

**MINUTES OF REGULAR MEETING  
OF THE  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY**

**Board of Directors**

**October 5, 2006**

The Regular Meeting of the South Orange County Wastewater Authority (SOCWA) Board of Directors was held on Thursday, October 5, 2006 at 8:30 a.m. at their Administrative Offices located at 34156 Del Obispo Street, Dana Point, California. The following members of the Directors or Alternate Directors were present:

DOUG REINHART, Irvine Ranch Water District	Chairman
DIANE BATHGATE, City of San Juan Capistrano	Director
TED MARTIN, El Toro Water District	Director
TONI ISEMAN, City of Laguna Beach	Director
JOHN SCHATZ, Santa Margarita Water District	Vice Chairman
ROBERT MOORE, South Coast Water District	Director
LARRY LIZOTTE, Moulton Niguel Water District	Director
TONI SCHMIDT, Emerald Bay Service District	Alternate Director
GLENN ACOSTA, Trabuco Canyon Water District	Alternate Director

Absent:

BILL CAMERON, City of San Clemente	Director
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Staff present:

TOM ROSALES	General Manager/Secretary
TERI NOSON	Executive Assistant/Assistant Secretary
PATRICIA GIANNONE	Bowie, Arneson, Wiles & Giannone
MIKE WILSON	Director of Operations
BRIAN PECK	Director of Engineering
MIKE DEMAREE	Director of Finance
ROBIN BLYTHE	Human Resource Manager
BRENNON FLAIVE	Environmental Compliance Administrator

Guests:

JIM REED	Irvine Ranch Water District
DAVID REBENS DORF	City of San Clemente
MIKE DUNBAR	South Coast Water District
ZIAD MAZBOUDI	City of San Juan Capistrano
NOAH SANCHEZ	Irvine Ranch Water District
LARRY DEES	Moulton Niguel Water District
ED LABAHN	Public – Dana Point
R.E. DIETMEIER	Public – Dana Point

Chairman Reinhart called the meeting to order at 8:33 a.m. and welcomed everyone present. Vice Chairman Schatz led the Pledge of Allegiance to the Flag of the United States of America.

### **Oral Communications**

Chairman Reinhart asked if members of the public desired to address the Board or desired to reserve addressing the Board during the meeting regarding any item on the Agenda. No comments were received.

#### **ACTION TAKEN:**

No action required.

### **Consent Calendar**

Chairperson Reinhart referenced the items under the Consent Calendar and asked if there were any questions or comments. There were none.

#### **ACTION TAKEN:**

Motion was made by Director Martin and seconded by Director Moore to approve the items under the consent calendar. Motion carried unanimously, with all Directors voting aye.

### **General Manager's Report**

#### **Consideration of Addendum No. 1 to Amendment No. 2 of the Project Committee 2 Agreement**

Mr. Rosales stated that this item was to be considered by the Project Committee 2 (PC 2) members. Mr. Rosales reported that the addendum will provide and recognize changes from the 2000 PC 2 AWT project agreement enabling staff to move forward with project design and environmental reviews keeping the project on track for the potential Prop 50 funding. Staff has met with PC 2 members and circulated the draft agreement.

Mr. Rosales referred Board members to page 39 of the agenda book stating that the provided version was approved by the City of San Juan Capistrano and differs slightly from the version approved by Moulton Niguel Water District, Santa Margarita Water District and to be approved by South Coast Water District later in the month of October. Mr. Rosales referred the PC 2 Board members to the provided Errata Sheet handout indicating the differences in the addendum as highlighted. These highlighted changes would be included in the final version of the addendum. Mr. Rosales welcomed questions from the Board. An open discussion ensued.

#### **ACTION TAKEN:**

Motion was made by Director Schatz and seconded by Director Lizotte to approve Addendum 1 to Amendment 2 to the PC 2 Agreement, also known as the PC2/AWT Agreement with the highlighted changes as indicated on the provided Errata Sheet. Motion carried unanimously, with all Directors voting aye. (PC 2)

Consideration of Approval of Amendment No. 4 to PC 5 Agreement: Use of Outfall capacity By City of San Clemente for Disposal of Treated Urban Runoff Discharge

Mr. Rosales reported that this project is related to an urban water management program to manage and control some runoff through the Segunda Deshecha flood control channel by the City of San Clemente. The City and its consultant evaluated several options to mitigate the impact of urban dry weather nuisance flows from the Segunda Deshecha Channel. The preferred option is to divert dry weather flows through filtration and then discharge to the land outfall. Staff has completed the permit revision and the change was captured in the recently approved NPDES permit. Mr. Rosales welcomed questions from the Board and stated that due to Director Cameron's absence, City of San Clemente staff member Mr. Dave Rebensdorf was in attendance at today's meeting to answer any questions as well. Chairman Reinhart asked if there were any comments from the Board. There were none.

