affairs Committee Minutes for the meetings held on February 14, 2006 and April 11, 2006 to be filed.



Legislative Affairs Committee Non-Consent Calendar

No items were considered.

17. GWR SYSTEM STEERING COMMITTEE (GWRSSC)

GWRSSC Consent Calendar

- a. MOVED, SECONDED AND DULY CARRIED: Order Joint Groundwater Replenishment System Steering Committee Minutes for the meeting held on March 13, 2006, to be filed.

GWRSSC Non-Consent Calendar

No items were considered.

**NON-CONSENT CALENDAR**

18. MOVED, SECONDED AND DULY CARRIED: (1) Ratify proposed reimbursement per the Orange County Sanitation District letter to the City of Newport Beach dated March 31, 2006 authorizing the City to proceed with a contract with Clarke Contracting Corporation for an amount estimated not to exceed \$30,000 in connection with the Realignment and Rehabilitation of the Big Canyon Offsite Trunk Sewer, Contract No. 5-62; and,  
  
(2) Approve Letter Agreement dated April 26, 2006 with the City of Newport Beach and the Big Canyon Country Club, in a form approved by General Counsel, providing for construction access, easements and transferring of easements, for an amount not to exceed \$368,500.
19. MOVED, SECONDED AND DULY CARRIED: Approve Change Order No. 4 to the Purchase Agreement 101320-OB issued to Pro Pipe Professional Pipe Services, Innerline Engineering, and National Plant Services for Sewer Line Video Inspection Services, Specification No. S-2002-81BD, for an additional amount of \$200,000, for a total amount not to exceed \$600,000 for the contract period July 1, 2005 to June 30, 2006, and all remaining contract renewal periods.
20. Ordinance No. OCSD-27, An Ordinance of the Board of Directors of Orange County Sanitation District Establishing Specified Revenue Areas within the District, and Repealing Ordinance No. OCSD-02:
  - a. MOVED, SECONDED AND UNANIMOUSLY CARRIED: Read Ordinance No. OCSD-27 by title only and waive reading of said entire ordinance.
  - b. MOVED, SECONDED AND UNANIMOUSLY CARRIED: Motion to introduce Ordinance No. OCSD-27, and pass to second reading and public hearing on May 24, 2006.

21. Item removed.
22. Ordinance No. OCSD-29, An Ordinance of the Board of Directors of Orange County Sanitation District Adopting Fees, Procedures, and Policies Concerning Annexations of Territory to the District, and Repealing Ordinance No. OCSD-21:
  - a. MOVED, SECONDED AND UNANIMOUSLY CARRIED: Motion to read Ordinance No. OCSD-29 by title only and waive reading of said entire ordinance.
  - b. MOVED, SECONDED AND UNANIMOUSLY CARRIED: Motion to introduce Ordinance No. OCSD-29, and pass to second reading and public hearing on May 24, 2006.
23. Staff responded to Directors' questions regarding the risks involved in considering the 9.8% rate increase vs. 14.24%, and reviewed those areas where additional reductions were considered to arrive at the 9.8% option.

A motion was made to oppose Item 23(a)(1) and (2), and to approve Item 23(b)(1) and (2). The motion failed for a lack of a second.

- a. Ordinance No. OCSD-30A, An Ordinance of the Board of Directors of Orange County Sanitation District Establishing Sanitary Sewer Service Charges; Establishing Capital Facilities Capacity Charges; Adopting Miscellaneous Charges and Fees Relating to Industrial Charges, Source Control Permittees and Wastehaulers, and Repealing Ordinance No. OCSD-26:
  1. MOVED, SECONDED AND UNANIMOUSLY CARRIED: Motion to read Ordinance No. OCSD-30A by title only and waive reading of said entire ordinance.
  2. MOVED, SECONDED AND UNANIMOUSLY CARRIED: Motion to introduce Ordinance No. OCSD-30, and pass to second reading and public hearing on May 24, 2006.
- b. Ordinance No. OCSD-30B, An Ordinance of the Board of Directors of Orange County Sanitation District Establishing Sanitary Sewer Service Charges; Establishing Capital Facilities Capacity Charges; Adopting Miscellaneous Charges and Fees Relating to Industrial Charges, Source Control Permittees and Wastehaulers, and Repealing Ordinance No. OCSD-26:
  1. MOVED, SECONDED AND UNANIMOUSLY CARRIED: Motion to read Ordinance No. OCSD-30B by title only and waive reading of said entire ordinance.
  2. MOVED, SECONDED AND DULY CARRIED: Motion to introduce Ordinance No. OCSD-30B, and pass to second reading and public hearing on May 24, 2006.

Directors Bankhead, Cavecche, Dalton, Duvall, Shawver and Sidhu opposed.

24. There was no closed session.
26. a. **MOVED, SECONDED AND DULY CARRIED:** Authorize the General Manager to sign the Southern California Coastal Water Research Project Office Lease Guarantee, in a form approved by General Counsel.
- b. Item referred to PDC Committee: 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

ADJOURNMENT: The Chair declared the meeting adjourned at 8:15 p.m.

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