**ACTION TAKEN:**

Motion was made by Director Schatz and seconded by Director Bathgate to approve Amendment 4 to the PC 5 Agreement to permit and recognize the use of the City of San Clemente's capacity in the San Juan Creek Ocean Outfall for the disposal of treated dry weather flows by the City under the terms as outlined in Amendment 4 and as specified in the provisions of the NPDES permit. Motion carried unanimously, with all Directors voting aye. (PC5)

Supply and Delivery of Chlor-Alkali Products

Mr. Rosales reported that due to aggressive market competition, high product supply, and general market slowing, product costs are declining. Mr. Rosales referred the Board to page 58 of the Agenda referencing the table reflecting significant savings over the course of next year. Mr. Rosales stated that this item included two (2) vendor contracts for consideration by the Board and the item was reviewed by the Finance Committee. Mr. Rosales deferred to Mr. Wilson for further comments. Mr. Wilson had no additional comments and welcomed questions from the Board. Chairman Reinhart asked if there were any comments from the Board.

Director Martin stated that the item was budgeted for \$708,000.00 and noted that the savings would be more that \$152,000.00. Director Martin requested that this item be added to the next Finance Committee agenda for budget revision consideration. Mr. Rosales concurred stating the budget reflected anticipation of a significant increase for the project earlier in the year. Mr. Demaree duly noted the request stating that the actual savings would be presented at the next Finance Committee.

**ACTION TAKEN:**

A motion was made. The motion was seconded by Director Moore to approve two (2) separate chlor-alkali contracts. 1) Award Miles Chemical Company a two (2) year contract for the supply/delivery of 5.25 percent sodium hypochlorite at \$0.42 per gallon and 20-50 percent sodium hydroxide \$0.99-\$1.67 per gallon. 2) Award Pioneer a two (2) year contract for the supply/delivery of chlorine at \$374.90 per ton and 12.5 percent sodium hypochlorite at \$0.645 per gallon. Motion carried unanimously, with all Directors voting aye.

Grit/Screening Disposal Contract

Mr. Rosales reported that the grit and screening disposal contract(s) had been reviewed by the Finance Committee. Mr. Rosales stated that there are two executed contracts for this item; one contract is directly with the landfill owner/operator, Waste Management, and one with Athens Services for transportation. Mr. Rosales noted supplementary adjustments to the contract and referred to page 109 of the agenda. The amounts of insurance coverage will not be less than \$5,000,000.

Mr. Rosales referenced the memorandum handout regarding insurance coverage amounts. Mr. Rosales reported that at the August Board of Directors meeting the Board requested that the insurance coverage amounts be reviewed by CSRMA. CSRMA recommended, depending on risk and contract type, that the coverage amounts be \$1,000,000 to \$5,000,000 with aggregates. Director Moore expressed his concern of the coverage amounts as less than sufficient. An open discussion ensued.

**ACTION TAKEN:**

Motion was made by Director Schatz and seconded by Alternate Director Acosta to award contracts to Waste Management and Athens Services for grit and screening disposal which includes a backup biosolids management landfill disposal option, for a period of 5 years. Motion passed: Aye: 8; Nay: 1; Abstain: 0. Director Moore requested that it be noted for the record that he voted in opposition based on his concerns about insurance coverage amounts.

Status Report – Biosolids Management Activities

Mr. Rosales referred to the Biosolids Management staff report and reported that he had no further comments, but would gladly address any issues contained in the report.

Chairman Reinhart referenced the Miscellaneous/Articles item of the Biosolids Management Activities report and encouraged the Board of Directors to read the article on page 123 of the agenda book regarding organic wastewater contaminants in biosolids. Chairman Reinhart stated that educated awareness should be of top-of-mind on this issue due to the possibility of future determinations that biosolids should be treated as hazardous waste.

Alternate Director Acosta inquired as to the status of the Synagro contact regarding permitting and construction. Mr. Rosales reported that all permits had been secured and construction was near completion; Synagro is expected to start accepting materials in the beginning of 2007. An open discussion ensued.

Director Schatz inquired as to the Synagro contract provisions regarding SOCWA protection from cost increases within the contract term. Mr. Rosales reported, and Ms. Giannone concurred, that Synagro had an obligation to renegotiate any cost increases not captured in the standard contract. An open discussion ensued.

**ACTION TAKEN:**

There being no objection, Chairman Reinhart directed that the Biosolids Management Activities Status Report be received and filed.

General Manager's Status Report

Mr. Rosales referenced item three (3) of the status report. Mr. Rosales reported that beginning in October, a van pool program would be offered to SOCWA employees commuting from the Inland Empire. The program would be provided by a private company, VSPI, on a month-to-month basis and can be terminated at any time. The program costs are paid for by the employee and employee participation would be voluntary. An open discussion ensued.

It was then resolved to, attain legal opinion regarding SOCWA insurance liability and clarify insurance coverage responsibility, as well as identify the insurance policy holder. The findings would be presented to the Finance Committee for review.

Mr. Rosales referenced item five (5) of the status report. Mr. Rosales reported on the concept of proposed Aliso Creek diversion to the Coastal Treatment Plant (CTP). The County and interested parties would like to remove as much water as possible from Aliso Creek, decreasing the pooling of water at the mouth and lessen the water quality issues at Aliso Beach, by either diverting up to 800,000 gallons per day of creek water to the outfall or as untreated water into the CTP's headworks. The option of diverting water to the CTP was eliminated due to high TDS levels.

Mr. Rosales reported that the Regional Board has requested that a formal application be submitted to send additional flow to the ocean outfall and that the issue could not be addressed until December. Mr. Rosales stated that the current direction of the County was unclear and expected further direction from the County later this year or the beginning of next year. An open discussion ensued.

It was then resolved to form an Ad Hoc Committee comprised of SOCWA Directors to recommend policy direction to the Board for consideration.

Chairman Reinhart noted that there was a comment from the audience. Mr. Dietmeier stated that he was a member of the City of Dana Point Clean Ocean Committee and referenced the previous weeks addition of the *L.A. Times* issue regarding the condition and cleanliness of the ocean. Mr. Dietmeier reported that international bodies were going to meet to discuss terminating the long-line dredging of the ocean for fish. With the issue being looked at very closely, Mr. Dietmeier expressed concern about the corals and stated it was imperative that the water industry step up and ensure the solutions do not exacerbate the problems.

Mr. Dietmeier concurred with the Board regarding the proposed Aliso Creek diversion and shared the City of Dana Point's frustration with the Regional Board and the County regarding the approval of the Salt Creek water reuse/clean up. In closing, Mr. Dietmeier urged the Board to ensure the Aliso Creek solution is not a temporary solution that does not satisfy the long-range need.

Chairman Reinhart stated that the Board needs to keep in mind that regardless of the County's responsibility, SOCWA was an enterprise district and has the ability to impose fees for the project and reiterated the need for further consideration of the project.

**ACTION TAKEN:**

There being no objection, Chairman Reinhart directed that the General Manager's Status Report be received and filed.

Recommendation to Approve the Organization Assessment Plan

Mr. Rosales reported that presented to the Board for consideration was the Executive Summary of the Organization Assessment Plan. Mr. Rosales stated that the summary illustrated the recommended actions and proposed implementation schedule. Mr. Rosales noted a numbering sequence correction on page 159-160. Mr. Rosales concluded his report stating that the plan addressed related staff issues and organizational structure, and was a useful tool for management and the Board. The plan would be reviewed once a year for modifications and presented to the Board for action. Mr. Rosales welcomed questions from the Board.

Chairperson Reinhart noted that the item was reviewed, discussed and approved by the Executive Committee.

**ACTION TAKEN:**

Motion was made by Director Martin and seconded by Director Bathgate to approve the Organization Assessment Plan. Motion carried unanimously, with all Directors voting aye.

**Financial Matters**

**Fiscal Year 2005/2006 Use Audit**

Mr. Rosales reported that before the Board for consideration of recommendation for approval was the Fiscal year 2005/2006 Use Audit as submitted under separate cover. Mr. Rosales welcomed comments and/or questions from the Board. There were none.

**ACTION TAKEN:**

Motion was made by Director Moore and seconded by Director Martin to approve the Fiscal Year 2005/2006 Use Audit as submitted. Motion carried unanimously, with all Directors voting aye.

**Personnel Matters**

**General Manager Performance Evaluation and Contract Agreement**

Chairman Reinhart reported that the Executive Committee previously met to discuss the General Manager's performance evaluation and agreement. Upon initial employment of the General Manager, a six month interim conversation program was established with a review date of June 2006. The Executive Committee met in August and determined that they were pleased with the direction and accomplishments of the first six months, and instituted goals/objectives for the next review period as well as a recommended an increase in the General Manager's base salary compensation. Chairman Reinhart referred the Board to the agenda book for details of the First Amendment to the Employment Agreement for the General Manager and noted that the first two (2) items of the Goals and Objectives were of particular concern for the Board of Directors during the next review period. Chairman Reinhart welcomed questions from the Board. Alternate Director Acosta concurred with the recommendation of the Executive Committee and commended Mr. Rosales' on his exemplary performance.

**ACTION TAKEN:**

Motion was made by Director Moore and seconded by Director Schatz to approve the Amendment to the Employment Agreement for the General Manager. Motion carried unanimously, with all Directors voting aye.

**Creation of New Classification: Environmental Compliance Administrator**

Mr. Rosales stated that the next item was the first action for consideration of the Organization Assessment Plan (OAP). The OAP has identified and recommended the creation of a new Environmental Compliance department and a new Environmental Compliance Administrator position within the Administrative Division. The Environmental Compliance Administrator will be responsible for the Authority's compliance requirements of numerous regulatory programs. Mr. Rosales reported that it was staff's recommendation that creation of

the Environmental Compliance Administrator (ECA) classification be approved by the Board and that Mr. Brennon Flahive be promoted to this new classification. Mr. Flahive has been assigned many of the ECA duties on a part-time basis while still continuing in his role as RTP Laboratory Supervisor. In closing, Mr. Rosales stated that Mr. Flahive has done an excellent job and is looking forward to working with him on a full time basis. Chairperson Reinhart asked if there were any questions from the Board.

Director Moore inquired if the RTP Laboratory Supervisor position would be eliminated and Alternate Director Acosta inquired whether the Environmental Compliance Administrator was a managerial position. Mr. Rosales stated that the RTP Laboratory Supervisor position would not be eliminated nor would there be a replacement for the position, and that the Environmental Compliance Administrator position was in the Administrative Division, but a non-supervisory position.

**ACTION TAKEN:**

Motion was made by Director Lizotte and seconded by Director Bathgate to approve the creation of the Environmental Compliance Administrator classification as specified in the Classification Statement at Range 47.5 (\$6375-\$8137 per month) and further authorize filling of the position. Motion carried unanimously, with all Directors voting aye.

**Operations Reports**

Mr. Rosales deferred this item to Mr. Wilson. Mr. Wilson reported that he had no further comments and welcomed questions from the Board.

Director Iseman referenced page 194 of the agenda book and inquired as to the omission of C1 (Aliso Creek) from the monitoring report. Mr. Wilson reported that C1 was a discontinued voluntary sample and that the San Juan Creek samples were included due to permit requirements. Mr. Wilson stated that all samples taken must be reported to the Regional Board. Director Iseman expressed concern of the discontinued voluntary sample due to securing federal monies for the proposed Plant modifications regarding the Aliso Creek water issues. Mr. Wilson reported that there was historical data to demonstrate and confirm the troubled Aliso Creek water issues. Alternate Director Acosta concurred with Mr. Wilson's approach.

Chairperson Reinhart referenced the monthly monitoring reports of Off Shore Stations and inquired as to the A1 cluster being the ocean outfall and whether the readings would be higher near as opposed to further from the sample stations. Mr. Wilson confirmed that the A1 cluster was around the ocean outfall and indicated that high readings were not normally recorded around the outfall.

**ACTION TAKEN:**

There being no objection, the Chairman directed the Operations Reports be received and filed.

**Other Matters**

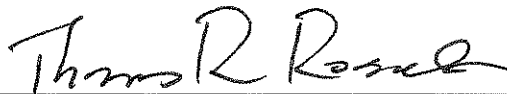
Chairperson Reinhart asked if there were any more questions or comments from the Board. Director Iseman inquired if there were any discussions regarding Prop 90 [Government Acquisition, Regulation of Private Property] on the ballot. Director Iseman stated that Prop 90 was the number one (1) issue of the League of Cities and that all government agencies should come out against Prop 90. Director Iseman requested an email confirming CASA's position on Prop 90 should that information become available. Mr. Rosales acknowledged the request.

Director Reinhart encouraged all the Directors and General Managers to attend the Water Advisory Committee of Orange County (WACO) meeting on October 6, 2006. Chairman Reinhart stated that the discussion slated for the agenda was regarding the Big Horn issue and what it means to SOCWA as we operate (setting rates, etc).

**Adjournment**

There being no further business, Chairperson Reinhart adjourned the meeting at 10:03 a.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Regular Meeting of the South Orange County Wastewater Authority Board of Directors Meeting of October 5, 2006, and approved by the Board of Directors of the South Orange County Wastewater Authority.



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Thomas R. Rosales, General Manager / Secretary  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY